Joint Undertakings under Horizon Europe: Chips Joint Undertaking

2022/0033(NLE) - 08/02/2022 - Legislative proposal

PURPOSE: to amend Regulation (EU) 2021/2085 establishing the Joint Undertakings under Horizon Europe, as regards the Chips Joint Undertaking.

PROPOSED ACT: Council Regulation.

ROLE OF THE EUROPEAN PARLIAMENT: the Council adopts the act after consulting the European Parliament but without being obliged to follow its opinion.

BACKGROUND: Council Regulation (EU) 2021/2085 establishes the Joint Undertakings under Horizon Europe, including the Key Digital Technologies Joint Undertaking.

This proposal complements the proposal for a Regulation of the European Parliament and Council establishing a framework of measures for strengthening Europe's semiconductor ecosystem ('Chips Act') by implementing most of the actions foreseen under the **Chips for Europe** Initiative, set up under the Chips Act proposal.

The Chips Act proposal aims at reaching the strategic objective of increasing the resilience of Europe's semiconductor ecosystem and increasing its global market share. It also aims at facilitating early adoption of new chips by European industry and increase its competitiveness.

One of the goals of the proposed Chips Act is to set up the Chips for Europe Initiative, to support large-scale capacity building throughout investment into cross-border and openly accessible research, development and innovation infrastructure set up in the Union to enable the development of cutting-edge and next-generation semiconductor technologies that will reinforce the EU's advanced design, systems integration, and chips production capabilities, including emphasis on start-ups and scale-ups.

The actions under the Initiative will be primarily implemented through the Chips Joint Undertaking, i.e. the amended and renamed current Key Digital Technologies Joint Undertaking. This Joint Undertaking currently provides extensive support for industrially driven research, technology development, and innovation in the area of electronic components and systems, and related software and systems technologies. These activities will become part of the Initiative.

CONTENT: this proposal aims to amend the legal provisions of the Council Regulation amending Council Regulation (EU) 2021/2085 establishing the **Joint Undertakings** under Horizon Europe for equipping the **Key Digital Technologies Joint Undertaking** for its new tasks related to the Initiative. This proposal also renames the Key Digital Technologies as the 'Chips Joint Undertaking'.

The proposal formulates the actions launched by the Chips for Europe initiative to be carried out by the Chips Joint Undertaking. It complements the Digital Europe Programme and will support the expansion of capacities to consolidate potential research, design, production and systems integration capacities in advanced and new generation semiconductor technologies.

The Chip Joint Undertaking also builds on the Horizon Europe programme. It will focus on investment in cross-border research, development and innovation infrastructures, designed to be open access in the EU to enable the development of semiconductor technologies across Europe.

The Chips JU will pool resources from the Union, including the Horizon Europe and the Digital Europe Programme, Member States and third countries associated with the existing Union programmes, as well as the private sector.

Additional objectives of the Chips Joint Undertaking

Council Regulation (EU) 2021/2085 is amended to add one general and four specific additional objectives of the Chips Joint Undertaking.

The general objective focuses on the increase large-scale capacity throughout the Union in cutting-edge and next-generation semiconductor technologies, while the four specific objectives focus on building up large-scale design capacities for integrated semiconductor technologies, enhancing existing and developing new pilot lines, building advanced technology and engineering capacities for accelerating the development of quantum chips, and creating a network of competence centres across Europe.

Work programme, eligible actions, funding

The activities funded by the Chips Joint Undertaking should be covered in one single work programme, which should be adopted by the Governing Board. When the Governing Board adopts the work programme, the voting rights for the part of the work programme related to capacity building should be limited to the Commission and Member States only.

Certain proposals for actions should be eligible for funding only if the action is carried out by legal entities cooperating within a consortium of at least three legal entities from three different Members States. That consortium could be structured either as the European Chips Infrastructure Consortium as proposed in the ‘Chips Act’.

The Chips Joint Undertaking could apply different funding rates for the Union funding for activities funded under the Digital Europe programme, depending on the type of participant, in particular SMEs and non-profit legal entities, and the type of action.

Budgetary implications

The EU budget will support the Chips for Europe Initiative with a total of up to EUR 3.3 billion, including EUR 1.65 billion via Horizon Europe programme and EUR 1.65 billion via Digital Europe Programme. Out of this total amount, **EUR 2.875 billion** will be implemented through the Chips Joint Undertaking.