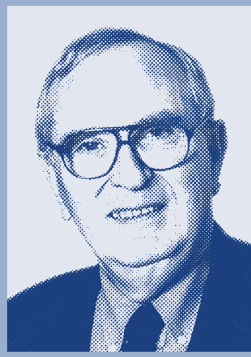


VIEWPOINT

by Jean-Pierre Noblanc



European governments must match the microelectronics industry's commitment to R&D if the sector is to maintain its position in a rapidly moving and highly competitive global market, argues Jean-Pierre Noblanc, chairman of MEDEA+.

Towards the end of last year, the two-year-old MEDEA+ programme presented its achievements to date at MEDEA+ Forum 2002 in Antwerp. The programme aims to develop 'system innovation on silicon' through a series of technology and application initiatives, complementing its predecessors, JESSI and MEDEA, which stimulated Europe's leadership in microelectronics technologies.

Three European companies are currently ranked among the world's top 10 semiconductor suppliers, while several European process equipment manufacturers set the standards worldwide. Even in the present difficult times, the semiconductor industry maintains a high level of R&D expenditure and is prepared to increase by 30-50% its allocation of resources to the second phase of MEDEA+.

However, if microelectronics is to remain a strategic domain, European governments must do more to support R&D. While they were qualitatively outstanding in their support for JESSI, MEDEA and MEDEA+, quantitatively the situation is different. Neither the inflation rate nor the six-fold escalation in R&D costs during

this period have been taken into account.

One of the Forum's speakers, Gordon Chen, President of the Taiwanese Semiconductor Industry Association, gave a striking example of how national R&D programmes aimed at the Taiwanese semiconductor industry, which included tax incentives and low-interest loans, have helped to create 100,000 new jobs in the last 10 years. Taiwan now has 7% of the world market in semiconductor production.

The Asian countries are leading the world in the support and incentives they offer as part of a dynamic push to their microelectronics

"Europe's productivity and employment levels will decline if we fail to make the necessary investments in microelectronics competitiveness"

industries. Japan and the US are also increasing their support for their industries. For example, in addition to the support offered by individual states, federal government support in the US now exceeds \$1 billion.

The message for Europe is, therefore, that national governments and their programmes must match the microelectronics industry's commitment to R&D by providing a new impetus and highly focused support schemes to compete with those enjoyed by our competitors in other regions of the world.