

The Electronics Industry in Europe



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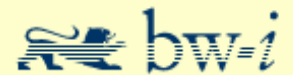
The purpose of this presentation is to:

- Demonstrate the importance of the European Union – the world's largest single market
- Outline its future dimensions as it expands towards the east
- Describe the present status and future prospects for the electronics industry within this market
- Explain why Baden-Württemberg is the ideal location from which to serve the electronics industry – Europe wide

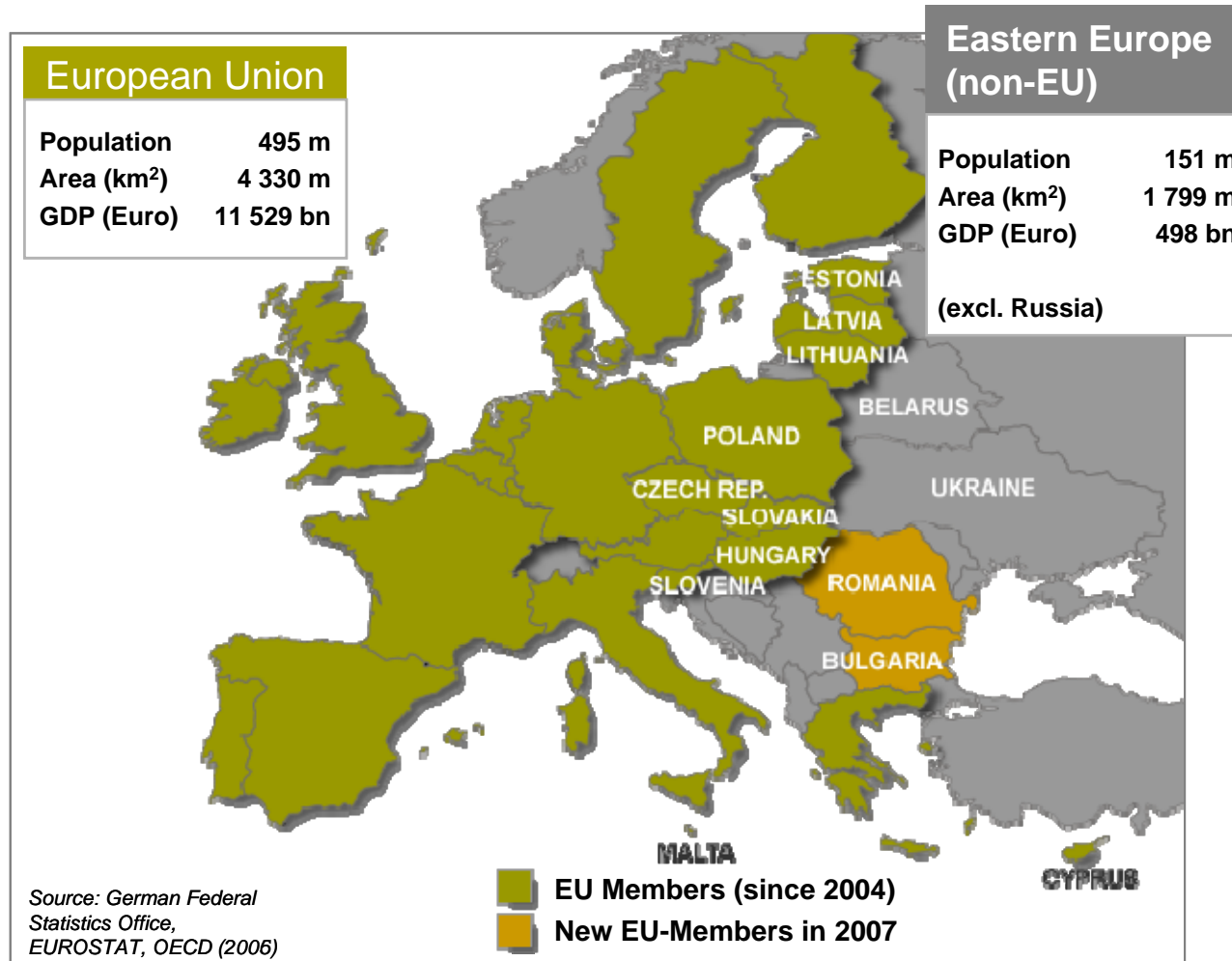


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Europe is expanding towards the East



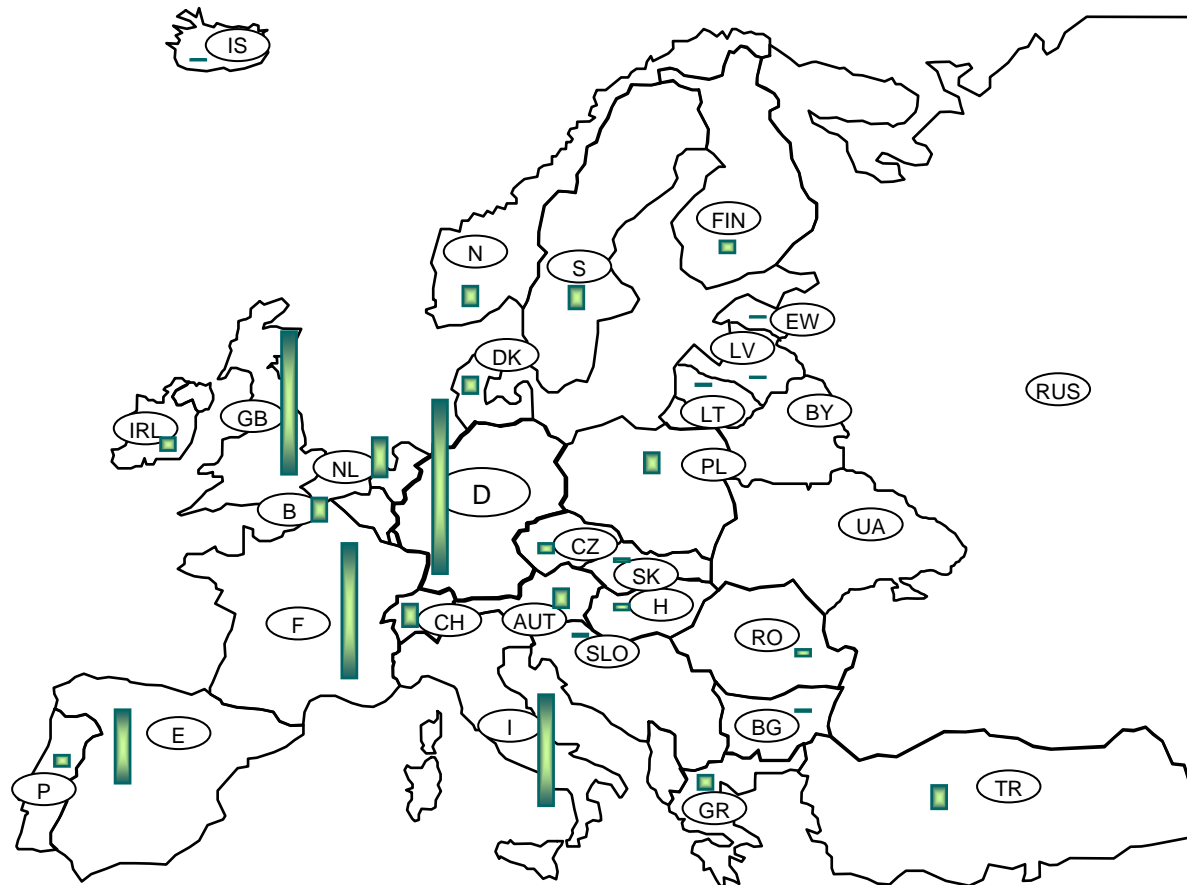
In the last two decades, the sharp contrasts between the Western and the Eastern European countries have been fading and the European Union is the major driver for Europe's integration.

