



**2022/0032(COD)**

18.11.2022

# **OPINION**

of the Committee on Budgets

for the Committee on Industry, Research and Energy

on the proposal for a regulation of the European Parliament and of the Council  
establishing a framework of measures for strengthening Europe's  
semiconductor ecosystem (Chips Act)  
(COM(2022)0046 – C9-0039/2022 – 2022/0032(COD))

Rapporteur for opinion: Karlo Ressler



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## SHORT JUSTIFICATION

The world's semiconductor value chain is highly complex and interdependent, and recent events, including the Covid pandemic and Russia's aggression of Ukraine, have clearly shown its fragility. Currently, European players are strong in Research & Development, but are lacking in translating their results into industrial production. With the Chips Act proposal, and the Chips for Europe Initiative in general, the Commission aims to create a state-of-the-art European chips ecosystem, including production, "from the lab to the fab".

The Chips Act is made up of several different components, and its budgetary dimension is central for its success. The Commission proposes a budgetary architecture whereby the Initiative will not have its own separate financial envelope, but rather be supported by EUR 1,65 billion from Horizon Europe and EUR 1,65 billion from the Digital Europe Programme (DEP) via a new Specific Objective 6. The contributions from Horizon and DEP will mostly be managed under the Chips Joint Undertaking (Chips JU), a renamed and expanded Key Digital Technologies Joint Undertaking.

As regards the EUR 1,65 billion under Horizon, the Commission proposes to earmark EUR 500 million on the Chips JU line and EUR 300 million on the European Innovation Council line. In addition, a total of EUR 850 million would be reallocated to the Chips JU from the Clusters 'Civil Security for Society', 'Digital, Industry and Space' and 'Climate, Energy and Mobility'.

As regards the EUR 1,65 billion under the DEP, EUR 600 million would be reallocated from the existing five Specific Objectives of the Programme. EUR 400 million would be redeployed from Cluster 4 of Horizon: in order to compensate this reduction, the Commission proposes however to make an equivalent amount of decommitted funds available again under Article 15(3) of the Financial Regulation. EUR 400 million would be redeployed from the Connecting Europe Facility (EUR 150 million from CEF-Digital and EUR 250 million from CEF-Transport). Finally EUR 250 million would come from the unallocated margin of Heading 1 of the MFF. The reduction of the financial envelopes of Horizon and CEF would be handled within the 15% variation provided for in the budgetary IIA.

The rapporteur fully supports the ambitious proposal for a Chips Act to make the EU a leader in the field of semiconductors. However, he considers that such an ambitious proposal should involve an equally ambitious and realistic budgetary architecture. While being a minority share of the total amount of resources that the Initiative aims to mobilise via investment by Member States and the private sector, the EUR 3,3 billion dedicated to the Initiative from the EU budget will be essential for its success. It is therefore unfortunate that the Commission proposes to allocate most of these funds by reducing resources for existing, successful programmes that are in many cases already stretched to fund deserving projects.

The rapporteur therefore insists on the long-settled position of Parliament that the financial envelopes of existing EU programmes should not be reduced to fund new initiatives. While the legislative financial statement *per se* cannot be amended, in order to translate that principle into the concrete legislative text, the rapporteur proposes a few amendments along the following lines.



- The earmarking of funds under Horizon (Chips JU line and EIC) could be accepted, but should not go to the detriment of existing activities. It is therefore proposed that an amount equivalent to the funds earmarked (EUR 800 million) is made available again to those lines from decommitted appropriations pursuant to Article 15(3) of the Financial Regulation.
- Redeployments from Horizon or CEF to DEP cannot be accepted, as they would detract from other R&I activities, which are essential for Union competitiveness and the green and digital transitions. Those appropriations should instead come from unallocated margins or mobilised through the non-thematic MFF special instruments.
- The addition of a new Specific Objective 6 to the DEP should not entail the reduction of the resources for the other five Objectives, which are therefore restored at the level set out in the basic act.
- An increase of the financial envelope of Horizon is proposed, which is equivalent to the EUR 850 million that the Commission intends to reallocate within the programme. With the exception of the funds earmarked described above, funds allocated to the Chips Initiative under Horizon should be additional to the envelop laid down in the basic act.

As a final observation, the rapporteur notes that, should the current MFF, despite its in-built flexibilities, not be able to adequately finance such an essential strategic initiative as the Chips Act, the solution should not be to reduce the resources available to other successful EU initiatives, but rather to take the funding needs of the initiative into consideration in the mid-term review of the MFF.

## AMENDMENTS

The Committee on Budgets calls on the Committee on Industry, Research and Energy, as the committee responsible, to take into account the following amendments:

### Amendment 1

#### Proposal for a regulation

#### Recital 3

##### *Text proposed by the Commission*

(3) This framework pursues two objectives. The first objective is to ensure the conditions necessary for the competitiveness and innovation capacity of the Union and to ensure the adjustment of the industry to structural changes due to fast innovation cycles and the need for

##### *Amendment*

(3) This framework pursues two objectives. The first objective is to ensure the conditions necessary for the competitiveness and innovation capacity of the Union, ***always aiming at achieving the objectives of the green transition***, and to ensure the adjustment of the industry to



sustainability. The second objective, separate and complementary to the first one, is to improve the functioning of the internal market by laying down a uniform Union legal framework for increasing the Union's resilience and security of supply in the field of semiconductor technologies.

structural changes due to fast innovation cycles and the need for sustainability. The second objective, separate and complementary to the first one, is to improve the functioning of the internal market by laying down a uniform Union legal framework for increasing the Union's resilience and security of supply in the field of semiconductor technologies.

