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## Ex-ST exec proposes European super chip company

[Anne-Francoise Pele](#)  
Courtesy of [EE Times Europe](#)  
(03/13/2008 6:40 AM EST)

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MUNICH — Joseph Borel, former executive vice president in central R&D at STMicroelectronics NV has proposed that Europe's top three chip companies — NXP, ST and Infineon Technologies — should consolidate into one European super chip company. A 12-page proposal from Borel has been sent to the French Senate and is being transferred to the office of French President Nicolas Sarkozy.

The European semiconductor industry has been struggling in a storm-tossed tempest. To avoid shipwreck, Borel, now of the JB-R&D consulting company, explained with conviction in an exclusive interview with *EE Times Europe* that NXP Semiconductors (Eindhoven, The Netherlands), ST (Geneva, Switzerland) and Infineon Technologies AG (Munich, Germany) have to stop operating individually, and join to achieve critical mass at a scale close to that of semiconductor market leader Intel and to be larger than number two Samsung.

Borel said he had defended his idea in front of Medea, now Catrene, the pan-European research collaboration for microelectronics. But, because he realized that only state governments could take such a decision, Borel addressed his 12-page proposal to the French Senate, which then transferred it to French President Nicolas Sarkozy.

According to Borel, Europe's situation has become critical. For fiscal year 2007, ST reported a net loss of \$477 million on revenues of \$10.0 billion, NXP made a net loss of \$750 million on sales revenue of \$7.04 billion and Infineon, excluding DRAM maker Qimonda, announced a profit of about \$121 million (up from negative \$27.7 million in fiscal year 2006) on revenues of \$6.27 billion.

Besides, Borel explained that process R&D, design and manufacturing costs are skyrocketing when moving to the 45-nm node and below. This means that only a few organizations worldwide will be able to support such costs, which would need to be driven by significant worldwide market share.

In his proposal, Borel highlighted two simple equations in terms of sale revenues. Not only do Intel sales equal Samsung plus TI sales, but they also equal ST plus Infineon plus NXP sales.

When looking at the top 25 in the market share ranking in 2006, Borel said, NXP, ST and Infineon totaled worldwide semiconductor revenue of \$26.5 billion, still below the \$31.3 billion performance of Intel alone. Intel indeed remained on top of the list even though its revenues had declined by 9.5 percent compared to 2005.

"This shows how urgent it is to have a synergetic move of Europe, through co-operation and complementary product lines offered through a single European production foundry," declared Borel. "There is room for investment rationalization and product synergies between the three European independent players addressing at present some overlapping parts of the market, with no formal agreements on strategic sectors like memories where manufacturing costs are very critical to survive."

According to Borel, the quality of R&D in Europe in large R&D centers, if properly funded and driven by applications, can help meet this challenge.

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