Since May 2004, Poland, the Czech Republic, Slovakia, Hungary, Slovenia, the Baltic States, Cyprus and Malta are members of the European Union. In 2007, Romania and Bulgaria are have joined the EU.

European integration opens up a vast market for your company with untold market opportunities.



The leading Markets in Europe



In 2006, the 27 member states of the European Union had a total Gross Domestic Product of Euro 11 529 bn, exceeding the GDP of the USA (Euro 10 550 bn) and Japan (Euro 3 478 bn).

Four of the member states – Germany, Italy, France and the UK – are among the six largest economies of the world. Of these, Germany has the highest GDP, the largest population, and the highest purchasing power.

Within Germany, the State of Baden-Württemberg, Germany's southwest, is one of the most prosperous and innovative regions.

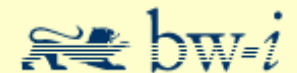
Source: German Federal Statistics Office, EUROSTAT, OECD (2006)

■ Dimension of total GDP

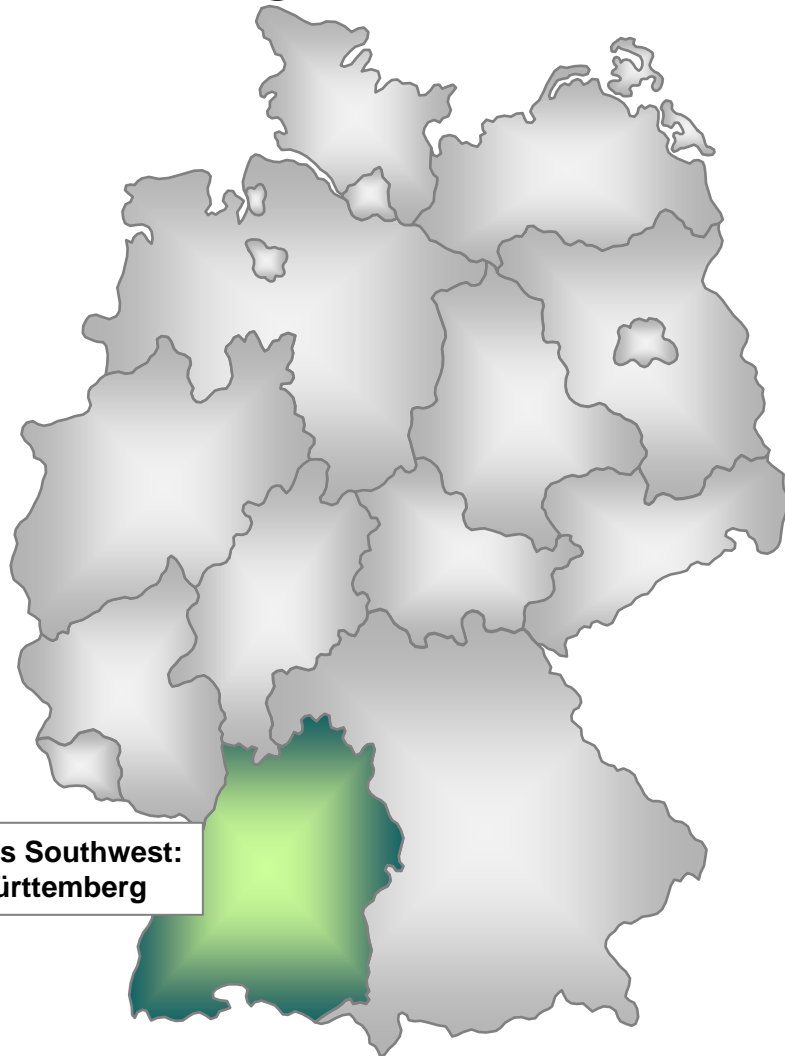


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The right Location for Growth and Prosperity



Germany's Southwest:
Baden-Württemberg

Baden-Württemberg is already the most highly industrialized and one of the most prosperous regions in Germany.

Its proximity to important markets – east and west – makes it an ideal location for pan-European activities.

And it has further merits:

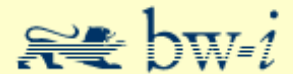
- It has a highly developed infrastructure – suppliers, R&D facilities, business services.
- Its workforce is well trained, innovative and productive.
- Its companies have an established export orientation and know how to penetrate new markets.

It is set to succeed in the 21st Century.



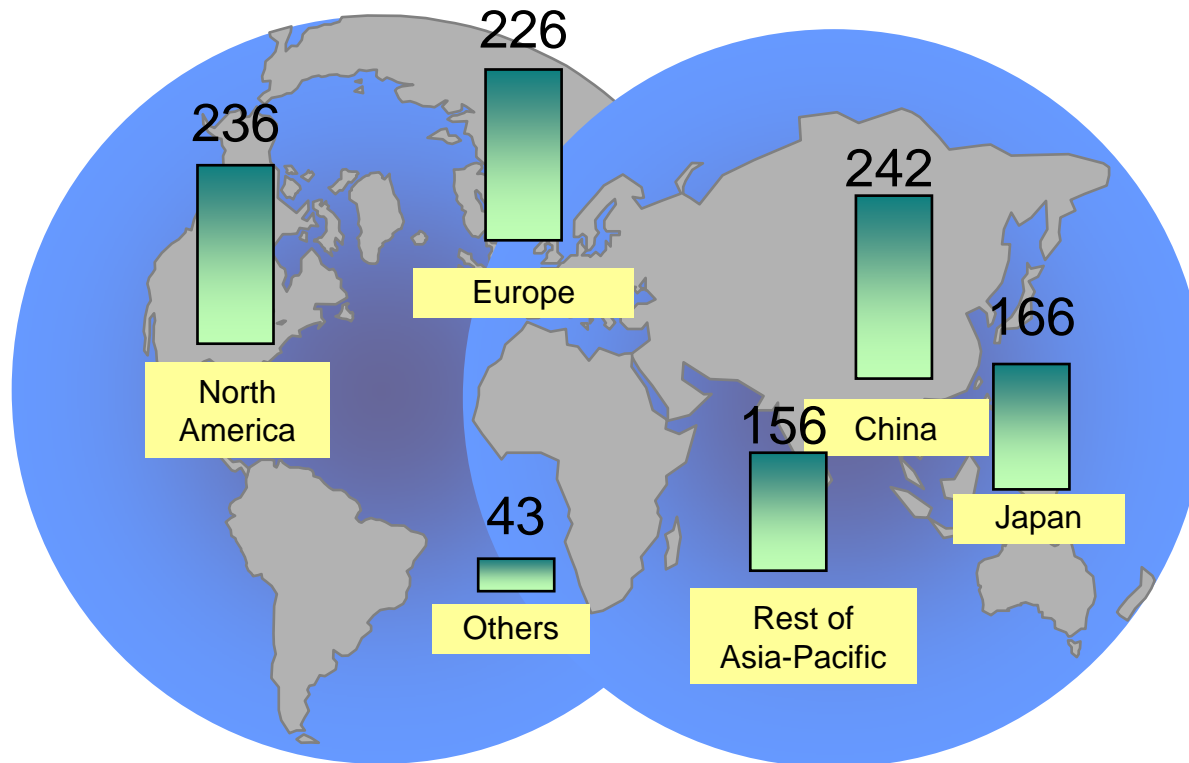
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Europe – A Leading Electronics Producer

Worldwide Production of Electronics Products 2005 in billion €



The Europe production accounts for about 25% of World production.

Growth is also stimulated by the liberalization of the telecommunications market in the EU, the harmonization of standards and rapid technological progress.

Progress is particularly apparent in microelectronics with the development of more intelligent, more functional products and the trend towards miniaturization.

