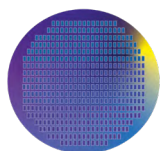


SPAIN 2025, TOWARDS A NEW SEMICONDUCTORS EUROPEAN STRATEGY


CHIPNATION 2024 DRAGHI'S REPORT
WORKING GROUP OPEN STATEMENTS

València (Spain), December 2024



AESEMI
ASOCIACIÓN ESPAÑOLA DE LA INDUSTRIA DE SEMICONDUCTORES

VASIC

The background of the page is a close-up, high-angle photograph of a microchip. The chip is a square, dark blue-grey color with a grid of small, intricate circuit patterns. The lighting is dramatic, with a strong blue tint and a curved shadow on the left side, suggesting the chip is part of a larger assembly or is being held in a specific way. The overall aesthetic is technical and futuristic.

“ *The EU Chips Act should be **reviewed** and expanded towards **increasing funding**, coordination and **speed of public-private** cooperation at continental level”.*

Mario Draghi

**The future of European competitiveness:
In-depth analysis and recommendations.**

Chapter 3 (Semiconductors).

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BACKGROUND

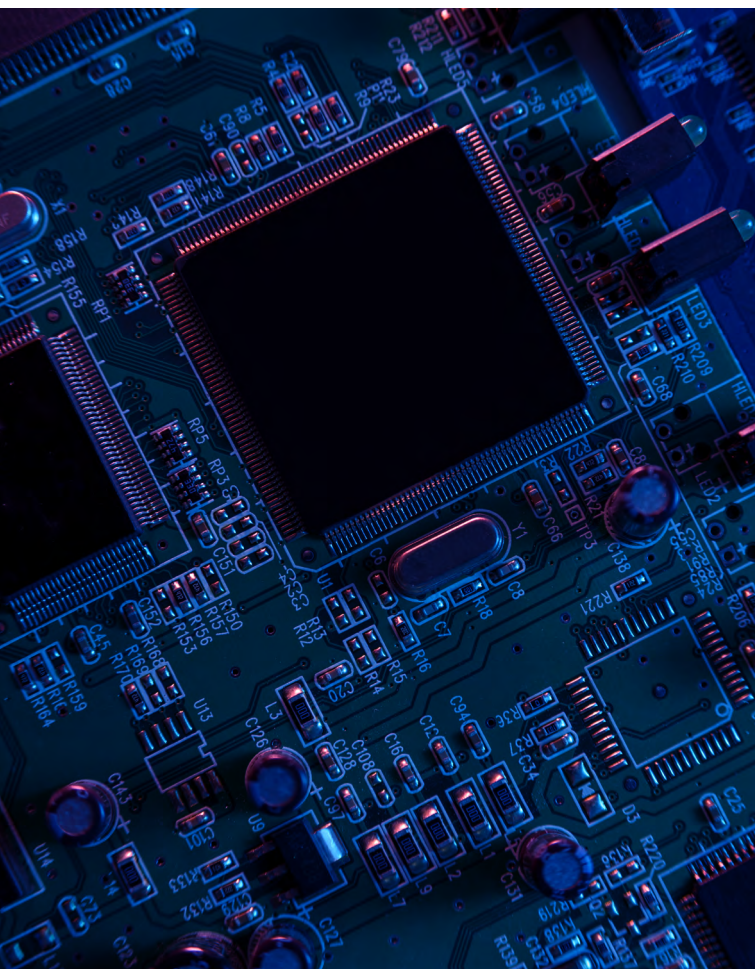
In September 2023, the president of the European Commission Ursula von der Leyen commissioned Mario Draghi to prepare a report on the future of Europe's competitiveness with recommendations to tackle the economic challenges that European Union face at home, and to reach a stronger position in a world of tough economic competition. The report resulting from this assignment was presented jointly by Ursula Von der Leyen and Mario Draghi in Brussels on 9 September 2024.

The **Draghi Report strongly emphasises the strategic relevance of the microchip sector and contains a chapter of specific recommendations for this sector**, proposing a relaunch and intensification of the European semiconductor strategy. This very favourable approach to the semiconductor sector by the Draghi Report clearly makes it advisable for the interests of the sector in Spain to land and specify it within the framework of Spanish industrial policy.

