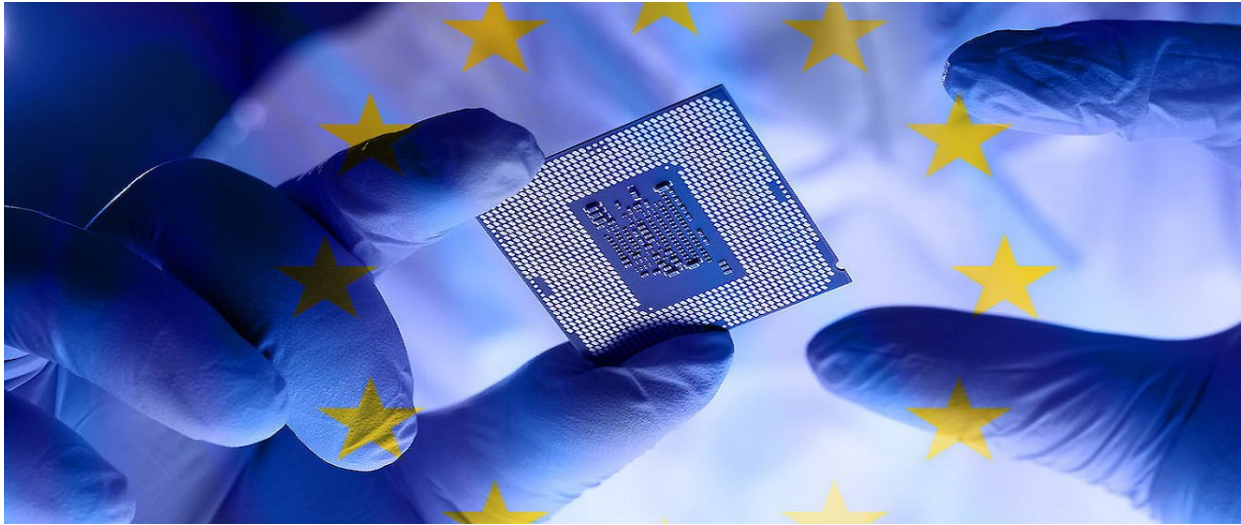# SEMI Europe Advocacy
Bi-weekly newsletter 15-10-2023 – 26-10-2023

FEATURED IN THIS EDITION

EU Commission publishes List of Strategic Technologies for Risk Assessment

The EU Commission has published its recommendations on the risk assessment for four strategic technology areas, namely including advanced semiconductors, artificial intelligence, quantum computing and biotechnology[1], on the basis their transformative nature, risk of military fusion, technology leakage and human rights violations. This move follows the European Commission's announcement of the European Economic Security Strategy, which was made earlier this year in June[2].

At this point, the next step will be to conduct a risk assessment of these four critical technologies before the end of this year. The Commission will set up an expert group consisting of national experts who will collectively identify the risks, setting the basis for further measures, and will collect input from all the companies and relevant stakeholders involved in these strategic technology areas.

Following this in-depth risk assessment, the Commission will prepare and implement measures to effectively deliver the European Economic Security Strategy. Among these measures, there will be a new initiative to establish an outbound investment screening mechanism, following the US presidential executive order for outbound investment screening decreed by President Biden

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[1] https://ec.europa.eu/commission/presscorner/detail/en/ip_23_4735
[2] https://ec.europa.eu/commission/presscorner/detail/en/ip_23_3358

earlier this year in August. In addition to this new initiative, as part of the strategy, the Commission will carry out a revision of its Export Control and FDI Screening regulations before the end of this year.

Parliament adopts position on Strategic Technologies for Europe Platform (STEP)

At the last plenary session held in Strasburg on October 17th, the European Parliament has approved its negotiating position regarding the creation of a "Strategic technologies for Europe Platform" (STEP), which represents an important step towards extending financial support for critical technologies in Europe, including semiconductors.

In this regard, the Parliament is advocating for an additional €3 billion on top of the €10 billion budget initially proposed by the Commission. MEPs are also calling for a swift agreement on a strategic technology platform, along with a revision of the EU's long-term budget, so that STEP can be included in the 2024 budget. In addition, the Parliament's negotiating position asks the Commission to carry out an interim evaluation before 2025, with the possibility of adjusting the funding programme for the coming years.

STEP aims to strengthen European competitiveness by supporting the development and production of critical technologies, as well as addressing labour and skills shortages in these crucial areas. The platform will aim to unlock €160 billion of funding throughout the different EU programmes in order to channel investments in strategic areas. In its current form, the STEP will undoubtedly become a testbed for the future of the European Sovereignty Fund.[3]

Parliament and Council reach provisional agreement on F-Gas Regulation

On October 5th, the Council and Parliament have reached a provisional agreement on the fluorinated greenhouse gases regulation (F-gas) revision to phase down these substances. The resulting amendment introduces even stricter rules on the use of F-gases in order to limit their adverse impact on global warming.

