European Commission - Press release

Commission welcomes political agreement on the European Chips Act

Brussels, 18 April 2023

The Commission welcomes the political agreement reached today between the European Parliament and the EU Member States on the European Chips Act, proposed by the Commission on 8 February 2022, including on the budget.

Semiconductors are at the centre of strong geostrategic interests, and of the global technological race. For this reason, the Commission proposed the European Chips Act, which strengthens European competitiveness and resilience in this strategic sector.

Chips are the essential building blocks of digital and digitised products. From smartphones and cars, through critical applications and infrastructures for healthcare, energy, defence, communications and industrial automation, chips are central to the modern digital economy.

Recent shortages of semiconductors have highlighted Europe's dependency on a limited number of suppliers outside of the EU, in particular Taiwan and South-East Asia for manufacturing of chips, and the United States for their design. To respond to critical dependencies, the European Chips Act will strengthen manufacturing activities in the Union, stimulate the European design ecosystem, and support scale-up and innovation across the whole value chain. Through the European Chips Act, the European Union aims to reach its target to double its current global market share to 20% in 2030.

The first pillar of the Act - the Chips for Europe Initiative - will reinforce Europe's technological leadership, by facilitating the transfer of knowledge from the lab to the fab, bridging the gap between research and innovation and industrial activities and by promoting the industrialisation of innovative technologies by European businesses.

The **Chips for Europe Initiative** will combine investments from the Union, Member States and the private sector, through a strategic reorientation of the Key Digital Technologies Joint Undertaking (renamed 'Chips Joint Undertaking'). The Initiative will be supported by €6.2 billion of public funds, of which €3.3 billion from the EU budget agreed today for the period until 2027, the end of the current multi-annual financial framework.

This support will come in addition to €2.6 billion public funding already foreseen for semiconductor technologies. The €6.2 billion will support activities, such as the development of a design platform and setting up of pilot lines to accelerate innovation and production. The Initiative will also help the establishment of competence centres, located across Europe, which will provide access to technical expertise and experimentation, helping companies, SMEs in particular, to improve design capabilities and developing skills. Together with design centres of excellence, they will become poles of attraction for innovation and for new talent. Moreover, to support start-ups and SMEs, access to finance will be ensured through a **Chips Fund and a dedicated semiconductor equity investment facility** established under InvestEU.

In addition to the Chips for Europe Initiative, the second pillar of the European Chips Act will incentivise public and private investments in manufacturing facilities for chipmakers and their suppliers. This will contribute to the overall public investments in the sector estimated at €43 billion.

The second pillar of the European Chips Act will create a framework to ensure security of supply by attracting investments and enhancing production capacities in semiconductor manufacturing. To this end, it sets out a framework for Integrated Production Facilities and Open EU Foundries that are "first-of-a-kind" in the Union and contribute to the security of supply and to a resilient ecosystem in the Union interest.

State aid may be granted to these first-of-a-kind facilities directly under Article 107(3)(c) of the Treaty on the Functioning of the European Union, subject to approval by the Commission as outlined in the Chips Act Communication. In addition, Member States should provide administrative support to these facilities, including fast tracking of administrative application procedures.

In its third pillar, the European Chips Act will also establish a coordination mechanism between the Member States and the Commission for strengthening collaboration with and across Member States,

monitoring the supply of semiconductors, estimating demand, anticipating shortages, and, if necessary, triggering the activation of a crisis stage. To address such situations, the European Chips Act establishes a dedicated toolbox of measures that can be undertaken.

Already now, since the proposal for a European Chips Act, together with the second Important Project of Common European Interest in microelectronics currently under assessment, which involves 20 Member States and dozens of participants, investment plans towards industrial deployment have reached €90 - 100 billion. The adoption of the European Chips Act will allow a faster realisation of those projects and further progress in attracting investment to secure Europe's supply chain in semiconductor.

Next Steps

The political agreement reached by the European Parliament and the Council is now subject to formal approval by the two co-legislators.

Background

A cornerstone of the modern industry system, chips are a fundamental component of the digital transition. Modern technologies such as Internet of Things (IoT), Artificial Intelligence (AI), connectivity (5G/6G), or edge computing will lead to a further surge in demand of semiconductors, which will increase the pressure on the supply chains. Semiconductors are also at the centre of strong geopolitical interests, conditioning countries' capacity to act (militarily, economically, and industrially).

A common European strategy for the manufacturing of chips was first set by Commission President Ursula **von der Leyen** in her 2021 State of the Union speech. In February 2022, together with the European Chips Act, the Commission published a targeted stakeholder survey in order to gather detailed information on chip and wafer demand, to better understand how the shortage of chips was affecting European industry.

The measures adopted will help Europe to reach its 2030 Digital Decade targets, fostering a greener, more inclusive and digital Europe.

For More Information

Digital sovereignty: Commission proposes Chips Act to confront semiconductor shortages and strengthen Europe's technological leadership

European Chips Act: Questions & Answers

European Chips Act: Online Factpage

European Chips Act: Factsheet

A European Chips Act Communication

Targeted stakeholder survey

IP/23/2045

Quotes:

Chips are essential for all our digital and digitised products. And today’s agreement will help secure the supply of innovative semiconductors in Europe. It will accelerate the adoption of innovative chips by European businesses making them more competitive. So we welcome that Member States and the European Parliament have secured this agreement in a very short time.
Margrethe Vestager, Executive Vice-President for a Europe Fit for the Digital Age - 18/04/2023

In a geopolitical context of de-risking, Europe is taking its destiny into its own hands. Semiconductors are essential building blocks of the technologies that will shape our future, our industry, and our defence base. Europe aims to become an industrial powerhouse in the markets of the future. The European vision to double our global market share by 2030 to 20%, and produce the most sophisticated and energy-efficient semiconductors in Europe, is already attracting substantial private investment. Now we are mobilising considerable public funding and the regulatory framework to turn this vision into reality.
Thierry Breton, Commissioner for Internal Market - 18/04/2023

Press contacts:

Johannes BAHRKE (+32 2 295 86 15)
Thomas Regnier (+32 2 29 9 1099)

General public inquiries: Europe Direct by phone 00 800 67 89 10 11 or by email