



Digital sovereignty: European Chips Act enters into force today

Brussels, 21 September 2023

Today, the [European Chips Act](#) enters into force. It puts in place a comprehensive set of measures to ensure the EU's security of supply, resilience and technological leadership in semiconductor technologies and applications.

Semiconductors 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, semiconductors are central to the modern digital economy. They are also at the centre of strong geostrategic interests and the global technological race.

Concretely 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.

Three Pillars of the European Chips Act

The European Chips Act consists of three main pillars.

The first pillar - [the Chips for Europe Initiative](#) - reinforces 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 be primarily implemented by the [Chips Joint Undertaking](#).

The Initiative will be supported by €3.3 billion of EU funds, which is expected to be matched by funds from Member States. Concretely, this investment will support activities such as the setting up of advanced **pilot production lines** to accelerate innovation and technology development, the development of a cloud-based **design platform**, the establishment of **competence centres**, the development of **quantum chips**, as well as the creation of a **Chips Fund** to facilitate access to debt financing and equity.

The [second pillar of the European Chips Act](#) incentivises public and **private investments in manufacturing facilities** for chipmakers and their suppliers.

The second pillar creates 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. The Commission has already indicated at the time of the Chips Act proposal that State aid may be granted to first-of-a-kind facilities, in accordance with the Treaty on the functioning of the European Union.

[In its third pillar, the European Chips Act](#) has established 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. As a first step, a [semiconductor alert system](#) has been set up on 18 April 2023. It allows any stakeholder to report semiconductor supply chain disruptions.

Next Steps

Also today, the [Regulation on the Chips Joint Undertaking \(JU\)](#) enters into force, allowing the start of the implementation of the main part of the Chips for Europe Initiative. Furthermore, the Chips Fund will start its activities as well. With the entry into force of the Chips Act, the work of the newly established European Semiconductor Board will also formally start, which will be the key platform for coordination between the Commission, Member States, and stakeholders.

Under the second pillar, industry will be able to apply for planned “first-of-a-kind” facilities to obtain the status of “integrated production facility” (IPF) or “open EU foundry” (OEF). This status will allow these facilities to be established and operable within the Union, thus allowing for a streamlined approach to administrative applications and permit grants. This status will also require that these facilities comply with criteria to ensure their contribution to the EU's objectives and their reliability as suppliers of chips in times of crisis.

Background

A common European strategy for the semiconductor sector was first announced 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. In February 2022 the Commission [proposed the European Chips Act](#). In April 2023 a [political agreement](#) was reached between the European Parliament and the EU Member States on the Chips Act. The measures adopted will help Europe to reach its [2030 Digital Decade](#) targets, fostering a greener, more inclusive and digital Europe.

For More Information

[European Chips Act enters into force today: Questions & Answers](#)

[European Chips Act: Questions & Answers](#)

[European Chips Act: Online Factpage](#)

[European Chips Act: Factsheet](#)

[A European Chips Act Communication](#)

IP/23/4518

Quotes:

The global race for leadership in chips is a fact and Europe must secure her active part in it. In the EU we have great talent and research, but we are missing out in linking those advantages with production and roll-out of the technology. The Chips Act will support investment and research facilities so Europe can become an innovation powerhouse with a strong stake in the global market.

Věra Jourová, Vice-President for Values and Transparency - 21/09/2023

With the entry into force today of the European Chips Act, Europe takes a decisive step forward in determining its own destiny. Investment is already happening, coupled with considerable public funding and a robust regulatory framework. We are becoming an industrial powerhouse in the markets of the future – capable of supplying ourselves and the world with both mature and advanced semiconductors. Semiconductors that are essential building blocks of the technologies that will shape our future, our industry, and our defence base.

Thierry Breton, Commissioner for Internal Market - 21/09/2023

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