## **Amendment 2**

### **Proposal for a regulation Recital 9 a (new)**

*Text proposed by the Commission*

*Amendment*

***(9a) Since the Chips initiative is new and was not envisaged when the Multiannual Financial Framework (MFF) for 2021-2027 was established, its funding should not lead to a reduction of the funding for other priority Union programmes, such as Horizon Europe and Digital Europe. The amount of the financial resources dedicated to the Chips initiative should be drawn from the unallocated margins under the MFF ceilings or mobilised through the non-thematic MFF special instruments, while earmarking of funds from other programmes should be compensated in full by other means. The funding needs of the Chips initiative should be prioritised in the mid-term review of the MFF, with a view to ensuring the stability, coherence, ambition and long-term financing of the initiative.***

## **Amendment 3**

### **Proposal for a regulation Recital 10**

*Text proposed by the Commission*

*Amendment*

(10) The Horizon Europe Framework programme established by Regulation (EU)

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2021/695 of the European Parliament and of the Council<sup>51</sup> (Horizon Europe) – the Framework Programme for Research and Innovation, has the objective to strengthen the European research area (ERA), encouraging it to become more competitive, including in its industry, while promoting all research and innovation (R&I) activities to deliver on the Union's strategic priorities and commitments, which ultimately aim to promote peace, the Union's values and the well-being of its peoples. As a major priority of the Union, the total financial resources allocated to the programme should not be reduced **and the reduction of the financial resources of the programme, aimed to reinforce the financial envelope of the Digital Europe programme with the aim of contributing** to the Chips initiative, should be compensated by another source. Consequently, without prejudice to the institutional prerogatives of the European Parliament and of the Council, an amount of commitment appropriations equivalent to the **reduction** should be made available to Horizon Europe over the period 2023-2027, resulting from total or partial non-implementation of projects belonging to that programme or its predecessor, as provided for in Article 15(3) of Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council<sup>52</sup> (the Financial Regulation). This amount will be in addition to the EUR 0.5 billion (in 2018 prices) already mentioned in the Joint Declaration by the European Parliament, the Council and the Commission on the re-use of decommitted funds in relation to the research programme.

2021/695 of the European Parliament and of the Council<sup>51</sup> (Horizon Europe) – the Framework Programme for Research and Innovation, has the objective to strengthen the European research area (ERA), encouraging it to become more competitive, including in its industry, while promoting all research and innovation (R&I) activities to deliver on the Union's strategic priorities and commitments, which ultimately aim to promote peace, the Union's values and the well-being of its peoples. As a major priority of the Union, the total financial resources allocated to the programme should not be reduced. **A dedicated share of Horizon Europe components will be allocated to the Chips initiative. However, the allocation of funds for the activities of the Chips initiative should not detract from the other R&I activities conducted under Horizon Europe, which are essential for Union competitiveness and the green and digital transitions. When financial resources from Horizon Europe are dedicated to contribute** to the Chips initiative, **those resources** should be **fully** compensated by another source. Consequently, without prejudice to the institutional prerogatives of the European Parliament and of the Council, an amount of commitment appropriations equivalent to the **funds earmarked** should be made available to Horizon Europe over the period 2023-2027, resulting from total or partial non-implementation of projects belonging to that programme or its predecessor, as provided for in Article 15(3) of Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council<sup>52</sup> (the Financial Regulation). This amount will be in addition to the EUR 0.5 billion (in 2018 prices) already mentioned in the Joint Declaration by the European Parliament, the Council and the Commission on the re-use of decommitted funds in relation to the research programme.



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<sup>51</sup> Regulation (EU) 2021/695 of the European Parliament and of the Council of 28 April 2021 establishing Horizon Europe – the Framework Programme for Research and Innovation, laying down its rules for participation and dissemination, and repealing Regulations (EU) No 1290/2013 and (EU) No 1291/2013. (OJ L 170, 12.5.2021, p. 1).

<sup>52</sup> Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012 (OJ L 193, 30.7.2018, p. 1).

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<sup>51</sup> Regulation (EU) 2021/695 of the European Parliament and of the Council of 28 April 2021 establishing Horizon Europe – the Framework Programme for Research and Innovation, laying down its rules for participation and dissemination, and repealing Regulations (EU) No 1290/2013 and (EU) No 1291/2013. (OJ L 170, 12.5.2021, p. 1).

<sup>52</sup> Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012 (OJ L 193, 30.7.2018, p. 1).

## Amendment 4

### Proposal for a regulation Recital 11

#### *Text proposed by the Commission*

(11) In order to equip the Union with the semiconductor technology research and innovation capacities needed to maintain its research and industrial investments at a leading edge, and bridge the current gap between research and development and manufacturing, the Union and its Member States should better coordinate their efforts and co-invest. To achieve this, the Union and Member States, should take into consideration the twin digital and green transition goals. The Initiative throughout all components and actions, to the extent possible, should mainstream and maximise the benefits of application of semiconductor technologies as powerful

#### *Amendment*

(11) In order to equip the Union with the semiconductor technology research and innovation capacities needed to maintain its research and industrial investments at a leading edge, and bridge the current gap between research and development and manufacturing, the Union and its Member States should better coordinate their efforts and co-invest, ***while aiming to boost the research capacities of Member States that do not have the ability to benefit from the industrial manufacturing of chips and their components, so that Member States can equally benefit from such long-term investments.*** To achieve this, the Union and Member States, should take into



enablers for the sustainability transition that can lead to new products and more efficient, effective, clean and durable use of resources, including energy and materials necessary for production and the whole lifecycle use of semiconductors.

consideration the twin digital and green transition goals. The Initiative throughout all components and actions, to the extent possible, should mainstream and maximise the benefits of application of semiconductor technologies as powerful enablers for the sustainability transition that can lead to new products and more efficient, effective, clean and durable use of resources, including energy and materials necessary for production and the whole lifecycle use of semiconductors.

