

SEMI Europe Advocacy

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EU Commission adopted European Economic Security Strategy

The long awaited measures to bolster EU economic security were adopted by European Commission on January 24. The 5 new policy actions were announced by Commission Vice-Presidents Valdis Dombrovskis and Margrethe Vestager. Vice-president and Trade Commissioner Dombrovskis in its opening speech stressed that “we want to keep our open economic model but need to be clear-sighted about risks.”¹

Out of five proposed policy actions only one is in form of legislative proposal, while the others are solely white papers and calls for further discussions, consultations and a recommendation. EU Commission presented a revision of Foreign Direct Investment screening mechanism, making it more harmonised and effective. When it comes to Export controls of dual-use, the Commission wants to foster a further discussion with stakeholders. Further consultations will be also needed on Outbound Investment screening, especially in risks stemming from these investments.

On top of already expected measures on investment screening and export controls, the EU Commission announced its intention to focus on research security as well. According to published EU Economic Security Strategy, the further discussions will be needed on how to better promote R&D involving technologies with dual-use potential. In addition, the Commission

¹ <https://twitter.com/VDombrovskis/status/1750128828721074422>

is proposing that Council recommends certain measures aimed at strengthening research security at EU and national level.²

SEMI Europe welcomes the announcement of European Economic Security Strategy, but its President Laith Altimime emphasizes that “the semiconductor industry depends on a high level of cross-border investments and international cooperation as its supply chain is extremely specialized and fragmented with thousands of industrial players globally.”³

EU Commission proposed a revision of the FDI screening mechanism

Three years after its adoption, the EU Commission is proposing a revision of the Foreign Direct Investment screening mechanism. During this period, the FDI screening mechanism enabled Member States and the Commission to exchange information on more than 1200 transactions and access those FDI that may present risks to EU security. The revision with aim of enhancing the effectiveness of the mechanism is part of the 5 measures included in the EU Economic Security Strategy.⁴

The revision directs Member States to establish their own FDI screening mechanisms (Article 3). There are still countries such as Greece and Cyprus that don't have this mechanism established.⁵ The revision is defining the minimum sectoral scope where all Member States must screen FDI (Article 4). The emphasis should be placed on riskier transactions rather than the low-risk ones. The revision creates a cooperation mechanism requiring Member States to notify FDI in their territory (Article 5). Last but not least, the Commission and EU countries can ask for a screening in other member countries – so called “own-initiative procedure” (Article 9).

The 2019 Regulation on FDI screening lacks adequate effectiveness in responding to current geopolitical shifts, particularly those involving China. For this purpose, the Commission wants its revision. The open public consultations are expected before the start of ordinary legislative procedure in which the EU Parliament and Council will need to agree on common positions.

The Council approved the revision of F-Gas Regulation

The revision to the fluorinated greenhouse gases (F-Gas) Regulation is set to be formally implemented soon. The regulation, which aims to gradually reduce the use of F-gases, was adopted by 24 Member States during the General Affairs Council on January 29. Hungary voted against the revision, while the Czech Republic and Italy abstained.

The new rules set 2050 as the year to completely phase out the consumption of hydrofluorocarbons (HFCs), a subgroup of F-gases. The production of HFC will be phased down to a minimum (15%) as of 2036. The text enforces a complete ban on placing products and equipment on the market that have hydrofluorocarbons (HFCs) in several categories, such

² https://ec.europa.eu/commission/presscorner/detail/en/ip_24_363

³ <https://www.semi.org/en/news-media-press-releases/semi-press-releases/semi-applauds-announcement-of-european-economic-security-strategy>

⁴ https://ec.europa.eu/commission/presscorner/detail/en/speech_24_404

⁵ <https://www.politico.eu/newsletter/china-watcher/eus-economic-security-plans-take-aim-at-china/>

as small monoblock heat pumps and air conditioning (2032) and split air conditioning and heat pumps (2035). Revision also updated quantitative limits for the placing of hydrofluorocarbons on the market. However, the semiconductor industry has been granted an exemption and will be excluded from HFC quotas.

The voting in the Council closes the adoption procedure. The regulation will be signed by the Council and the Parliament and then published in the EU's Official Journal. The proposal for a revision of Regulation (EU) No 517/2014 with aim to better contribute to the EU's climate objectives was presented by Commission on 5 April 2022.⁶

EU Commissioner Breton discussed microchips and raw materials with US counterparts

Thierry Breton, the EU Commissioner for Internal Market, travelled to the Washington on January 30 to meet with US representatives within the EU-US Trade and Technology Council (TTC). The previous meeting scheduled at the end of the 2023 was postponed due to busy schedule of Secretary of State Blinken dominated by crisis in Ukraine and the Middle East.⁷

As announced in the video message, Thierry Breton wants to discuss the microchips and raw materials among other important topics.

The first EU-US TTC meeting took place in September 2021 in Pittsburgh after the four years of fraught transatlantic relations under Donald Trump presidency. There have been four TTC meetings since then, making progress on issues like AI, quantum tech, and green tech.⁸

For feedback, get in touch with the SEMI Europe Advocacy Team at

euadvocacy@semi.org.



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⁶ <https://www.consilium.europa.eu/en/press/press-releases/2024/01/29/fluorinated-gases-and-ozone-depleting-substances-council-greenlights-new-rules-to-reduce-harmful-emissions/>

⁷ <https://cepa.org/comprehensive-reports/transatlantic-trade-and-technology-partners-or-rivals/>

⁸ <https://ecfr.eu/article/a-stronger-partner-how-europeans-can-make-the-most-of-the-eu-us-trade-and-technology-council/>