



## Digital and semiconductor sectors urge EU leaders to swiftly adopt the EU Chips Act

### *Joint industry statement*

The co-signatories of this statement represent the industrial end-to-end semiconductor ecosystem in Europe and globally. Chips are instrumental in realising the digital and green transition of our continent. Vital public policy goals like decarbonisation and societal inclusion through connectivity depend on a stable supply of both small and large node chips, as the European and global market demand.

We call for a swift adoption of the EU Chips Act as it can significantly accelerate progress on these policy goals. It is a step forward to attract crucial investments to build up extra chip manufacturing capacity and R&D in Europe. As Council and Parliament define their positions on the proposal for a EU Chips Act regulation, we urge them to:

- **Focus on the investment conditions to make Europe more competitive.**

Estimates say the EU needs several hundred billion euros of public and private investments to hit its goal of 20% of global chip production by 2030.<sup>1</sup> Increasing industry's ability to innovate and manufacture chips in Europe is instrumental to meet this target and build supply chain resilience to current and future shortages.

The EU Chips Act should further strengthen Europe's capabilities in chip research, improve its commercialisation of IP and spur larger manufacturing capacity on the continent, including securing the availability of necessary resources and materials for production. Member States and the Commission should ensure sufficient funding for Pillar I and Pillar II while minimizing the impact on other EU programmes (i.e., Horizon Europe and Digital Europe Programme) and targeting the entire semiconductor value chain in Europe.

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<sup>1</sup> Just on wafer fabrication capacity, the EU needs at least 240 billion euro (ASML, [EU Chips Act Position paper](#), 2022)

The provisions on European “first-of-a-kind” facilities can be a catalyst for these notable investments, but it is crucial to clarify the key criteria for their designation, including those on the determination of a funding gap. Incentives should remain open to all companies and follow market demand, including for large nodes.

Similarly, clarifying access to the virtual design platforms and pilot lines under Pillar 1 is crucial to solidify EU’s capabilities in IP development.

- **Shape a proportionate and clearer monitoring and crisis response framework.**

The Chips Act introduces various generic terms such as “crisis”, “disruption”, and “crisis stage” and empowers public authorities with far-reaching competences under the emergency toolbox. Supply chain monitoring will only be effective and taken up by industry if balanced, proportionate, and practical. It should not add an administrative burden on market actors nor pose any risk to business continuity, but rather comply with competition rules, protect business confidentiality, respect IP rights, and uphold business integrity principles at all times.

We also urge Parliament and Council to better spell out the definitions and legal procedures around the adoption of priority-rated orders. Policy-makers should better reflect in the text of the regulation practical limitations that exist in the implementation of crisis response measures and that arise from the complexity of chip manufacturing and global supply chains.

- **Involve industry in the EU Chips Act’s governance.**

The EU Chips Act package cannot succeed without industry’s engagement in its ambitious objectives. Stakeholders in the semiconductor ecosystem should have permanent membership in the Semiconductor Board sub-groups, as well as voting rights on its proposed decisions. The Board will have substantial advice responsibilities on complex technical subjects like chip production, technologies, certification, and identification of potential shortage scenarios. Industry know-how on these matters will be essential in contributing to effective decision-making.

For the same reason, the work of the Alliance on Processors and Semiconductor Technologies should be kicked off swiftly and uphold the inclusive spirit of the Terms of Reference for the Alliance.

- **Coordinate actions with like-minded global partners.**

The EU should work with like-minded partners like the U.S., Japan, South Korea, Singapore, Taiwan, and others<sup>2</sup> to ensure the stability of the global semiconductor supply chain. Its global nature requires to couple any EU policy action for supply chain resilience in Europe with ambitious, detailed plans for cooperation with international partners.

For instance, the EU-U.S. Technology and Trade Council (TTC) should now be a prominent forum with active industry participation, in which to engage and find reasonable approaches to support industry in monitoring and ensuring resilience. It

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<sup>2</sup> As mentioned in the [Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions “A Chips Act for Europe”](#), COM(2022) 45 of 08 February 2022, p. 21

should pursue joint R&D initiatives for critical technologies/components where supply chain shortages, gaps, or cost disadvantages are identified.

Similarly, the EU should deepen existing “digital partnership agreements” with like-minded countries, or strike new such partnerships with other ones. Global cooperation would significantly help ensure an aligned approach to topics like chip certification and standardisation.

### **Signatories:**

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