

Multinational zero-tariff chip deal struck

3 November 2005

A deal that will erase tariffs on multi-chip packages was reached by the United States, Europe and major Asian nations, it was announced Thursday.

U.S. Trade Representative Rob Portman's office announced that the deal with the European Union, Japan, Taiwan and Korea applies to multi-chip integrated circuits used in increasingly ubiquitous gadgets such as cell phones and PDAs.

"Multi-chip packages (MCPs) were not even in existence in 1999, and are now a major high-tech input to many advanced electronics products," said Portman. "Applying zero duties on MCPs among our key semiconductor trading partners will boost sales and thereby enable this industry to grow even faster."

The United States is, in fact, a major world exporter of MCPs, and U.S.-based companies accounted for about half of the world's production, which was valued at \$4 billion in 2004.

Thursday's agreement will drop the 2.6-percent U.S. duty as well as levies as high as 8 percent in the European Union.

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