## **Amendment 5**

### **Proposal for a regulation Recital 11 a (new)**

*Text proposed by the Commission*

*Amendment*

***(11a) In order to achieve a circular economy, and to make the Union's supply chain more resilient, the Chips initiative should foster investment in the recycling of rare metals and materials to turn e-waste into a resource.***

## **Amendment 6**

### **Proposal for a regulation Recital 13 a (new)**

*Text proposed by the Commission*

*Amendment*

***(13a) Support from the Chips initiative should take into consideration geographical balance, in particular striving to achieve broad geographical cover in relation to pilot lines.***

## **Amendment 7**

### **Proposal for a regulation Recital 25**



*Text proposed by the Commission*

(25) In light of their importance for ensuring the security of supply and enabling a resilient semiconductor ecosystem, Integrated Production Facilities and Open EU Foundries ***should*** be considered to ***be in the public*** interest. Ensuring the security of supply of semiconductors is important also for digitalisation that enables the green transition of many other sectors. To contribute towards security of supply of semiconductors in the Union, Member States may apply support schemes and provide for administrative support in national permit granting procedures. ***This is without prejudice to the competence of the Commission in the field of State aid under Article 107 and 108 of the Treaty, where relevant.*** Member States should support the set-up of Integrated Production Facilities and Open EU Foundries in accordance with Union law.

*Amendment*

(25) In light of their importance for ensuring the security of supply and enabling a resilient semiconductor ecosystem, Integrated Production Facilities and Open EU Foundries ***could*** be considered to ***provide services of general*** interest. Ensuring the security of supply of semiconductors is important also for digitalisation that enables the green transition of many other sectors. To contribute towards security of supply of semiconductors in the Union, Member States may apply support schemes and provide for administrative support in national permit granting procedures, ***to extent that such support schemes are compatible with applicable*** state aid rules. Member States should support the set-up of Integrated Production Facilities and Open EU Foundries in accordance with Union law.

*Justification*

*Provisions on state aid will directly affect the implementation of the Chips for Europe Initiative and its EU budget contribution. Exemptions from state aid rules should remain exceptional and be based on objective and precise criteria, applied in a non-discriminatory and proportionate manner. Otherwise, we run the risk of creating a subsidies race within the Union. In addition, the term "services of general interest" has a solid basis in EU competition law as well as the Treaties, whereas it is difficult to define any precise pan-EU "public" interest that is valid for all Member States. The direct reference to the Treaties is unprecedented and disproportionate.*

**Amendment 8**

**Proposal for a regulation**  
**Recital 27**

*Text proposed by the Commission*

(27) The internal market would greatly benefit from common standards for green, trusted and secure chips. Future smart devices, systems and connectivity

*Amendment*

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platforms will have to rely on advanced semiconductor components and they will have to meet green, trust and cybersecurity requirements which will largely depend on the features of the underlying technology. To that end, the Union should develop reference certification procedures and require the industry to jointly develop such procedures for specific sectors and technologies with potential high social impact.

platforms will have to rely on advanced semiconductor components and they will have to meet green, trust and cybersecurity requirements which will largely depend on the features of the underlying technology. To that end, the Union should develop reference certification procedures **to ensure the development and implementation of green and cybersecurity credentials in line with international standards** and require the industry to jointly develop such procedures for specific sectors and technologies with potential high social impact. **Device durability, interoperability and sustainability of underlying infrastructure are key prerequisites to ensure that efficiency gains are not cancelled out by short renewal cycles.**

## Amendment 9

### Proposal for a regulation Recital 45

#### *Text proposed by the Commission*

(45) Appropriate, effective and proportionate measures **should** be identified and implemented when the crisis stage is activated without prejudice to possible continued international engagement with relevant partners with the view to mitigating the evolving crisis situation. Where appropriate, the Commission **should** request information from undertakings along the semiconductor supply chain. Furthermore, the Commission should be able to, **where necessary and proportionate**, oblige Integrated Production Facilities and Open EU Foundries to accept and prioritise an order of the production of crisis-relevant products, **and to act as a central purchasing body when mandated by Member States**. The Commission could limit the measures to certain critical sectors. In addition, the European

#### *Amendment*

(45) Appropriate, effective and proportionate measures **that do not exceed what is necessary to rectify the immediate crisis could** be identified and implemented when the crisis stage is activated without prejudice to possible continued international engagement with relevant partners with the view to mitigating the evolving crisis situation. Where appropriate, the Commission **could** request information from undertakings along the semiconductor supply chain. Furthermore, the Commission should be able to **act as a central purchasing body when mandated by Member States. In extraordinary circumstances, the Commission should be able to, as a last resort**, oblige Integrated Production Facilities and Open EU Foundries to accept and prioritise an order of the production of crisis-relevant products, **in such cases where it is**



Semiconductor Board may advise on the necessity of introducing an export control regime pursuant to Regulation (EU) 2015/479 of the European Parliament and of the Council<sup>60</sup>. The European Semiconductor Board may also assess and advise on further appropriate and effective measures. The use of all these emergency measures should be proportionate and restricted to what is necessary to address the significant disturbances at stake insofar as this is in the best interest of the Union. The Commission should regularly inform the European Parliament and the Council of the measures taken and the underlying reasons. The Commission may, after consulting with the Board, issue further guidance on the implementation and use of the emergency measures.