In addition to having been specifically adopted, after her new inauguration, by the President of the European Commission as a **reference document for the performance of her mandate at the head of the Commission for the period 2024-2029**, the Draghi Report has generated an **important consensus among other EU institutions**, government representatives of the member states and business associations of the main industrial sector organisations at European level. Among other relevant industrial lobbies, the European Semiconductor Industry Alliance (**ESIA**) issued a **favourable statement** regarding the Draghi Report in November 2024.

In Spain, together with the Spanish Government and a significant number of regional governments, which have issued favourable statements regarding the Draghi Report, its content has been positively valued by other relevant economic institutions such as the Bank of Spain, the Chamber of Commerce of Spain, the Economic and Social Committee, the Spanish Confederation of Business Organisations (CEOE), or the COTEC Foundation.

Assuming the existence of a **significant institutional and industrial consensus regarding the Draghi Report** and taking into account that the report is clearly positioned in favour of an intensification of the European semiconductor strategy, this document assumes the need to transpose its contents to the specific scope of the Kingdom of Spain in the industrial field of semiconductors. If, as the Draghi Report proposes, there must be a **New Semiconductors Strategy in the European Union, there must also be a New Spanish Semiconductors Strategy**.



SPECIFIC GOAL OF THIS POSITION PAPER

In this regard, the objective of this document is to **identify, extract and extrapolate to the case of the Spanish economy the goals and proposals contained in the Draghi Report** in relation to the European semiconductor sector and to issue a set of recommendations aimed at implementing their **effective materialization in the Spanish context.**



CHIPNATION 2024 CONGRESS & CHIPNATION DRAGHI'S REPORT WORKING GROUP

Chipnation is the leading congress and meeting point for the Spanish microchip and semiconductor industry. The 2nd edition of Chipnation was jointly organised by the Spanish Association of the Semiconductor Industry (AESEMI) and Valencia Silicon Cluster (VaSiC), and was held in Valencia (Spain) on 2 and 3 December 2024.

The congress featured more than 70 specialist speakers, representatives of public administrations (national, regional and local), industry representatives, as well as the 15 Spanish universities where semiconductor chairs have been created within the PERTE Chip public calls. The congress was attended by more than 300 people in person and more than 1,000 people followed its development via streaming.

As part of the official programme of the CHIPNATION congress, given its special relevance and importance, the organisation decided to set up a Working Group on the Semiconductors Chapter of the Draghi Report. The Working Group was open to the free participation of all those registered in person for CHIPNATION and served to **present and discuss among all participants the essential lines of the chapter** of the report corresponding to microchips and semiconductors. The recommendations contained in this document are the **result of this process of specialized and sectoral participation. This document is the starting point for open reflection and can be dynamically enriched with new contributions.**

CONTENT OF THE DRAGHI'S REPORT ON THE SEMICONDUCTOR SECTOR

The 6 recommendations of Draghi's Report in its Semiconductors chapter (3.3) state as follows:

Enable the development of a new **EU Semiconductor Strategy**, by establishing an **EU semiconductor budget**, coordinating demand requirements, introducing EU preferences in procurement and a new 'fast-track' IPCEI.

01

Launch the new **EU Semiconductor Strategy**, including: i) funding for innovation and the establishment of testing labs near existing centres of excellence; ii) grants or R&D tax incentives for fabless companies active in chips design and foundries in selected strategic segments; iii) support for the innovation potential of mainstream chips; and iv) coordinated EU efforts in back-end 3D advanced packaging, advanced materials and finishing processes.

02

Support **consolidation and leadership in manufacturing equipment** in response to competitors' export restrictions.

03

Foster a **friendly EU-wide permitting regime** for chips.

