

## SEMI Europe Advocacy

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### FEATURED IN THIS EDITION

#### **EU Heads of State and Government call for acceleration and strengthening of industrial policy and reduction of dependencies in area sensitive technologies**

On June 29-30, the Heads of State and Government of the EU's 27 Member States gathered for a European Council summit to exchange views on critical issues, and agreed on the need for further action on the economy and security of Europe<sup>1</sup>.

The Heads of State and Government discussed the EU's economy, particularly in relation to economic resilience, security and long-term competitiveness, and emphasized the need to preserve the openness of the EU's Single Market and its level playing field. In the area of sensitive technologies, the delegates agreed on the need to create a growth-enhancing framework with reduced administrative burden, while strengthening industrial policy and reducing strategic dependencies on third countries. Critically, the European Council urged the EU's legislators to accelerate work on the Critical Raw Materials Act, and called for further action in the development of strategic technologies and strengthening their value chains.

The purpose of the summit is to provide general political guidance and highlight priorities for the European legislative institutions. EU Heads of State and Government will reflect on the progress during the next summit scheduled for October 26 and 27.

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<sup>1</sup> <https://www.consilium.europa.eu/media/65398/2930-06-23-euco-conclusions-en.pdf>

## **Council Presidency taken over by Spain since July 1<sup>st</sup>, priorities include re-industrialization and development of strategic sectors and technologies**

As of July 1<sup>st</sup>, Spain has taken over the rotating half-year Presidency of the Council of the European Union, the co-legislative institution in the EU, succeeding Sweden which presided in the first half of 2023. As President, Spain will be responsible for setting the agenda, chairing meetings and seeking compromises with other political actors on critical legislative files in the Council of the EU.

Prime Minister Pedro Sánchez highlighted four key areas the Spanish government will prioritize in the coming six months: re-industrializing the EU and ensuring its open strategic autonomy, with a particular focus on strategic industries and technologies; advancing the green transition and environmental adaptation; promoting greater social and economic justice, by aiming to revise corporate taxation rules and the EU's multi-year budget; and strengthening European unity, including by advocating for deepening the EU's internal market and capital markets<sup>2</sup>.

Spain will hold the Presidency until the end of its term on December 31, 2023. Belgium is set follow in the first half of 2024.

## **Critical Raw Materials Act: Council adopts position for inter-institutional negotiations**

On June 30, the Council of the EU adopted the negotiation mandate on the Critical Raw Materials Act, a new regulation to establish a framework to safeguard access to a secure and sustainable supply of critical raw materials to the EU<sup>3</sup>.

The Council agreed on several amendments<sup>4</sup> to the Commission's proposal, including a higher level of ambition with regards to recycling and processing benchmarks, stronger sustainability criteria and national measures on circularity, changes to permitting granting procedures, and changes to obligations on Member States to ensure account is taken of their different administrative or geological situations. Critically, the Council position holds that large companies that manufacture strategic technologies such as advanced chips are encouraged – rather than mandated - to perform an audit of their raw material supply chain.

The adopted negotiation position provides the Spanish Council Presidency with a mandate for inter-institutional negotiations with the European Parliament. In parallel, having submitted amendments by May 25, Members of the European Parliament's Industry, Research and Energy Committee are negotiating compromise amendments to finalize their draft report. A committee vote on this tentatively scheduled for September 7, 2023, with a view to adopting a Report that would be submitted to the plenary for confirmation of the Parliament's mandate for negotiations with the Council on a final and mutually acceptable text.

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<sup>2</sup> <https://spanish-presidency.consilium.europa.eu/en/news/priorities-of-the-spanish-presidency-of-the-council-of-the-eu/>

<sup>3</sup> <https://www.consilium.europa.eu/en/press/press-releases/2023/06/30/critical-raw-material-act-council-adopts-negotiating-position/>

<sup>4</sup> <https://data.consilium.europa.eu/doc/document/ST-11297-2023-INIT/en/pdf>

## **EU and Republic of South Korea advance semiconductor cooperation for inclusive and resilient digital transformation**

On June 30, European Commissioner for the Internal Market Thierry Breton and South Korean Minister for Science and ICT Lee Jong-Ho met in Seoul for the first EU-Korea Digital Partnership Council<sup>5</sup>. The parties committed to co-operate on emerging technologies highlighted in last month's EU Economic Security Strategy – including semiconductors, high-performance computing, quantum technologies, 5G and beyond, AI and cybersecurity.