Source: DECISION, figures from 2005



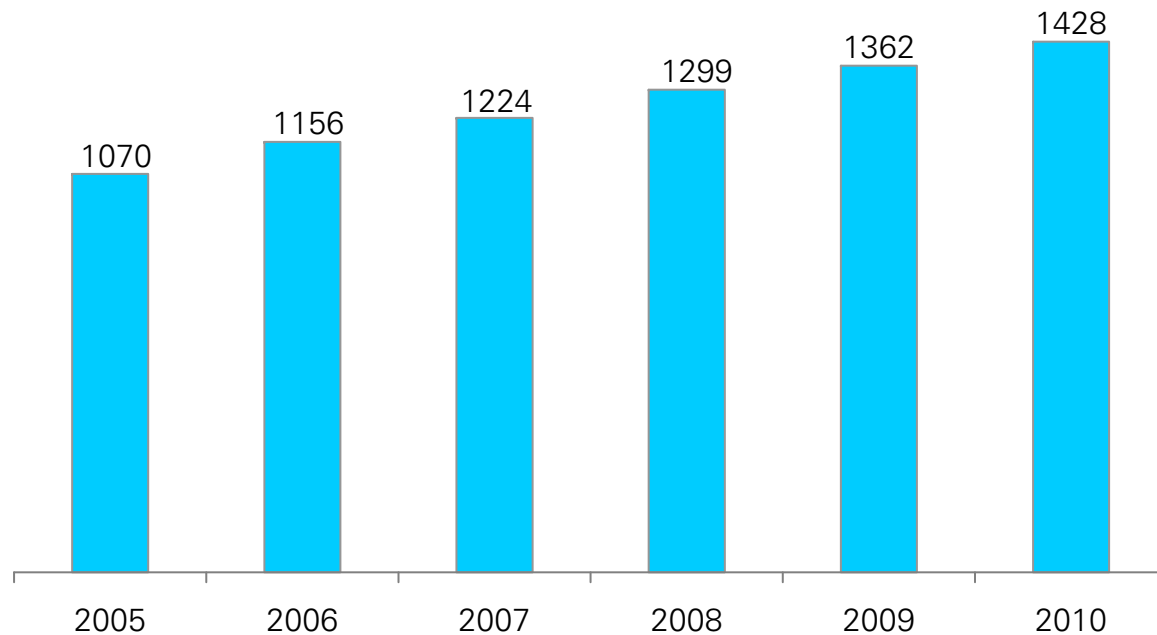
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Market of electronic goods is growing steadily

Total electronics – world market 2005 – 2010 in bn €



Source: DECISION

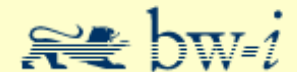
With an average annual increase of 5.8% the world market for electronic goods will continue its substantial growth in the period from 2005 to 2010.

In this connection China and Europe have the strongest growth rates.



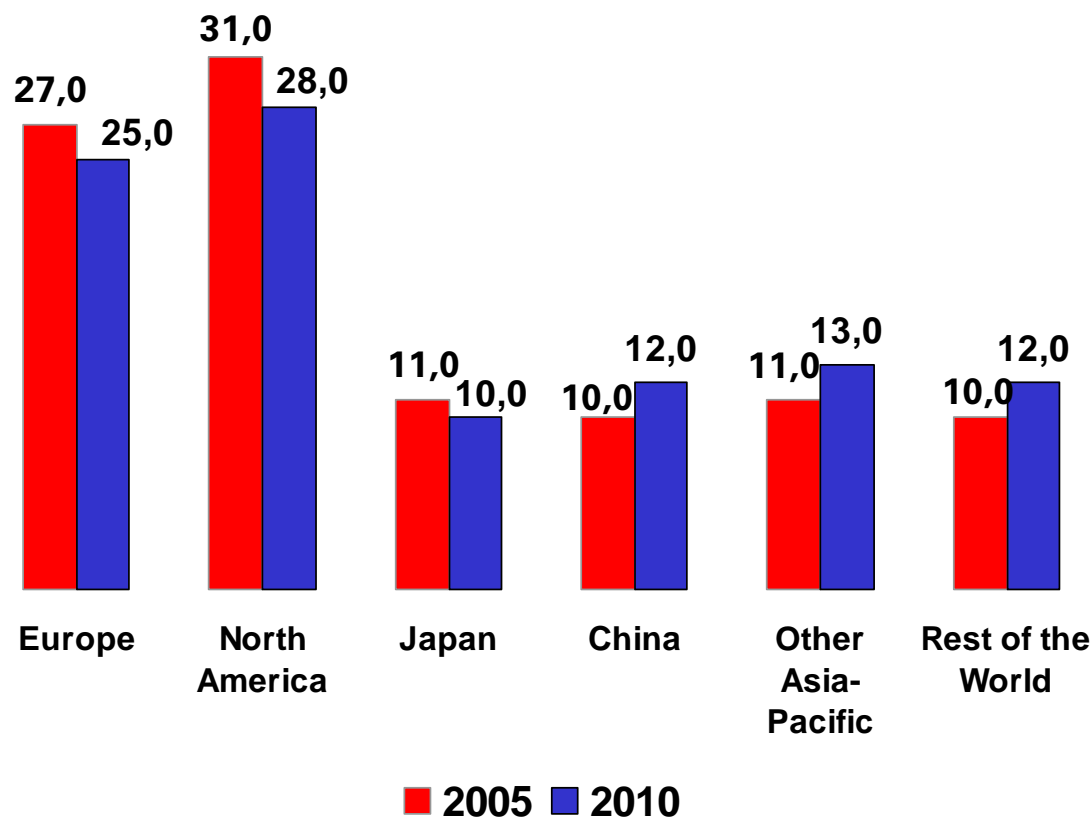
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Europe – A big market for Electronic Goods

World market - 2004 – 2009 in %



Europe is the second biggest market for electronic goods after North America.

For this reason the two regions represent more than half of the world market.

The European market will grow steadily by 4.2% from 2005 to 2010.

Source: DECISION



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Further Growth Opportunities in the EU

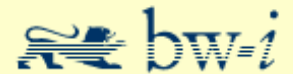


- The market is growing and will increase further
- High-quality, high-tech products are particularly in demand
- There is room for new market entrants among the wide range of specialized producers
- EU norms and standards are not a hurdle, but an opportunity to serve an ever-expanding market



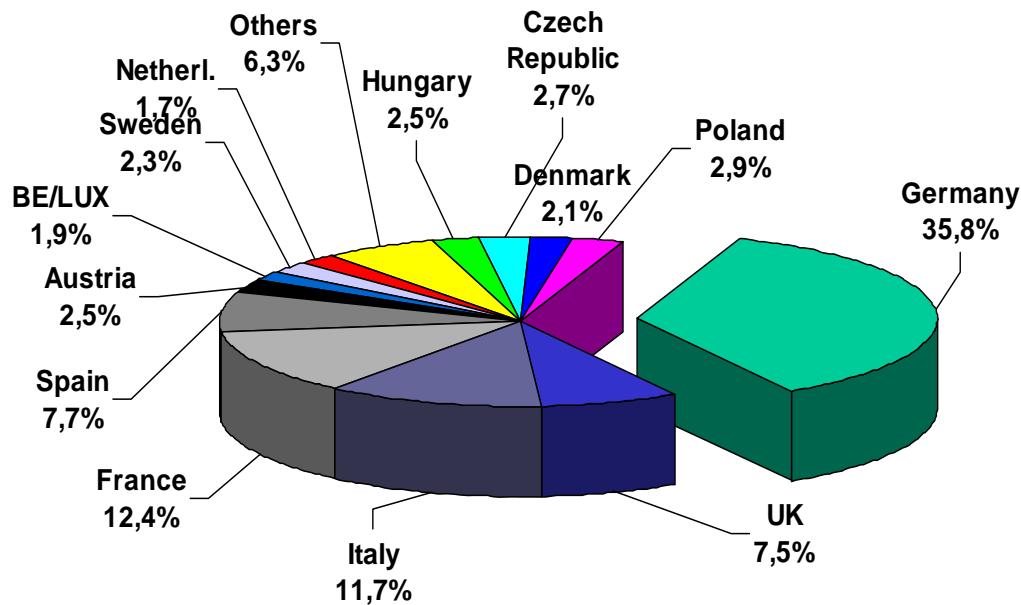
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A Foothold in Germany ensures Proximity to Customers

The Production of Electronics Goods in the European Union (25) by Country



Four countries account for 68% of total EU electronics production. Germany is easily the leader with 35.8% of manufactured goods, France is in second place with 12.4% of total output, followed by Italy and Spain with 11.7% and 7.7%.

