



April 22, 2013

The Honorable Prime Minister Manmohan Singh  
South Block  
Raisina Hill  
New Delhi – 110011

The Honorable Anand Sharma  
Minister of Commerce & Industry  
Udyog Bhawan  
New Delhi- 110107

The Honorable Kapil Sabil  
Minister of Communications and Information Technology  
Sanchar Bhawan, 20, Ashoka Road  
New Delhi- 110001

On behalf of the World Semiconductor Council (WSC) we are writing to advocate for your support for the ongoing efforts to expand the Information Technology Agreement (ITA). The WSC represents global leaders in the manufacturing and design of semiconductors and is dedicated to the principle that free and open markets and common frameworks lead to a stronger global industry and vibrant innovation. As you may know, semiconductors are the foundation of the digital global infrastructure: from the digital world to the green economy, they act as the building blocks of products and services, which provide key innovative solutions in the home, in the office and in society in general.

Like the global ICT industry the WSC considers the ITA to be one of the most successful WTO agreements because it has contributed enormously to promoting jobs, lower consumer prices, economic growth, and innovation. Through tariff elimination, the ITA has dramatically lowered the cost of trade in ICT products, resulting in a significant economic impact around the world. From 1996 to 2008, total two-way trade in ITA products increased by more than 10 percent annually, from \$1.2 trillion to \$4.0 trillion. The benefits of an ITA expansion to its signatories will be significant and immediate. Preliminary estimates show that an expanded ITA would remove tariffs on an additional \$800 billion in global two-way ICT trade – a 20 percent increase over the \$4 trillion in annual trade under existing ITA product coverage.

According to available sources India contributes to around two-thirds of developing country exports of IT services to industrialized countries.<sup>1</sup> In our opinion this excellent performance is likely due in major part to the openness of India under the current ITA to equipment that makes access to the internet possible and ICT applications, especially for small and medium enterprises. We believe that expanding the ITA's product and geographic coverage would further enhance the ITA's benefits in those regions wanting to boost their ICT exports and reduce costs for consumers. For instance, expanding the ITA's coverage to include new semiconductor products like multi-chip packages (MCPs) and multi-components (MCOs) – a priority for all six WSC regions – will benefit semiconductor designers, manufacturers, and customers worldwide.

With regard to export developments, available data shows that ITA signatories generally fare far better in exports of ICT products than do non-ITA members. We respect the Indian government's desire to become a global hub for exports of electronic goods and would like to highlight that evidence for the above statement is provided by research into the changes in countries' ICT goods exports as a share of their total goods exports over time. Relevant studies suggest that “from 1997 to 2009 the share of ICT goods exports as a percentage of the country's total exports increased by 93 percent in the Philippines, 59 percent in India, and 57 percent in China – all ITA members – while it declined by 49 percent in Argentina and 26 percent in Brazil – non-ITA members that imposed significant tariffs on ICT products.”<sup>2</sup> The WSC believes that an expansion of the ITA would trigger further growth in trade of ICT products and services, spurring economic growth and bringing additional benefits both to consumers and to the competitiveness of the industry of participating countries.

The WSC understands India's desire to grow its semiconductor design and manufacturing base. In this context, the elimination of tariffs on ICT products as a direct benefit of an expanded ITA will create further demand for semiconductors, thus increasing the need for additional design and manufacturing investments in the sector worldwide.

In light of the above, the WSC calls for the Government of India to participate in the current negotiations to expand the ITA, supporting its expansion to make it a driver of exports, productivity, innovation and enhanced manufacturing capabilities of high tech goods including semiconductors.

We appreciate your time and attention. Please do not hesitate to contact us with any questions you have concerning the above.

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<sup>1</sup> McKinsey Global Institute: *The Internet Matters, the Net's sweeping impact on growth, jobs and prosperity* (2011).

<sup>2</sup> Stephen J. Ezell, “Boosting Exports, Jobs, and Economic Growth by Expanding the ITA,” *The Information Technology & Industry Foundation* (March 2012).

Sincerely,

*On behalf of the 2013 World Semiconductor Council regional delegations:*

/S/

Nicky Lu  
Chairman, WSC Delegation from Semiconductor Industry Association in Chinese Taipei  
(Chairman & CEO, Etron Technology, Inc.)

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Dr. Tzu-Yin Chiu  
Chairman, WSC Delegation from Semiconductor Industry Association in China  
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/S/

Richard Clemmer  
Chairman, WSC Delegation from Semiconductor Industry Association in Europe  
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Chairman, WSC Delegation from Semiconductor Industry Association in Japan  
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/S/

Dong-Soo Jun  
Chairman, WSC Delegation from Semiconductor Industry Association in Korea  
(President, Samsung Electronics)

/S/

Ajit Manocha  
Chairman, WSC Delegation from Semiconductor Industry Association in the United  
States  
(Chief Executive Officer, GLOBALFOUNDRIES)

Cc: India Electronics and Semiconductor Association