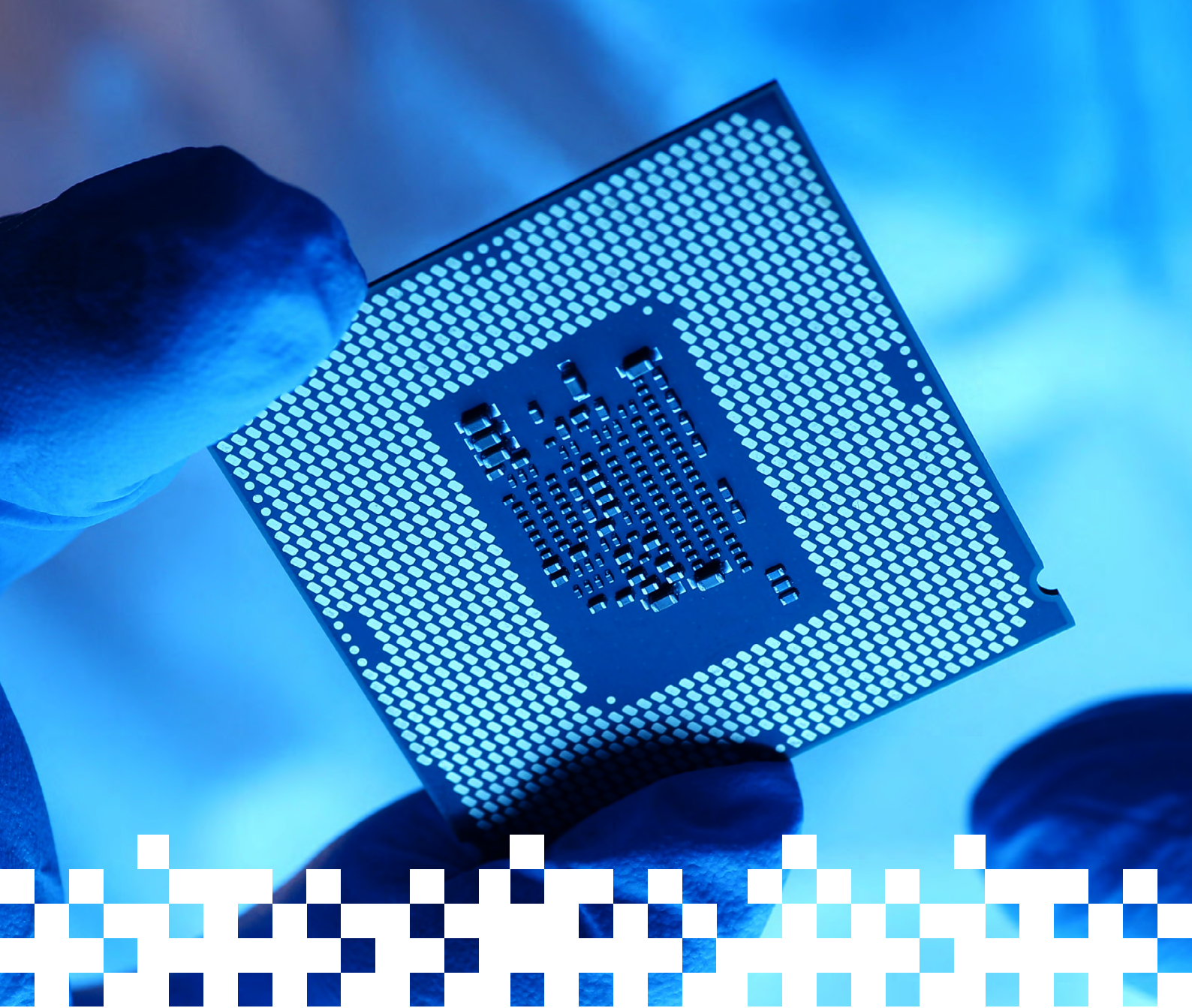
04

Launch a **long-term EU Quantum Chips** plan.

05

Foresee a chip sub-component of the 'Tech Skills Acquisition Programme' to **attract, develop and retain world-class competencies** in advanced electronics and semiconductors.