*necessary and proportionate to ensure the basic operation of critical sectors. Before making any such decision, the Commission should consult the European Semiconductor Board. Furthermore, the Commission should consult the European Semiconductor Board on the proportionality of all proposed emergency actions and* could limit the measures to certain critical sectors. In addition, the European Semiconductor Board may advise on the necessity of introducing an export control regime pursuant to Regulation (EU) 2015/479 of the European Parliament and of the Council<sup>60</sup>. The European Semiconductor Board may also assess and advise on further appropriate and effective measures. The use of all these emergency measures should be proportionate and restricted to what is necessary to address the significant disturbances at stake insofar as this is in the best interest of the Union. The Commission should regularly inform the European Parliament and the Council of the measures taken and the underlying reasons. The Commission may, after consulting with the Board, issue further guidance on the implementation and use of the emergency measures.

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<sup>60</sup> Regulation (EU) 2015/479 of the European Parliament and of the Council of 11 March 2015 on common rules for exports (OJ L 83, 27.3.2015, p. 34).

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<sup>60</sup> Regulation (EU) 2015/479 of the European Parliament and of the Council of 11 March 2015 on common rules for exports (OJ L 83, 27.3.2015, p. 34).

## Amendment 10

### Proposal for a regulation Recital 48

*Text proposed by the Commission*

(48) In order to ensure that critical sectors can continue to operate in a time of crisis and when necessary and proportionate for this purpose, Integrated

*Amendment*

(48) In order to ensure that critical sectors can continue to operate in a time of crisis and when necessary and proportionate for this purpose, Integrated



Production Facilities and Open EU Foundries could be obliged by the Commission to accept and prioritise orders of crisis-relevant products. This obligation may also be extended to semiconductor manufacturing facilities which have accepted such possibility in the context of receiving public support. The decision on a priority rated order should be taken in accordance with all applicable Union legal obligations, having regard to the circumstances of the case. The priority rating obligation should take precedence over any performance obligation under private or public law while it should have regard for the legitimate aims of the undertakings and the cost and effort required for any change in production sequence. Undertakings may be subject to penalties if they fail to comply with the obligation for priority rated orders.

Production Facilities and Open EU Foundries could be obliged by the Commission to accept and prioritise orders of crisis-relevant products. This obligation may also be extended to semiconductor manufacturing facilities which have accepted such possibility in the context of receiving public support. The decision on a priority rated order should be taken in accordance with all applicable Union legal obligations, having regard to the circumstances of the case. The priority rating obligation should take precedence over any performance obligation under private or public law while it should have regard for the legitimate aims of the undertakings and the cost and effort required for any change in production sequence. Undertakings may be subject to penalties if they fail to comply with the obligation for priority rated orders. ***Priority rated orders should be used as a last resort and only to ensure the basic operation of all or certain critical sectors, in the sense of a minimum level of required production.***

#### *Justification*

*Priority rated orders, where they are justified, should not be used to maintain business-as-usual operations of critical sectors. They should only be used as a last resort, to ensure basic operations or a minimum level of required production. This ensures that EU investments and budget contributions serve their intended purpose.*

#### **Amendment 11**

##### **Proposal for a regulation Recital 52 a (new)**

*Text proposed by the Commission*

*Amendment*

***(52a) The European Semiconductor Board should continuously assess priority rated orders, with a particular view to their effects on all economic sectors and Member States. If it finds that decisions are disproportionate or do more harm***



***than good, the European Semiconductor Board can recommend to the Commission to limit the scope of the decisions or to repeal them completely.***

#### *Justification*

*In order to ensure good governance, efficient use of EU resources and the proportionality of market-distorting effects, priority rated orders should be continually assessed by Member States. The European Semiconductor Board should also have the explicit right to initiate limiting or discontinuing a priority rated order after such a decision has been taken.*

## **Amendment 12**

### **Proposal for a regulation Recital 55**

#### *Text proposed by the Commission*

(55) In order to facilitate a smooth, effective and harmonised implementation of this Regulation, cooperation and the exchange of information, the European Semiconductor Board should be established. The European Semiconductor Board should provide advice to and assist the Commission on specific questions. These should include providing advice on the Chips for Europe Initiative to the Public Authorities Board of the Chips Joint Undertaking; exchanging information on the functioning of the Integrated Production Facilities and Open EU Foundries; discussing and preparing the identification of specific sectors and technologies with potential high social impact and respective security significance in need of certification for trusted products and addressing coordinated monitoring and crisis response. Furthermore, the European Semiconductor Board should ensure the consistent application of this Regulation, facilitate cooperation between Member States as well as exchange of information on issues relating to this Regulation. The European Semiconductor Board should support the Commission in international

