



2022/0032(COD)

05.12.2022

OPINION

of the Committee on International Trade

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: Geert Bourgeois

PA_Legam

SHORT JUSTIFICATION

The Rapporteur welcomes in general the Commission's proposal for a Chips Act. There is a need to improve the security and stability of Europe's semiconductor ecosystem to ensure a successful digital transition.

In the global supply chains of the semiconductor industry, the EU and its Member States must maintain the subtle balance between open strategic autonomy on the one hand and the promotion of technological sovereignty on the other. This strategy must above all not lapse into unnecessary protectionism. This would hinder the further development of expertise and leadership in the EU: existing European companies are reaping the benefits of globalisation in this sector. Protective measures should be aimed primarily at ensuring a level international playing field while deepening and diversifying relationships through increased international cooperation to help stabilize global supply chains.

This draft opinion seeks primarily to contribute to the third pillar of the Chips Act, by establishing a more balanced instrument with an increased involvement of the industry, other research stakeholders and representatives of third partners, and enhanced monitoring and reporting regarding the situations that may lead to the use of emergency instruments.

AMENDMENTS

The Committee on International Trade 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 2

Text proposed by the Commission

(2) A framework for increasing the Union's resilience in the field of semiconductor technologies should be established, stimulating investment, strengthening the capabilities of the Union's semiconductor supply chain, and increasing cooperation among the Member States **and** the Commission.

Amendment

(2) A framework for increasing the Union's resilience in the field of semiconductor technologies should be established, stimulating investment, ***promoting workforce skills and knowledge, including on chip design, production and research and development,*** strengthening the capabilities of the Union's semiconductor supply chain, and increasing cooperation ***and coordination*** among the Member States, the Commission ***and like-minded third***

partners.

Amendment 2

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 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

(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 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, ***as well as strengthening its role at the global level through international cooperation and trade.***

Amendment 3

Proposal for a regulation

Recital 4

Text proposed by the Commission

(4) It is necessary to take measures to build capacity and strengthen the Union's semiconductor sector in line with Article 173(3) of the Treaty. These measures do not entail the harmonisation of national laws and regulations. In this regard, the Union should reinforce the competitiveness and resilience of the semiconductor technological and industrial base, whilst strengthening the innovation capacity of its semiconductor sector, reducing dependence on a limited number of third country companies and geographies, and

Amendment

(4) It is necessary to take measures to build capacity and strengthen the Union's semiconductor sector in line with Article 173(3) of the Treaty. These measures do not entail the harmonisation of national laws and regulations. In this regard, the Union should reinforce the competitiveness and resilience of the semiconductor technological and industrial base, whilst strengthening the innovation capacity of its semiconductor sector, reducing dependence on a limited number of third country companies and

strengthening its capacity to design and produce advanced components. The Chips for Europe Initiative (the ‘Initiative’) should support these aims by bridging the gap between Europe’s advanced research and innovation capabilities and their sustainable industrial exploitation. It should promote capacity building to enable design, production and systems integration in next generation semiconductor technologies, enhance collaboration among key players across the Union, strengthening Europe's semiconductor supply and value chains, serving key industrial sectors and creating new markets.

geographies ***while deepening coordination and cooperation in key areas among international partners***, and strengthening its capacity to design and produce advanced components, ***including next generation semiconductor technologies and therefore strengthen the overall strategic position of the Union in the global chips supply chain***. The Chips for Europe Initiative (the ‘Initiative’) should support these aims by bridging the gap between Europe’s advanced research and innovation capabilities and their sustainable industrial exploitation. It should promote capacity building to enable design, production, ***packaging, testing*** and systems integration in next generation semiconductor technologies, enhance collaboration among key players across the Union ***and like-minded third partners***, strengthening Europe's semiconductor supply and value chains, serving key industrial sectors and creating new markets. ***The Union should promote cooperation and coordination with like-minded partners with a view to avoiding a subsidy race.***

Amendment 4

Proposal for a regulation Recital 5 a (new)

Text proposed by the Commission

Amendment

(5a) Strengthening the Union’s technological leadership requires leading-edge and custom chips, in particular for future-proof and strategic sectors such as telecommunication infrastructure. It is thus necessary to ensure that the bolstering of Europe’s semiconductor value chain prioritises reinforcing European chip design capabilities and leverages the Union’s existing leadership in strategic assets such as 5G and 6G technologies across-sector enablers and

critical infrastructure.

Amendment 5

Proposal for a regulation

Recital 6

Text proposed by the Commission

(6) The achievement of these objectives will be supported by a governance mechanism. At Union level, this Regulation establishes a European Semiconductor Board, composed of representatives of the Member States and chaired by the Commission. The European Semiconductor Board will provide advice to and assist the Commission on specific questions, including the consistent application of this Regulation, facilitating cooperation among Member States and exchanging information on issues relating to this Regulation. The European Semiconductor Board should hold separate meetings for its tasks under the different chapters of this Regulation. The different meetings may include different compositions of the high-level representatives and the Commission may establish subgroups.

Amendment

(6) The achievement of these objectives will be supported by a governance mechanism. At Union level, this Regulation establishes a European Semiconductor Board, composed of representatives of the Member States and chaired by the Commission. The European Semiconductor Board will ***hold consultations with the relevant industry and research stakeholders*** and provide advice to and assist the Commission on specific questions, including the consistent application of this Regulation, facilitating cooperation among Member States, ***industry and research stakeholders*** and exchanging information on issues relating to this Regulation, ***consulting where necessary relevant third partners***. The European Semiconductor Board should hold separate meetings for its tasks under the different chapters of this Regulation. The different meetings may include different compositions of the high-level representatives and the Commission may establish subgroups.

Amendment 6

Proposal for a regulation

Recital 7

Text proposed by the Commission

(7) Given the globalised nature of the semiconductor supply chain, international cooperation with third ***countries*** is an important element to achieve a resilience of the Union's semiconductor ecosystem.

Amendment

(7) Given the globalised nature of the semiconductor supply chain, international cooperation with third ***partners*** is an important element to achieve a resilience of the Union's semiconductor ecosystem

The actions taken under this Regulation should also enable the Union to play a stronger role, as a centre of excellence, in a better functioning global, interdependent semiconductors ecosystem. The Commission, assisted by the European Semiconductor Board, should cooperate and build partnerships with third countries with a view to seeking solutions to address, to the extent possible, disruptions of the semiconductor supply chain.

and to strengthen the overall strategic position of the Union in the global chips supply chain. The actions taken under this Regulation should also enable the Union to play a stronger role, as a centre of excellence, in a better functioning global, interdependent semiconductors ecosystem. The Commission, assisted by the European Semiconductor Board ***and business representatives***, should ***work together towards both immediate and long-term supply solutions for the semiconductor market***; cooperate and build partnerships with third ***partners***, ***include resilient supply chain, semiconductor and raw materials agreements whilst making full use of current free trade agreements with third*** countries, with a view to seeking solutions to address, to the extent possible, disruptions of the semiconductor supply chain; ***and in bilateral and multilateral meetings with like-minded partners.*** ***Therefore, at the invitation of the European Semiconductor Board, international partners could attend meetings, consult and exchange information with the European Semiconductor Board.***

Amendment 7

Proposal for a regulation Recital 7 a (new)

Text proposed by the Commission

Amendment

(7a) As the establishment of a fully self-sufficient domestic semiconductor supply chain is unrealistic and expensive, the Commission should pursue cooperation with third partners such as the United States, Japan, South Korea, Taiwan, India and other like-minded partners with a view to strengthening the resilience of semiconductor supply chains and addressing future supply chain disruptions through a ‘Chips Diplomacy Initiative’. The Union’s trade and

investment policy and forums such as the EU-US and EU-India Trade and Technology Councils, as well as the EU-Japan Strategic Partnership and the upcoming EU-South Korea Digital Partnerships are essential in this regard, as well as other bilateral and multilateral meetings with like-minded international partners. Where relevant, representatives of third partners could be invited to cooperate with the European Semiconductor Board or its sub-groups.

Amendment 8

Proposal for a regulation Recital 7 b (new)

Text proposed by the Commission

Amendment

(7b) The European External Action Service and the Commission should maintain close cooperation with Taiwan through the Union's Indo-Pacific strategy and with a view to addressing respective vulnerabilities in a mutually beneficial manner. Taiwan is located in a strategic position in terms of trade and is a crucial partner for the global supply chain of key high-tech sectors, notably semiconductors. The Commission should urgently begin an impact assessment, public consultation and scoping exercise on a Bilateral Investment Agreement and propose a negotiation mandate for a dedicated semiconductor and critical raw materials resilient supply chain agreement with the Taiwanese authorities in preparation for due negotiations to deepen bilateral economic ties, to encourage Taiwan to increase investments in the Union, and to strengthen cooperation on matters related to multilateralism and the WTO.

Amendment 9

Proposal for a regulation
Recital 20

Text proposed by the Commission

(20) Where an Open EU Foundry offers production capacity to undertakings not related to the operator of the facility, the Open EU Foundry should establish, implement and maintain adequate and effective functional separation in order to prevent the exchange of confidential information between internal and external production. This should apply to any information gained in the design and in the front-end or back-end manufacturing processes.

