

Chips Act

2022/0032(COD) - 18/09/2023 - Final act

PURPOSE: to o strengthen Europe's semiconductor ecosystem (Chips Act).

LEGISLATIVE ACT: Regulation (EU) 2023/1781 of the European Parliament and of the Council establishing a framework of measures for strengthening Europe's semiconductor ecosystem and amending Regulation (EU) 2021/694 (Chips Act).

CONTENT: this Regulation on the Chips Act aims to **reduce the EU's vulnerabilities** and dependencies on foreign actors while reinforcing the EU's industrial base for chips, maximising future business opportunities and creating good-quality jobs. This will improve the **EU's security of supply, resilience, and technological sovereignty** in the field of chips.

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

Establishment of the Chips for Europe Initiative

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 Initiative - established for the duration of the Multiannual Financial Framework 2021–2027 - will be supported by funding from Horizon Europe and the Digital Europe Programme, for a maximum indicative amount of **EUR 1.725 billion and EUR 1.575 billion**, respectively.

The Initiative has **five operational objectives**:

1. building up advanced design capacities for integrated semiconductor technologies;
2. enhancing existing and developing new **advanced pilot lines** across the Union to enable development and deployment of cutting-edge semiconductor technologies and next-generation semiconductor technologies;
3. building advanced technology and engineering capacities for accelerating the innovative development of cutting-edge quantum chips and associated semiconductor technologies;
4. establishing a network of **competence centres** across the Union by enhancing existing or creating new facilities;
5. undertaking activities, to be described collectively as '**Chips Fund**' activities, to facilitate access to debt financing and equity, including by providing clear guidance, in particular for start-ups, scale-ups, SMEs and small mid-caps in the semiconductor value chain, through a blending facility under the InvestEU Fund and via the European Innovation Council.

For the purpose of implementing actions funded under the Initiative, a legal entity may be established in the form of a European chips infrastructure consortium (ECIC).

A framework to ensure security of supply and resilience by attracting investment

The Regulation sets out the criteria for recognising and supporting pioneering **EU integrated production facilities and open foundries** that improve the security of supply and resilience of the EU semiconductor ecosystem.

An integrated production facility should meet the following requirements:

- have a clear positive impact with spill-over effects beyond the undertaking or Member State concerned, on the Union's semiconductor value chain in the medium to long term, with a view to ensuring security of supply and resilience of the semiconductor ecosystem, including the growth of start-ups and SMEs, and contributing to the Union's green and digital transitions;
- invest in continued innovation in the EU in order to achieve concrete progress in semiconductor technologies or to prepare for next-generation technologies;
- strengthening the EU's talent pool by developing and deploying educational and skills training and by increasing the pool of qualified and skilled workforce.

Recognition as one or another type of facility will allow access to fast-track licensing in Member States for the construction and operation of facilities.

The Commission may award a **'Design Centre of Excellence' label** to design centres established in the EU that significantly enhance the EU's capability in innovative chip design through their service offerings or through the development, promotion and strengthening of design skills and capabilities.

A crisis monitoring and response system

The Regulation provides for the establishment of a coordination mechanism between the Member States and the Commission for the **mapping** and monitoring of the EU semiconductor sector as well as for crisis prevention and response in case of semiconductor shortages and, where appropriate, consultation of stakeholders in the semiconductor sector.

Governance

The Regulation provides for the **creation of a European Semiconductor Board** to provide the Commission with advice, assistance and recommendations. It is composed of representatives of all Member States and chaired by a representative of the Commission.

ENTRY INTO FORCE: 21.9.2023.