#### *Amendment*

(55) In order to facilitate a smooth, effective and harmonised implementation of this Regulation, cooperation and the exchange of information, the European Semiconductor Board should be established. The European Semiconductor Board should provide advice to and assist the Commission on specific questions. These should include providing advice on the Chips for Europe Initiative to the Public Authorities Board of the Chips Joint Undertaking; exchanging information on the functioning of the Integrated Production Facilities and Open EU Foundries; discussing and preparing the identification of specific sectors and technologies with potential high social impact and respective security significance in need of certification for trusted products and addressing coordinated monitoring and crisis response. Furthermore, the European Semiconductor Board should ensure the consistent application of this Regulation, facilitate cooperation between Member States as well as exchange of information on issues relating to this Regulation. The European Semiconductor Board should support the Commission in international



cooperation in line with international obligations, including in information gathering and crisis assessment. In addition, the European Semiconductor Board should coordinate, cooperate and exchange information with other Union crisis response and crisis preparedness structures with a view to ensure a coherent and coordinated Union approach as regards crisis response and crisis preparedness measures for semiconductor crises.

cooperation in line with international obligations, including in information gathering and crisis assessment. In addition, the European Semiconductor Board should coordinate, cooperate and exchange information with other Union crisis response and crisis preparedness structures with a view to ensure a coherent and coordinated Union approach as regards crisis response and crisis preparedness measures for semiconductor crises. ***The European Semiconductor Board should cooperate closely with the Commission in identifying specific critical services, system and products in the semiconductor supply chain, and in accordance with Article 19 of Directive [proposal NIS 2], consult the Commission in order to carry out a coordinated security risk assessment of the semiconductor supply chain aiming to enhance the resilience of the supply chain, the integrated security of components along the supply chain, and enable the achievement of strategic objectives in establishing a secure and robust semiconductor ecosystem in the Union.***

## Amendment 13

### Proposal for a regulation Article 8 – paragraph 3

#### *Text proposed by the Commission*

3. Member States shall designate candidate competence centres in accordance with its national procedures, administrative and institutional structures through an open and competitive process. The Commission shall, by means of implementing acts, set the procedure for establishing competence centres, including selection criteria, and further tasks and functions of the centres with respect to the implementation of the actions under the Initiative, the procedure for establishing the network as well to adopt decisions on

#### *Amendment*

3. Member States shall designate candidate competence centres in accordance with its national procedures, administrative and institutional structures through an open and competitive process. The Commission shall, by means of implementing acts, set the procedure for establishing competence centres, including selection criteria, and further tasks and functions of the centres with respect to the implementation of the actions under the Initiative, the procedure for establishing the network as well to adopt decisions on



the selection of entities forming the network. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 33(2).

the selection of entities forming the network, ***taking into account the need for representation of the entire Union's semiconductor value chain***. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 33(2).

## Amendment 14

### Proposal for a regulation Article 8 – paragraph 4

#### *Text proposed by the Commission*

4. The network shall have substantial overall autonomy to lay down its organisation, composition and working methods. However, the organisation, composition and working methods of the network shall be in accordance with and contribute to the aims and objectives of this Regulation and the Initiative.

#### *Amendment*

4. The network shall have substantial overall autonomy to lay down its organisation, composition and working methods. However, the organisation, composition and working methods of the network shall ***represent the Union's entire semiconductor value chain, from materials to chip design, and*** be in accordance with and contribute to the aims and objectives of this Regulation and the Initiative. ***The network shall avoid fragmentation of activities and duplication of efforts.***

## Amendment 15

### Proposal for a regulation Article 13 – title

#### *Text proposed by the Commission*

***Public interest and*** public support

#### *Amendment*

Public support

## Amendment 16

### Proposal for a regulation Article 13 – paragraph 1

#### *Text proposed by the Commission*

1. Integrated Production Facilities and

#### *Amendment*

1. Integrated Production Facilities and



Open EU Foundries **shall** be considered to contribute to the security of supply of semiconductors in the Union and therefore to **be in the public** interest.

Open EU Foundries **may** be considered to contribute to the security of supply of semiconductors in the Union and therefore to **provide services of general** interest.

#### *Justification*

*Provisions on state aid will directly affect the implementation of the Chips for Europe Initiative and its EU budget contribution. Exemptions from state aid rules should remain exceptional and be based on objective and precise criteria, applied in a non-discriminatory and proportionate manner. Services of general interest has a solid basis in EU competition law as well as the Treaties, while "public interest" has a dubious legal basis. Furthermore, it is difficult to define any precise pan-EU "public" interest that is valid for all Member States.*

#### **Amendment 17**

##### **Proposal for a regulation Article 13 – paragraph 2**

###### *Text proposed by the Commission*

2. In order to reach security of supply in the Union, Member States may, **without prejudice to Articles 107 and 108 of the Treaty**, apply support schemes and provide for administrative support to Integrated Production Facilities and Open EU Foundries in accordance with Article 14.

###### *Amendment*

2. In order to reach security of supply in the Union, Member States may, **to the extent that they are compatible with applicable state aid rules**, apply support schemes and provide for administrative support to Integrated Production Facilities and Open EU Foundries in accordance with Article 14.

#### *Justification*

*Including a direct reference to the prohibition against state aid in the Treaties is unprecedented and disproportionate. In order to safeguard the efficient use of public and EU funds and the integrity of the single market, state aid should be granted only in exceptional circumstances and in accordance with applicable legislation.*

#### **Amendment 18**

##### **Proposal for a regulation Article 18 – paragraph 2**

###### *Text proposed by the Commission*

2. Where an assessment of the Commission provides concrete, serious,

###### *Amendment*

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and reliable evidence of a semiconductor crisis, the Commission may activate the crisis stage by means of implementing acts in accordance with Article 33(2). The duration of the activation shall be specified in the implementing act. ***Where, in view of the scope and gravity of the semiconductor crisis, duly justified imperative grounds of urgency so require, the procedure provided for in Article 33(3) shall apply to implementing acts adopted pursuant to this Article.***

and reliable evidence of a semiconductor crisis, the Commission may activate the crisis stage by means of implementing acts in accordance with Article 33(2). The duration of the activation shall be specified in the implementing act.

