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Students from Abu Dhabi visit the Globalfoundries facility in Dresden.
Sven Doering / Agentur Focus

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Globalfoundries May Add Billions to Capital's Economy

Abu Dhabi's semiconductor industry is expected to contribute up to US\$4 billion (Dh14.69bn) to the capital's economy and create as many as 6,000 jobs over the next 10 years, industry officials say.

The capital has targeted the high-tech sector as one of the pillars of a strategy to diversify outside the energy industry. Abu Dhabi will emerge as an important link in the global microchip supply chain by 2015, when Globalfoundries expects to build a \$6bn plant near Masdar City.

The state-of-the-art foundry will be the "centre of gravity" for Abu Dhabi's semiconductor ecosystem, said Ibrahim Ajami, the chief executive of Advanced Technology Investment Company (ATIC), the government concern that controls Globalfoundries.

That ecosystem, composed of equipment supply, design and service companies, is projected to contribute between \$3bn and \$4bn to Abu Dhabi's GDP and create between 3,000 and 6,000 jobs.

"How our strategy has [been] shaped over the past 12 months is to have both the Globalfoundries ecosystem and the Abu Dhabi ecosystem," Mr Ajami said.

"These two ecosystems will talk to each other and work together because Globalfoundries is ultimately going to be the centre of gravity of the Abu Dhabi ecosystem ... From Abu Dhabi's side, it's not just about how do we create that excitement or hosting conferences and events or sending students on scholarships, but how you do really get real substance out of it."

ATIC bought a majority stake in Globalfoundries from Advanced Micro Devices in March 2008 for \$2.1bn. Globalfoundries is the third-largest microchip foundry in the world by revenue, behind Taiwan Semiconductor Manufacturing Company and United Microelectronics, with projected revenues of \$3.5bn this year, and is forecast to jump into second spot by the end of next year.

To challenge for the industry's lead, ATIC has pledged about \$10bn in investment to Globalfoundries, with \$3.6bn set aside to expand its existing plants. The remainder will go towards building the Abu Dhabi foundry. Globalfoundries currently has two operational facilities - in Dresden and Singapore. The facility under construction in New York state is expected to become operational in 2012. The three facilities will produce more than 200,000 silicon wafers each month.

Local officials in New York's Saratoga County, where the foundry is being built, estimate that the plant will generate an average \$300 million a year for the region's economy and create about 6,400 jobs.

Executives from ATIC are paying close attention to the contribution the facility is making to the New York economy so they can apply any lessons learnt in Abu Dhabi.

"What we're doing here is pretty analogous to what Abu Dhabi will be going through," said Norm Armour, the vice president and general manager of the Globalfoundries facility in New York. "We're like a big fish in a small pond."

Abu Dhabi's foundry is expected to generate about 1,500 jobs directly and 4,500 outside positions related to fulfilling the company's supplier, parts and research needs. It will also help universities train Emirati students to become semiconductor engineers.

"When the Abu Dhabi facility is operational, we envision additive job creation from what we call must-have partners adjacent to the factory. These partners range from equipment suppliers to design and service companies," said Sami Issa, the executive director of Abu Dhabi ecosystem development for ATIC.

Semiconductor Research Corporation, the microchip industry's research arm, signed an accord with ATIC to develop a university research partnership in the capital while a semiconductor R&D centre will be built on the campus of Khalifa University of Science, Technology and Research.

"We are big thinkers and architects of this industry and we want to be part of the semiconductor industry for the next 100 years," Mr Ajami said.

ATIC is already thinking about where it will build its next Globalfoundries facility by 2020, although that project is likely to be an expansion of one of the four foundries it will be operating by then, Mr Ajami said.

"You always want to start thinking three or four years ahead of where you're going to be," he said.

"By then, you've got a scalable, stable business, a model that you're able to invest your cash flow generation. That's where we're trying to get to."