Amendment

(20) Where an Open EU Foundry offers production capacity to undertakings not related to the operator of the facility, the Open EU Foundry should establish, implement and maintain adequate and effective functional separation in order to prevent the exchange of confidential information between internal and external production. This should apply to any information gained in the design and in the front-end or back-end manufacturing processes ***including trade secrets or content protected by intellectual property rights***.

Amendment 10

Proposal for a regulation
Recital 28

Text proposed by the Commission

(28) In light of this, the Commission, in consultation with the European Semiconductor Board, should prepare the ground for a certification of green, trusted and secure chips and embedded systems that rely on or make extensive use of semiconductor technologies. In particular, they should discuss and identify the relevant sectors and products in need of such certification.

Amendment

(28) In light of this, the Commission, in consultation with the European Semiconductor Board, should prepare the ground for a certification of green, trusted and secure chips and embedded systems that rely on or make extensive use of semiconductor technologies. In particular, they should discuss and identify the relevant sectors and products in need of such certification, ***taking into account existing international standards and the need to ensure the sufficient involvement of stakeholders across the semiconductor value chain and carried out in an open access***.

Amendment 11

Proposal for a regulation
Recital 29

Text proposed by the Commission

(29) In light of the **structural deficiencies** of the semiconductor supply chain and the **resulting risk** of future shortages, this Regulation provides instruments for a coordinated approach to monitoring and effectively tackling possible market disruptions.

Amendment

(29) In light of the **complexity** of the semiconductor supply chain and the **risks** of future shortages, this Regulation provides instruments for a coordinated approach to monitoring and effectively tackling possible market disruptions.

Amendment 12

**Proposal for a regulation
Recital 30**

Text proposed by the Commission

(30) Due to the complex, quickly evolving and interlinked semiconductor value chains with various actors, a coordinated approach to regular monitoring is necessary to increase the ability to mitigate risks that may negatively affect the supply of semiconductors. Member States should monitor the semiconductor value chain focusing on early warning indicators and the availability and integrity of the services and goods provided by key market actors, in such a way that it would not represent an excessive administrative burden for undertakings.

Amendment

(30) Due to the complex, quickly evolving and interlinked semiconductor value chains with various actors, a coordinated approach to regular monitoring is necessary to increase the **understanding of the value chain as well as the** ability to mitigate risks that may negatively affect the supply of semiconductors. **The Commission, in cooperation with Member States and with the industry and research stakeholders across the semiconductor ecosystem,** should monitor the semiconductor value chain focusing on early warning indicators and the availability and integrity of the services and goods provided by key market actors, in such a way that it would not represent an excessive administrative burden for undertakings.

Amendment 13

**Proposal for a regulation
Recital 30 a (new)**

Text proposed by the Commission

Amendment

(30a) Given that this Regulation will impose additional compliance costs on the

sector, action needs to be taken to prevent the total level of regulatory burden from increasing. The Commission should therefore be obliged to present, before the application of this Regulation, proposals offsetting the regulatory burdens introduced by this Regulation, through the revision or abolishment of provisions in other Union legislative acts that generate compliance costs for the semiconductor sector.

Amendment 14

Proposal for a regulation Recital 30 b (new)

Text proposed by the Commission

Amendment

(30b) In order to ensure a coordinated and holistic monitoring mechanism, the Commission should respect the objectives of the EU Critical Raw Materials Initiative and the directive on Corporate sustainability due diligence as part of its supply chain monitoring.

Amendment 15

Proposal for a regulation Recital 31

Text proposed by the Commission

Amendment

(31) Any relevant findings, including information provided by relevant stakeholders and industry associations, should be provided to the European Semiconductor Board to allow for a regular exchange of information between high-level representatives of Member States and for integration of the information into a monitoring overview of the semiconductor value chains.

(31) Findings that are relevant for the purpose of mitigating risks and/or signalling disruptions in the supply chain could be provided to the European Semiconductor Board to allow for a regular exchange of information between high-level representatives of Member States and for integration of the information into a monitoring overview of the semiconductor value chains.

Amendment 16

Proposal for a regulation Recital 33

Text proposed by the Commission

(33) In order to carry out these monitoring activities, the competent authorities of Member States may need certain information, which may not be publicly accessible, such as information on the role of an individual undertaking along the semiconductor value chain. In those limited circumstances in which it is necessary and proportionate for the purpose of carrying out the monitoring activities, the competent authorities of Member States should be able to request this information from the undertaking in question.

Amendment

(33) In order to carry out these monitoring activities, the competent authorities of Member States may need certain information, which may not be publicly accessible, such as information on the role of an individual undertaking along the semiconductor value chain. In those limited circumstances in which it is necessary and proportionate for the purpose of carrying out the monitoring activities, the competent authorities of Member States should be able to request this information from the undertaking in question. ***In principle, such information should be treated with strict confidentiality and in accordance with an established clear set of guidelines in order to protect sensitive business, economic or security related information.***

Amendment 17

Proposal for a regulation Recital 34

Text proposed by the Commission

(34) Member States should alert the Commission if relevant factors indicate a potential semiconductor crisis. In order to ensure a coordinated response to address such crises, the Commission should upon the alert by a Member State or through other sources, including information from international partners, convene an extraordinary meeting of the European Semiconductor Board for assessing the need to activate the crisis stage and for discussing whether it may be appropriate, necessary and proportionate for Member States to carry out coordinated joint

Amendment

(34) Member States should alert the Commission if relevant factors indicate a potential semiconductor crisis. In order to ensure a coordinated response to address such crises, the Commission should upon the alert by a Member State or through other sources, including information from international partners, convene an extraordinary meeting of the European Semiconductor Board for assessing the need to activate the crisis stage and for discussing whether it may be appropriate, necessary and proportionate for Member States to carry out coordinated joint

procurement. The Commission should engage in consultations and cooperation with relevant third countries with a view to addressing any disruptions in the international supply chain, in compliance with international obligations and without prejudice to procedural requirements under the Treaty on international agreements.

procurement. The Commission should engage in consultations and cooperation with relevant third countries with a view to addressing any disruptions in the international supply chain, in compliance with international obligations and without prejudice to procedural requirements under the Treaty on international agreements. ***In a globalised world with international value chains, European resilience is not possible without well-functioning multilateral and bilateral trade agreements. The European openness to trade and investment is a strength and source of growth and resilience for the Union, as a major importer and exporter.***

Amendment 18

Proposal for a regulation Recital 35

Text proposed by the Commission

(35) As part of the monitoring, ***national competent authorities*** should also do a mapping of ***undertakings operating in the Union along the semiconductor supply chain established in their national territory*** and notify this information to the Commission.

Amendment

(35) As part of the monitoring, ***the European Semiconductor Board*** should also do a mapping of ***the dynamics, strengths and weaknesses of the semiconductor value chain in the Union*** and notify this information to the Commission.

Amendment 19

Proposal for a regulation Recital 36

Text proposed by the Commission

(36) In order to facilitate effective monitoring, in-depth assessment of the risks associated with different stages of the semiconductor value chain is needed, including on the origins and sources of supplies beyond the Union. Such risks may be related to critical inputs and equipment for the industry, including digital products that may be vulnerable, possible impact of

Amendment

(36) In order to facilitate effective monitoring, in-depth assessment of the risks associated with different stages of the semiconductor value chain is needed, including on the origins and sources of supplies beyond the Union. Such risks may be related to critical inputs and equipment for the industry, including digital products that may be vulnerable, possible impact of

counterfeit semiconductors, manufacturing capacities and other risks that may disrupt, compromise or negatively affect the supply chain. Those risks could include supply chains with a single point of failure or which are otherwise highly concentrated. Other relevant factors could include the availability of substitutes or alternative sources for critical inputs and resilient and sustainable transport. The Commission should, assisted by the European Semiconductor Board and taking also into account information received from the main user categories, develop a Union level risk assessment.

counterfeit semiconductors, manufacturing capacities and other risks that may disrupt, compromise or negatively affect the supply chain. Those risks could include supply chains with a single point of failure or which are otherwise highly concentrated. Other relevant factors could include the availability of substitutes or alternative sources for critical inputs and resilient and sustainable transport. The Commission should, assisted by the European Semiconductor Board and taking also into account information received from the main user categories, develop a Union level risk assessment. ***Moreover, appropriate measures, procedures and remedies must be provided to ensure the availability of civil redress against the unauthorized acquisition or use of trade secrets or copyrighted works embedded in semiconductors.***

Amendment 20

Proposal for a regulation Recital 37

Text proposed by the Commission

(37) In order to forecast and prepare for future disruptions of the different stages of the semiconductor value chain in the Union, the Commission should, assisted by the European Semiconductor Board, identify early warning indicators in the Union risk assessment. Such indicators could include the availability of raw materials, intermediate products and human capital needed for manufacturing semiconductors, or appropriate manufacturing equipment, the forecasted demand for semiconductors on the Union and global markets, price surges exceeding normal price fluctuation, the effect of accidents, attacks, natural disasters or other serious events, the effect of trade policies, tariffs, export restrictions, trade barriers and other trade related measures, and the

Amendment

(37) In order to forecast and prepare for future disruptions of the different stages of the semiconductor value chain in the Union, the Commission should, assisted by the European Semiconductor Board, identify ***and establish*** early warning indicators in the Union risk assessment. Such indicators could include the availability of raw materials, intermediate products and human capital needed for manufacturing semiconductors, or appropriate manufacturing equipment, the forecasted demand for semiconductors on the Union and global markets, price surges exceeding normal price fluctuation, the effect of accidents, attacks, natural disasters, ***health*** or other serious events, the effect of trade policies, tariffs, export restrictions, trade barriers and other trade

effect of business closures, delocalisations or acquisitions of key market actors. Member States should monitor these early warning indicators.

related measures, and the effect of business closures, delocalisations or acquisitions of key market actors. Member States should monitor these early warning indicators.

