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## EU Says Chip Industry Is Second Highest R&D Spender.

by [David Manners](#)

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The chip industry is second only to the pharmaceuticals and biotechnology sector in the amount it spends on R&D as a proportion of sales, according to the EC's EU Industrial R&D Investment Scoreboard for 2008, published in late 2009.

With a ratio of 18.1% R&D expenditure compared to revenues, the semiconductor industry is Europe's second most R&D intensive sector.

Its R&D intensity is over six times that of the EU industry average with semiconductor R&D investment hitting the €4bn mark for 2008. The European R&D intensity average is calculated at 2.7%, growing at 7.8% for 2008.



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Worldwide, semiconductors ranked second with an overall R&D intensity of 15%, behind biotechnology and pharmaceuticals, while being almost five times above the 3.3% world average, which grew 7% in 2008.

"The industry was able to maintain these high figures despite already being hit by the financial crisis in the last quarter of 2008," said ESIA resident and Infineon CEO Peter Bauer, "I expect us to come out again at the very top end of this league both in Europe and worldwide for the 2009 figures and beyond."

R&D intensity is a characteristic of the chip business, other characteristics being high capital intensity, high growth, cyclical & volatile markets, a high degree of globalisation, commitment to environment, safety & health, intellectual capital creation and involvement of governments.

"R&D results in micro/nanoelectronics strongly influence many other fields", said bauer, "they therefore constantly drive innovation and reach well beyond the industry itself."

R&D funds come from the companies and from public sources. Companies spend up to 20% of their revenue for R&D. Public funding accounts for about 10% of total R&D funding.

Public funding comes from participation in EU-based public-private partnership programmes such as ENIAC, FP7, EUREKA/CATRENE and from national programmes.

'Representing around 10% of the total R&D investment, public funding levels for this sector fare rather badly in global comparison - a concern that has been heard by the EU Commission', says ESIA.

The European Parliament is holding its first debates on how to proactively foster its so-called key enabling technologies and what should become of Europe's innovation policy where semiconductors are a key element.

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