

## Boosting Europe's Competitiveness

When looking for a person with an unmatched knowledge of Europe's semiconductor history, you will inevitably meet Pasquale Pistorio, President and CEO of STMicroelectronics (ST).

The smart executive has managed to turn two former state-owned companies from France and Italy into a semiconductor group which is firmly placed among the top ten semiconductor companies of the world. Even during the industry's longest and deepest depression, Pistorio led his company through the rough waters without giving up its profitability or turning to mass dismissals.

Pistorio, who was born in Enna/Sicily in 1936, thus has the freedom to implement projects that he thinks are important. For instance, he started an environmental initiative in the mid-nineties. After two years, he found that this wasn't only cost-neutral but was a profitable undertaking instead. His next goal is to make ST CO<sub>2</sub>-neutral by sponsoring large-scale reforestation projects. Fighting against the 'Digital Divide' is another hobby of Pistorio (see *Elektronik* 13/2002, p. 22).

At the International Electronics Forum 2004 in Prague, Pistorio held his tenth (and also his last) keynote address as the CEO of ST, focusing on another subject which is very important to him: Europe's competitiveness. Watching the evolution of Europe's microelectronics industry in the eighties, it seemed to him like a talented but rather lazy child. This changed in the nineties when Europe, fueled by programs like JESSI and MEDEA, began to catch up and was even able to reach a top position in some areas.

According to Pistorio, Europe is standing at a crossroads again and will be facing a dark future if it will not be able to shape up its global competitiveness. Pistorio points out that Europe has made many achievements including the welfare state and the peaceful creation of the European Union which now includes more than 450 million people. On the other hand, however, the Europeans didn't do their homework regarding their global competitiveness. The self-established goal of making Europe the 'most competitive and most dynamic knowledge-based economic region of the world' until 2010 is doomed to fail because of lacking investments. While too much money is spent on agricultural subsidies, investments in research and development are too small. With 1.95% of the gross domestic product spent on R&D, much is left to be done before reaching the goal of 3%.

Pistorio has established five issues that must be solved for Europe's competitiveness to improve:

- Europe must better utilize its human capital in order to generate a constant stream of innovative, value-added products and services. The emphasis must therefore be put on education, research, development and innovation.
- Europe must reduce its dependence on fossil fuels.

- Companies must learn to adapt more quickly to changing market needs.
- Europeans must accept longer working hours in order to adapt to international standards.
- To keep companies in Europe, the fiscal playing field here must change in order to match the international level. Offering tax refunds for R&D programs could be a means to increase the pace of innovation.

We must find an optimum balance between economic growth, political freedom and social cohesion. Based on our resources, we must address the future boldly. Globalization will then be a tremendous opportunity for Europe to exploit our unparalleled potential and to set forward our dream of a better world. Europe should take Pistorio's advice.

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