

No. 26977

**UNITED STATES OF AMERICA
and
JAPAN**

**Exchange of letters constituting an agreement to accelerate
tariff reductions in the field of semiconductors (with
annexes). Washington, 30 September 1981**

Authentic text: English.

Registered by the United States of America on 19 December 1989.

**ÉTATS-UNIS D'AMÉRIQUE
et
JAPON**

**Échange de lettres constituant un accord en vue d'accélérer
les réductions de tarifs douaniers en matière de semicon-
ducteurs (avec annexes). Washington, 30 septembre 1981**

Texte authentique : anglais.

Enregistré par les États-Unis d'Amérique le 19 décembre 1989.

EXCHANGE OF LETTERS CONSTITUTING AN AGREEMENT¹ BETWEEN THE UNITED STATES OF AMERICA AND JAPAN TO ACCELERATE TARIFF REDUCTIONS IN THE FIELD OF SEMI-CONDUCTORS

I

THE UNITED STATES TRADE REPRESENTATIVE
WASHINGTON

September 30, 1981

Dear Mr. Ambassador:

On behalf of the Government of the United States of America, I would like to express my satisfaction that the trade between the United States of America and Japan in semiconductors has been steadily expanding.

In order to further facilitate such trade, I have the honor to inform you that, as a result of recent discussions between the representatives of our two governments, the Government of the United States of America will accelerate the reduction of its tariffs on semiconductors to the final concession rates of the Multilateral Trade Negotiations (MTN) in two stages. The details and timing of these reductions are described in the Annex to this letter. The Government of the United States of America also will reduce tariffs on two non-semiconductor articles, as described in the Annex.

The acceleration of the semiconductor tariff reductions described in the Annex is undertaken upon the understanding that the Government of Japan, subject to necessary domestic procedures, including Diet approval, similarly will accelerate its tariff reductions on semiconductors to the final concession rates of the MTN.

It is my firm belief that this mutual reduction of tariffs will serve not only to promote further our trade in semiconductors in a mutually beneficial manner but also to demonstrate our common commitment to further the principle of free trade. In particular, I appreciate the fact that the magnitude of the tariff reduction referred to above will be greater on the Japanese side and that as a result U.S. exporters will benefit. This reduction of Japanese tariffs on semiconductors to the final concession rates of the MTN will serve as further evidence of the increasing openness of the Japanese market.

¹ Came into force on 30 September 1981 by the exchange of the said letters.

I would also like to reiterate that the Government of the United States of America is firmly committed to the principle of open markets in semiconductors. The Government of the United States of America will continue to urge third countries to join in this commitment and to take steps for the liberalization of their markets. We welcome the support of the Government of Japan in this endeavor.

I have further the honor to request you to confirm my understanding that the Government of Japan will, subject to necessary domestic procedures, including Diet approval, similarly accelerate the reduction of its tariffs on semiconductors to the final concession rates of the MTN.

Accept, Excellency, the assurance of my highest consideration.

Very truly yours,

[Signed]

WILLIAM E. BROCK

The Honorable Yoshio Okawara
Japanese Ambassador to the United States
Embassy of Japan
Washington, D.C.

ANNEX

<u>TSUSA</u> <u>Item No.</u>	<u>Description</u>	<u>Rates of duty</u> (Percent ad valorem)	
		<u>1/1/82</u>	<u>1/1/83</u>
	Transistors and other related electronic crystal components; all the foregoing and parts thereof:		
	Diodes and rectifiers:		
	Photo-sensitive:		
687.6554	Solar cells.....	4.24	4.2
687.6556	Other.....	4.24	4.2
687.6559	Zener.....	4.24	4.2
687.6561	Microwave.....	4.24	4.2
687.6562	Thyristors.....	4.24	4.2
	Other:		
687.6566	With a maximum current of 0.500 amperes or less.....	4.24	4.2
687.6567	Other.....	4.24	4.2
	Transistors:		
687.7025	With a dissipation rating of less than 1 watt.....	4.24	4.2
687.7027	With a dissipation rating of 1 watt or greater.....	4.24	4.2
	Monolithic integrated circuits:		
687.7531	Linear.....	4.24	4.2
	Other:		
	Bipolar:		
687.7533	Memory.....	4.24	4.2
	Other:		
687.7535	Transistor- transistor logic.....	4.24	4.2
687.7538	Emitter coupled logic.....	4.24	4.2
687.7540	Other.....	4.24	4.2
	Metal oxide silicon:		
	Memory:		
	Random access:		
687.7541	Less than 9,000 bits.....	4.24	4.2
687.7542	and greater.....	4.24	4.2
687.7544	Other.....	4.24	4.2
687.7545	Microprocessor.....	4.24	4.2
687.7547	Other.....	4.24	4.2
687.7548	Other.....	4.24	4.2
687.7553	Other integrated circuits.....	4.24	4.2

