European Semiconductor Industry Association

Brussels, 7 December 2016

Speech by ESIA President Klaus Meder during the Annual Reception & Gala Dinner 2016

European Commissioner for Digital Economy & Society Günther H. Oettinger receives the ESIA Award, an engraved 8-inch silicon wafer (from left to right: ESIA Director General Hendrik Abma, European Commissioner Günther H. Oettinger, ESIA President Klaus Meder).

Distinguished guests, dear friends,

I would like to take the opportunity to welcome you all to ESIA's annual Reception & Gala Dinner. I am grateful to see that so many people from both the members as well as from the European Commission joined us for tonight's event!

It is a great honour today that the Commissioner for Digital Economy & Society, **Günther Oettinger**, will be among our guests.

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2016 has been quite a year – as fascinating as it was challenging.

- This year in May, the **World Semiconductor Council** (or WSC) celebrated its 20th anniversary. 20 years of gathering the most important markets for the semiconductor

industry around one table. In an industry as global as ours, where companies rely on free trade and market access, it is vital that we interact with our counterparts and customers worldwide.

Once a year, the WSC organises the Government & Authorities Meeting on Semiconductors, or GAMS. In 2016, the GAMS was hosted by ESIA in Berlin, and was chaired by the European Commission's DG TRADE. I would like to thank DG TRADE for its leadership in converging on several high-level results. The outcome will benefit fair and open competition in the global semiconductor value chain.

As we all know, the **pace of consolidation** in the industry has not ceased to slow down since the record year 2015. State-driven interferences pose challenges for industry in Europe and the rest of the world, and addressing it can only be done in a coordinated manner – at a forum like the WSC. It is in all our interest to prevent trade disputes, to adhere to WTO principles as openness, transparency, inclusiveness and non-discrimination, and hence maximise opportunities for everyone, based on a global level playing field.

- In July, we saw the start of implementation of the WTO's expanded **Information Technology Agreement**, or ITA, which includes the elimination of duties on advanced semiconductors. This is a pivotal milestone for both the WSC – who played a critical role in finalising the expansion – as well as the semiconductor industry as a whole.

  Beyond the question of tariffs, it is important to keep the focus on **open markets**. They are essential for growth and the wide-spread use of new technologies.

  The need for cross-border cooperation and streamlining can likewise be raised for the European Union. At home, the **Digital Single Market** strategy continues to be implemented according to the Commission's long-term vision, including a Digitised European Industry and the Cybersecure Union. ESIA and its member companies wish to contribute in achieving a fully-fledged single market that provides for a safe supply of secure, state-of-the-art and energy-efficient semiconductors.

- Talking about state-of-the-art technology from Europe…

  Remember: 30 years ago, *Robert Bosch* introduced the CAN bus, or Controller Area Network bus, to simply shorten the wire harness in your everyday car. The start of automotive electronics. Today, a calm voice tells me where to go and how to avoid traffic jams, the car keeps my steering firmly in the lane and even parks for me upon arrival. With GEAR 2030, stakeholders are seeking the right environment to nourish the possibilities of **connected & automated driving**, accommodate innovation, and to make our roads safer.

  European semiconductor companies continue to push the boundaries. Take the **Internet of Things**: *McKinsey & Company* say that IoT may generate a worldwide economic value of up to $ 11.1 trillion a year by 2025. To get even close to these stellar

forecasts, our customers must feel safe and know that their devices still work once they cross borders.

European companies have the know-how to provide unique hardware-based **security solutions** that can protect sensitive data, capture secure communication, inspire trust & confidence, and are interoperable beyond borders. I am happy to see that the Cyber Security cPPP and ECSO supports the leadership of European companies, and that the Commission is pushing for interoperability solutions.

- In the end, European semiconductor companies are investing more than a quarter of its yearly revenues into R&D, compared to a far smaller reinvestment rate by semiconductor manufacturers worldwide.

  Additionally, the **IPCEI** (Important Project of Common European Interest) on microelectronics has the potential to leverage means for R&D and bridge the valley of death. IPCEI can support the industry to and capitalise on its know-how and enhance Europe's strategic position in the global value chain.

  This know-how also raises the question of **Intellectual Property**: a well-functioning system of IP protection is a necessity if we want to use the results of our R&D as valuable business assets. Innovative ideas from Europe must be well-protected so that the industry's ingenuity can flourish across the Union.

  2016 also saw the adoption of the **EU Trade Secret Directive**, supported by ESIA, and whose effective and proportionate measures allow for important levels of protection across the European Union.

- With the right protection for European ideas, and the proper framework, European semiconductor products can flourish lead to technological progress that outpaces our dreams. Already, they are embedded in a multitude of applications, and continue to be integrated in more devices as we speak. I am very happy to see the acknowledgement of this ever-advancing integration in initiatives from the European Commission.

  The European semiconductor industry is a key-enabler for progress. A sound innovation ecosystem in the EU will result in direct & tangible benefits for customers, SMEs, enterprises and citizens alike.

  Three years ago, the Commission launched the **European Strategy for Micro- and Nanoelectronics.** We fully support the strategy and its vision to aim at a sustainable supply of innovative semiconductor solutions, and at ensuring non-dependence vis-à-vis other regions in a competitive way. ESIA wishes to contribute and make the Micro- and Nanoelectronics Strategy become a reality.

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To our guests from the Commission I say: Thank you very much for joining us tonight in this historic location. Thank you for having an open ear and for being a dialogue partner for the

issues that matter. Also, I would like to congratulate Khalil Rouhana on his well-deserved promotion to Deputy Director-General of DG CNECT. Félicitations!

Lastly, I would also like to thank my predecessor as ESIA president, *Infineon* CEO Dr. Reinhard Ploss, for his excellent guidance over the past two years. We achieved great results, and will continue to do so in the future.

Thank you very much for your patience, and now enjoy the evening!

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