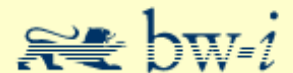
For a producer of electronics, a foothold in Germany ensures close proximity to a large number of customers and suppliers.

Source: EU Electrical Engineering Database, figures from 2006



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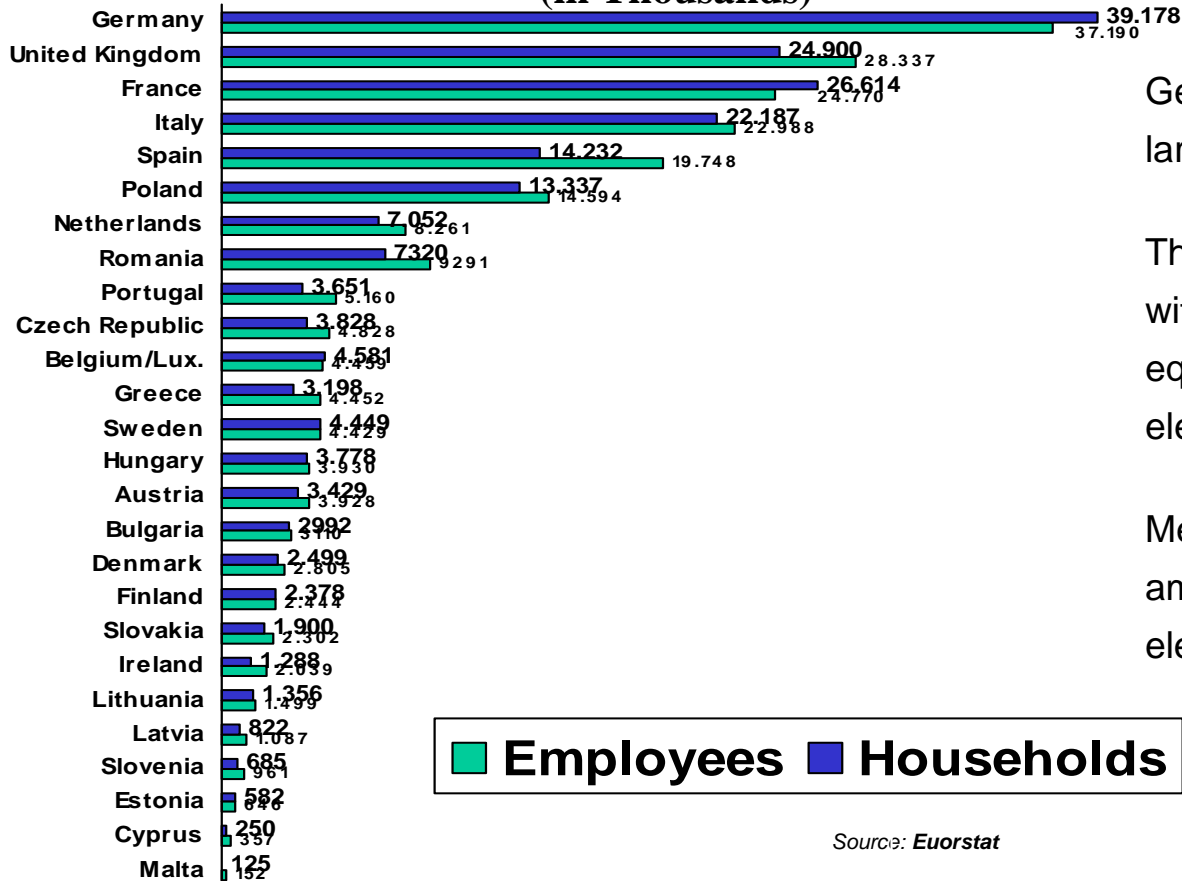
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Growth Prospects in the German Electronic Market are promising

Number of Households and Employees in the European Union

(in Thousands)



■ Employees ■ Households

Source: Eurostat

Germany has around 40 million households – a large market for all kind of electronic goods.

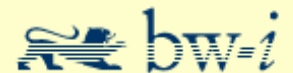
The German workforce totals over 37 million people with a growing need for computers and office equipment, for telecommunications equipment and electronic components.

Measures to increase business efficiency are among the major motors of market growth in the electronic field.

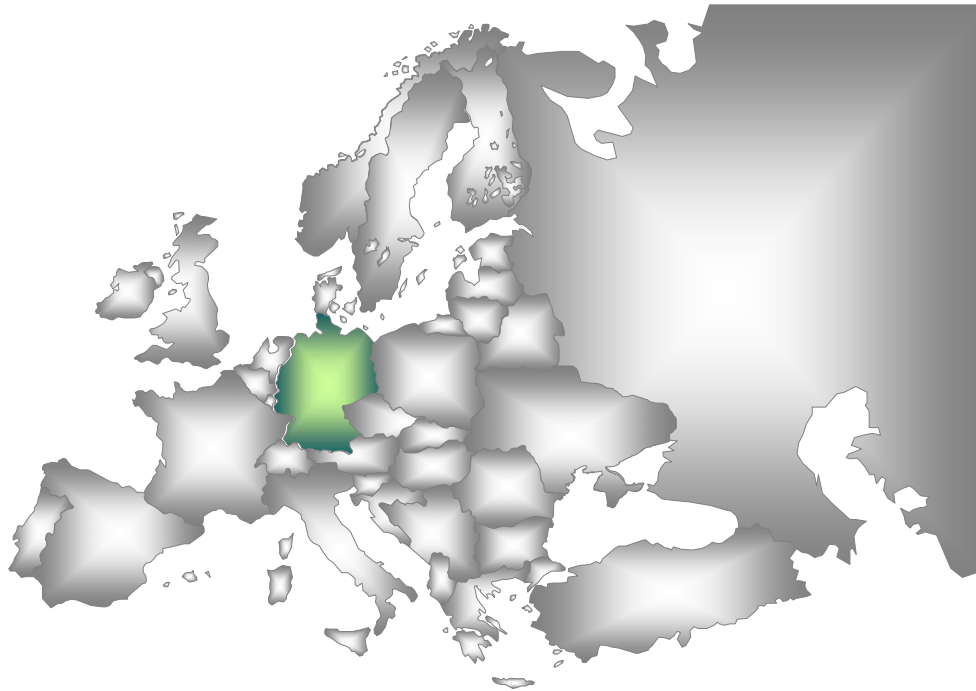


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The German Electronics Industry – One of the World Leaders



The German electronics industry is one of the strongest and most R&D intensive in the world. In this sector, 802 500 employees produce more than 100 000 different products and systems. The production growth rate of German electronics industry has been above-average of EU average.

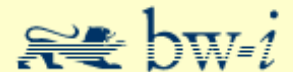
The German electronics industry invests €7.4 billion annually in machinery and €9.1 billion in R&D.

Around 47% of the electronic products produced and services provided by the electrical industry in Germany are exported. 52% of German exports are for Western Europe.



