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European Executives Put on Fresh Push for Support of Chip Industry

Europe's semiconductor industry will continue to see declining market share unless European governments increase subsidies and change taxation and labor policies, executives said at the SEMI Brussels Forum this week. While in Brussels, executives fanned out to lobby members of the European Commission and the European Parliament.

Staff -- Semiconductor International, 12/11/2008 9:45:00 AM

European semiconductor industry executives are launching a concerted push to convince European government leaders to increase support for chip manufacturing and the equipment and materials infrastructure. Members of the SEMI European advisory board visited with >40 people from the European Commission and European Parliament this week. Also in Brussels, ~100 European executives and government officials from 16 countries — including Russia, Israel and the United Arab Emirates (UAE) — participated in the third [SEMI Brussels Forum](#), where the discussion centered on how to improve Europe's competitiveness.



European R&D remains strong, but manufacturing is moving to Asia.

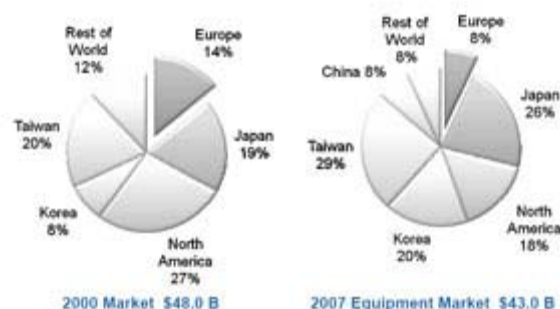
At the forum, speakers said that ~80% of Germany's exports, for example, are dependent on semiconductors. About 10% of the European gross domestic product (GDP) depends on remaining competitive in IC technology, they said, citing data from the 2008 Competitiveness Report of the European Semiconductor Industry Association (ESIA).

Enrico Villa, senior advisor at STMicroelectronics NV (Geneva), said Europe's share of the chip market has declined from 21% to 16% since 2000, as the market has shifted to Asian nations, particularly for consumer goods, which represent >60% of the global market. Villa argued that Europe lacks an industrial innovation policy, telling the Brussels Forum participants that Europe's taxation policies, industrial incentives, labor costs and

labor flexibility are "not competitive compared to Asia."

Heinz Kundert, president of SEMI Europe, outlined the challenges facing the European semiconductor industry, which includes about 250 device, equipment and materials companies. The continued trend to fabless manufacturing and the shift of chip manufacturing to other regions has resulted in no large fabs planned for Europe. At best, the region is seeing some expansions of existing fabs, he said.

Equipment Sales Decreased Since 2000



Europe's equipment and materials companies need government support to stem a decline, according to SEMI Europe.

Kundert presented data showing that the IC industry is an enabling industry for other key European industrial segments, including the automotive, telecommunications, energy and health industries. Equipment and materials companies employ close to 105,000 European residents, with a production value of >€9B (\$11.92B). Semiconductor manufacturers employ ~110,000 in Europe, making

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products worth €20B (\$26.5B), he said.

The SEMI Brussels Forum featured several panel discussions, with participation by André-Jacques Auberton-Hervé, Soitec; Dirk Beernaert, European Commission; Gilbert Declerck, IMEC; Jean-Noël Durvy, European Commission; Francois Escher, Freescale Semiconductor; Heinz-Martin Esser, Silicon Saxony; Geneviève Fioraso, Grenoble; Bernd Haeuser, Robert Bosch; Wolf-Eberhard Kuhl, Free State of Saxony; Werner Mohr, Catrene; Claude Saunier, Technopôle de Saint Briec; Gaël Schmidt, JEMI France; and others.



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