The provisional agreement sets 2050 as the year for the complete phase-out of hydrofluorocarbons (HFCs), a sub-group of F-gases. The revision also sets up a gradual reduction in production based on a system of quota allocation, for which the semiconductor industry has been granted an exemption and will be thus excluded from HFC quotas. The feasibility of phasing out the use of HFCs in the sector will be reassessed in 2040, taking into account the availability of HFC alternatives and technological developments.

The Council and Parliament have also agreed on a full ban on small air conditioning with global warming potential (GWP) of at least 150 by 2027. There will be a ban on servicing equipment for refrigeration and stationary refrigeration equipment for cooling down products below -50°C, with derogations when being recycled and reclaimed gases.

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[3] https://www.europarl.europa.eu/news/en/press-room/20231013IPR07126/a-step-towards-supporting-eu-competitiveness-and-resilience-in-strategic-sectors

The proposal for a revised regulation, which was drafted by the Commission earlier this year, will now have to be formally approved by the European Parliament and Council before officially entering into force.

EU Commission publishes its 2024 Work Programme

Every year, the European Commission publishes its work programme in which it presents the key policy actions for the upcoming year. This year's 2024 work programme was adopted on October 17th, containing 18 policy initiatives and 26 legislative proposals, in addition to the 154 pending proposals that need to be adopted before the end of this Parliament's period. The last plenary session before the European elections in June will be in April, which will be the last opportunity to adopt these proposals within the current period.[4]

In its work programme, the Commission has stressed several actions that are relevant for the semiconductor industry. Among its key priorities will be the enforcement of the measures announced in the Economic Security Strategy, especially regarding export controls and investment screening, set to minimize the risks arising from geopolitical tensions and technological changes. In order to support long-term competitiveness, the Commission will aim to strengthen the strategic technology areas of Europe by providing subsidies and promoting investments.

In this light, the Commission considers it crucial for its economy to ensure a sufficient supply of critical raw materials, by establishing strategic partnerships with other countries. For this reason, by the end of this year, the first Critical Raw Materials Club will be convened, and the pending trade agreements with Australia, Mexico and Mercosur will have to be finalised to fulfil this key objective.

Besides the work on sourcing critical raw materials, the work programme also mentioned the importance of free and open trade to maintain the EU long-term competitiveness, as the Commission will try to push forward trade negotiations with India and Indonesia, and digital trade agreements with Singapore and South Korea.[5]

US-EU representatives discuss further cooperation in Technology and Trade

EU Commission President Ursula von der Leyen and EU Council President Charles Michel met with US President Joe Biden during the EU-US summit in Washington. At the summit, which took place on October 20th, the representatives discussed key trade and technology policies and the potential for further cooperation in these areas.

In a joint statement, they stressed the need to facilitate trade between the US and the EU, especially when it comes to net-zero technologies. Representatives on both sides also agreed on expanding the research collaboration between the EU and US in critical technologies,

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[4] https://commission.europa.eu/strategy-documents/commission-work-programme/commission-work-programme-2024_en

[5] https://commission.europa.eu/strategy-documents/commission-work-programme/commission-work-programme-2024_en

through transatlantic research and development funding, as well as greater access to research programs. For this purpose, there will be an US-EU Trade and Technology Council meeting later this year.

Lastly, economic security is a significant aspect of transatlantic relations, as both partners have announced this year multiple measures and strategies designed to protect their economies from geopolitical risk. On this matter, the EU and US have expressed their shared interest in protecting strategic technologies through outbound investment screening and export controls on dual use. To safeguard their economic security, the EU and the US will aim to further reduce critical supply chain risks, in collaboration with partner countries.[6]

Chips Joint Undertaking opening event opened its registration

Registration is now open for the Chips Joint Undertaking (CJU) launch event, which will take place from November 30th to December 1st in Brussels. The objective of this event is to celebrate the CJU opening as well as to present its mission and the European strategy for enhancing the semiconductor industry. High-level EU and industry representatives will deliver messages about European chip ambitions.[7]

The Chips Joint Undertaking, responsible for implementing the Chips for Europe Initiative, entered into the force in September this year. CJU will focus on reinforcing chips design capacity, pilot lines for research and development, capacities for quantum chips and competence centres providing technical expertise.

The Chips Joint Undertaking was created by renaming the Key Digital Technologies Joint (KDTJ) Undertaking. KDTJ was public-private partnership focusing on managing research and innovation in electronic sector. The newly established CJU will focus on semiconductor sector by implementing objectives of Chips for Europe Initiative under the recently adopted EU Chips Act.[8]

**For feedback, get in touch with the SEMI Europe Advocacy Team at
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[6] https://ec.europa.eu/commission/presscorner/detail/en/statement_23_5198
[7] https://www.chipsjulaunchevent.eu/
[8] https://digital-strategy.ec.europa.eu/en/factpages/chips-europe-initiative#:~:text=The%20Chips%20for%20Europe%20Initiative%20includes%20a%20number%20of%20pilot,gap%20from%20lab%20to%20fab