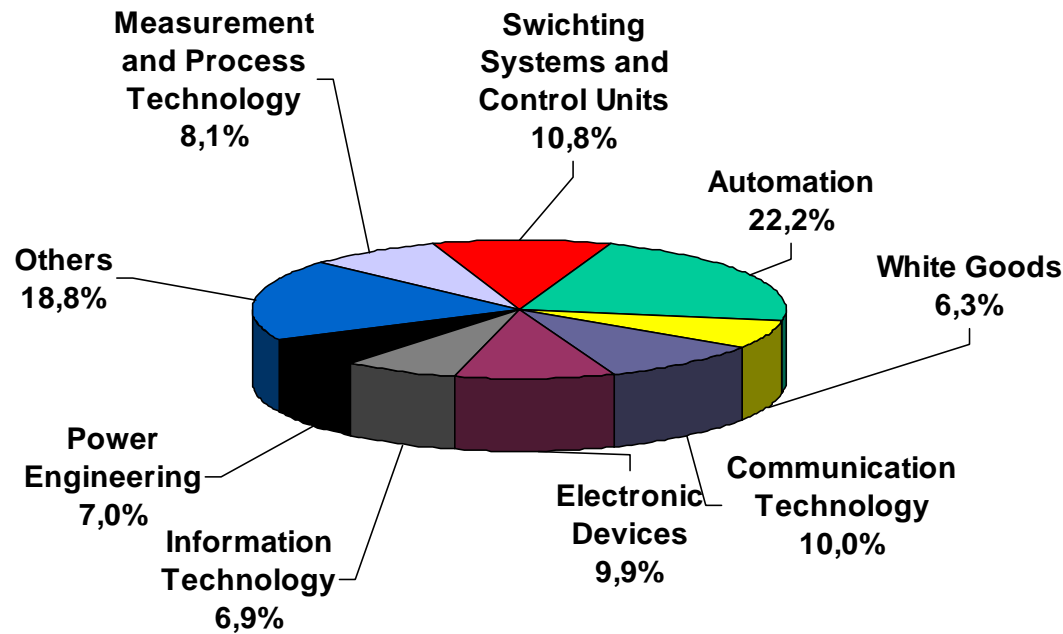
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Variety of products in Germany

The Germany electrical industry – Production shores of the classes goods 2006 in %



Automation technology is the most important class of goods in the German electrical industry, followed by communication technology and electronic devices.

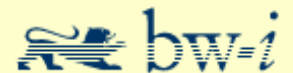
The export of electronic goods rose by 9.1% in 2006 compared to 2005. Also import figures were 12.1% higher in 2006 than the year before.

Source: ZVEI

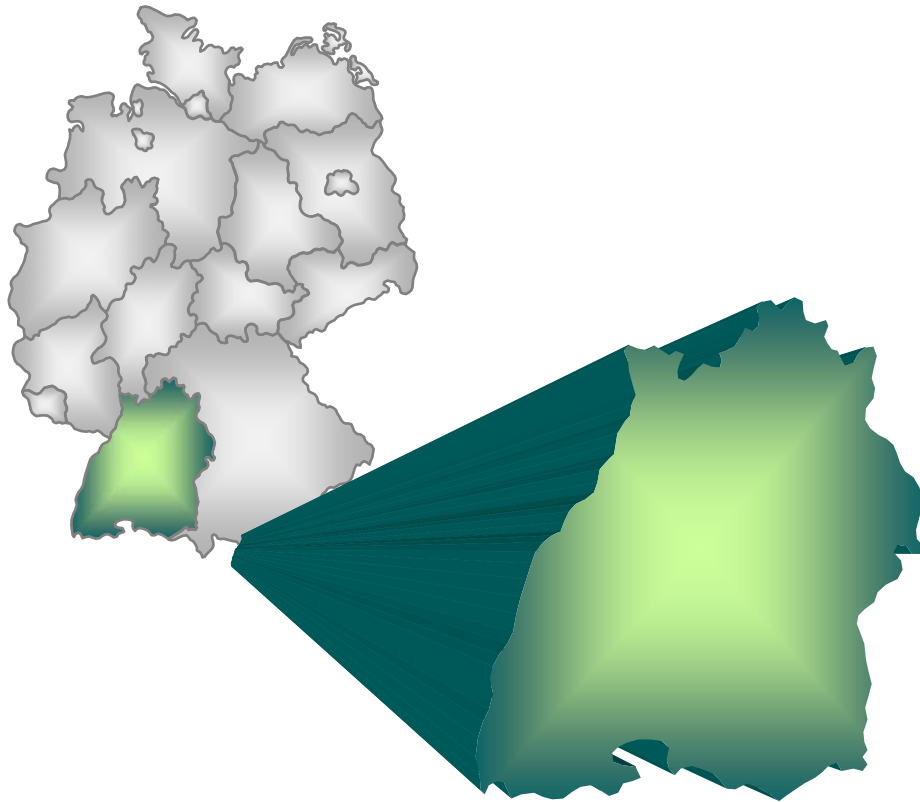


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Electronics is booming in Baden-Württemberg

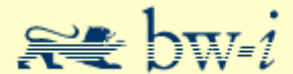


- Renowned as the production and R&D site of some of the world leaders in office machines and communications
- The home of a wide range of small and medium-sized companies, known for their technological superiority and export orientation
- A center for outstanding international newcomers.

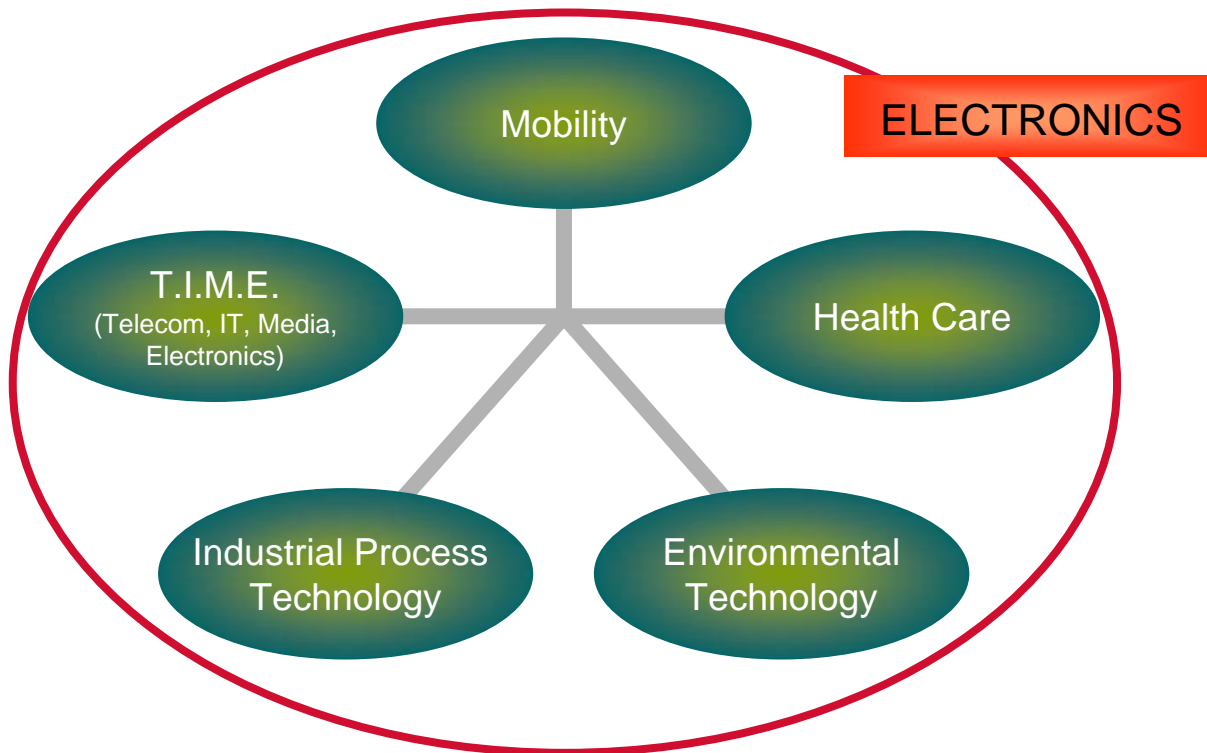


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Electronics – A Key Supplier Industry in Baden-Württemberg



