Chips Act

2022/0032(COD) - 31/01/2023 - Committee report tabled for plenary, 1st reading/single reading

The Committee on Industry, Research and Energy adopted the report by Dan NICA (S&D, RO) on the proposal for a regulation of the European Parliament and of the Council Establishing a framework of measures for strengthening Europe's semiconductor ecosystem (Chips Act).

The committee responsible recommended that the European Parliament's position adopted at first reading under the ordinary legislative procedure should amend the proposal as follows:

Subject matter

The proposed Regulation establishes a framework for strengthening the semiconductor sector at Union level, in particular through the following measures:

- establishment of the **Chips for Europe Initiative**;

- setting the criteria to recognise and to support first-of-a-kind Integrated Production Facilities, Open EU Foundries and **first-of-a-kind facilities** that foster the security of supply and the resilience of the semiconductor ecosystem and deployment of novel and innovative semiconductor technologies in the Union;

- setting up a coordination mechanism between the Member States and the Commission, for **mapping and monitoring the semiconductor value chain** and, where relevant, consulting stakeholders from the semiconductor supply and value chain as well as stakeholders from critical sectors that might be affected by disruptions to the supply of semiconductors;

- **developing crisis prevention and response tools** in the semiconductor supply chain shortages with a view to ensuring the internal market's resilience and enabling the Union to play a stronger role at the global level.

Components and objectives of the Initiative

The general objective of the Initiative is to **increase the competitiveness and resilience of the Union's semiconductor ecosystem** by supporting technological capacity building research and innovation throughout the Union's semiconductor supply and value chain and by enabling the development and deployment of cutting-edge and next generation semiconductor and semiconductor technologies for quantum chips and the development and innovation of established technologies. This is intended to reinforce the Union's advanced design, systems integration and chips production capabilities, packaging, and manufacturing equipment as well as to contribute to achieving the twin digital and green transition, to improve quality employment, while strengthening the sustainability circular economy processes and addressing security needs and cybersecurity threats.

The Initiative should have **five operational objectives**:

- ***operational objective 1***: building up advanced design capacities for integrated semiconductor technologies;

- ***operational objective 2***: enhancing existing and developing new advanced pilot lines while ensuring geographical balance;

- ***operational objective 3***: building advanced technology and engineering capacities for accelerating the innovative development of cutting-edge and next generation quantum chips;

- ***operational objective 4***: creating a network of competence centres across the Union;

- ***operational objective 5***: undertaking activities, to be described collectively as ‘Chips Fund’ activities that ensure clear guidance and facilitate access to debt financing and equity by start-ups, scale-ups, and SMEs and other companies in the semiconductor value chain, through a blending facility under the InvestEU Fund and via the European Innovation Council.

European Chips Infrastructure Consortium

With a view to creating a pan-European ecosystem within the internal market where knowledge, expertise, resources and existing strengths are pooled and to accelerating implementation of the actions of the Initiative, it is necessary to provide an option of implementing some of the Initiative actions, in particular on pilot lines, through a new legal instrument, the European Chips Infrastructure Consortium (ECIC). Members proposed that the ECIC should be set up by at least three members, comprising Member States, public or private legal entities from at least three Member States, or a combination thereof, ensuring the geographically balanced representation.

Long-term strategic mapping and monitoring

The report suggested that the Commission should carry out a long-term strategic mapping of the Union’s semiconductor value chain in cooperation with the national competent authorities, with the aim of **identifying early warning indicators**, of building knowledge and capacity to inform future industrial policy measures and assess the Union’s strengths and weaknesses in the global semiconductor value chain. A coordinated approach to monitoring of the semiconductor value chains is needed to mitigate possible market disruptions.

International cooperation

According to Members, international cooperation with third countries is an important element to achieve a resilience of the Union’s semiconductor ecosystem. Therefore, the Commission should pursue cooperation with relevant third countries on mutual support and benefits in the field of semiconductor supply, building on complementarities and interdependencies along the semiconductor supply chain, in accordance with international obligations.

New budget resources

The report stated that the amount of the financial resources dedicated to the Chips initiative should be drawn from the unallocated margins under the Multiannual Financial Framework (MFF) ceilings or mobilised through the non-thematic MFF special instruments. EUR 1.65 billion for the initiative under the Digital Europe Programme should be additional to the funding of existing objectives and should not reduce their financial envelope: the allocation of funds to the first five specific objectives should therefore be maintained, while an additional EUR 1.65 billion should be allocated to a new specific objective for the initiative.