

STMicroelectronics to exit Ericsson joint venture

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Europe's largest chipmaker, STMicroelectronics NV, said Monday it plans to exit its money-losing joint venture ST-Ericsson, as it struggles to manage a downturn in global demand.

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Swiss-based STMicroelectronics said it is negotiating "exit options" from ST-Ericsson, its joint venture with Swedish telecommunications company Ericsson. It has already started working on leaving the venture, and expects the move to be complete during next year's third quarter.

The semiconductor manufacturer, based in Geneva, announced the plans as part of a new strategic plan that hopes to revive its business. A global economic downturn has hurt sales at companies that make semiconductors for phones and other devices.

President and CEO Carlo Bozotti said STMicroelectronics would "continue to support ST-Ericsson" as part of its supply chain and technology partner.

Ericsson, which last year saw another of its joint ventures fall apart when it left the mobile handset operations it shared with Japan's Sony, said it stands by the business plan for ST-Ericsson.

"Ericsson continues to believe that the modem technology, which it originally contributed to the joint venture, has a strategic value for the wireless industry," it said. The company added that one of its key priorities is the market introduction of new LTE modems that "it is certain will be very competitive and needed in the market."

Ericsson, headquartered in Stockholm, said that for the time being it "will not speculate on the possible outcomes, timelines, and future ownership structures of ST-Ericsson."

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