Amendment 21

Proposal for a regulation Recital 37 a (new)

Text proposed by the Commission

Amendment

(37a) In order to increase the Union's global role in the semiconductors ecosystem and its value chain, due consideration must be paid to the demand for rare earths and critical raw materials and gases. Member States and the Commission should ensure that the Union does not create a new dependency, but rather a sustainable supply chain, in line with the Statement on Critical Raw Materials Act published following the State of the European Union in September 2022.

Amendment 22

Proposal for a regulation Recital 44

Text proposed by the Commission

Amendment

(44) Close cooperation between the Commission **and the** Member States and coordination of any national measures taken with regard to the semiconductor supply chain is indispensable during the crisis stage with a view to addressing disruptions with the necessary coherence, resiliency and effectiveness. To this end, the European Semiconductor Board should hold extraordinary meetings as necessary. Any measures taken should be strictly limited to the duration period of the crisis stage.

(44) Close cooperation between the Commission, Member States **industry and research stakeholders**, and coordination of any national measures taken with regard to the semiconductor supply chain is indispensable during the crisis stage with a view to addressing disruptions with the necessary coherence, resiliency and effectiveness. To this end, the European Semiconductor Board should hold extraordinary meetings as necessary. Any measures taken should be strictly limited to the duration period of the crisis stage.

Amendment 23

Proposal for a regulation

Recital 44

Text proposed by the Commission

(44) Close cooperation between the Commission **and** the Member States and coordination of any national measures taken with regard to the semiconductor supply chain is indispensable during the crisis stage with a view to addressing disruptions with the necessary coherence, resiliency and effectiveness. To this end, the European Semiconductor Board should hold extraordinary meetings as necessary. Any measures taken should be strictly limited to the duration period of the crisis stage.

Amendment

(44) Close cooperation between the Commission, **industry and research stakeholders**, the Member States and coordination of any national measures taken with regard to the semiconductor supply chain is indispensable during the crisis stage with a view to addressing disruptions with the necessary coherence, resiliency and effectiveness. To this end, the European Semiconductor Board should hold extraordinary meetings as necessary. Any measures taken should be strictly limited to the duration period of the crisis stage.

Amendment 24

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

Amendment

(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 **may** request information from undertakings along the semiconductor supply chain. Furthermore, the Commission should be able to, where necessary and proportionate **request** Integrated Production Facilities and Open EU Foundries to accept an order of the production of crisis-relevant products, and

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 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 Council⁶⁰**. 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.

to act as a central purchasing body when mandated by Member States. The Commission **should** limit the measures to certain critical sectors. In addition, the European Semiconductor Board **should engage in consultations and cooperation with business representatives and relevant third countries with a view to addressing any disruptions in the international supply chain**. The European Semiconductor Board may also assess and advise on further appropriate and effective measures. The use of all these emergency measures **must** be proportionate, **restricted and be carried out in the manner which is the least disruptive to trade** and restricted to what is **absolutely** 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.

⁶⁰ 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 25

Proposal for a regulation Recital 46

Text proposed by the Commission

(46) A number of sectors are critical for the proper functioning of the internal market. Those critical sectors are the sectors listed in the Annex of the Commission proposal for a Directive of the European Parliament and of the Council on the resilience of critical entities⁶¹. For the purposes of this Regulation, defence and

Amendment

(46) A number of sectors are critical for the proper functioning of the internal market. Those critical sectors are the sectors listed in the Annex of the Commission proposal for a Directive of the European Parliament and of the Council on the resilience of critical entities⁶¹. For the purposes of this Regulation, defence and

other activities that are relevant for public safety and security should be additionally considered as a critical sector. Certain measures should only be enacted *for* the purpose of securing supply to critical sectors. The Commission *may* limit the emergency measures to certain of these sectors or to certain parts of them when the semiconductor crisis has disturbed or is threatening to disturb their operation.

⁶¹COM(2020) 829. 16.12.2020

Amendment 26

Proposal for a regulation Recital 47

Text proposed by the Commission

(47) The purpose of requests for information from undertakings along the semiconductor supply chain established in the Union in the crisis stage is an in-depth assessment of the semiconductor crisis in order to identify potential mitigation or emergency measures at Union or national level. Such information may include production capability, production capacity and current primary disruptions and bottlenecks. These aspects could include the typical and current actual stock of crisis-relevant products in its production facilities located in the Union and third country facilities which it operates or contracts or purchases supply from; the typical and current actual average lead time for the most common products produced; the expected production output for the following three months for each Union production facility; reasons that prevent the filling of production capacity; or other existing data necessary to assess the nature

other activities that are relevant for public safety and security should be additionally considered as a critical sector. ***Those critical sectors should be defined by the Commission in cooperation with the European Semiconductor Board.*** Certain measures should only be enacted *for* the purpose of securing supply to critical sectors ***in a crisis stage***. The Commission ***should*** limit the emergency measures to certain of these sectors or to certain parts of them when the semiconductor crisis has disturbed or is threatening to disturb their operation.

⁶¹COM(2020) 829. 16.12.2020

Amendment

(47) The purpose of requests for information from undertakings along the semiconductor supply chain established in the Union in the crisis stage is an in-depth assessment of the semiconductor crisis in order to identify potential mitigation or emergency measures at Union or national level. Such information may include production capability, production capacity and current primary disruptions and bottlenecks. These aspects could include the typical and current actual stock of crisis-relevant products in its production facilities located in the Union and third country facilities which it operates or contracts or purchases supply from; the typical and current actual average lead time for the most common products produced; the expected production output for the following three months for each Union production facility; reasons that prevent the filling of production capacity; or other existing data necessary to assess the nature

of the semiconductor crisis or potential mitigation or emergency measures at national or Union level. Any request should be proportionate, have regard for the legitimate aims of the undertaking and the cost and effort required to make the data available, as well as set out appropriate time limits for providing the requested information. Undertakings should ***be obliged to*** comply with the request ***and may be subject to penalties*** if they fail to comply or provide incorrect information. Any information acquired should be subject to confidentiality rules. Should an undertaking be subject to a request for information related to its semiconductor activities from a third country, it should inform the Commission so to enable an assessment whether an information request by the Commission is warranted.

of the semiconductor crisis or potential mitigation or emergency measures at national or Union level. Any request should be proportionate, have regard for the legitimate aims of the undertaking and the cost and effort required to make the data available, as well as set out appropriate time limits for providing the requested information. Undertakings should comply with the request. If they fail to comply or provide incorrect information ***without any reasonable explanation given, may be subject to penalties***. Any information acquired should be subject to confidentiality rules. Should an undertaking be subject to a request for information related to its semiconductor activities from a third country, it should inform the Commission so to enable an assessment whether an information request by the Commission is warranted. ***The request of information must be used restrictively and executed in a manner that minimise administrative and regulatory burdens, by clearly stating what kind of information is absolutely necessary. The Commission must always take into consideration the administrative burden and the consequences of hampering innovation capacity and risk of trade escalations with third countries.***

Amendment 27

Proposal for a regulation Recital 49

Text proposed by the Commission

(49) The undertaking concerned should be obliged to accept and prioritise a priority rated order. In exceptional and duly justified cases, the undertaking could request the Commission to review the imposed obligation. This applies either where the facility is unable to fulfil the order even if prioritised, be it due to insufficient production capability or

Amendment

(49) The undertaking concerned should be obliged to accept and prioritise a priority rated order. In exceptional and duly justified cases, ***the Member State where the facility concerned is located or*** the undertaking could request the Commission to review the imposed obligation. This applies either where the facility is unable to fulfil the order even if

production capacity, or because this would place an unreasonable economic burden and entail particular hardship on the facility.

prioritised, be it due to insufficient production capability or production capacity, or because this would place an unreasonable economic burden and entail particular hardship on the facility, ***be technically unfeasible, not be able to be enacted in a time sensitive manner, or have a considerable negative impact on the wider semiconductor supply chain.***

Amendment 28

Proposal for a regulation Recital 54

Text proposed by the Commission

(54) During a semiconductor shortage crisis, it might become necessary that the Union ***considers*** protective measures. The European Semiconductor Board may express its views to inform the Commission's assessment of whether the market situation amounts to a significant shortage of essential products pursuant to Regulation (EU) 2015/479.

Amendment

(54) During a semiconductor shortage crisis, it might become necessary that the Union ***may only consider*** protective measures ***if all other measures have been investigated. Protective measures must be avoided at all costs, as they will damage the Union's trade relations and will have unpredictable consequences.*** The European Semiconductor Board may express its views to inform the Commission's assessment of whether the market situation amounts to a significant shortage of essential products pursuant to Regulation (EU) 2015/479.

