

# Outline of the Japan-U.S. Semiconductor Agreement

## Agreement Between EIAJ and SIA on International Cooperation Regarding Semiconductors

### 1. The Semiconductor Council

(1) The industries have agreed to create a Semiconductor Council (Council). The council's purpose will be to enhance mutual understanding, to address market access matters, to promote cooperative industry activities, and to expand international cooperation in the semiconductor sector in order to facilitate the healthy growth of the industry from a long-term, global perspective.

(2) The activities of the Council should be based on respect for market principles. The competitiveness of companies and their workers should be the principal determinant of industrial success and international trade. Markets should be open to allow private companies and workers to derive the benefits of their

competitiveness and efforts. Markets should be open and competitive, without discrimination based on capital affiliation, and with purchasing decisions based on quality, cost, delivery, and service.

### 2. Cooperative Activities

(1) The ongoing cooperative activities between users and suppliers in the Japanese market will be continued for a period of three years.

- These types of cooperative activities should take place in every major region of the world.

(2) Industries should engage in cooperative activities among suppliers in a variety of areas.

Standardization, environment, worker health and safety, intellectual property rights, trade and investment liberalization, etc.

### 3. Analysis of Semiconductor Market and Trade Flow Data

(1) It is essential to understand the composition and structure of world semiconductor markets and global semicon-

ductor trade flows and to provide member companies, governments and the public with timely and accurate information. The purpose of this analysis is not to create numerical targets, but instead to assess trends, better comprehend market dynamics, and promote deeper understanding.

(2) The reports would be based on:

- Import/export statistics
- Industry surveys such as WSTS and Dataquest
- Government data
- Other available data

(3) To further the purpose of the Council, industry experts will prepare and provide to member companies and governments quarterly market/trade flow reports. The industry experts will seek to prepare point reports, but the industries reserve the right to prepare and distribute separate reports.

- The reports will include data on market size, market growth, and market shares of foreign semiconductor products in Council member markets and other major semiconductor markets.

- The reports would also include information from other available data on qualitative elements such as design-ins, joint ventures, long term and other cooperative relationships, and other factors relevant to the long term evolution of the industry.

### 4. Antidumping

- The industries recognize the importance of avoiding injurious dumping consistent with national laws.

### 5. Consistency with National Laws

- All cooperative activities must be implemented in full conformity with the laws of each country, including antitrust laws.

### 6. Other

- This agreement shall be subject to review after three years from the effective date of this agreement and may be terminated, in whole or in part, by mutual agreement by the parties.



U.S. Trade Rep. Charlene Barshelsky walks by former Japanese Minister of International Trade and Industry Tsukahara Shunpei moments before starting trade dispute talks (Vancouver, Canada, July 1996).

Photo: W.W.P.





Photo: Dempa Publications, Inc.

Chairman Pat Weber of the Semiconductor Industry Association and Ohga Norio, chairman of the Electronic Industries Association of Japan, celebrate the joint statement by the industries of Japan and the U.S. concerning semiconductors (August 1996).

## Joint Statement by the Government of Japan and the Government of the United States of America Concerning Semiconductors

### 1. Introduction

Bearing in mind that the Arrangement between the Government of Japan and the Government of the United States of America concerning Trade in Semiconductor Products (the Arrangement) expires on July 31, 1996, the respective governments have consulted on their relationship after the termination of the Arrangement as well as on global conditions facing the semiconductor industry.

### 2. Principles

The two governments share the view that cooperation with respect to semiconductors should be carried out based on the following principles.

(1) Importance of Market Principles

(2) Consistency with WTO Rules

(3) International Cooperation (mutual)

### 3. Cooperative Activities

(1) Both governments recognize that the private sector has the primary responsibility for meeting the challenges posed by the dramatic structural changes in the semiconductor industry.

(2) The two governments welcome the Agreement between EIAJ and SIA on International Cooperation regarding Semiconductors establishing the Semiconductor Council.

(3) Both governments affirm their attention to support industry-to-industry cooperative efforts, and at least once per year the two governments will hold consultation to:

- Receive and review reports on data collected and analyzed and recommendations made under the Agreement or by the Council members

- Review and discuss the cooperative activities conducted under the Agreement and market trends and developments

- Discuss government policies and activities affecting the semiconductor industries
- (4) Other governments whose national industry associations have joined the Council may join the consultations.

### 4. Global Governmental Reform

(1) To deal with the global challenges facing the semiconductor industry in the coming years, as well as to facilitate the sound development of the semiconductor industry, the Government of Japan and the Government of the United States call for the creation of a Global Governmental Forum (GGF), and invite other governments of major semiconductor-producing countries and other economies to participate in this annual forum without any preconditions.

(2) The Government of

Japan and the Government of the United States consulted with other prospective GGF participants on the scope of the GGF and the agenda for the GGF's first annual meeting was to be held no later than January 1, 1997. The following issues were discussed:

- Trade and investment liberalization
- Regulation, taxation and the like
- Environment, worker health and safety and standardization
- Protection of intellectual property rights
- Basic scientific research
- Promotion of the information society

### 5. Antidumping

Both governments reaffirm the need to cope with injurious dumping in conformity with the Antidumping Agreement.

### 6. Termination

Activities described in the Joint Statement will be terminated on July 31, 1999, unless otherwise agreed. ■