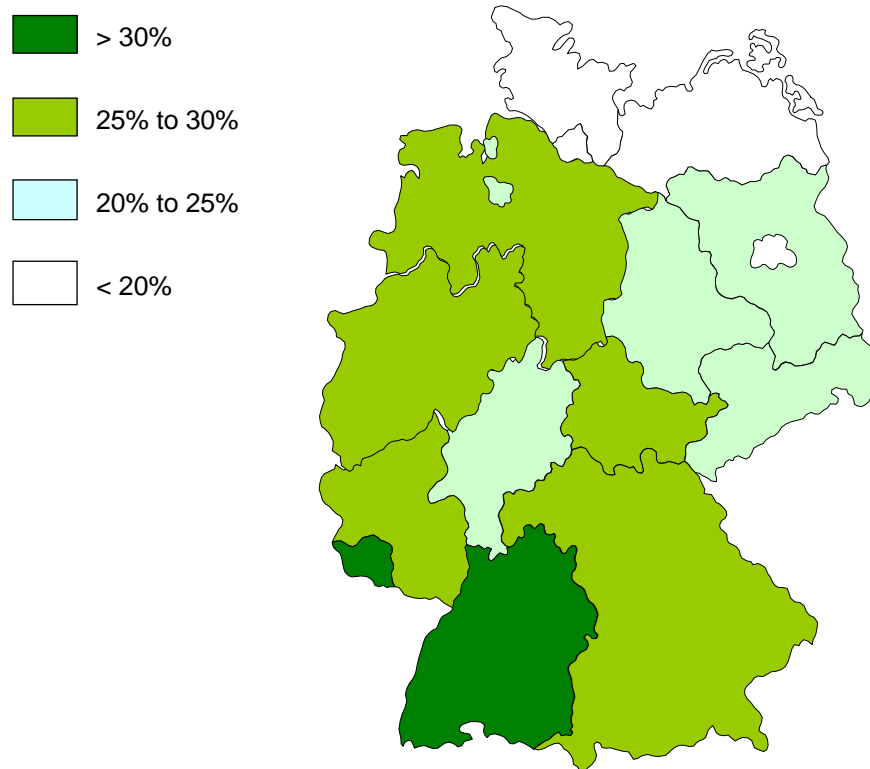
The Electronics/Electro-technical Engineering Industry is an important supplier to all of the 5 most important cluster industries in Baden-Württemberg.

In Baden-Württemberg, all relevant industries are present in great density – one of the few regions worldwide that offers this advantage.



Baden-Württemberg – Germany's most highly industrialised State

The Manufacturing Industry's Share
of National Economy (in%)



Source: German Federal Statistics Office

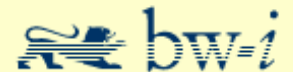
The aerospace industry draws on all the high-tech skills of the modern age: mechanical engineering, electronics, vehicle construction, precision machinery and optics – and needs high-quality suppliers.

With its industrial density and dedication to quality, Baden-Württemberg is the ideal location for companies in the aerospace field.

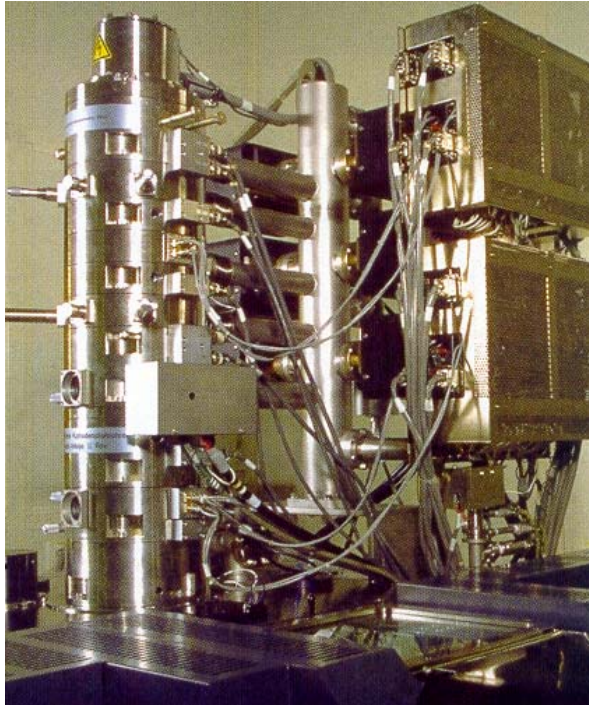


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Microelectronics – A vital Field for R&D in Baden-Württemberg



E-beam direct writing system

Since its foundation in 1986, the Institute for Microelectronics in Stuttgart (IMS) has established its position as a partner to Baden-Württemberg firms. With its 70 employees, it works in close cooperation with industry and the universities in the development of innovative products and processes.

To contribute to Baden-Württemberg's reservoir of qualified personnel, the Institute also provides practical training in microelectronics in its training center and on video tape.

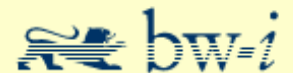
IMS areas of expertise include, for example,

- The development of ASICs and mixed-signal Gate Arrays
- High-dynamic range CMOS experimental cameras
- Smart-power technology, incl. high frequency bi-polar transistors



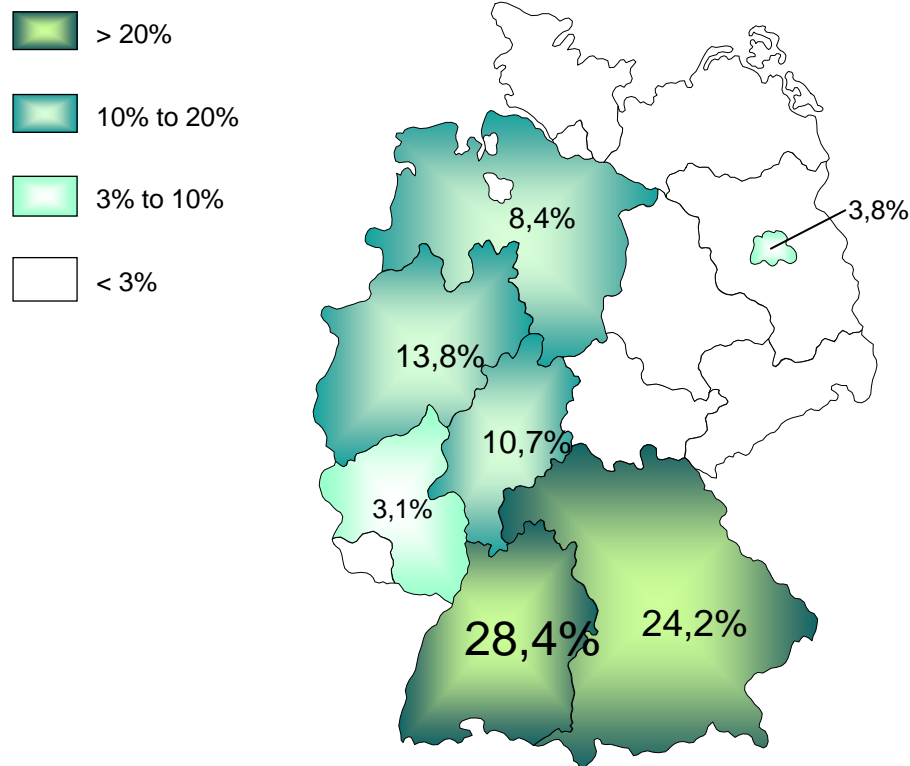
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Baden-Württemberg's companies – No. 1 in R&D Investment

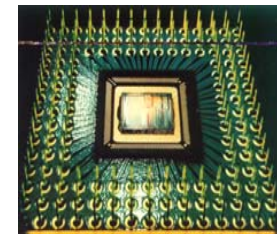
German company expenditure on R&D
Breakdown by State (in%)



German companies in the 16 States of Federal Germany spend a total of Euro 38 bn. on R&D annually. 28,4 % of this amount is invested by companies in one State – Baden-Württemberg.

