

Europe is home to hundreds of microelectronics centers and also to 4 of the top 20 microelectronics companies worldwide. It is a huge market in itself with borders enlarging every year. It contains, as well, a great many local specificities according to its motto: “unity in diversity” (*in varietate concordia*).

The European microelectronics industry encounters several strong challenges, which can also be turned into new competitive advantages

- ❖ The first force is the pressure from the low cost areas increased by the trend of exchange rates in the recent years.
- ❖ The second force is the explosion of technology, design and software R&D costs.
- ❖ The third force is the evolution of the value chain in the industry.
- ❖ The fourth force is the fast evolution/change of the needs of the society.

The answer of Europe to these forces is the exploitation of our many strengths:

- ❖ The European industry’s answer to manufacturing cost increase is more innovation.
- ❖ The explosion of the R&D costs induces a renewal of cooperation within Europe. Last year several initiatives were presented as plans by Theo Claasen. At the beginning of 2008 three have been achieved: the creation of the AENEAS association, the launch of the CATRENE initiative and the launch of the ENIAC Joint Technology initiative.
- ❖ The value chain evolution gives the opportunity to explore new options in the system architecture and the European microelectronics industry is well positioned there, thanks to its long-term relationship with electronic system companies. This happens for instance in the automotive, smart cards or Telecom fields.
- ❖ Finally the evolution of the society towards total connectivity provides a wealth of opportunities for European companies, in the field of MEMS and sensors most notably, with a broad range of applications including the health sector.

In conclusion, Europe has a strong foundation in the new global landscape. Cooperation, experience, and agility are the key strengths to answer the upcoming challenges.