Amendment 29

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.

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 implementation of this Regulation must comply with Union law, the WTO Agreement and be consistent***

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.

with commitments made under other trade and investment agreements to which the Union or the Member States are parties.

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.

Amendment 30

Proposal for a regulation

Recital 56

Text proposed by the Commission

(56) A representative of the Commission should chair the European Semiconductor Board. Each Member State's national

Amendment

(56) A representative of the Commission should chair the European Semiconductor Board. Each Member State's national

single point of contact should appoint at least one high-level representative to the European Semiconductor Board. They could also appoint different representatives in relation to different tasks of the European Semiconductor Board, for example, depending on which Chapter of this Regulation is discussed in the meetings of the European Semiconductor Board. The Commission may establish sub-groups and should be entitled to establish working arrangements by inviting experts to take part in the meetings on an ad hoc basis or by inviting organisations representing the interests of the Union semiconductor industry, such as the Industrial Alliance on Processors and Semiconductor Technologies, in its sub-groups as observers.

single point of contact should appoint at least one high-level representative to the European Semiconductor Board. ***The Board should consult with representatives from the semiconductor industry and research community.*** They could also appoint different representatives in relation to different tasks of the European Semiconductor Board, for example, depending on which Chapter of this Regulation is discussed in the meetings of the European Semiconductor Board. The Commission may establish sub-groups and should be entitled to establish working arrangements by inviting experts to take part in the meetings on an ad hoc basis or by inviting organisations representing the interests of the Union semiconductor industry, such as the Industrial Alliance on Processors and Semiconductor Technologies, ***representatives of the Union's semiconductor research community, or representatives from third partner countries*** in its sub-groups as observers.

Amendment 31

Proposal for a regulation Recital 59

Text proposed by the Commission

(59) In order to ensure trustful and constructive cooperation of competent authorities at Union and national level, all parties involved in the application of this Regulation should respect the confidentiality of information and data obtained in carrying out their tasks. The Commission and the national competent authorities, their officials, servants and other persons working under the supervision of these authorities as well as officials and civil servants of other authorities of the Member States should not disclose information acquired or exchanged by them pursuant to this

Amendment

(59) In order to ensure trustful and constructive cooperation of competent authorities at Union and national level, all parties involved in the application of this Regulation should ***strictly*** respect the confidentiality of information and data, ***including trade secrets or content protected by intellectual property rights***, obtained in carrying out their tasks. The Commission and the national competent authorities, their officials, servants and other persons working under the supervision of these authorities as well as officials and civil servants of other authorities of the Member States should

Regulation and of the kind covered by the obligation of professional secrecy. This should also apply to the European Semiconductor Board and the Semiconductor Committee established in this Regulation. Where appropriate, the Commission should be able to adopt implementing acts to specify the practical arrangements for the treatment of confidential information in the context of information gathering.

not disclose information acquired or exchanged by them pursuant to this Regulation and of the kind covered by the obligation of professional secrecy. This should also apply to the European Semiconductor Board and the Semiconductor Committee established in this Regulation. Where appropriate, the Commission should be able to adopt implementing acts to specify the practical arrangements for the treatment of confidential information, ***including trade secrets or content protected by intellectual property rights***, in the context of information gathering. ***Any breach of this confidentiality should result in a full investigation by the Commission.***

Amendment 32

Proposal for a regulation Recital 59 a (new)

Text proposed by the Commission

Amendment

(59a) Innovative businesses are increasingly exposed to unlawful or anticompetitive practices aimed at misappropriating intellectual property and trade secrets, such as theft, unauthorised copying, industrial espionage or the breach of confidentiality requirements from outside the Union, particularly in high-technology fields like the semiconductor sector. Intellectual property theft or the unlawful use of trade secrets in the semiconductor sector could compromise the objectives of this Regulation by inhibiting the ability of private holders of intellectual property to obtain legitimate first-mover returns from their innovation-related efforts and thus diminish incentives for private investment. In the absence of the effective enforcement of the existing rules for the protection of intellectual property in third countries, incentives to engage in innovation-related activity beyond the

borders of the internal market could therefore be undermined. This Regulation should therefore ensure the effective enforcement of intellectual property law in the semiconductor sector, in full respect of Directives (EU) 2016/943^{1a} and 2004/48/EC of the European Parliament and of the Council^{1b}. Furthermore, it introduces stricter terms for beneficiaries for engaging in significant transactions in third countries with an intellectual property theft programme directed at the Union or a Member State.

^{1a} Directive (EU) 2016/943 of the European Parliament and of the Council of 8 June 2016 on the protection of undisclosed know-how and business information (trade secrets) against their unlawful acquisition, use and disclosure (OJ L 157, 15.6.2016, p. 1).

^{1b} Directive 2004/48/EC of the European Parliament and of the Council of 29 April 2004 on the enforcement of intellectual property rights (OJ L 157, 30.4.2004, p. 45).

Amendment 33

Proposal for a regulation

Recital 62

Text proposed by the Commission

(62) In order to ensure uniform conditions for the implementation of this Regulation, implementing powers should be conferred on the Commission as regards the selection of ECICs and as regards the procedure for establishing and defining the tasks of competence centres and the procedure for establishing the network, so that the objectives of the Initiative are achieved. Furthermore, implementing powers should be conferred on the Commission as regards activating the crisis

Amendment

(62) In order to ensure uniform conditions for the implementation of this Regulation, implementing powers should be conferred on the Commission as regards the selection of ECICs and as regards the procedure for establishing and defining the tasks of competence centres and the procedure for establishing the network, so that the objectives of the Initiative are achieved. Furthermore, implementing powers should be conferred on the Commission as regards activating the crisis

stage in a semiconductor crisis, to allow a rapid and coordinated response, and for specifying the practical arrangements for the treatment of confidential information. Those powers should be exercised in accordance with Regulation (EU) No 182/2011 of the European Parliament and of the Council⁶⁴ of the European Parliament and of the Council.

⁶⁴ Regulation (EU) No 182/2011 of the European Parliament and of the Council of 16 February 2011 laying down the rules and general principles concerning mechanisms for control by Member States of the Commission's exercise of implementing powers, (OJ L 55, 28.2.2011, p. 13).

stage in a semiconductor crisis, to allow a rapid and coordinated response, and for specifying the practical arrangements for the treatment of confidential information, ***including trade secrets or content protected by intellectual property rights***. Those powers should be exercised in accordance with Regulation (EU) No 182/2011 of the European Parliament and of the Council⁶⁴ of the European Parliament and of the Council.

⁶⁴ Regulation (EU) No 182/2011 of the European Parliament and of the Council of 16 February 2011 laying down the rules and general principles concerning mechanisms for control by Member States of the Commission's exercise of implementing powers, (OJ L 55, 28.2.2011, p. 13).

Amendment 34

Proposal for a regulation

Article 2 – paragraph 1 – point 10

Text proposed by the Commission

(10) ‘first-of-a-kind facility’ means an industrial facility capable of semiconductor manufacturing, including front-end or back-end, or both, that is not substantively already present or committed to be built within the Union, for instance with regard to the technology node, substrate material, such as silicon carbide and gallium nitride, and other product innovation that can offer better performance, process innovation or energy and environmental performance;

Amendment

(10) ‘first-of-a-kind facility’ means an industrial facility capable of semiconductor manufacturing, including front-end or back-end, or both, ***or capable of manufacturing materials or equipment exclusively used in semiconductor manufacturing***, that is not substantively already present or committed to be built within the Union, for instance with regard to the technology node, substrate material, such as silicon carbide and gallium nitride, and other product innovation that can offer better performance, process innovation or energy and environmental performance;

Amendment 35

Proposal for a regulation

Article 2 – paragraph 1 – point 15

Text proposed by the Commission

(15) ‘key market actors’ means undertakings in the Union semiconductor **sector**, the reliable functioning of which is essential for the semiconductor supply chain;

Amendment

(15) ‘key market actors’ means undertakings in the Union semiconductor **supply chain**, the reliable functioning of which is essential for the semiconductor supply chain;

Amendment 36

Proposal for a regulation

Article 2 – paragraph 1 – point 16

Text proposed by the Commission

(16) ‘critical sector’ means any sector referred to in the Annex of the Commission proposal for a Directive of the European Parliament and of the Council on the resilience of critical entities, the defence sector **and other activities that are relevant for public safety and security**;

Amendment

(16) ‘critical sector’ means any sector referred to in the Annex of the Commission proposal for a Directive of the European Parliament and of the Council on the resilience of critical entities, **and** the defence sector;

Amendment 37

Proposal for a regulation

Article 2 – paragraph 1 – point 16 a (new)

Text proposed by the Commission

Amendment

(16a) ‘crisis’ means an extraordinary situation of serious disruptions to the supply of semiconductors leading to significant shortages of critical products or essential services which poses a serious and immediate threat to the security, safety and public health and has a substantial and demonstrably evidence-based impact on the functioning of the Member States and citizens of the Union;

Amendment 38

Proposal for a regulation

Article 3 – paragraph 1

Text proposed by the Commission

1. The Initiative is established for the duration of the Multiannual Financial Framework 2021-2027.

Amendment

1. The Initiative is established for the duration of the Multiannual Financial Framework 2021-2027 ***and can be extended in the Multiannual Financial Framework 2028-2034.***

Amendment 39

Proposal for a regulation

Article 4 – paragraph 1

Text proposed by the Commission

1. The general objective of the Initiative is to support large-scale technological capacity building and innovation throughout the Union to enable development and deployment of cutting-edge and next generation semiconductor and quantum technologies that will reinforce the Union advanced design, systems integration and chips production capabilities, ***as well as contribute to the achievement of*** the twin digital and green transition.