Baden-Württemberg's companies also employ far more people in R&D than in other German States. Of the total German companies workforce in R&D, 27.1 % of the employees are in Baden-Württemberg.

hyperstone electronics, Konstanz, was awarded the Baden-Württemberg Innovation Prize for the development of hyperstone E1-32 – a new class of microprocessors with greater versatility and a wide variety of built-in functions.



Source: Stifterverband, facts and figures from 2005

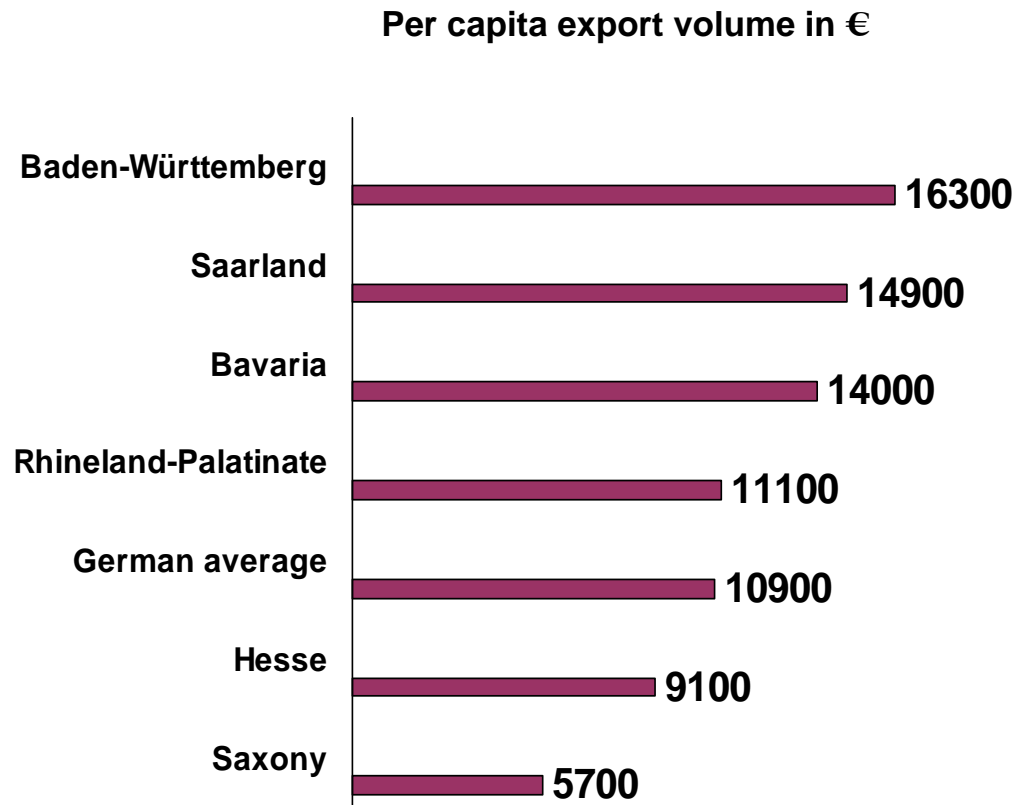


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Baden-Württemberg – One of the World's leading Exporters



Baden-Württemberg accounts for only 0.17% of the world's population and for an impressive 1.8% of total world exports. This is 15,7% of total German exports.

Baden-Württemberg yearly exports € 175 billion worth of goods (2006). With a per capita export volume of € 11502 Baden-Württemberg outstrides all other German States.

Exports account for more than 52% of the State's GDP, making Baden-Württemberg Germany's No. 1 exporter.

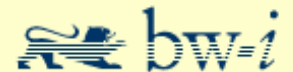
2006 figures

Sources: German Federal Statistics Office



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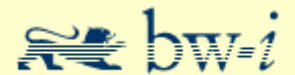


Companies

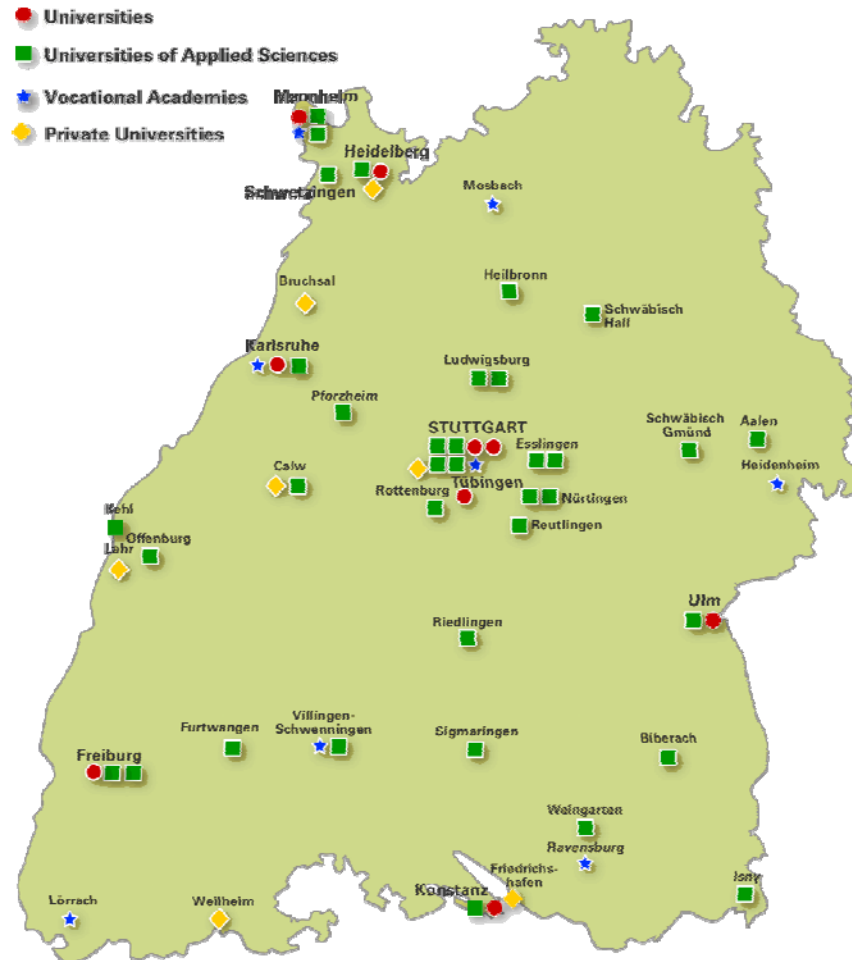


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Baden-Württemberg – An excellent structure for higher education



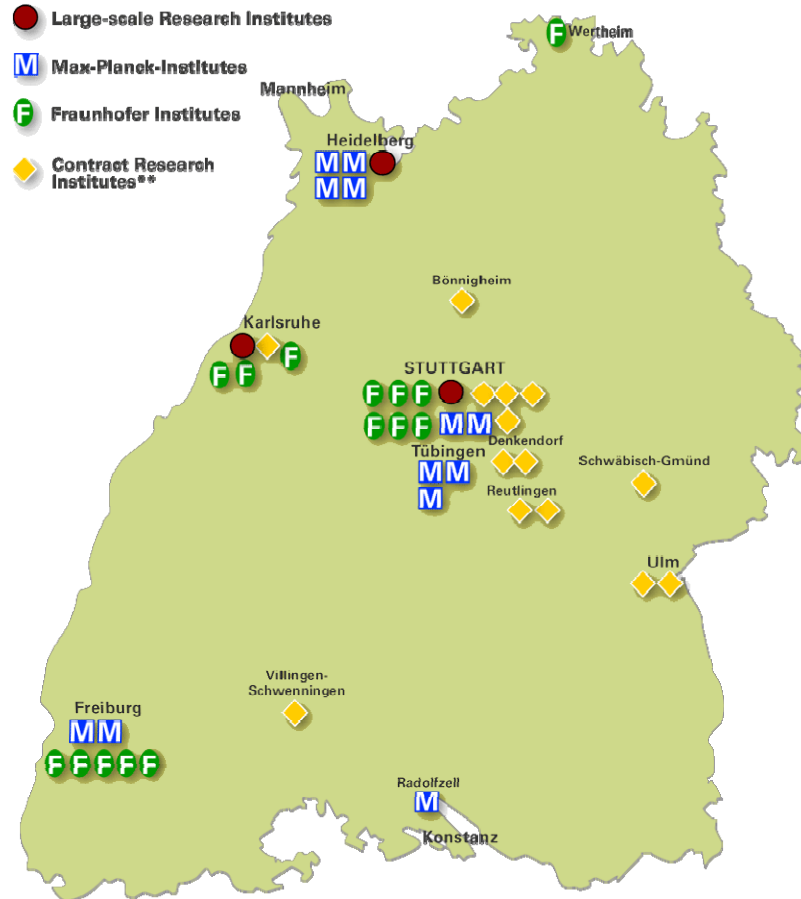
Baden-Württemberg has the most densest and the most modern structure of Universities and Academies for higher education, including