Specifically, the EU and the Republic of South Korea agreed to establish a Forum for Semiconductor research to promote research in complementary areas in which the parties have leading capabilities. Going forward, both sides also plan to exchange information on the semiconductor supply chain to further enhance its resilience, and to advance collaboration on skills and capacity-building.

The next EU-Republic of Korea Digital Partnership Council is scheduled for early 2024 to review progress and to make further steps in deepening the Digital Partnership.

## **EU and Japan agree to strengthen economic security co-operation in strategic areas**

On June 27, the European Union and Japan held their third High-Level Economic Dialogue, which revolved around economic security<sup>6</sup>. The discussions between Commission Executive Vice-President for Trade Valdis Dombrovskis and Japan's Minister of Foreign Affairs, Yoshimasa Hayashi, and Minister for Economy, Trade and Industry, Yasutoshi Nishimura reaffirmed the importance of strategic cooperation between the EU and Japan in light of the current geopolitical context.

Building on the European Economic Security strategy presented in mid-June, the parties emphasized the need for bilateral and multilateral collaboration on economic security, and agreed to explore further cooperation in areas such as critical raw materials, anti-coercion, export controls and investment screening. As a critical component of economic security, the EU and Japan also highlighted the necessity of resilient supply chains of strategic goods.

The High-Level Economic Dialogue will be followed by the 29<sup>th</sup> EU-Japan Summit in Brussels on 13 July 2023, with Commission President Ursula von der Leyen and European Council President Charles Michel and Japanese Prime Minister Fumio Kishida in attendance to further discuss EU-Japan relationships.

## **Dutch government publishes details of export restrictions on semiconductor manufacturing equipment**

On June 30, the government of the Netherlands officially published new details about the export restrictions on advanced semiconductor manufacturing equipment initially announced in March<sup>7</sup>.

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<sup>5</sup> <https://digital-strategy.ec.europa.eu/en/news/eu-and-republic-korea-digital-partnership-strengthening-our-economic-resilience>

<sup>6</sup> [https://ec.europa.eu/commission/presscorner/detail/en/ip\\_23\\_3530](https://ec.europa.eu/commission/presscorner/detail/en/ip_23_3530)

<sup>7</sup> <https://www.rijksoverheid.nl/actueel/nieuws/2023/06/30/aanvullende-exportmaatregelen-kabinet-voor-geavanceerde-productieapparatuur-halfgeleiders>

As of September 1, 2023, a national permit is required to export a select group of targeted equipment that is critical for the development and production of advanced semiconductors<sup>8</sup>.

The restrictions concern specific semiconductor production equipment, software and technology for semiconductor devices or materials in which the Netherlands has a globally leading position. According to the Dutch government, this equipment could facilitate the development of semiconductors with advanced military applications, which could pose a national security risk if exported without proper controls.

The Dutch Minister for Foreign Trade and Development Cooperation, Liesje Schreinemacher, emphasized that the measures are country-neutral and precise as to not unnecessarily disrupt the global production of chips.

### **European semiconductor research ecosystem receives boost as Dutch government reviews co-financing transnational partnership**

Following the European Chips Act and the Important Project of Common European Interest (IPCEI) on Microelectronics, the European semiconductor ecosystem could receive a further boost as the Dutch government is reviewing to partially finance a research collaboration initiative captured in an IPCEI proposal – a program aimed at fostering the development of strategic technologies in the EU through co-operation and state aid support<sup>9</sup>.

On June 28, research and innovation hub imec in Belgium and semiconductor lithography equipment manufacturer ASML from the Netherlands signed a Memorandum of Understanding to intensify their collaboration on the next phase of developing state-of-the-art high-numerical aperture (High-NA) extreme ultraviolet (EUV) lithography pilot line. The initiative aims to assist industries that use semiconductor technologies to understand the opportunities of advanced semiconductors and provides access to a prototyping platform in support of their innovations. The parties also intend to explore novel semiconductor applications, the potential development of sustainable leading-edge manufacturing solutions for chip makers and end users, and – in collaboration with equipment and materials suppliers - the development of advanced holistic patterning flows.

The latest IPCEI on Microelectronics and Communication Technologies currently consists of 68 projects across 14 Member States worth €8.1 billion in state aid and was officially approved on June 8, 2023. Under the IPCEI, the European Commission has to assess and give final authorization for national financial support to projects.

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<sup>8</sup> Full list of targeted equipment available at <https://zoek.officielebekendmakingen.nl/stcrt-2023-18212.html>

<sup>9</sup> <https://innovationorigins.com/en/imec-and-asml-renew-their-partnership-to-support-semiconductor-research-in-europe/>