#### *Justification*

*To ensure good governance and prudent use of EU resources, while considering the powerful crisis measures proposed in Articles 20-22, the ordinary and full examination procedure should be used for implementing acts. An urgency procedure would furthermore be inconsistent with the requirements that "concrete, serious, and reliable evidence" should constitute the basis for any crisis assessment and subsequent action.*

### **Amendment 19**

#### **Proposal for a regulation Article 19 – paragraph 1**

##### *Text proposed by the Commission*

1. Where the crisis stage is activated and where appropriate in order to address the semiconductor crisis in the Union, the Commission ***shall*** take the measure provided for in Article 20 under the conditions laid down therein. In addition, the Commission may take the measures provided for in Article 21 or Article 22, or both, under the conditions laid down therein.

##### *Amendment*

1. Where the crisis stage is activated and where appropriate in order to address the semiconductor crisis in the Union, the Commission ***may*** take the measure provided for in Article 20 under the conditions laid down therein. In addition, the Commission may take the measures provided for in Article 21 or Article 22, or both, under the conditions laid down therein.

### **Amendment 20**

#### **Proposal for a regulation Article 19 – paragraph 2**

##### *Text proposed by the Commission*

##### *Amendment*



2. The Commission ***may, after consulting*** the European Semiconductor Board, limit the measures provided for in Articles 21 and 22 to certain critical sectors the operation of which is disturbed or under threat of disturbance on account of the semiconductor crisis.

2. The Commission ***shall consult*** the European Semiconductor Board ***on the proportionality of the actions proposed and may*** limit the measures provided for in Articles 21 and 22 to certain critical sectors the operation of which is disturbed or under threat of disturbance on account of the semiconductor crisis.

#### *Justification*

*In order to ensure good governance and prudent use of EU resources, once the crisis stage is activated, the Commission should consult the European Semiconductor Board on the measures it wishes to take, with a view to whether the actions proposed are proportionate.*

### **Amendment 21**

#### **Proposal for a regulation Article 19 – paragraph 4**

##### *Text proposed by the Commission*

4. The use of the measures referred to in paragraph 1 shall be proportionate and restricted to what is necessary for addressing serious disruptions of vital societal functions or economic activities in the Union ***and*** must be in the best interest of the Union. The use of these measures shall avoid placing disproportionate administrative burden on SMEs.

##### *Amendment*

4. The use of the measures referred to in paragraph 1 shall be proportionate and restricted to what is necessary for addressing serious disruptions of vital societal functions or economic activities in the Union. ***Measures*** must be in the best interest of the Union ***and shall not disproportionately favour any one or group of Member States***. The use of these measures shall avoid placing disproportionate administrative burden on SMEs.

#### *Justification*

*The crisis stage may be approved by qualified majority vote in the Council. We need to make sure that any measures adopted do not threaten to disproportionately disrupt economic sectors in Member States that see risks in moving forward with emergency measures.*

### **Amendment 22**

#### **Proposal for a regulation Article 20 – paragraph 1**



*Text proposed by the Commission*

1. The Commission ***shall***, after consulting the European Semiconductor Board, request representative organisations of undertakings or, if necessary, individual undertakings operating along the semiconductor supply chain to inform the Commission about their production capabilities, production capacities, current primary disruptions and provide other existing data necessary to assess the nature of the semiconductor crisis or to identify and assess potential mitigation or emergency measures at national or Union level.

*Amendment*

1. The Commission ***may***, after consulting the European Semiconductor Board, request representative organisations of undertakings or, if necessary, individual undertakings operating along the semiconductor supply chain to inform the Commission about their production capabilities, production capacities, current primary disruptions and provide other existing data necessary to assess the nature of the semiconductor crisis or to identify and assess potential mitigation or emergency measures at national or Union level.

**Amendment 23**

**Proposal for a regulation**  
**Article 21 – paragraph 1**

*Text proposed by the Commission*

1. Where necessary and proportionate to ensure the operation of all or certain critical sectors, the Commission may oblige Integrated Production Facilities and Open EU Foundries to accept and prioritise an order of crisis-relevant products ('priority rated order'). ***The obligation shall take precedence over any performance obligation under private or public law.***

*Amendment*

1. ***In extraordinary circumstances***, where necessary and proportionate to ensure the ***basic*** operation of all or certain critical sectors, the Commission may oblige Integrated Production Facilities and Open EU Foundries to accept and prioritise an order of crisis-relevant products ('priority rated order').

*Justification*

*To ensure prudent and efficient use of EU resources, priority rated orders should only be used as a last resort, when a crisis cannot be alleviated by other means. We should also clarify that this exceptional measure should only ensure the basic operation of applicable sectors, not business as usual. Furthermore, the blanket exemption from any other legal obligation under private or public law is not legally certain and should be removed. We need to ensure ample safeguards so that priority rated orders are used in a proportionate and prudent manner.*

**Amendment 24**



**Proposal for a regulation**  
**Article 21 – paragraph 3**

*Text proposed by the Commission*

3. When a semiconductor undertaking established in the Union is subject to a third country priority rated order measure, it shall inform the Commission. Should that obligation significantly impact the operation of certain critical sectors, the Commission may oblige that undertaking to accept and prioritise orders of crisis relevant products in line with paragraph 4, 5 and 6.

