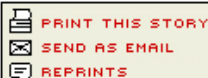


## European IC execs debate strengths, weaknesses

[Christoph Hammerschmidt](#)

[EE Times](#)

(02/09/2005 12:36 PM EST)



BERLIN — Experts at a chip industry symposium this week agreed that innovation and the commercialization of technologies is the key to economic development in Europe, but there was little consensus on how to reach these goals.

The Industry Strategy Symposium here brought together nearly the entire European semiconductor and equipment industry. One consensus among executives was that most companies will continue to move production abroad, especially to the Asia. Eventually, some technologies will also shift to Asia. But many managers said they weren't concerned about the trend because creativity and innovation would remain in Europe.

"The migration to Asia will go on," predicted Franz Richter, chairman of the European advisory board of symposium organizer SEMI.

Most here also agreed that there's no cure for China's low production costs. "We can't compete against the low wages in the Far East," said Reinhard Ploss, head of Infineon's Automotive, Industrial and Multimarket division. "That would be like trying to pump water up a mountain."

Executives here also said the Chinese chip makers will seek to move up the industry's value chain. "China's competition for our research and development activities is growing," said Ploss. "In the long run, China won't be satisfied with the role of a cheap production partner," added Peter Podesser, CEO of the Austrian semiconductor equipment company EV Group "China will develop and design its own products for the high-tech market."

Arthur van der Poel, chairman of the pan-European [Medea+](#) R&D program, warned against falling further behind Asian competitors. In the past five years 9 percent of the domestic chip production capacity has vanished to the Far East, he said, while production capacity has grown in North America. He also cited a widening education gap: nearly 200,000 Chinese engineers are graduating annually while the EU graduates only 130,000 new engineers a year.

Nevertheless, many here said Europe retains unique skills and strengths that would help it weather the storm. Key among them has been lessons learned from European integration, including organizational and technical aspects. "European companies have turned a problem into strength," Poel asserted.

Poel also noted that Europe remains strong in basic research. Examples include the Interuniversity Microelectronics Center [IMEC] in Belgium and the German Fraunhofer associations.

Mario Rivas, executive vice president of communications at Philips Semiconductors, said cross-border research such as projects among the Technical University Aachen, Germany, the Technical University Eindhoven, Netherlands, and IMEC have yielded concrete results.

Europe's strength in automotive electronics, cellphones and systems integration platform technologies are also seen as differentiating the market here from global rivals. However, experts said even more government-backed R&D is needed in fields like nanotechnology. "This sector is a key enabler for future high-quality products," said Poel.

In contrast, Europe remains weak in commercializing technology. "We have good ideas, but it is difficult to realize them in the form of successful products," complained Infineon's Ploss. "There is no innovation problem in Europe,"