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ERRIN input to the Chips Act 2

The Semiconductor sector serves not only as a crucial value-added industry in-by itself but also as a keystone pillar for digital industry and sectors built fundamentally on digital infrastructure, such as Healthcare, Telecommunications and Defence. Gaining, maintaining and excelling a competitive domestic semiconductor industry within the European economic landscape is therefore not only an economic necessity for European prosperity but also a critical requirement for strategic autonomy.

A rising and necessary focus on competitive and local reindustrialisation will necessitate a stronger uptake of automation, robotics and other measures that rely on access to a stable supply of advanced chips. Moreover, both breakthrough and incremental advancements in technological pathways such as photonics and quantum chips must be matured, piloted and deployed in scale towards ensuring that research is translated in clear economic impact and that economies of scale can contribute to enduring competitive advantages, reinvestment and network strengths. The development of a skilled talent-base will also be critical in ensuring long-term economic impact radiates outwards locally and that the ecosystems will have the necessary human capital for scaling and entrepreneurship as well as in further R&I investments.

Achieving the necessary level of alignment between the public sector, industry, academia and civil society will require a strong place-based approach that can consolidate competitive ecosystems, mature and scale them and eventually interconnect them to tackle fragmentation, develop robust and stable value-chains and to achieve strong synergies with other sectors of the economy. Regional administrations, equipped with a nuanced understanding of the regional stakeholders and capable of driving long-lasting economic development, are well-positioned to take a key role in the strategic drive put forward by the European Chips Act II. Here we support the ongoing work for ESRA in its leadership and representation of the regional dimension of the semiconductor industry and in developing a clear vision for a place-based approach to the European semiconductor landscape.

The **European Semiconductor Region of Excellence label** could act as a powerful catalyst for regions to strengthen their innovation and investment ecosystems, making them more competitive and appealing. The label should deliver tangible benefits to participating regions, enabling facilitated access to relevant EU funding, including the upcoming European Competitiveness Fund (ECF), technical assistance, and a stronger role in European coordination, creating a clear incentive for engagement and well-prepared investment plans.

The Semiconductor Regions Investment Plans should be aligned with, when applicable, with regional innovation strategies or smart specialisation strategies, especially those with a strong semiconductor focus. The investment plans should draw funding and financing from diverse sources, tailored to each region's unique strengths and requirements. The regulation must explicitly allow multi-source financing for implementing these plans, reducing reliance on any single funding mechanism. The future National and Regional Partnership Plans can provide important support to the semiconductor industry, but in many countries the scarce resources can serve as seed funding whereas in some parts of the Europe this support can be more

extensive. A co-financing model (combining regional, national, and EU funds) should be formally acknowledged in executing regional investment strategies.

The planned **network of the European Semiconductor Region of Excellence** is an opportunity to institutionalise the regional engagement within the semiconductor sector. This network, its design, format and operations, should be developed in collaboration with ESRA as well as other regions actively working in the sector. As the goal is to enhance European semiconductor value chain broadly across Europe, it is important that the Network does not only engage with the regions with the Excellence Label, but also the ones that are working towards achieving it.

When it comes to the **governance** and the engagement of regions in the relevant decision-making processes, regions should also have the opportunity to advise the European Semiconductor Board and participate in the Chips Joint Undertaking's Public Authorities Board to help shape the future strategies and have a role in the priority setting (ECS-SRIA). Further recommendations on the role of regions in the European Partnerships is available in ERRIN contribution to the future Joint Undertakings)

We believe that cross-regional access of SMEs to semiconductor tech infrastructures and pilot lines remains critical to the broader drive for competitiveness, in unlocking place-based strengths and in creating cross-border synergies with other European regions. We support the continuation of initiatives such as 'Regional Innovation Valleys' and strongly believe that these instruments should remain open also to emerging regions with a genuine contribution towards closing the enduring Innovation gap across the European Research Area.

Strategic projects, grand challenges, and public procurement can significantly boost the growth and competitiveness of Europe's semiconductor ecosystem. Regions should play an active role in the Demand Forum to ensure their expertise and industrial capacities are fully represented. Streamlining permitting processes and introducing fast-track approvals for strategic projects would be highly beneficial, with mandatory deadlines for authorities' decisions. While ESRA supports fast-tracking, flexibility should be applied in complex cases, such as industrial site conversions, to avoid unfairly penalising regions. The Commission should clarify the criteria for strategic projects, how they differ from IPCEIs, and the role of regions in these initiatives.

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ERRIN (European Regions Research and Innovation Network) is a Brussels-based network that gathers around 130 regional organisations in more than 25 European countries. ERRIN aims to strengthen the regional and local dimension of EU Research and Innovation policy and programmes. ERRIN supports members to enhance their regional and local research and innovation capacities and further develop their research and innovation ecosystems.

Through its member-driven working groups, ERRIN aims to strengthen EU policy developments by promoting the place-based perspective and the regional innovation ecosystems approach. The unique value of ERRIN's policy work lies in its close collaboration with and between local and regional stakeholders, continuous dialogue with European institutions and the ability to provide concrete input based on diverse experience and expertise developed through over 20 years of activity in Brussels.