*Amendment*

3. When a semiconductor undertaking established in the Union is subject to a third country priority rated order measure, it shall inform the Commission. Should that obligation significantly impact the operation of certain critical sectors, the Commission may oblige that undertaking, **where necessary, proportionate and as a last resort measure**, to accept and prioritise orders of crisis relevant products in line with paragraph 4, 5 and 6.

**Amendment 25**

**Proposal for a regulation**  
**Article 21 – paragraph 4**

*Text proposed by the Commission*

4. The obligations under paragraph 1, 2 and 3 shall be enacted by the Commission via decision. The decision shall be taken in accordance with all applicable Union legal obligations, having regard to the circumstances of the case, including the principles of necessity and proportionality. The decision shall in particular have regard for the legitimate aims of the undertaking concerned and the cost and effort required for any change in production sequence. In its decision, the Commission shall state the legal basis of the priority rated order, fix the time-limit within which the order is to be performed, and, where applicable, specify the product and quantity, and state the penalties provided for in Article 28 for non-compliance with the obligation. The priority rated order shall be placed at fair and reasonable price.

*Amendment*

4. The obligations under paragraph 1, 2 and 3 shall be enacted by the Commission via decision. **Before taking such a decision, the Commission shall consult the European Semiconductor Board which may advise the Commission on the necessity and proportionality of the** decision. The decision shall be taken in accordance with all applicable Union legal obligations, having regard to the **advice of the European Semiconductor Board and** circumstances of the case, including the principles of necessity and proportionality. The decision shall in particular have regard for the legitimate aims of the undertaking concerned and the cost and effort required for any change in production sequence. In its decision, the Commission shall state the legal basis of the priority rated order, fix the time-limit within which the order is to be performed, and, where applicable, specify the product and quantity, and state the penalties provided for in Article 28 for non-compliance with the obligation. The



priority rated order shall be placed at fair and reasonable price.

*Justification*

*The European Semiconductor Board should be consulted before any decision is enacted by the Commission. This is to ensure efficient use of EU resources and that a priority rated order is necessary and proportionate. These safeguards are important to ensure proper implementation of the proposal.*

**Amendment 26**

**Proposal for a regulation**

**Article 21 – paragraph 4 a (new)**

*Text proposed by the Commission*

*Amendment*

**4a. The European Semiconductor Board shall continuously assess and advise the Commission on whether decisions enacted under this Article are appropriate and effective. The European Semiconductor Board may recommend the Commission to limit the scope of the decisions or to repeal them completely.**

*Justification*

*Priority rated orders should be continually assessed with a view to their effects on all economic sectors and Member States. If the Board finds that enacted decisions are disproportionate or do more harm than good, they may recommend the Commission to limit the scope of, or fully discontinue enacted decisions.*

**Amendment 27**

**Proposal for a regulation**

**Article 22 – paragraph 6 a (new)**

*Text proposed by the Commission*

*Amendment*

**6a. All joint procurement activities and related purchase agreements shall be conducted with a high degree of transparency. The European Court of Auditors shall have full access to all relevant documents and communications**



*to provide accurate annual scrutiny of signed contracts and public investment.*

## **Amendment 28**

### **Proposal for a regulation**

#### **Article 34 – paragraph 1 – point 3**

Regulation (EU) 2021/694

Article 9 – paragraph 1

#### *Text proposed by the Commission*

1. The financial envelope for the implementation of the Programme for the period from 1 January 2021 to 31 December 2027 shall be EUR **8 638 000 000** EUR in current prices.

#### *Amendment*

1. The financial envelope for the implementation of the Programme for the period from 1 January 2021 to 31 December 2027 shall be EUR **9 238 000 000** EUR in current prices.

*(To be considered together with the amendments to Article 9(2) of Regulation (EU) 2021/694)*

#### *Justification*

*As a new, highly strategic EU initiative, the Chips for Europe Initiative requires fresh financial resources. The 1,65 billion dedicated to the Chips Act under the Digital Europe Programme (Specific Objective 6) should not reduce the financial envelope for the other five Specific Objectives.*

## **Amendment 29**

### **Proposal for a regulation**

#### **Article 34 – paragraph 1 – point 3**

Regulation (EU) 2021/694

Article 9 – paragraph 2

#### *Text proposed by the Commission*

2. *The indicative distribution of the amount referred to in paragraph 1 shall be:*

*EUR 2 076 914 000 for Specific Objective 1 – High Performance Computing;*

*EUR 1 841 956 000 for Specific Objective 2 – Artificial Intelligence;*

*EUR 1 529 566 000 for Specific Objective*

#### *Amendment*

*deleted*



**3 – Cybersecurity and Trust;**

**EUR 517 347 000 for Specific Objective 4**

**– Advanced Digital Skills;**

**EUR 1 022 217 000 for Specific Objective**

**5 – Deployment and Best Use of Digital**

**Capacities and Interoperability;**

**EUR 1 650 000 000 billion for Specific**

**Objective 6 – Semiconductors.;**

*(To be considered together with the other amendments to Article 9(1) and 9(2) of Regulation (EU) 2021/694.)*

