European Chips Act

The European Chips Act will boost Europe’s technological sovereignty, competitiveness, resilience and contribute to the digital and green transitions.

**Why do we need a European Chips Act?**

Chips — also known as semiconductors — are the building block of all electronic products. They play a central role in our modern economies and our daily lives. Chips underpin the digital transformation and are essential to all industries, such as the car industry, communications, data processing, space, defence, smart devices and gaming, to name a few.

The recent global chips shortage has disrupted supply chains, caused product shortages ranging from cars to medical devices, and in some cases even forced factories to close.

The European Chips Act Regulation was proposed as part of a broader package of measures for strengthening the EU’s semiconductor ecosystem proposed by the Commission in February 2022.

This package includes:

- A Communication outlining the rationale and the overall semiconductor strategy,
- A proposal for a Chips Act Regulation,
- A proposal for amendments to a Council Regulation establishing the KDT Joint Undertaking,
- A Recommendation to Member States, promoting actions for immediate monitoring and mitigation of disruptions in the semiconductor supply chain.
What is the European Chips Act?

The European Chips Act will reinforce the semiconductor ecosystem in the EU, ensure the resilience of supply chains and reduce external dependencies. It is a key step for the EU’s technological sovereignty. And, it will ensure Europe meets its digital decade target of doubling its global market share in semiconductors to 20%.

It will do so by focusing on 5 strategic objectives:

- strengthening research and technological leadership;
- building and reinforcing Europe’s capacity to innovate in the design, manufacturing and packaging of advanced chips;
- putting in place an adequate framework to increase production by 2030;
- addressing the skills shortage and attracting new talent;
- developing an in-depth understanding of global semiconductor supply chains.

A chip's lifecycle

These objectives will be achieved through three pillars of action:

1. The “Chips for Europe Initiative (https://digital-strategy.ec.europa.eu/en/factpages/chips-europe-initiative)” will support large-scale technological capacity building and innovation throughout the Union and enable the development and deployment of cutting-edge, next generation semiconductor and quantum technologies.


3. The European Semiconductor Board will serve as coordination mechanism (https://digital-strategy.ec.europa.eu/en/factpages/chips-act-monitoring) between the Member States and the Commission for mapping and monitoring the Union’s semiconductor value chain as well as preventing and responding to semiconductor crises with ad-hoc emergency measures.

What next?

The Regulation enters into force on 21 September 2023.

Other EU initiatives in the field of semiconductors

The European Chips Act complements EU initiatives already underway in the area of semiconductors, such as:

- the Alliance on Processors and Semiconductor Technologies
programmes and actions in research and development such as Joint Undertakings, Horizon Europe and the Digital Europe Programme;

the important project of common European interest (IPCEI) on microelectronics and communication technologies;

Support via RFF funding - The European Commission approved the construction of a €292.5 million plant in the semiconductor value chain in Catania, Sicily under EU State rules.

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Last Wednesday, the Commission launched the Semiconductor Alert System, a new pilot system to monitor the semiconductor supply chain.

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Commission welcomes political agreement on the European Chips Act

The Commission welcomed the political agreement reached this week between the European Parliament and the EU Member States on the European Chips Act, proposed by the Commission on 8 February 2022, including on the budget.

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**The three pillars of the Chips Act**


Pillar I of the European Chips Act establishes the Chips for Europe Initiative which has the...


Pillar II of the European Chips Act sets up a framework to ensure the security of supply and...


Pillar III of the European Chips Act establishes a coordination mechanism between the Member States...