

Brussels, 28 November 2012

Statement on the proposed EU-Japan Free Trade Agreement negotiations

The European Semiconductor Industry Association strongly supports a comprehensive trade agreement between the European Union and Japan. Semiconductors are a global industry and ESIA, also as a chartered member of the World Semiconductor Council, believes that markets should be open and free from discrimination.

As an agreement between two advanced economies, the EU-Japan Free Trade Agreement (FTA) should be far-reaching and provide both sides with an ambitious platform for a close and effective regulatory cooperation, which includes effective tackling and elimination of non-tariff barriers to trade.

Semiconductors, as also other industrial products, enjoy zero tariff treatment in Japan already today. However non-Japanese semiconductor companies are effectively excluded from the Japanese market due to the existence of hidden barriers to trade. These obstacles are a result of the peculiar business structures in Japan, where business and society networks play a key role in shaping local buying behavior and preferences towards Japanese products. Provided it effectively tackles these problems, a bilateral FTA with Japan would bring significant benefits to our industries. Main goal of the trade agreement should be not only to address, but to effectively and comprehensively eliminate all barriers to trade, and further avoid market distortions by inappropriate state aid. Moreover, we believe that, in order to provide a balanced trade agreement and as such create a level playing field, EU import tariffs should be lowered only in parallel to the effective removal of the Japanese NTBs.

On the occasion of the current discussions in the European Union on the possible start of bilateral free trade negotiations, we welcome the European Commission's commitment, after one year of starting the negotiations, to take stock of the progress by Japan in dismantling the non-tariff barriers and to stop negotiations if the implementation has not been satisfactory. Nevertheless, we would like to highlight the need to establish already now an effective and transparent mechanism to address all relevant issues and to monitor progress during the first and following years of negotiations. The criteria according to which the EU will decide whether to continue or not the negotiation as well as the degree of involvement of stakeholders from industry and Member States in this decision, have not been communicated sufficiently to our industries. We are therefore concerned that there might be no adequate evidence of a concrete roadmap towards the comprehensive and sustainable removal of Japanese NTBs.

In conclusion, ESIA strongly recommends that European Commission and Council define a negotiation process which is transparent and relies on close alignment with all relevant industry stakeholders and Member States as appropriate. A regular and transparent mechanism to monitor progress in implementation in the first and following years should be in place, and should include the possibility, for each side, to step back from the agreement and take appropriate measures (e.g. re-introduction of duties) in case of un-satisfactory implementation.

Our industry stands ready to support the European Commission and the Member States in any open questions and/or in the process of implementation of the conditions and parameters for an effective negotiation.

About ESIA

The **European Semiconductor Industry Association (ESIA)** is the voice of the Semiconductor Industry in Europe. Its mission is to represent, promote and defend the common interests of the European-based semiconductor industry towards the European Institutions and stakeholders in order to ensure a sustainable business environment and foster its global competitiveness. As a provider of key enabling technologies the industry creates innovative solutions for industrial development, contributing to economic growth and responding to major societal challenges. Being ranked as the most R&D intensive sector by the European Commission, this sector supports approximately 200.000 jobs directly and up to 800.000 induced jobs in systems and applications in Europe. Overall, micro- and nano-electronics contribute to the generation of at least 10% of GDP in Europe and the world.

ESIA is an Industry Association of:

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