*Justification*

*The deletion restores the allocation of funds to the first five Specific Objectives of the Digital Europe Programme laid down in the Programme's basic act. The 1,65 billion dedicated to the Chips Act (Specific Objective 6) should be additional to the funding for the existing Objectives.*

**Amendment 30**

**Proposal for a regulation**

**Article 34 – paragraph 1 – point 3 a (new)**

Regulation (EU) 2021/694

Article 9 – paragraph 2 – point f (new)

*Text proposed by the Commission*

*Amendment*

**3a. In Article 9(2), the following point is added:**

**'(f) EUR 1 650 000 000 for Specific Objective 6 – Semiconductors.';**

*(To be considered together with the other amendments to Article 9(1) and 9(2) of Regulation (EU) 2021/694.)*

*Justification*

*The 1,65 billion dedicated to the Chips Act under the Digital Europe Programme (Specific Objective 6) should be added to the financial envelope of the programme without reducing the resources for the other five Specific Objectives.*



## Amendment 31

### Proposal for a regulation

#### Article 34 a (new)

Regulation (EU) 2021/695

Article 12

*Present text*

*Amendment*

#### *Article 34a*

***Amendments to Regulation (EU) 2021/695 establishing Horizon Europe – the Framework Programme for Research and Innovation, laying down its rules for participation and dissemination, and repealing Regulations (EU) No 1290/2013 and (EU) No 1291/2013***

***1. Article 12 of Regulation (EU) 2021/695 is amended as follows:***

***(a) paragraph 1 is replaced by the following:***

1. The financial envelope for the implementation of the Programme for the period from 1 January 2021 to 31 December 2027 shall be **EUR 86 123 000 000** in current prices for the specific programme referred to in point (a) of Article 1(2) and for the EIT and EUR 7 953 000 000 in current prices for the specific programme referred to in point (c) of Article 1(2).

'1. The financial envelope for the implementation of the Programme for the period from 1 January 2021 to 31 December 2027 shall be **EUR 86 973 000 000** in current prices for the specific programme referred to in point (a) of Article 1(2) and for the EIT and EUR 7 953 000 000 in current prices for the specific programme referred to in point (c) of Article 1(2).';

***(b) in paragraph 2, point (b), point (iv) is replaced by the following:***

(iv) **EUR 13 462 000 000** for cluster 'Digital, Industry and Space';

'(iv) **EUR 14 312 000 000** for cluster 'Digital, Industry and Space';'.

#### *Justification*

*The financial envelope of Horizon Europe is amended to make it explicit that the EUR 850 million to be used for the Chips Joint Undertaking are additional to the original financial envelope of the Programme. The allocation to the cluster 'Digital, Industry and Space' is only indicative. The amount corresponds to the amount that the Commission proposes to reallocate from the clusters 'Civil Security for Society', 'Digital, Industry and Space' and 'Climate, Energy and Mobility'.*



## PROCEDURE – COMMITTEE ASKED FOR OPINION

<b>Title</b>	Establishing a framework of measures for strengthening Europe's semiconductor ecosystem (Chips Act)
<b>References</b>	COM(2022)0046 – C9-0039/2022 – 2022/0032(COD)
<b>Committee responsible</b> Date announced in plenary	ITRE 7.3.2022
<b>Opinion by</b> Date announced in plenary	BUDG 7.3.2022
<b>Rapporteur for the opinion</b> Date appointed	Karlo Ressler 11.3.2022
<b>Discussed in committee</b>	31.8.2022
<b>Date adopted</b>	17.11.2022
<b>Result of final vote</b>	+: 30 –: 0 0: 1
<b>Members present for the final vote</b>	Pietro Bartolo, Robert Biedroń, Olivier Chastel, Andor Deli, Eider Gardiazabal Rubial, Vlad Gheorghe, Valentino Grant, Francisco Guerreiro, Valérie Hayer, Joachim Kuhs, Pierre Larrouturnou, Janusz Lewandowski, Margarida Marques, Siegfried Mureşan, Andrey Novakov, Karlo Ressler, Bogdan Rzońca, Nils Ušakovs, Rainer Wieland
<b>Substitutes present for the final vote</b>	Damian Boeselager, Ilan De Basso, Jens Geier, Henrike Hahn, Martin Hojsík, Younous Omarjee, Eva Maria Poptcheva, Petri Sarvamaa
<b>Substitutes under Rule 209(7) present for the final vote</b>	Clara Aguilera, Krzysztof Hetman, Marlene Mortler, Barbara Thaler



## FINAL VOTE BY ROLL CALL IN COMMITTEE ASKED FOR OPINION

30	+
ECR	Bogdan Rzońca
ID	Valentino Grant
NI	Andor Deli
PPE	Krzysztof Hetman, Janusz Lewandowski, Marlene Mortler, Siegfried Mureşan, Andrey Novakov, Karlo Ressler, Petri Sarvamaa, Barbara Thaler, Rainer Wieland
RENEW	Olivier Chastel, Vlad Gheorghe, Valérie Hayer, Martin Hojsík, Eva Maria Poptcheva
S&D	Clara Aguilera, Pietro Bartolo, Robert Biedroń, Ilan De Basso, Eider Gardiazabal Rubial, Jens Geier, Pierre Larrourou, Margarida Marques, Nils Ušakovs
THE LEFT	Younous Omarjee
VERTS/ALE	Damian Boeselager, Francisco Guerreiro, Henrike Hahn

0	-

1	0
ID	Joachim Kuhs

Key to symbols:

+ : in favour

- : against

0 : abstention