

# Statement

## ESIA reaction to the confirmation hearing of Commissioner-designate Henna Virkkunen

*Brussels, 14 November 2024*

ESIA very much welcomes Commissioner-designate Henna Virkkunen's strong emphasis on the importance of the European semiconductor industry during Tuesday's confirmation hearing. Ms Virkkunen indicated her plans to work on follow-up initiatives to the "*EU Chips Act*". ESIA is committed to helping shape a future-oriented, holistic EU semiconductor strategy jointly with European Commission, European Parliament, and Member States.

ESIA fully supports the expressed intention to strengthen innovation and research & development crucial for the competitiveness of the European semiconductor industry. Ms Virkkunen underlined the plan to concentrate her efforts on advanced chips and quantum chips as focus areas of an "*EU Chips Act*" follow-up. However, ESIA strongly recommends expanding the focus to the key strengths of the semiconductor industry in Europe and making so-called foundational technologies (e.g., microcontrollers, power semiconductors, and sensors), where the EU is highly innovative and has a world-leading position, a key priority. As clearly recommended by Mario Draghi in his report on "*The future of European competitiveness*", innovations in these segments ("*mature nodes*") will be crucial to serve the needs of the so-called European lead markets automotive and industrial.

The strong focus given to the EU 20% target of global production share by 2030<sup>1</sup> during the hearing by Ms Virkkunen must not deviate from the need for strategic R&D roadmaps, underpinned with concrete actions to reach market scale and increase leadership of the European semiconductor industry. In this context, ESIA asks for improving the collective effort to couple competence in R&D with business case developments. In addition, framework conditions such as accelerated permits, a competitive energy pricing regime, and availability of talent must be improved.

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<sup>1</sup> The current share of the EU's global production share is about 10% and shall be doubled through "*EU Chips Act*" initiatives.

In terms of artificial intelligence, ESIA supports Ms Virkkunen's plan to strengthen Europe's capabilities. The semiconductor industry in the EU possesses unique strengths in the field of AI, particularly edge AI, an area which will not only be crucial in terms of innovative use cases but also allow for significant energy efficiency gains and enhanced data protection. Hence, edge AI should be prominently considered in future EU AI initiatives.

A 'one-stop-shop' for industries at the European Commission, as mentioned by Ms Virkkunen, is an equally important proposal to reduce fragmentation and enable the development of future-proof strategies and policies for research, innovation, manufacturing, trade, sustainability, and a skilled workforce. In this context, intensive collaboration between the different Directorates-General will be key.

The intention of Ms Virkkunen to reduce the administrative burden, especially reporting obligations of companies, and the acceleration of procedures, are highly supported by ESIA. Steps are urgently needed to not lose more competitiveness compared to other jurisdictions.

Ms Virkkunen also mentioned the need for international partnerships, which is highly appreciated by ESIA, since the semiconductor industry is truly global and needs access to international markets.

Against this background, ESIA would be privileged to establish a close working relationship with Ms Virkkunen and her team, to jointly build on the strengths of the semiconductor industry in the EU as well as to assess and address its needs and challenges in order to sustainably strengthen EU's technological sovereignty, resilience, and innovation. We are looking forward to this important exchange.