Amendment

1. The general objective of the Initiative is to support large-scale technological capacity building and innovation throughout the Union to enable development and deployment of cutting-edge and next generation semiconductor and quantum technologies that will reinforce the Union advanced design, systems integration and chips production capabilities ***primarily with a view to supporting*** the twin digital and green transition ***and strengthening the Union's open strategic autonomy.***

Amendment 40

Proposal for a regulation

Article 4 – paragraph 2 – introductory part

Text proposed by the Commission

2. The Initiative shall have the following ***five*** operational objectives:

Amendment

2. The Initiative shall have the following ***six*** operational objectives:

Amendment 41

Proposal for a regulation

Article 4 – paragraph 2 – point b – point 2

Text proposed by the Commission

(2) supporting large scale innovation through access to new or existing pilot lines for experimentation, test, and validation of new design concepts integrating key functionalities, such as novel materials and architectures for power electronics fostering sustainable energy and electro mobility, lower energy consumption, security, higher levels of computing performance or integrating breakthrough technologies such as neuromorphic and embedded artificial intelligence (AI) chips, integrated photonics, graphene and other 2D material based technologies;

Amendment

(2) supporting large scale innovation through access to new or existing pilot lines for experimentation, test, and validation of new design concepts integrating key functionalities, such as novel materials and architectures for power electronics fostering sustainable energy and electro mobility, lower energy consumption, security, higher levels of computing performance or integrating breakthrough technologies such as neuromorphic and embedded artificial intelligence (AI) chips, integrated photonics, graphene and other 2D material based technologies; ***promoting international cooperation between different chips production technologies and with relevant third partners and the Union; encourage and maintain competitiveness by learning from different sectors for the chips industry;***

Amendment 42

Proposal for a regulation

Article 4 – paragraph 2 – point d – point 1

Text proposed by the Commission

(1) strengthen capacities and offer a wide range of expertise to the stakeholders, including end-user SMEs and start-ups, facilitating access to and effective use of the above capacities and facilities;

Amendment

(1) strengthen capacities and offer a wide range of expertise, ***including on intellectual property rights***, to the stakeholders, including end-user SMEs and start-ups, facilitating access to and effective use of the above capacities and facilities;

Amendment 43

Proposal for a regulation

Article 4 – paragraph 2 – point d – point 2

Text proposed by the Commission

(2) address the skills shortage,

Amendment

(2) address the ***knowledge and*** skills

attracting and mobilising new talent and supporting the emergence of a suitably skilled workforce for strengthening the semiconductor sector, including via reskilling and upskilling of workers.

shortage, ***promote international cooperation*** attracting and mobilising new talent and supporting the emergence of a suitably skilled workforce for strengthening the semiconductor sector, including via reskilling and upskilling of workers ***on research, design and production***.

Amendment 44

Proposal for a regulation

Article 4 – paragraph 2 – point e – point 3

Text proposed by the Commission

(3) accelerating investment in the field of semiconductor manufacturing technologies and chip design and to leveraging funding from both the public and the private sectors, while increasing the security of supply for the whole semiconductor value chain.

Amendment

(3) accelerating investment in the field of semiconductor manufacturing technologies and chip design and to leveraging funding from both the public and the private sectors, while increasing the security of supply ***and protection of intellectual property rights*** for the whole semiconductor value chain.

Amendment 45

Proposal for a regulation

Article 4 – paragraph 2 – point e a (new)

Text proposed by the Commission

Amendment

(ea) improving the cooperation with relevant third partners aiming at strengthening the partnerships through the establishment of resilient supply chains, semiconductor, or raw materials agreements and initiatives.

Amendment 46

Proposal for a regulation

Article 8 – paragraph 2 – point c

Text proposed by the Commission

Amendment

(c) raising awareness and providing or ensuring access to expertise, knowhow and services, including system design readiness, new and existing pilot lines and supporting actions necessary to build skills and competences capacities supported by this Initiative;

(c) raising awareness and providing or ensuring access to expertise, knowhow and services, including system design readiness, new and existing pilot lines and supporting actions necessary to build skills and competences capacities, ***including patents and IPR***, supported by this Initiative; ***the Commission in cooperation with the European Semiconductor Board, industry and research stakeholders, shall provide clear guidelines about the protection of intellectual property, and the prevention of unauthorised access to confidential and sensitive business, economic and security related information, and trade secrets;***

Amendment 47

Proposal for a regulation

Article 8 – paragraph 2 – point d

Text proposed by the Commission

(d) facilitating the transfer of expertise and ***knowhow*** between Member States ***and*** regions encouraging exchanges of skills, knowledge and good practices and encouraging joint programmes;

Amendment

(d) facilitating the transfer of expertise and ***know how*** between Member States, regions ***and relevant third partners***, encouraging exchanges of skills, knowledge and good practices and encouraging joint programmes;

Amendment 48

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

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 ***delegated*** 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).

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 **delegated** acts shall be adopted in accordance with the examination procedure referred to in Article 33(2).

Amendment 49

Proposal for a regulation Article 9 – title

Text proposed by the Commission

Implementation

Amendment

Implementation, **monitoring and reporting**

Amendment 50

Proposal for a regulation Article 9 – paragraph 3

Text proposed by the Commission

3. In order to ensure effective implementation and evaluation of the Initiative, the Commission is empowered to adopt delegated acts in accordance with Article 32 to amend Annex II with regard to the measurable indicators to monitor the implementation and to report on the Initiative towards the achievement of its objectives as set out in Article 4.

Amendment

3. In order to ensure effective implementation, **monitoring** and evaluation of the Initiative, the Commission is empowered to adopt delegated acts in accordance with Article 32 to amend Annex II with regard to the measurable indicators to monitor the implementation and to report on the Initiative towards the achievement of its objectives as set out in Article 4.

Amendment 51

Proposal for a regulation Article 10 – paragraph 1

Text proposed by the Commission

1. Integrated Production Facilities are first-of-a-kind semiconductor design and

Amendment

1. Integrated Production Facilities are first-of-a-kind semiconductor design and

manufacturing facilities, including front-end or back-end, or both, in the Union that contribute to the security of supply for the internal *market*.

manufacturing facilities, including front-end or back-end, or both, in the Union that contribute to the security of supply for the internal *and external markets*.

Amendment 52

Proposal for a regulation Article 11 – paragraph 1

Text proposed by the Commission

1. Open EU Foundries are first-of-a-kind semiconductor front-end or back-end, or both, manufacturing facilities in the Union that offer production capacity to unrelated undertakings and thereby contribute to the security of supply for the internal *market*.

Amendment

1. Open EU Foundries are first-of-a-kind semiconductor front-end or back-end, or both, manufacturing facilities in the Union that offer production capacity to unrelated undertakings and thereby contribute to the security of supply for the internal *and external markets*.

Amendment 53

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, 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. *Member States must also ensure that any support is necessary, appropriate and proportionate to avoid undue competition distortions.*

Amendment 54

Proposal for a regulation Article 13 – paragraph 2 a (new)

Text proposed by the Commission

Amendment

2a. Any support must align with WTO and the Regulation .../... of the European Parliament and of the Council^{1a+}.

^{1a} Regulation (EU) 2022/... of the European Parliament and of the Council on foreign subsidies distorting the internal market (OJ L ..., ..., p....).

+ OJ: please insert in the text the number of the Regulation contained in document PE- CONS 46/22 (2021/0114(COD)) and insert the number, date, title and OJ reference of that Regulation in the footnote

Amendment 55

Proposal for a regulation Article 15 – title

Text proposed by the Commission

Amendment

15 Monitoring **and** alerting

15 Monitoring, alerting **and international cooperation**

Amendment 56

Proposal for a regulation Article 15 – paragraph 1 – subparagraph 1 – introductory part

Text proposed by the Commission

Amendment

Member States shall carry out **regular** monitoring of the semiconductor value chain. In particular, they shall:

The Commission, in cooperation with Member States shall carry out monitoring of the semiconductor value chain, **if it is proportionate and limit unnecessary administrative or financial burdens.** In particular, they shall:

Amendment 57

Proposal for a regulation Article 15 – paragraph 1 – subparagraph 1 – point a

Text proposed by the Commission

(a) monitor early warning indicators identified pursuant to Article 16;

Amendment

(a) ***identify and*** monitor early warning indicators identified pursuant to Article 16; ***such indicators should be established in partnership with the European Semiconductor Board, as well as the relevant industry and research stakeholders from across the entire semiconductor ecosystem; in the event of significant market and geopolitical developments, those indicators shall be updated;***

Amendment 58

Proposal for a regulation

Article 15 – paragraph 1 – subparagraph 2

Text proposed by the Commission

Member States shall provide relevant findings to the European Semiconductor Board in the form of regular updates.