<u>TSUSA</u> <u>Item No.</u>	<u>Description</u>	<u>Rates of duty</u> (Percent ad valorem)	
		<u>1/1/82</u>	<u>1/1/83</u>
	Transistors and other related electronic crystal components, etc. (con.):		
	Other electronic crystal components (not including electronic tubes or mounted piezo-electric crystals), including parts not special- ly provided for:		
	Parts of semi-conductors:		
687.7581	Chips, dice, and wafers.....	4.24	4.2
687.7583	Other.....	4.24	4.2
687.7587	Other (not including parts of electronic tubes).....	4.24	4.2
708.8500	Hand magnifiers, magnifying glasses, loupes, thread counters, and similar articles.....	9.6	8.8*
709.4000	Mechano-therapy appliances and massage apparatus and parts thereof.....	5.1	4.9**

* The rate of duty on item 708.85 will be further reduced according to the following schedule: 1/1/84, 8.1%; 1/1/85, 7.3%; 1/1/86, 6.6%.

** The rate of duty on item 709.40 will be further reduced according to the following schedule: 1/1/84, 4.7%; 1/1/85, 4.4%; 1/1/86, 4.2%.

Note.—The Government of the United States may withdraw, in whole or in part, the above acceleration of tariff reductions on semiconductors in case the acceleration in the reduction of Japanese tariffs on semiconductors to the final concession rates of the MTN is not put into effect from April 1982.

II

EMBASSY OF JAPAN
WASHINGTON, D.C.

September 30, 1981

Dear Ambassador Brock:

I have the honor to acknowledge the receipt of your letter and the Annex dated the 30th of September. I share your view that the reductions of the U.S. and Japanese tariffs on semiconductors will serve to promote our bilateral trade in a mutually beneficial manner. I note with satisfaction that the Government of the United States of America is firmly committed to the principle of open markets in semiconductors. The Government of Japan also is firmly committed to the principle of open markets in semiconductors and is prepared to join the Government of the United States of America in urging third countries to join in this commitment and to take steps for the liberalization of their markets.

Sharing the common commitment to further the principle of free trade, I have the honor to inform you that, as from April 1982, the Government of Japan intends to accelerate the reduction of its tariffs on semiconductors, subject to necessary domestic procedures, including Diet approval, and upon the understanding that the Government of the United States of America similarly will reduce its tariffs as described in your letter and Annex of this date. The details of the Japanese reductions are described in the Annex to this letter. In this connection, I would like to point out that the intended Japanese reductions are larger than the U.S. reductions.

Accept, Mr. Ambassador, the assurances of my highest consideration.

[Signed]

YOSHIO OKAWARA
Ambassador of Japan

The Honorable William E. Brock
U.S. Trade Representative
Washington, D.C.

ANNEX

<u>ITEM NO.</u>	<u>DESCRIPTION</u>	<u>RATE OF DUTY (PERCENT AD VALOREM) AS FROM APRIL 1982</u>
	Diodes, transistors and similar semiconductor devices, integrated circuits: Germanium diodes, silicon diodes, germanium transistors, silicon transistors, and silicon diodes for silicon rectifiers	
85.21.211	Uncased	4.20
	Other:	
85.21.291	Germanium diodes	4.20
85.21.292	Silicon diodes	4.20
85.21.294	Germanium transistors	4.20
85.21.295	Silicon transistors	4.20
85.21.296	Silicon diodes for silicon rectifiers	4.20
	Other:	
	Uncased:	
85.21.212	Integrated circuits	4.20
85.21.219	Other*	4.20
	Other:	
	Integrated circuits:	
85.21.297	Digital	4.20
85.21.298	Other	4.20
85.21.299	Other	4.20
85.21.330	Photocells	4.30
85.21.350	Parts of diodes, transistors and similar semiconductor devices, integrated circuits, and photocells**	4.30

*Except other uncased light emitting diodes

**Except parts of the following: thermionic valves and tubes, light emitting diodes, mounted piezo-electric crystals, microassemblies and cold cathode and photocathode valves and tubes.

Note:

The Government of Japan may withdraw, in whole or in part, the above acceleration of tariff reductions in case the acceleration of the reductions in U.S. tariffs on semiconductors to the final concession rates of the MTN is not put into effect as described in the Annex to the U.S. letter.