

SEMI Europe Advocacy

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SEMI SUBMITTED CONSULTATION RESPONSES TO POSSIBLE PFAS BAN IN EUROPE

The actions resulted from a proposal made under the Regulation for Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) to ban PFAS in Europe. The initial consultation responses were submitted on May 26 and will be followed up by an additional response in September 2023. SEMI thanks the PFAS and REACH Working Groups for their valuable support.

European Chips Act: European Parliament's industry committee approves inter-institutional agreement ahead of final plenary vote

On May 23, the European Parliament's Industry, Research and Energy (ITRE) committee confirmed the provisional agreement reached on the European Chips Act during the inter-institutional negotiations on the legislation between the European Parliament, Council of the European Union and the Commission on the European Chips Act - concluded on April 18.

With 60 votes to 1 and 2 abstentions, members of the ITRE committee approved the provisional agreement by a large margin. The final text, which has been made publicly available for the first

time¹, will subsequently be voted on for final approval by the Parliament's plenary, of which the next session is scheduled for June 12 to 15² - with the final agenda yet to be confirmed.

As co-legislators on the file, Member States' ministers represented in the Council of the European Union, will vote on the final text after the consent of the Parliament. After formal approval by both the European Parliament and the Council of the EU, the Chips Act would enter into force.

European Union and United States agree to advance co-operation and co-ordination semiconductor supply chains

Officials from the European Commission and the US government met on May 30 and 31 in Luleå, Sweden for the fourth ministerial meeting of the EU-US Trade and Technology Council (TTC)³. At the summit, political delegates agreed to further advance transatlantic cooperation in critical areas including digital technologies and economic security.

In the EU-US joint statement⁴ acknowledges the need to build resilient semiconductor supply chains, and the parties agreed on an early warning mechanism to help effectively address supply chain disruptions. In addition, the EU and US commenced exchanges of best practices and coordination on public support granted to the semiconductor industry as a consequence of their respective Chips Acts, as both sides intend to make public investments mutually beneficial to improve the resilience of semiconductor supply chains. Critically, the blocs will also explore future areas of collaboration, including on researching alternatives to the use of PFAS chemicals in semiconductor manufacturing.

Critically, the TTC also committed to intensified transatlantic co-operation in mutual-interest domains including quantum, critical minerals, export controls on sensitive items, digital infrastructures, and talent development. The EU and the US plan to review and advance their joint work in a forthcoming TTC meeting planned in the US in late 2023.

Deeper collaboration on semiconductors key outcome of European Union - South Korea summit

On May 22, European Commission President Ursula von der Leyen met South Korea's President Yoon Suk Yeol in Seoul for the 10th summit between the European Union and the Republic of Korea. Building on the Digital Partnership launched last year, the parties reiterated their commitment to advancing their strategic relation, fostering collaboration on semiconductors and other critical technologies.

In their joint declaration⁵, the EU and Korea pledged to strengthen the global competitiveness of Korea's and the EU's semiconductor industries. The parties committed to collaborate on the research and development of leading-edge semiconductors, including power and automotive semiconductors, as well as advanced devices. Additionally, negotiations on Korea's accession as an associated third country to the Horizon Europe science and innovation program have been opened.

¹ <https://data.consilium.europa.eu/doc/document/ST-9549-2023-INIT/en/pdf>

² https://www.europarl.europa.eu/doceo/document/OJQ-9-2023-06-12_EN.html

³ https://ec.europa.eu/commission/presscorner/detail/en/ip_23_2922

⁴ https://ec.europa.eu/commission/presscorner/detail/en/statement_23_2992

⁵ https://ec.europa.eu/commission/presscorner/detail/en/statement_23_2863

At the high-level meeting, the EU and Korea also agreed to advance co-operation on the resilience of key supply chains by intensifying dialogue on economic security and export controls and expanding collaboration on early warning systems, while the development of a specific common mechanism for the security and resilience of the semiconductor value chain will be explored.

Critically, both sides also agreed to strengthen dialogue and cooperation on their respective industrial policies, for instance on the forthcoming European Chips Act: “the EU Chips Act can be a major boon for Korean investments in semiconductor manufacturing”, European Commission President von der Leyen commented⁶.