Amendment

The Commission and Member States shall provide relevant findings to the European Semiconductor Board in the form of regular updates. ***The Commission may define the frequency of the monitoring on the basis of the needs of the semiconductor value chain.***

Amendment 59

Proposal for a regulation

Article 15 – paragraph 1 a (new)

Text proposed by the Commission

Amendment

1a. The Commission shall coordinate monitoring of the semiconductor value chain based on information collected through national competent authorities and the relevant stakeholders, including notably the industrial and research stakeholders.

Amendment 60

Proposal for a regulation
Article 15 – paragraph 1 b (new)

Text proposed by the Commission

Amendment

1b. The Commission shall provide for standardised and secure means for the information collection and processing for the purpose of paragraph 1, with due regard to minimising the administrative burden for SMEs and scale-ups.

Amendment 61

Proposal for a regulation
Article 15 – paragraph 1 c (new)

Text proposed by the Commission

Amendment

1c. The Commission shall enter into permanent and structured consultations or cooperation, on behalf of the Union, with relevant third partners with a view to seeking solutions to address supply chain disruptions or third country decisions, such as those related to extraterritorial export restrictions, that could cause such disruptions, in compliance with international obligations. This may involve, where appropriate, coordination in relevant international fora or other diplomatic measures while ensuring robust engagement with industry and research stakeholders, as well as the conclusion of resilient supply chain, semiconductor or critical raw materials agreements.

Amendment 62

Proposal for a regulation
Article 15 – paragraph 2

Text proposed by the Commission

Amendment

2. Member States shall **invite** the main users of semiconductors and other relevant

2. **The Commission, in cooperation with** Member States, shall **ask** the main

stakeholders to provide information regarding significant fluctuations in demand and known disruptions of their supply chain. To facilitate the exchange of information, Member States shall provide for a mechanism and administrative set-up for these updates.

users of semiconductors and other relevant stakeholders, ***including when relevant third partners***, to provide information regarding significant fluctuations in demand and known disruptions of their supply chain. To facilitate the exchange of information, Member States shall provide for a ***user-friendly and secure*** mechanism and administrative set-up for these updates.

Amendment 63

Proposal for a regulation Article 15 – paragraph 3

Text proposed by the Commission

3. National competent authorities designated pursuant to Article 26(1) may request information from representative organisations of undertakings or individual undertakings operating along the semiconductor supply chain where necessary and proportionate for the purpose of paragraph 1. ***National competent authorities in such case*** will pay particular attention to SMEs to minimise administrative burden resulting from the request and will ***privilege*** digital solutions for obtaining such information. Any information obtained pursuant to this paragraph shall be treated in compliance with the confidentiality obligations set out in Article 27.

Amendment

3. ***The Commission, in cooperation with*** national competent authorities designated pursuant to Article 26(1) may request information from representative organisations of undertakings or individual undertakings operating along the semiconductor supply chain where necessary and proportionate for the purpose of paragraph 1. ***They will provide for standardized methodology about the type and user friendly format for the information collection and processing for the purpose of paragraph 1, and*** will pay particular attention to SMEs to minimise administrative burden resulting from the request and will ***implement user-friendly and secure*** digital solutions for obtaining such information. Any information obtained pursuant to this paragraph shall be treated in compliance with the confidentiality obligations set out in Article 27.

Amendment 64

Proposal for a regulation Article 15 – paragraph 5 – point a – point 1 a (new)

Text proposed by the Commission

Amendment

(1a) coordinating with stakeholders of the semiconductor value chain with a view to identifying, preparing and operationalising preventive measures to mitigate shortages and choke points that would prevent escalation towards a crisis stage;

Amendment 65

Proposal for a regulation

Article 15 – paragraph 5 – point a a (new)

Text proposed by the Commission

Amendment

(aa) The Commission should increase its commitment on cooperation with relevant third partners by concluding and enforcing trade agreements. In any future investment and trade agreement of the Union with relevant third partners, collaboration in the field of semiconductors along the entire semiconductor supply chain shall be a key priority.

Amendment 66

Proposal for a regulation

Article 15 – paragraph 5 – point b

Text proposed by the Commission

Amendment

(b) enter into consultations or cooperation, on behalf of the Union, with relevant third countries with a view to seeking cooperative solutions to address supply chain disruptions, in compliance with international obligations. This may involve, where appropriate, coordination in relevant international fora.

deleted

Amendment 67

Proposal for a regulation

Article 15 – paragraph 7

Text proposed by the Commission

7. National competent authorities designated pursuant to Article 26(1) shall map undertakings operating along the semiconductor supply chain in their national territory, including non-confidential information on the services or goods, and contact information. They shall notify this list and any subsequent update to the Commission. The Commission *may* issue guidance, after consulting the European Semiconductor Board, to further specify the information to be gathered and define the technical specifications and formats.

Amendment

7. National competent authorities designated pursuant to Article 26(1) shall map undertakings operating along the semiconductor supply chain in their national territory ***and as located in third partners territory if possible***, including non-confidential information on the services or goods, and contact information, ***in accordance with applicable Union or Member States legislation setting out requirements on due diligence and critical raw materials***. They shall notify this list and any subsequent update to the Commission. The Commission ***shall*** issue guidance, after consulting the European Semiconductor Board, to further specify the information to be gathered and define the technical specifications and formats.

Amendment 68

Proposal for a regulation Article 16 – paragraph 1

Text proposed by the Commission

1. The Commission shall, ***after consulting*** the European Semiconductor Board, assess risks that may disrupt, compromise or negatively affect the supply of semiconductors (***Union risk assessment***). ***In the Union risk assessment, the Commission shall identify early warning indicators.***

Amendment

1. The Commission shall ***develop a Union risk assessment, including a list of early warning indicators in cooperation with*** the European Semiconductor Board ***and where appropriate, with relevant third partner representatives, with a view to identify and*** assess risks that may disrupt, compromise or negatively affect the supply of semiconductors.

Amendment 69

Proposal for a regulation Article 16 – paragraph 2

Text proposed by the Commission

Amendment

2. The Commission shall review the Union risk assessment including the early warning indicators as necessary.

2. The Commission, ***in cooperation with the European Semiconductor Board***, shall review the Union risk assessment including the early warning indicators as necessary.

Amendment 70

Proposal for a regulation Article 16 – paragraph 3

Text proposed by the Commission

3. When monitoring the semiconductor value chain pursuant to Article 15, Member States shall monitor the early warning indicators identified by the Commission.

Amendment

3. When monitoring the semiconductor value chain pursuant to Article 15, Member States shall monitor the early warning indicators identified by the Commission, ***and the European Semiconductor Board***.

Amendment 71

Proposal for a regulation Article 17 – paragraph 1 – introductory part

Text proposed by the Commission

1. Member States shall identify key market actors along the semiconductor supply chains in ***their*** national territory, taking into account the following elements:

Amendment

1. ***The Commission in cooperation with the*** Member States shall identify key market actors along the semiconductor supply chains in ***respectively Union and*** national territory, taking into account the following elements:

Amendment 72

Proposal for a regulation Article 17 – paragraph 2

Text proposed by the Commission

2. When monitoring the semiconductor value chain pursuant to Article 15, Member States shall, after consulting the European Semiconductor Board, monitor the availability and

Amendment

2. When monitoring the semiconductor value chain pursuant to Article 15, ***the Commission and*** Member States shall, after consulting the European Semiconductor Board, monitor the

integrity of the services or goods which those key market actors provide.

availability and integrity of the services or goods which those key market actors provide.

Amendment 73

Proposal for a regulation

Article 18 – paragraph 1 – introductory part

Text proposed by the Commission

1. A semiconductor crisis shall be considered to occur when there are serious disruptions *in* the supply of semiconductors leading to significant shortages, which:

Amendment

1. A semiconductor crisis shall be considered to occur, ***as defined in Article 2(1)(16a)*** when there are serious disruptions ***to*** the supply of semiconductors leading to significant shortages ***of critical products or essential services***, which:

Amendment 74

Proposal for a regulation

Article 18 – paragraph 1 – point a

Text proposed by the Commission

(a) entail significant delays or significant negative effects on ***one or more important economic*** sectors in the Union, or

Amendment

(a) entail significant delays or significant negative effects on ***critical*** sectors ***as defined in the Directive .../... of the European Parliament and of the Council^{1a+}*** or essential services in the Union, or

^{1a} Directive (EU) 2022/... of the European Parliament and of the Council on the resilience of critical entities and repealing Council Directive 2008/114/EC (OJ L ..., ..., p....).

⁺ OJ: please insert in the text the number of the Regulation contained in document PE- CONS 51/22 (2020/0365(COD)) and insert the number, date, title and OJ reference of that Regulation in the footnote.

Amendment 75

Proposal for a regulation

Article 18 – paragraph 1 – point b a (new)

Text proposed by the Commission

Amendment

(ba) require exceptional, proportionate and adequate measures tailored to the specific situation in order to supply the population with critical necessities.

Amendment 76

Proposal for a regulation

Article 18 – paragraph 2

Text proposed by the Commission

Amendment

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

2. Where an assessment of the Commission provides concrete, serious, and reliable evidence of a semiconductor crisis, the Commission may, **after consulting the European Semiconductor Board**, activate the crisis stage by means of **delegated** acts in accordance with Article 33(2). The duration of the activation shall be specified in the **delegated** 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 **delegated** acts adopted pursuant to this Article.

