

SEMI Europe Advocacy

Bi-weekly newsletter 05-05-2023 – 19-05-2023



FEATURED IN THIS EDITION

European Parliament and Council of the EU close to final vote on Chips Act

On May 10th, the EU's co-legislators have taken important steps towards formal adoption of the European Chips Act, following the provisional deal reached between negotiators of the European Commission, European Parliament and Council of the EU on April 18.

The political agreement reached during the inter-institutional negotiations was confirmed by Member States' Deputy Permanent Representatives gathered in COREPER I, the Council's preparatory body responsible for preparing the agenda of the meeting of Ministers¹. Ultimately, the national competitiveness ministers represented in the Council will vote on the file, with a specific date yet to be announced.

The co-legislator on the Chips Act, the European Parliament, has planned a vote on the tentative agreement in the Committee on Industry, Research and Energy (ITRE) on May 23². Once members of the committee consent to the report, the file will be sent to plenary for formal adoption by the European Parliament. The vote could likely take place during the upcoming plenary meeting scheduled for May 31st. Once both the European Parliament and the Council of the EU approve the text, the Chips Act will be formally approved.

¹ <https://twitter.com/sweden2023eu/status/1656212764224888833>

² http://redmapl3.europarl.europa.eu/RedmapFront/media/reds_iCmOj/ITRE-OJ-2023-05-22-1/ITRE-OJ-2023-05-22-1_en.pdf

European Commission launches Semiconductor Alert System to help monitor supply chains

On May 10, the European Commission launched the Semiconductor Alert System, a pilot initiative to monitor the semiconductor value chain to anticipate supply risks³.

The system enables industry stakeholders to directly report on any critical disruption along the entire semiconductor value chain, ranging from raw materials to packaging⁴, facilitating rapid and effective exchange of important information on market developments that risk the security of supply of semiconductors to the European Union. In turn, this is expected to help the Commission and stakeholders more precisely assess and potentially react to any future supply risks.

The pilot initiative is planned to be formally included as part of the monitoring, coordination and crisis response mechanism (so-called Pillar 3) of the European Chips Act. Once that legislation is formally adopted, the new European Semiconductor Board - consisting of Member State representatives and chaired by the Commission - will become involved in the coordinated monitoring of semiconductor supply chains.

First EU-India Trade and Technology Council focused on deepening strategic engagement on semiconductors and resilient value chains

On May 16, the first-ever ministerial meeting of the EU-India Trade and Technology Council (TTC) took place⁵. Members of the College of Commissioners met with Indian officials to discuss and coordinate on critical issues including strategic technologies, green technologies and resilient value chains.

EU and India plan to co-ordinate their policies on strategic semiconductors through a dedicated memorandum of understanding, which is to be signed by September 2023⁶. Both sides also target to address the digital skills gap by facilitating the exchange on digital talent through the mutual recognition of certifications and the promotion of skilled professionals. Regarding trade, the parties pledged to deepen their co-operation on resilient value chains and facilitating investment.

Announced in February 2023, the EU-India TTC is planned to deepen the strategic partnership between the two sides, encouraging regular meetings on critical topics. Dedicated working groups will follow up on the established priorities ahead of the next ministerial meeting, which is provisionally planned to be held in India in early 2024.

³ <https://digital-strategy.ec.europa.eu/en/news/european-chips-act-commission-launches-pilot-system-monitor-semiconductor-supply-chain>

⁴ https://ec.europa.eu/eusurvey/runner/Semiconductor_Alert_System

⁵ https://ec.europa.eu/commission/presscorner/detail/en/ip_23_2728

⁶ <https://ec.europa.eu/newsroom/dae/redirection/document/95751>

Cyber Resilience Act: European Parliament committees propose significant rewrite to proposal

The Cyber Resilience Act, which introduces cybersecurity requirements for products with digital elements, is undergoing a significant revision as the members of two critical European Parliament committees have proposed a total of 714 amendments to the text.

The Parliament's committee on the Internal Market and Consumer Protection (IMCO) tabled 291 amendments to the draft opinion prepared by IMCO rapporteur Morten Løkkegaard. In parallel, members from the Industry, Research and Energy (ITRE) committee which leads the file in the Parliament, proposed 423 amendments to rapporteur Nicola Danti's draft text. Amongst the proposed changes are better protection of intellectual property, a database collecting exploited vulnerabilities, and more differentiation between consumers and business-to-business products⁷.

The IMCO committee will continue to discuss the draft report and the proposed amendments on May 23. A vote on the proposals is tentatively scheduled on June 28. The ITRE committee is planning a vote on July 19. Once approved, the text will be sent to the European Parliament's plenary to confirm its negotiation position for inter-institutional negotiations with the Council of the EU, which for its part has also been discussing a significant number of changes introduced in the most recent draft report by the Swedish Presidency⁸.

United Kingdom plans new semiconductor design research institute

The United Kingdom is reported to create a state-of-the-art research center as part of its upcoming semiconductors strategy⁹. Inspired by Belgium's imec and Ireland's Tyndall institute, the institute is to help secure UK leadership in microchip design.

The government has earmarked around £10 million for the creation of this "innovation and knowledge centre", which is envisioned to help commercialize research ideas and deliver an early-stage critical mass for disruptive ICT-centric semiconductor technology¹⁰. The strategy is also expected to plan for a separate "design incubator", which allows startup companies to develop prototype circuits.