06

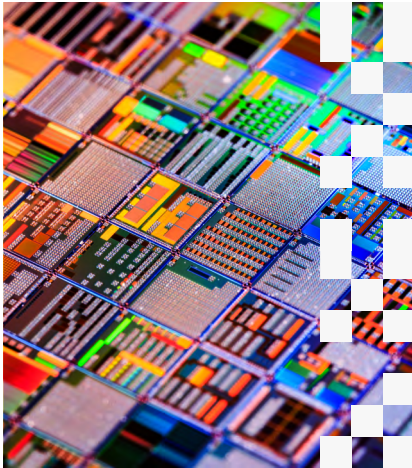


As an introduction to these 6 recommendations, the Draghi Report expresses a position statement and a declaration of positioning of the utmost importance:

To achieve these objectives, the EU Chips Act should be **reviewed** and **expanded** towards **increasing funding**, coordination and **speed of public-private cooperation** at continental level, as well as maximising joint efforts to strengthen innovation in semiconductors and presence in most advanced chips segments.

OPEN STATEMENTS

Based on the above considerations, the Chipnation Congress 2024 wishes to make the following 5 statements:

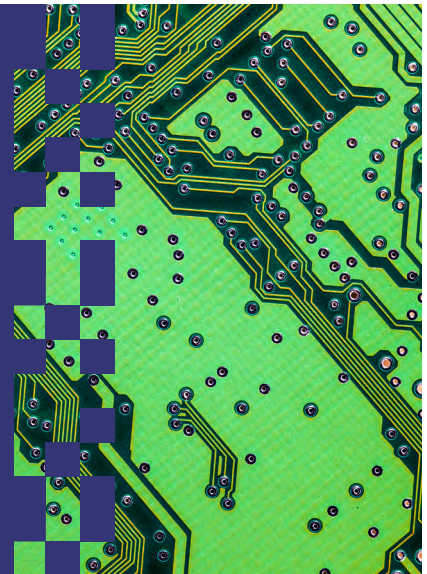


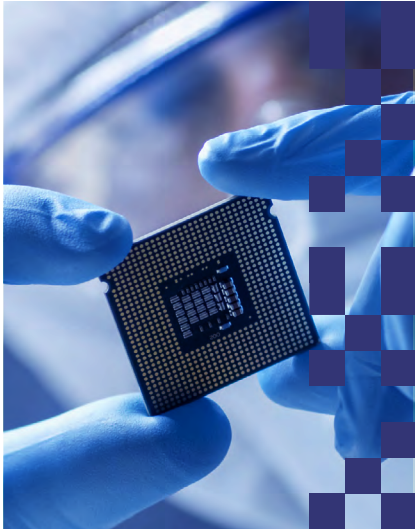
S1

The Spanish semiconductor sector wishes to highlight the specific interest of the Report on the future of European competitiveness and **considers the strategic commitment made by the Draghi Report to strengthen the European semiconductor sector as particularly appropriate.** The content of the report clearly shows that Spain **should not, under any circumstances, revise downwards the objectives of a national policy to stimulate and strengthen the microchip and semiconductor sector.**

S2

In the development of the European Chips Act, **the PERTE Chip has been a very important element in the revitalization of the semiconductor sector in Spain, it has had very positive effects inducing an unprecedented strategic mobilization** of the microelectronics and photonics ecosystem at a national level and has also allowed the **financing of promising industrial and academic projects.** The Draghi Report now proposes the revision of the European Chips Act and the launch of a New European Strategy in Semiconductors, which means that the specific instruments to stimulate the semiconductor sector at a Spanish level must be revised according to the forecasts of the Draghi Report.



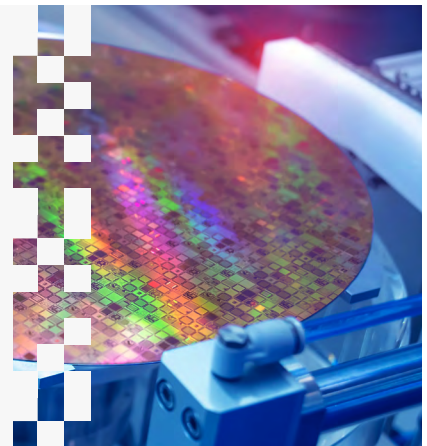


S3

The end of the deadlines and mechanisms provided for by the Spanish National Resilience, Transformation and Recovery Plan (PRTR) should not entail any risk to the continuity of the strategic objectives of the Draghi report with respect to the Spanish semiconductor sector. In this regard, it is considered that **the planning of an adequate continuity, as well as a coherent functional succession between the current plans and the institutional mechanisms after the PRTR, must begin to be implemented from the very beginning of 2025.** Speed and the ability to anticipate are essential elements for such continuity.