Amendment 77

Proposal for a regulation

Article 18 – paragraph 3

Text proposed by the Commission

Amendment

3. Before the expiry of the duration for which the crisis stage was activated, the Commission shall, after consulting the European Semiconductor Board, assess whether the activation of the crisis stage

3. Before the expiry of the duration for which the crisis stage was activated, the Commission shall, after consulting the European Semiconductor Board **and notably industry and research**

should be prolonged. Where the assessment concludes that a prolongation is appropriate, the Commission may prolong the activation by means of **implementing** acts. The duration of the prolongation shall be specified in the **implementing** acts adopted in accordance with Article 33(2). The Commission may repeatedly decide to prolong the activation of the crisis stage where this is appropriate.

stakeholders, assess whether the activation of the crisis stage should be prolonged. Where the assessment concludes that a prolongation is appropriate, the Commission may prolong the activation by means of **delegated** acts. The duration of the prolongation shall be specified in the **delegated** acts adopted in accordance with Article 33(2). The Commission may repeatedly decide to prolong the activation of the crisis stage where this is appropriate.

Amendment 78

Proposal for a regulation Article 18 – paragraph 4

Text proposed by the Commission

4. During the crisis stage, the Commission shall, upon request from a Member State or on its own initiative, convene extraordinary meetings of the European Semiconductor Board as necessary. Member States shall work closely with the Commission and coordinate any national measures taken with regard to the semiconductor supply chain within the European Semiconductor Board.

Amendment

4. During the crisis stage, the Commission shall, upon request from a Member State or on its own initiative, convene extraordinary meetings of the European Semiconductor Board as necessary. Member States **and notably industry and research stakeholders** shall work closely with the Commission and coordinate any national measures taken with regard to the semiconductor supply chain within the European Semiconductor Board.

Amendment 79

Proposal for a regulation Article 18 – paragraph 5

Text proposed by the Commission

5. Upon expiry of the duration for which the crisis stage is activated, the measures taken in accordance with Articles 20, 21 and 22 shall cease to apply. The Commission shall review the Union risk assessment pursuant to Article 16(2) no later than six months after the expiry of the

Amendment

5. Upon expiry of the duration for which the crisis stage is activated, the measures taken in accordance with Articles 20, 21 and 22 shall cease to apply. The Commission **in consultation with the European Semiconductor Board** shall review the Union risk assessment pursuant to Article 16(2) no later than six months

duration of the crisis stage.

after the expiry of the duration of the crisis stage. ***The conclusions of that review shall be made available to the European Parliament and the Council.***

Amendment 80

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 ***if necessary*** 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 81

Proposal for a regulation Article 19 – paragraph 3 – point a

Text proposed by the Commission

(a) assess the impact of the possible imposition of protective measures, including in particular whether the market situation corresponds to a significant shortage of an essential product pursuant to Regulation 2015/479 and provide an opinion to the Commission;

Amendment

(a) assess the impact ***and the consequences to the Union's semiconductor industry*** of the possible imposition of protective measures, including in particular whether the market situation corresponds to a significant shortage of an essential product pursuant to Regulation 2015/479 and provide an opinion to the Commission;

Amendment 82

Proposal for a regulation Article 19 – paragraph 6

Text proposed by the Commission

6. The Commission **may**, after consulting the European Semiconductor Board, issue guidance on the implementation and the use of the emergency measures.

Amendment

6. The Commission **shall**, after consulting the European Semiconductor Board **and notably industry and research stakeholders**, issue guidance on the implementation and the use of the emergency measures.

Amendment 83

**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, **and if all other measures have been investigated**, request representative organisations of undertakings or, if necessary, individual undertakings operating along the semiconductor supply chain to **transmit, within a set time limit, specific information to** the Commission, **while fully respecting trade and business secrets**, about their production capacities **and** current primary disruptions. **The requested information shall be limited to what is the minimum** 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 84

**Proposal for a regulation
Article 20 – paragraph 1 a (new)**

Text proposed by the Commission

Amendment

1a. The Commission shall substantiate its targeted requests for sensitive and business confidential data and shall keep them to the minimum. The Commission shall develop the request for information

in cooperation with the European Semiconductor Board. The Commission shall provide for secure means provided for in Article 15 (1 b) for the information collection and processing that ensures confidentiality, business secrecy and cyber security with due regard to minimising the administrative burden for SMEs.

Amendment 85

Proposal for a regulation

Article 20 – paragraph 1 b (new)

Text proposed by the Commission

Amendment

1b. In the event of a data breach or unauthorised disclosure of information and data collected, this shall result in a full investigation by the Commission or competent authority, and if necessary a revision of the guidelines applied to the treatment, storage and handling of the data under the requirements of this Regulation. The Commission or Member States shall ensure the appropriate action is taken.

Amendment 86

Proposal for a regulation

Article 20 – paragraph 1 c (new)

Text proposed by the Commission

Amendment

1c. There shall be a single point of contact established by the Commission for such information to be provided to reduce administrative burden in reporting measures, and to reduce the risk of data breaches and the unauthorised disclosure of business, security, and economically sensitive information.

Amendment 87

Proposal for a regulation
Article 20 – paragraph 2

Text proposed by the Commission

2. The request for information shall state its legal basis, be proportionate in terms of the granularity and volume of the data and frequency of access to the data requested, have regard for the legitimate aims of the undertaking and the cost and effort required to make the data available, and set out the time limit within which the information is to be provided. It shall also indicate the penalties provided for in Article 28.

Amendment

2. The request for information shall state its legal basis, be proportionate **and necessary** in terms of the granularity and volume of the data and frequency of access to the data requested, have regard for the legitimate aims of the undertaking, **take into account the protection of trade secrets, personal data, intellectual property rights and business sensitive information** and the cost and effort required to make the data available, and set out the time limit within which the information is to be provided. It shall also indicate the penalties provided for in Article 28.

Amendment 88

Proposal for a regulation
Article 20 – paragraph 4

Text proposed by the Commission

4. Should an undertaking supply incorrect, incomplete or misleading information in response to a request made pursuant to this Article, or not supply the information within the prescribed time limit, it shall be subject to fines set in accordance with Article 28.

Amendment

4. Should an undertaking **intentionally** supply incorrect, incomplete or misleading information in response to a request made pursuant to this Article, or not supply the information within the prescribed time limit, it shall be subject to fines set in accordance with Article 28.

Amendment 89

Proposal for a regulation
Article 20 – paragraph 5

Text proposed by the Commission

5. Should an undertaking established in the Union be subject to a request for information related to its semiconductor activities from a third country, it shall

Amendment

5. Should an undertaking established in the Union be subject to a request for information related to its semiconductor activities from a third country, it shall

inform the Commission in such a manner as to enable the Commission to request similar information. The Commission shall inform the European Semiconductor Board of the existence of such request from a third country.

inform the Commission in such a manner ***that is least disruptive to trade and promote international cooperation***, as to enable the Commission to request similar information. The Commission shall inform the European Semiconductor Board of the existence of such request from a third country.

Amendment 90

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. ***Where the crisis situation is activated pursuant to Article 18 and*** where necessary and proportionate to ensure the operation of all or certain critical sectors, the Commission may oblige ***as last resort measure*** Integrated Production Facilities and Open EU Foundries ***that have received public support in the context of the this Regulation*** 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 91

Proposal for a regulation Article 21 – paragraph 2

Text proposed by the Commission

2. The obligation under paragraph 1 can also be imposed to other semiconductor undertakings which have accepted such possibility in the context of receiving public support.

Amendment

2. The obligation under paragraph 1 can also be imposed to other semiconductor undertakings ***with respect to their semiconductor manufacturing facilities for*** which ***they*** have accepted such possibility in the context of receiving public support ***under pillar 2 of this Regulation***.

Amendment 92

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, ***that has received public support in the context of this Regulation***, is subject to a third country priority rated order measure, it shall inform the Commission. Should that ***last resort*** 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 93

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

Amendment

4. The obligations under paragraph 1, 2 and 3 shall be enacted by the Commission via decision. The decision shall be ***a last resort measure*** taken ***after consulting the European Semiconductor Board***, 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 ***only be made when all other measures have been exhausted and*** in particular have regard for ***the preventive measures taken by the critical sector requesting the priority order, and*** the legitimate aims of the undertaking concerned and the cost, effort, ***technical practicality, and long-term business consequences***, required for any change in production sequence. In its decision, the Commission shall state the legal basis of

and reasonable price.

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, ***reflective of the market price.***

Amendment 94

Proposal for a regulation

Article 21 – paragraph 5 – introductory part

Text proposed by the Commission

5. The undertaking concerned shall be obliged to accept and prioritise a priority rated order. The undertaking may request the Commission to review the priority rated order where it considers it to be duly justified based on one of the following grounds:

Amendment

5. The undertaking concerned shall be obliged, ***as a last resort***, to accept and prioritise a priority rated order. The undertaking may request the Commission to review the priority rated order where it considers it to be duly justified based on one of the following grounds:

Amendment 95

Proposal for a regulation

Article 21 – paragraph 5 – point a

Text proposed by the Commission

(a) if the undertaking is unable to perform the priority rated order on account of insufficient production capability or production capacity, even under preferential treatment of the order;

Amendment

(a) if the undertaking is unable to perform the priority rated order on account of insufficient production capability or production capacity, ***or would entail unfeasible technical adjustments or an unrealistic period of time for technical adaptations***, even under preferential treatment of the order;

Amendment 96

Proposal for a regulation

Article 21 – paragraph 5 – point b

Text proposed by the Commission

(b) if acceptance of the order would place an unreasonable economic burden **and** entail particular hardship for the undertaking.

