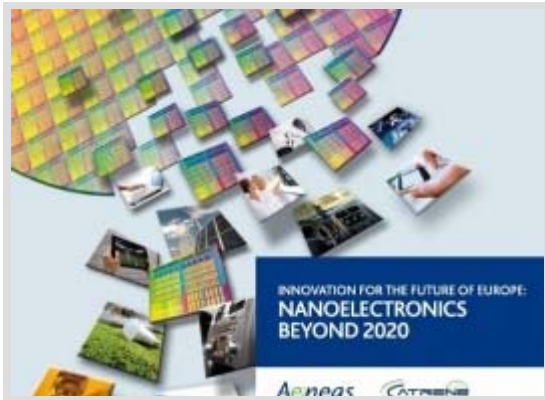


Business News

Europe in 10 billion € bid to boost chip industry

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BRUSSELS, Belgium – The European Commission has launched a campaign of public investment in micro- and nano-electronics with the aim of doubling chip production on the continent to reach 20 percent of global production.

The plan is to channel more than 5 billion euro of public authority money into research, development and innovation over the next seven years to match a similar amount of investment from the companies supported by the plan. However, the spending is likely to be spread across the whole semiconductor supply chain and cannot be used to simply lower the cost of capital or buy production equipment due to anti-subsidy commitments.

European Commission vice president Neelie Kroes said: "Others are aggressively investing in computer chips and Europe cannot be left behind. We have to reinforce and connect our existing strongholds and develop new strengths. A rapid and strong coordination of public investment at EU, member state and regional level is needed to ensure that transformation."

Kroes, who is responsible for digital economy and services delivery in Europe, has argued for several years that nano-electronics is strategic to European wealth creation as a least 10 percent of GDP depends on electronic products and services.

Kroes said that the public authorities across Europe, at the Commission, member state and regional level should be able to channel more than 5 billion euro into research, development and innovation over the next seven years. "This is what will attract not only a similar amount of investment in research and innovation by industry but also the 100 billion euro that industry has committed to invest in Europe if we are able to get our act together," Kroes said in the text of a speech to launch the initiative.

"I want Europe to produce more chips in Europe than the United States produces domestically. It's a realistic goal if we channel our investments properly," Kroes said. The industrial strategy will focus on larger investments to reinforce Europe's semiconductor centers in Dresden, Eindhoven, Leuven and Grenoble and their connections to design clusters in such places as Cambridge and Milan.

"If we don't take this opportunity, if we don't connect our strongholds, then others will leapfrog us. So we need this public investment - we need it to be rapid, strategic and coordinated. I will expect great things from the industry; they will have to build on this investment to take the sector to new heights. They will have to find ways to repeat the success of Airbus, but this time in the chip sector, and with its own unique business model," Kroes said.

The strategy will cover making chips at the leading edge (More Moore) as well as more varied (More than Moore) and the transition to production on 450-mm diameter wafers.

In support of Kroes' ambitions the Commission referenced a positioning document entitled *Innovation for the future of Europe: Nanoelectronics beyond 2020* that described how to secure a European nano-electronics industry and which outlined how a total investment of 100 billion euro could be delivered between 2013 and 2020.

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