Italy announces new industrial policy and sovereignty fund that focuses on semiconductors

The Italian Minister for Businesses and Made in Italy, Adolfo Urso, announced on May 21 the development of a new national industrial policy that includes an initiative to bolster the domestic semiconductor value chain and the creation of a novel sovereign fund intended to finance strategic companies and supply chains⁷.

The National Plan for Microelectronics, which will translate the objectives and ambitions of the upcoming European Chips Act into domestic action, is expected to become a critical pillar of Italy’s new industrial policy, supporting Minister Urso’s vision that the semiconductor sector should represent the country’s future of innovation. The €200 million Italian Center for Semiconductors, which focuses on research & development and design, is anticipated to be the foundation of the plan. The initiative will be complemented by attracting investment from foreign semiconductor companies and deeper co-operation in the domain of microchips with other countries, as was announced with Japan⁸.

The Italian strategy, including details on the national sovereignty fund, is expected to be presented in full in June. At the European level, the Italian government has also been calling together with France for the creation of a European sovereignty fund to finance the development and manufacturing of strategic technologies⁹, a proposal for which is currently under consideration by the European Commission.

UK government presents its £1 billion National Semiconductor Strategy

On May 19, the UK’s Secretary of State for Science, Innovation and Technology Chloe Smith presented a 20-year chip strategy targeting to reinforce the domestic semiconductor industry’s strengths, bolster the resilience of supply chains and protect national security¹⁰.

The National Semiconductor Strategy encompasses a £1 billion investment in the next decade to improve the UK’s design, research & development, and cutting-edge compound semiconductor capacities to facilitate growth in the domestic semiconductor industry. The initiative also seeks to

⁶ https://ec.europa.eu/commission/presscorner/detail/en/statement_23_2862

⁷ <https://decode39.com/6802/minister-urso-unveils-next-steps-of-italian-industrial-policy/>

⁸ <https://decode39.com/6766/meloni-kishida-bolster-tech-microchip-cooperation/>

⁹ https://it.ambafrance.org/IMG/pdf/de_claration_franco-italienne_-_a_shared_vision_of_the_new_eu_industrial_policy_towards_the_green_and_digital_transition.pdf?14685/e687f280c359616e9dd8c92e7deca6df1127666f

¹⁰ <https://www.gov.uk/government/news/new-1-billion-strategy-for-uks-semiconductor-sector#:~:text=The%20government%20will%20focus%20on,billion%20in%20the%20next%20decade>

enhance industry access to semiconductor infrastructure and talents, as well as facilitate deeper international co-operation on growth, resilience, and coordination. The first of these semiconductor partnerships was announced with Japan at the May 19-21 G7 summit, where both parties agreed on R&D co-operation, skills exchanges and mutually improving supply chain resilience.

To help implement the strategy, the UK government plans to establish a semiconductor advisory panel consisting of industry, government, and research stakeholders to deliver feedback and guidance. Critically, the government intends to announce further plans on investment support in the semiconductor manufacturing sector by the autumn.

German government highlights strategic priorities for semiconductor support

The German federal government has highlighted critical areas of the domestic semiconductor industry that would be considered for subsidies under the upcoming European Chips Act in its response to questions from Members of Parliament on May 11th.

In the answer¹¹, the government welcomes the ambitions of the European Chips Act as an important instrument to comprehensively strengthen the semiconductor ecosystem, dedicating funds to support capacity-building or expansion in Germany. Critically, the government says it does not intend to focus only on the smallest node size when promoting settlement, adding that investment in mature technology nodes can be supported if the project significantly contributes to European technological sovereignty. The goal according to the government is to further strengthen the semiconductor ecosystem in Germany and Europe along the entire value chain, while diversifying supply chains.

In addition to supporting significant and strategically important settlement and expansion projects within the framework of the Chips Act, the authorities further emphasized support for upcoming Important Projects of Common European Interests (IPCEI) on microelectronics, particularly in areas where Europe is dependent on third countries. Preparations are also underway for the implementation of the Chips Joint Undertaking to support technological capacity building and research and innovation activities of latest and next-generation semiconductors.

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¹¹ <https://dserver.bundestag.de/btd/20/067/2006788.pdf>