- 9 Universities
- 36 Universities of Applied Sciences
- 6 Universities of Education
- 8 Universities of Arts
- 8 Vocational Academies
- 7 Private Universities

A network of technology transfer centers provides the bridge between private industry and research institutes and guarantees rapid access to new results.



Baden-Württemberg – A highly developed Research Infrastructure

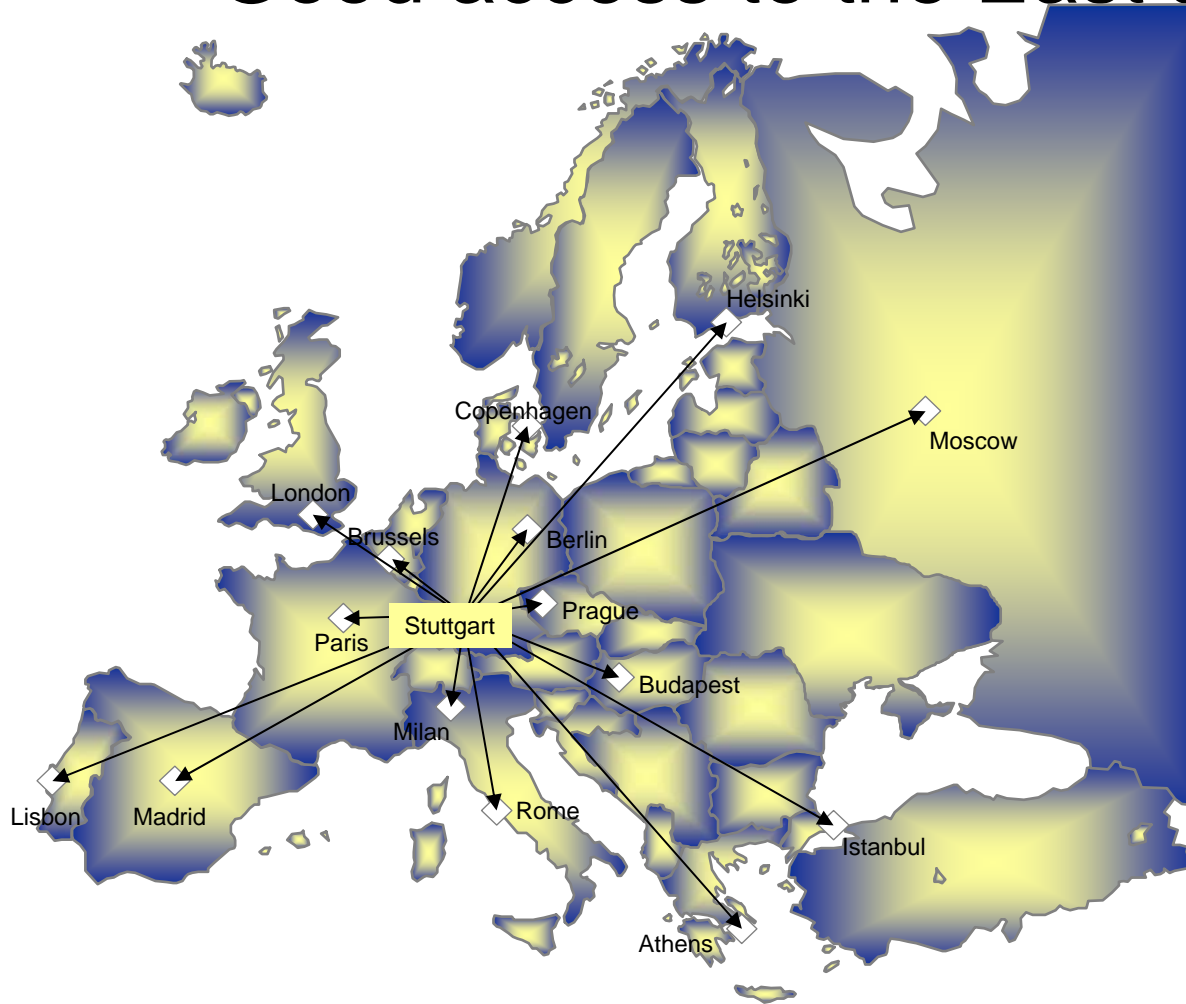


The State provides a unique research infrastructure consisting of

- 3 Large-scale research institutes
- 12 Max-Planck-Institutes
- 15 Fraunhofer Institutes
- 13 Contract research institutes



Baden-Württemberg – Good access to the East and the West

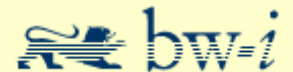


Distance	in km	flight time
Athens	1677	3hrs/40
Berlin	512	1hr/10
Brussels	416	1hr/5
Budapest	749	1hr/20
Copenhagen	802	1hr/40
Helsinki	1621	2hrs/40
Istanbul	1776	4hrs
Lisbon	1841	2hrs/10
London	727	1hr/50
Madrid	1378	2hrs/20
Milan	369	1hr/5
Moscow	2067	5hrs/10
Paris	502	1hr/20
Prague	408	1hr
Rome	808	1hr/35



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Key Factors for Success in Baden-Württemberg's Electronics Sector



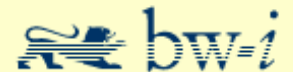
By deciding on Baden-Württemberg as the focal point of their European activities, companies in the electrical and electronics industry benefit from:

- Easy access to other Western, Central and Eastern European markets
- An excellent educational system, adapted to modern technological needs
- Highly qualified and motivated personnel
- A research infrastructure that provides optimal cooperation possibilities
- A dense network of suppliers, known for their reliability and dedication to excellence.



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Baden-Württemberg Facts & Figures

Population	10.7 million inhabitants
Gross domestic product (GDP)	Euro 353 billion
Expenditure on R&D	Euro 13.7 billion = 4,2% of the State's GDP
Patent applications per year	> 13 638 = 28,5% of German total
Number of manufacturing plants (with more than 50 employees)	4 500
Export quota (manufactured products)	51 %
Value of exports	Euro 150 billion = 1.8 % of the World's exports
Research facilities	> 100 major research institutes
University, technical and vocational college students	242 938



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Services provided by Baden-Württemberg International

Baden-Württemberg International is your central port of call if you are looking for a location or a Baden-Württemberg partner with whom to establish fruitful business relations. Our range of services includes:

When you are looking for an industrial location:

- Information on Baden-Württemberg and on individual industrial sites.
- Consulting on government subsidies and programs.
- Assistance with all contacts to authorities, including permit procedures.
- Support in the search for suppliers and the selection of service companies.

When you are looking for cooperation partners:

- Information on market potential and market specifics.
- Planning of information visits, including appointment scheduling.
- Identification of potential partners that meet your specific demands.
- Assistance with trade fair activities in Baden-Württemberg.

Baden-Württemberg International
Willi Bleicher Strasse 19, D -70174 Stuttgart
Phone: ++49-711-2 27 870 • Fax: ++49 711 2 27 87 22
Internet: www.bw-invest.de • E-Mail: info@bw-i.de



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