The strategy, which is said to be worth £1 billion and build on the UK's strengths in the global semiconductor ecosystem, is expected to be announced in full at the upcoming G7 meeting in Japan on May 19-21.

⁷ <https://www.euractiv.com/section/digital/news/tech-brief-ai-act-committee-vote-eucs-tiered-approach/>

⁸ <https://www.euractiv.com/section/cybersecurity/news/swedish-council-presidency-presents-first-full-rewrite-of-cyber-resilience-act/>

⁹ <https://www.telegraph.co.uk/business/2023/05/02/rishi-sunak-british-microchip-institute/>

¹⁰ <https://www.ukri.org/opportunity/semiconductor-technology-for-ict-innovation-and-knowledge-centre/>

Dutch region of Twente set to receive €165 million in subsidies to scale-up local chips ecosystem

The region of Twente in the Netherlands will receive around €165 million in subsidies to further develop its local chips ecosystem¹¹. Most notably, €70 million of the budget is earmarked for the construction of a new manufacturing facility called 'New Origin'.

The investment plans to finance 21 local chip companies through multiple existing Dutch growth funds, aimed at stimulating innovation and next-generation chip manufacturing, is expected to create 700 to 1,000 additional jobs. The centerpiece of the investment will be the New Origin foundry, which is initially set to produce novel silicon nitride-based photonic chips to be used in emerging quantum technologies and automotive applications.

The new fab, developed in collaboration with the University of Twente, is planned to be operational by 2025 or 2026, with subsidies being spent over the period of next 6 years.

Investment through Important Project of Common European Interest (IPCEI) announced in Ireland

A new investment has been announced as part of Ireland's first-ever application to the EU's Important Project of Common European Interest (IPCEI) on Microelectronics and Communication Technologies, which allows Member States to support breakthrough innovation to foster cross-border collaborative research and the competitiveness of Europe's broader microelectronics sector. The second IPCEI on Microelectronics, which brings together 20 EU Member States, is currently in the final stages of approval by the European Commission.

Analog Devices, Inc. has announced on May 15th a €630 million investment to construct a new state-of-the-art Research & Development and manufacturing facility located in Limerick in Ireland¹².

The investment supports Analog Devices' development of next-generation signal processing innovations, helping advances in the digital transformation of sectors including industrial, automotive and healthcare. Creating around 600 new jobs, the new facility would triple the company's European wafer production capacity.

Commission Thierry Breton addresses Chips Act initiatives at imec's flagship event ITF World

On May 16 and 17, imec's flagship event on semiconductor advances and deep-tech solutions ITF World took place in Antwerp, Belgium¹². Bringing together key industrial and political actors, the meeting focused on semiconductor technologies and systems scaling, deep-tech venturing and imec's role and activities in progressing Chips Act initiatives worldwide.

¹¹ <https://www.ad.nl/enschede/een-nieuwe-chipfabriek-en-1000-nieuwe-banen-subsidie-165-miljoen-stimulans-twentse-chipindustrie~a9309cfa/>

¹² <https://www.imecitf.com/2023/world>

On behalf of the European Commission, Internal Market Commissioner Thierry Breton opened the event by emphasizing the effects of the EU Chips Act on Europe and the semiconductor industry¹³. The Commissioner highlighted three critical interdependent elements of the legislation, as enabler of EU's research and tech leadership through large investments in technology, direct financial source for European manufacturing capacities to build resilience along the whole supply chain, and as critical success factor in advancing Europe's position on the international stage through proactive chips diplomacy.

Commissioner Breton also detailed EU plans to invest €11 billion over the next 7 years through the Chips for Europe Initiative, focusing on pilot lines for the most advanced node sizes, a new cloud-based design platform, quantum chips, a national network of competence centers and a Chips Fund for start-ups and small and medium-sized enterprises. The Commissioner furthermore commended the €100 billion in public and private investments that have been made in Europe's semiconductor supply chain since the Chips Act was first introduced in February 2022, with further support expected. Regarding strengthening and balancing international cooperation, Commissioner Breton stressed the importance of reducing dependencies through opening new partnerships, security of supply at any time, and preservation of the EU's security interests as critical priorities.

Commissioner Thierry Breton concluded that the EU has put in place an ambitious plan to strengthen Europe's semiconductor ecosystem and called upon stakeholders to help achieve the objectives of the Chips Act.

June 6-9 confirmed as 2024 European Parliament election dates

On May 17th, EU ambassadors approved June 6 - June 9 2024 as dates for the next European elections¹⁴. During the four-day period voters from the EU's 27 Member States will elect the 705 parliamentarians that make up the 10th European Parliament.

European elections are held every 5 years to determine the composition of the European Parliament, which wields co-legislative power together with the Council of the EU in most policy areas. The EU's heads of state and government are obliged under the Treaty on European Union to take into account the results of the elections when subsequently selecting their candidate for President of the European Commission for 2024-2029.

For feedback, get in touch with the SEMI Europe Advocacy Team at euadvocacy@semi.org and access more [advocacy publications](#).



[SEMI.org/eu](https://www.semi.org/eu)

SEMI Europe • Berlin, Germany • Brussels, Belgium

¹³ https://ec.europa.eu/commission/presscorner/detail/en/speech_23_2788

¹⁴ <https://www.politico.eu/article/eu-confirms-2024-election-dates/>