

Press release

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Semiconductors: MEPs adopt legislation to boost EU chips industry

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- EU "Chips Act" will strengthen Europe's strategic autonomy and security
 - Crisis response mechanism to deal with shortages
 - €3.3 billion for research and innovation related to chips
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Europe's share in global production capacity of semiconductors is currently below 10% © luchschenF / AdobeStock

Plans to secure the EU's supply of chips by boosting production and innovation, and establishing emergency measures against shortages, were adopted by Parliament on Tuesday.

The new law, already agreed upon between Parliament and Council, aims to create a favourable environment for chip investments in Europe, by fast tracking permitting procedures and recognising their critical importance via a so-called "highest national significance statute". Small and medium-sized businesses will also benefit from increased support, especially in the area of chip design, in order to boost innovation.

The legislation will support projects that boost the EU's security of supply by attracting investment and building up production capacity. During the talks with the representatives of the Council, MEPs secured €3.3 billion for research and innovation related to chips. A network of competence centres will be created to address the EU's skills shortage and attract new talent for research, design and production.

Crisis response mechanism to address supply problems

A crisis response mechanism will be set up, through which the Commission will assess the risks to the EU's supply of semiconductors. Early warning indicators in member states will be used to trigger an EU-wide shortage alert.

This mechanism will allow the Commission to implement emergency measures such as prioritising the supply of products particularly affected by a shortage, or carrying out common purchasing for member states. MEPs further improved the scheme by introducing a mapping tool that will help identify possible supply bottlenecks. These measures will be a last resort in the event of a crisis in the semiconductors sector.

Parliament also backed provisions to strengthen international cooperation with strategic partners and on intellectual property rights, to guarantee competitive advantages and protection for the EU sector.

Quote

Rapporteur [Dan Nica](#) (S&D, RO) said: "With the European Chips Act, we aim to strengthen the EU's position in the global semiconductor landscape and to address the vulnerabilities in supply chains exposed by the pandemic. We want to have more influence and to be leaders, so we have secured €3.3 billion for research and innovation. We aim to boost technological capacity, and are implementing measures to combat potential shortages. Europe is prepared to face the future challenges in the semiconductor industry, prioritising strategic autonomy, security, and a favourable business environment."

Next steps

The legislation was adopted with 587 votes to 10, with 38 abstentions. It will now have to be endorsed by the Council of ministers in order to become law.

Background

[A study from Parliament](#) highlights that Europe's share in global production capacity of semiconductors is below 10%. The legislative proposal aims to bring it up to 20%. Another piece of Parliament [analysis](#) from 2022 highlighted that the pandemic has revealed long-standing vulnerabilities in global supply chains, and the unprecedented shortage of semiconductors is a prime example. It shows what might be in store in the years to come. These shortages have led, among other issues, to rising costs for industry and higher prices for consumers, and have been slowing down the pace of recovery in Europe.

Conference on the Future of Europe

With the European Chips Act, MEPs respond to [citizens' proposals from the conclusions of the Conference on the Future of Europe](#). This Act addresses proposal 11(5) by promoting the expansion of European technology as a robust alternative to foreign counterparts. It also responds to the need for supply security and manufacturing enhancement in Europe, as outlined in proposal 12(12). The Act echoes the sentiments of proposal 17(3) and 17(7), advocating for strengthened EU supply chains through strategic investments and enhanced inter-member state cooperation to manage supply chain risks. With over €43 billion of public and private investments mobilised, the Act sets forth measures to proactively manage and

swiftly respond to future supply chain disruptions.

Further information

[Adopted text \(11.07.2023\)](#)

[Video recording of the debate \(10.07.2023\)](#)
[Committee on Industry, Research and Energy](#)
[Procedure file](#)


[EP research briefing: The EU chips act -
Securing Europe's supply of semiconductors](#)

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