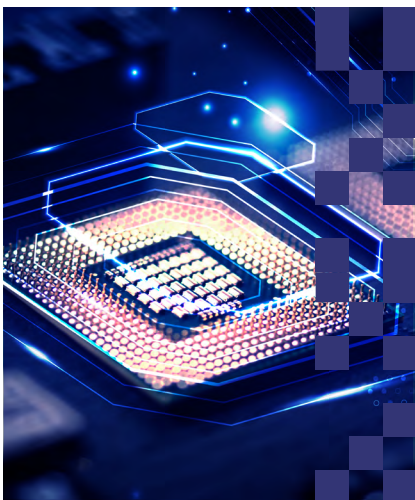
S4

The planning of this continuity process at the Spanish level must be inspired by the same guidelines proposed by the Draghi Report at the European level for the launch of a new European semiconductor strategy. Spain must assume that **the relaunch of its national semiconductor strategy must be based on the principles of expansion, intensification, increased financing and streamlining of public-private collaboration mechanisms.**



S5

Beyond the relevance of the semiconductor sector with respect to the economic competitiveness of the European Union, the Spanish semiconductor industrial sector agrees and emphasizes the explicit link established by the Draghi Report between the strategic security of the European Union and the development of the microchip sector. From the perspective of geopolitical risks, **the existence of a strong semiconductor policy is considered a precondition linked to vital regional security objectives for the European Union and consequently for Spain.**



RECOMMENDATIONS

Based on the above 5 statements and the 6 recommendations of the Draghi Report for the semiconductors sector, the Working Group of Chipnation Congress 2024 wishes to make the 20 following recommendations:

R1 According to proposals 1 and 2 of the Semiconductors chapter of the Draghi Report, **enable and launch a New Spanish Semiconductors Strategy. As the report states**, the goals of this new strategy should be based on the need of expanding towards **increasing funding**, coordination and **speed of public-private** cooperation. Spain should also **establish a semiconductor specific budget in support of this strategy.**

R2 Following the Draghi Report's guidelines, build a **Tech Skills Acquisition Program within Spain** at a national level, based on the Chip chairs and the possible master's and degree programs that have been launched or are being considered.

R3 Identify the **testing labs** and **national centers of excellence** that can be included within the provisions of Recommendation 2.1) of Chapter 3.3 (semiconductors) of the Draghi Report.

R4 Increase the relationship of semiconductors with **other driving industrial sectors** and with the process of **electrification of mobility.**

R5 Promote the **presence of national initiatives that may be relevant in the emerging topics** and fields suggested by the Draghi Report.

R6 As a gateway to Spain, support the **presence of Spain in the JU Chips, Pilot Lines and Design Platforms** in the New European Semiconductor Strategy of the Draghi Report.

R7 Promote **new business models**, reactivate and re-boost **current industries.**

R8 **Simplify** public processes, **re-adapt administrative procedures** and general bureaucracy. Ensure **rapid execution** of procedures.

R9 Generate **open spaces in which to promote discussion among all parties**, the real needs and weaknesses of the industrial ecosystem to provide end users with high-quality products.

R10 Address the talent gap through accurate images of market needs and educational offerings, with **detailed data on supply and demand**.

R11 Promote a **transfer-based mindset**. Include **specific programmes** for transferring innovation to commercialisation.

R12 Promote approaches capable of combining **short-term** objectives with **long-term** visions.

R13 Try to **avoid the need to provide guarantees** in the processes for granting aid and subsidies.

R14 Make execution **deadlines more flexible**.

R15 Greater capacity for Spain to **channel European funds to its companies**.

