

**PRESS STATEMENT**

**Has European competitiveness in nanoelectronics been lost to globalisation? No, but Europe needs to *master innovation and shape its own semiconductor future* to restore competitiveness – ESIA CEOs discuss the industry’s second Competitiveness Report in a high-level meeting with European Commission Vice-President *Günter Verheugen*.**

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*“Europe needs to take note of the dramatic semiconductor industry changes and act now to safeguard a strong future presence. The ESIA calls for an effective, EU-driven nanoelectronics innovation policy. ”*This is how Frans van Houten, the President of ESIA and President and CEO of NXP Semiconductors, introduced the findings of the Report to the Commission Vice-President Verheugen. He was joined by the CEOs and European general managers of Freescale Semiconductor, CEA-LETI, Micron Italy and STMicroelectronics speaking on behalf of the association.

Following on the 2005 Report, this year’s ESIA Competitiveness Report outlines specific opportunities and recommendations in the areas of semiconductor *R&D, lead markets, manufacturing and education* as a way forward for Europe to renew its competitiveness and capitalize on the trends that are transforming the industry.

Regarding *R&D*, ESIA strongly recommends a broad consensus to establish micro-/nanoelectronics as the overriding priority for EU-wide R&D efforts. It also insists on increased funding levels by both the EU and Member States to keep pace with the increasing R&D requirements and global competitor regions. Efficient and effective R&D tax credit incentives based on best practises are one of the tools to be applied.

On the need for Europe’s leaders to drive lead markets, Carlo Bozotti, President and CEO of STMicroelectronics added *“...we recognize that Europe is generally on the right track in identifying and prioritising today’s major societal needs, yet Europe needs to do more to build on these and to create lead markets of the future by encouraging the development of new application areas which are unthinkable without the innovative role of the semiconductor industry.”*

ESIA’s recommendations point to the strengthening of areas such as solutions for a greener environment and energy efficiency, safety and telematics in automotive, intelligent road systems, eSociety, eGovernment and eHealth, and increased broadband access to the home and on the move. It is in these types of areas that European leadership positions can be attained. *“A perfect example for such an innovative breakthrough is the electrification of the power train in cars enabled by semiconductors, providing competitive advantage to the automotive industry”* says Denis Griot, Senior VP for the global automotive segment at Freescale.

In no other area is the transformation of the semiconductor industry more visible than in the changing manufacturing map of Europe: *“We observe that semiconductor companies are reassessing their strategies - be it by aligning their R&D efforts globally, or by balancing*

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*their mix of in house and outsourced manufacturing in order to deal with a highly competitive environment”* explained current ESIA Vice-President Enrico Villa.

Manufacturing capabilities still play an important role in advancing the semiconductor industry’s technology, but the required capital and R&D intensity have caused a differentiation in manufacturing models. Against this background, the lagging competitiveness of Europe as a region raises concerns regarding the erosion of the semiconductor manufacturing presence in Europe. Measures in this area need to be part of a response that puts Europe in a stronger position to innovate and retain the expertise required for manufacturing of advanced, innovative and differentiated products for today and tomorrow.

In summary, therefore, ESIA calls for an effective, EU-driven industrial innovation policy with micro-/nanoelectronics at its core, based on promoting European opportunities through semiconductors and encompassing the areas of *R&D, lead markets, manufacturing and education*. ESIA realises that this cuts across many decision-making responsibilities within Europe, but considers it essential for Europe to take a concerted approach to mastering innovation and shaping its own semiconductor future.

Following the meeting, Frans van Houten concluded that “... *we had an open and frank discussion with a highly engaged Commission Vice-President, and look forward to advancing the common issue of enhancing the competitiveness of Europe’s semiconductor industry, possibly through creation of a European sectoral policy for semiconductors.*”

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About ESIA: The European Semiconductor Industry Association (ESIA) represents the European-based manufacturers of semiconductor devices. The semiconductor industry provides the key enabling technologies at the forefront of the development of the digital economy. The sector supports around 110 000 direct jobs in a market valued at €30bn in 2007.

The full Report is available from the ESIA website under <http://www.eeca.eu>, then ‘ESIA’ then ‘publications’ or directly under [http://www.eeca.eu/data/File/ESIA\\_Broch\\_CompReport\\_Total.pdf](http://www.eeca.eu/data/File/ESIA_Broch_CompReport_Total.pdf) directly at the ESIA Secretariat, tel: +32 2 706 86 00.

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