

**Government/Authorities Meeting on Semiconductors**  
**Dallas, September 27, 2007**  
**Chair's Summary**

1. The Governments/Authorities Meeting on Semiconductors (GAMS) took place on September 27, 2007 in Dallas, Texas, chaired by the United States.
2. In attendance were delegations of the European Commission, Korea, Japan Chinese Taipei, and the United States. The delegation of China was not in attendance. The GAMS members present expressed regret that China was not in attendance. It was noted that the participation of all delegations was highly desirable as this is a forum based on cooperation and dialog, and absence of a member does not support this goal. GAMS members further noted that all delegations should make every effort to attend meetings and, when hosting, to provide letters of invitation and any other required paperwork to enable visiting delegations to apply for visas. To facilitate this, a clear statement will be sent out by the host government of logistics and visa requirements well in advance of any meeting. It was noted that the work of the GAMS could not be prevented by the absence of any delegation from a meeting. The five participating members agreed that the Chair should send all documents discussed at the GAMS, including the Chair's Summary, to China and look forward to future cooperation with China.
3. Based on the report of the WSC meeting held in Geneva in May 2007 and its recommendations to the GAMS, the GAMS discussed: implementation of the MCP agreement and expansion of duty-free treatment to other similar devices; the objectives of free trade affecting semiconductors including the Information Technology Agreement (ITA) and Non-Agricultural Market Access negotiations in the Doha Round (NAMA); rules of origin for general non-preferential trade as well as trade remedies; protection of intellectual property rights; environmental safety and health; and other issues of interest to the worldwide semiconductor industry.
4. With respect to the MCP Agreement, the GAMS members present noted that it had been expected, based on discussions and statements by the China delegation at the 2006 Tokyo GAMS, that China would join the MCP Agreement at this meeting. The GAMS reaffirmed their interest in having China promptly join the MCP agreement, and agreed that the Chairman of the 2007 GAMS, on behalf of the other participating GAMS members, would send a letter to China summing up the discussions at this meeting, including a request that China as a GAMS member become a party to the MCP Agreement. GAMS members reported on their efforts to add to the number of other signatories to the Agreement. The United States noted that as part of Free Trade Agreement negotiations it requests parties such as Malaysia to join the MCP agreement on an MFN basis. In

addition, the U.S. reported that it had made requests at APEC meetings and in ASEAN for these countries to support - and become signatories to - the MCP agreement. The EC noted that it would explore getting a commitment from India and ASEAN countries to join the MCP agreement in the context of ongoing FTA negotiations. The GAMS agreed to actively recruit more signatories to the agreement. GAMS members welcome these statements and agreed to continue their efforts to have other countries and regions join the Agreement.

5. GAMS looks forward to industry efforts to define additional products for coverage in an expanded MCP agreement, and if such products are not covered in a NAMA agreement, will give positive consideration to expanding the MCP agreement to include such products at the 2008 GAMS meeting. GAMS members will seek to ensure that semiconductors are part of the HS2012 review process in line with WSC concerns. GAMS will work together with industry to find common definitions for all existing and new types of semiconductor products within international customs agreements.
6. With respect to non-preferential rules of origin, the GAMS welcomed the views and proposals of the WSC, and appreciated receiving a copy of the June 15, 2007 letter to the chair of the Committee on Rules of Origin. GAMS took note of the WSC's proposal that there should be separate rules of origin for trade remedy purposes and for other general trade purposes, and its request that GAMS support this structure. In that context, the GAMS welcomes further efforts by industry to reach a consensus position on rules of origin for monolithic ICs [diffusion or assembly], and agreed that they would be willing to consider their full consensus proposal. GAMS took note of the concerns raised about marking and labeling of semiconductor products if more than one rule of origin were acceptable under new rules for general trade purposes.
7. The GAMS members reaffirm their commitment to protect and enforce intellectual property rights. The GAMS agrees that all governments should be encouraged to adopt appropriate policies to promptly and effectively enforce anti-counterfeiting. Where "thresholds" are used to pursue criminal enforcement actions against counterfeiting, governments should be encouraged to lower thresholds for semiconductors and immediate products, especially considering the negative impact and damage to downstream industries. The GAMS supports the WSC decision to ask its members to discuss with their governments and authorities, if necessary, the possibility of expanding the scope of protection to allow the software invention patent owner to enforce its patent against all types of infringers, including software manufacturers and distributors. Where appropriate, the GAMS members will discuss this issue with their intellectual property offices as well.
8. The GAMS members welcomed the support of the WSC members for WTO efforts to ensure free trade in IT products.

9. The GAMS appreciated that the Semiconductor Industry Association in Europe had chosen to host the WSC meeting in Geneva and meet with Director General Lamy to express its support at the CEO level for the Doha Round. On the issue of the Doha negotiations, the GAMS agreed that the NAMA Chair's July text provides a basis for negotiation and that an ambitious formula that provides real new market access for developed and developing countries is desirable. In addition, a sectoral electronics agreement would be the best way to ensure in the long term that all new generation semiconductors receive duty free tariff treatment and that this would be a way to address on a broad scale the industry's interests in expanding the product coverage of the MCP agreement. GAMS also took note of industry emphasis on the increasing role that consumer electronics products play in driving demand for semiconductors. The importance of addressing non-tariff barriers in the Doha Round was also noted. GAMS emphasized the importance of private sector engagement to bring the Doha negotiations to a successful conclusion.
10. The GAMS shares the industry's view that tariffs on IT products are a key to semiconductor demand and agreed that access to advanced and affordable semiconductor technology promotes economic development by increasing productivity and providing the infrastructure needed to compete in the digital age. Semiconductors enable the advances that enhance the functionality of existing IT products and enable the creation of entirely new IT products. The GAMS supports efforts to ensure that the ITA continues to foster growth of trade in IT products that are enabled by semiconductors.
11. With respect to environmental issues, the GAMS expressed appreciation for the vigorous actions that the WSC and its members had taken to address improvement in the global environment. It welcomed the additional steps the industry was taking to increase the industry's own performance in lowering energy and water consumption and waste, related to production of semiconductors. We endorse the WSC's recommendation which states: the WSC recognizes that improved energy efficiency is essential for addressing global environmental issues. The GAMS recognizes the WSC should not only make efforts to improve energy efficiency of the manufacturing process but should also develop and provide innovative energy efficient devices, and thereby significantly improve energy efficiency of the society as a whole.