R16 **Protection of knowledge** generated in semiconductor sector through the **EU Chip-Friendly legislation** suggested by the Draghi Report.

R17 Expand financial support for aid to semiconductor **use cases** in European industries.

R18 Strengthen our participation in existing **semiconductor R&D collaborations** with sustained baseline funding.

RECOMMENDATIONS

R19 Focus on **accessible mid-point technologies of interest to the community and industry in Europe**, fostering the training and retention of scientific and technical staff.

R20 Maintain manufacturing capacity within the EU and create a sustainable ecosystem for **direct applications in our most relevant industrial sectors**.

R21 Work on the **homogenisation of the status of European companies** in the semiconductor sector, as well as on the **integration of statistical codes** for the description of their economic activity.

R22 Generate a Competitiveness Coordination Framework that serves to articulate the integration and **convergence of national policies with the main lines of strategic activity derived from the Draghi Report and the New European Semiconductor Strategy**.

R23 Link talent creation policies to both **tax incentives** for companies and contributions to **public social protection schemes**.

R24 Encourage collaboration between Spanish regions to provide the **national system with greater internal cohesion** through possible joint or coordinated initiatives.

R25 Maintain in the New European Semiconductor Strategy the **preservation of support for the existing industrial areas** and activities in the semiconductor sector, together with the stimulation of the **emergence of new activities**.

R26 Develop a **national microelectronic design strategy (within a national semiconductor strategy)** that takes into account the specific needs of this sector with a specific budget and differentiated objectives, and that these objectives are strategic and industrial and not only scientific, and aligned line with the times of microelectronic design.

R27 Encourage a **European IP and EDA industry** that serves the design centres. Develop technological design centres that complement companies in the development of new applications.

R28 Develop talent in all those areas necessary for the design of a microelectronic component.

R29 Attracting and retaining talent by **implementing tax reductions** that allow us to be competitive in terms of remuneration with other regions of the world and facilitating administrative procedures to import talent (e.g., **visas, access to accommodation**).

R30 Encourage **innovation-focused projects, specific to design companies**, adapted to the particularities of design, providing them with a better budget. Develop a strategic plan for international agreements with countries that already have their own semiconductor capabilities or have industries that require a high consumption of these.

R31 Develop a framework to promote the **growth of private Investment Funds** specialized in Deep Tech and Microelectronics, as well as the development of specific training for Spanish Investment Funds.

R32 Increase **incentives for the hiring of research personnel**, as well as encourage research personnel coming from other countries, that is, through the contract of non-EU personnel.

R33 Promote **STEM technological vocations** in schools and institutes, with specific programs to attract towards Electronics and Semiconductors.

R34 Study the possibility of integrating specific decision-making processes of the semiconductor sector **within the national security governance scheme**, defined according to Law 36/2015.

ABOUT AESEMI. AESEMI is the Spanish National Association of Semiconductor Industries. The Association was founded at the end of last year 2021, motivated by the great need to provide the sector with its own entity that would channel the voice of the industry in a context in which semiconductors have become a strategic asset on which fundamental industries for the European Union depend. The objective of the association is to give visibility to all the companies that are part of the technological ecosystem of semiconductors and microelectronics in Spain.

ABOUT VALENCIA SILICON CLUSTER. Valencia Silicon Cluster (VaSiC) is an industrial association made up of the main microelectronics and integrated photonics companies that operate in the Valencian Community. With 50 percent of all human resources in the microelectronics sector and nearly 60 percent in the field of photonics, Valencia Silicon Cluster represents the main concentration of talent at a national level in the microchip sector. The association also actively participates in the development of the objectives linked to the European Chips Act and the PERTE Chip in the Valencian Community. The founding companies of the Valencia Silicon Cluster are MaxLinear, Analog Devices, amsOSRAM, BOSCH, DAS Photonics, VLC Photonics/Hitachi, iPronics, Digital Health Data and Gobernanza Industrial. The Universitat de València and the Universitat Politècnica de Valencia are co-founding entities of the cluster and proactively participate in the development of all its activities.

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Valencia, December 19, 2024