Amendment

(b) if acceptance of the order would place an unreasonable economic burden, **risk to business continuity, or** entail particular hardship for the undertaking.

Amendment 97

**Proposal for a regulation
Article 21 – paragraph 6**

Text proposed by the Commission

6. Where an undertaking is obliged to accept and prioritise a priority rated order, it shall not be liable for any breach of contractual obligations that is required to comply with the priority rated orders. The liability shall be excluded only to the extent the violation of contractual obligations was necessary for compliance with the mandated prioritisation.

Amendment

6. Where an undertaking is obliged to accept and prioritise a priority rated order, it shall not be liable for any breach of contractual obligations that is required to comply with the priority rated orders. The liability shall be excluded only to the extent the violation of contractual obligations was necessary for compliance with the mandated prioritisation. **Where necessary and relevant the Commission shall enter into dialogue with third parties.**

Amendment 98

**Proposal for a regulation
Article 22 – paragraph 1**

Text proposed by the Commission

1. The Commission may, upon the request of **two** or more Member States, establish a mandate to act as a central purchasing body on behalf of the participating Member States ('participating Member States') for their public procurement of crisis-relevant products for certain critical sectors ('common purchasing').

Amendment

1. The Commission may, upon the request of **nine** or more Member States establish a mandate to act as a central purchasing body on behalf of the participating Member States ('participating Member States') for their public procurement of crisis-relevant products for certain critical sectors ('common purchasing').

Amendment 99

Proposal for a regulation Article 22 – paragraph 2

Text proposed by the Commission

2. The Commission shall, in consultation with the European Semiconductor Board, assess the utility, necessity and proportionality of the request. Where the Commission intends not to follow the request, it shall inform the Member States concerned and the European Semiconductor Board and give reasons for its refusal.

Amendment

2. The Commission shall, in consultation with the European Semiconductor Board ***and representatives of industry stakeholders*** assess the utility, necessity and proportionality of the request. Where the Commission intends not to follow the request, it shall inform the Member States concerned and the European Semiconductor Board and give reasons for its refusal.

Amendment 100

Proposal for a regulation Article 23 – paragraph 2 – point c

Text proposed by the Commission

(c) 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;

Amendment

(c) discussing and preparing, ***with involvement of key industry and research stakeholders***, the identification of specific sectors and technologies with potential high social impact and respective security significance in need of certification for trusted products;

Amendment 101

Proposal for a regulation Article 23 – paragraph 2 – point e a (new)

Text proposed by the Commission

Amendment

(ea) creating a strategic mapping of the dynamics, strengths, weaknesses, investments and capability gaps of the semiconductor value chain in the Union;

Amendment 102

Proposal for a regulation
Article 23 – paragraph 2 – point e b (new)

Text proposed by the Commission

Amendment

(eb) providing advice and assisting the Commission with regard to developing consistent guidelines on how to best protect, in the context of this Regulation, confidential information, including trade secrets or content protected by intellectual property rights, from unlawful access that risks intellectual property theft or industrial espionage.

Amendment 103

Proposal for a regulation
Article 23 – paragraph 3

Text proposed by the Commission

Amendment

3. The European Semiconductor Board shall support the Commission in international cooperation, including information gathering and crisis assessment, in line with international obligations.

3. The European Semiconductor Board shall support the Commission in international cooperation, including information gathering and crisis assessment, ***and coordination of responses to supply shortages***, in line with international obligations, ***involving, where appropriate, relevant third partners and within relevant international fora.***

Amendment 104

Proposal for a regulation
Article 24 – paragraph 1

Text proposed by the Commission

Amendment

1. The European Semiconductor Board shall be composed of representatives of the Member States and shall be chaired by a representative of the Commission.

1. The European Semiconductor Board shall be composed of representatives of the Member States, ***shall consult structurally industry and research stakeholders*** and shall be chaired by a representative of the Commission.

Amendment 105

Proposal for a regulation Article 24 – paragraph 2

Text proposed by the Commission

2. Each national single point of contact, referred to in Article 26(3), shall appoint a high-level representative to the European Semiconductor Board. Where relevant as regards the function and expertise, a Member State may have more than one representative in relation to different tasks of the European Semiconductor Board. Each member of the European Semiconductor Board shall have *an alternate*.

Amendment

2. Each national single point of contact, referred to in Article 26(3), shall appoint a high-level representative to the European Semiconductor Board. Where relevant as regards the function and expertise, a Member State may have more than one representative in relation to different tasks of the European Semiconductor Board. Each member of the European Semiconductor Board shall have *one, maximum two alternates*.

Amendment 106

Proposal for a regulation Article 24 – paragraph 4

Text proposed by the Commission

4. The Commission *may* establish standing or temporary sub-groups for the purpose of examining specific questions. Where appropriate, the Commission *may* invite organisations representing the interests of the semiconductor industry, including the Industrial Alliance on Processors and Semiconductor Technologies and users of semiconductors at Union level, to such sub-groups in the capacity of observers. A sub-group including Union Research and Technology Organisations shall be established for the purpose of examining specific aspects on strategic technology directions and reporting on this to the European Semiconductor Board.

Amendment

4. The Commission *shall* establish standing or temporary sub-groups for the purpose of examining specific questions. Where appropriate, the Commission *shall when relevant* invite organisations, *industry and research stakeholders from within the Union and third partners* representing the interests of the semiconductor industry, including the Industrial Alliance on Processors and Semiconductor Technologies and users of semiconductors at Union level, to *participate in* such sub-groups in the capacity of observers *that enjoy speaking rights but no voting rights*. A sub-group including Union Research and Technology Organisations shall be established for the purpose of examining specific aspects on strategic technology directions and reporting on this to the European Semiconductor Board.

Amendment 107

Proposal for a regulation Article 25 – paragraph 4

Text proposed by the Commission

4. The Commission may appoint observers to take part in the meetings, as appropriate. The Commission may invite experts with specific expertise, including from relevant stakeholder organisations, with respect to a subject matter on the agenda to take part in the meetings of the European Semiconductor Board on an ad hoc basis. The Commission may facilitate exchanges between the European Semiconductor Board and other Union bodies, offices, agencies and advisory groups. The Commission shall invite a representative from the European Parliament as an observer to the European Semiconductor Board. The Commission shall ensure the participation of relevant other Union institutions and bodies as observers to the European Semiconductor Board with respect to meetings concerning Chapter IV on monitoring and crisis response. Observers and experts shall not have voting rights **and shall not participate** in the formulation of opinions, recommendations or advice of the European Semiconductor Board and its sub-groups.

Amendment

4. ***The Commission shall involve industry and civil society stakeholders when relevant in their respective role, meaning that*** the Commission may appoint observers to take part in the meetings, as appropriate. The Commission may invite experts with specific expertise, including from relevant stakeholder organisations, with respect to a subject matter on the agenda to take part in the meetings of the European Semiconductor Board on an ad hoc basis. The Commission may facilitate exchanges between the European Semiconductor Board and other Union bodies, offices, agencies and advisory groups. The Commission shall invite a representative from the European Parliament as an observer to the European Semiconductor Board. The Commission shall ensure the participation of relevant other Union institutions and bodies as observers to the European Semiconductor Board with respect to meetings concerning Chapter IV on monitoring and crisis response. Observers and experts shall not have voting rights **but may be considered** in the formulation of opinions, recommendations or advice of the European Semiconductor Board and its sub-groups.

Amendment 108

Proposal for a regulation Article 25 – paragraph 5

Text proposed by the Commission

5. The European Semiconductor

Amendment

5. The European Semiconductor

Board shall take the necessary measures to ensure the safe handling and processing of confidential information.

Board shall take the necessary measures to ensure the safe handling and processing of confidential information, ***including trade secrets or content protected by intellectual property rights. Those measures shall comply with the guidelines issued by the Commission.***

Amendment 109

Proposal for a regulation

Article 27 – paragraph 1

Text proposed by the Commission

1. The Commission and the national competent authorities, their officials, servants and other persons working under the supervision of these authorities as well as officials and civil servants of other authorities of the Member States shall not disclose information acquired or exchanged by them pursuant to this Regulation and of the kind covered by the obligation of professional secrecy. They shall respect the confidentiality of information and data obtained in carrying out their tasks and activities in such a manner as to protect in particular intellectual property rights and sensitive business information or trade secrets. This obligation shall apply to all representatives of Member States, observers, experts and other participants attending meetings of the European Semiconductor Board pursuant to Article 23 and the members of the Committee pursuant to Article 33(1).

Amendment

1. The Commission and the national competent authorities, their officials, servants and other persons working under the supervision of these authorities as well as officials and civil servants of other authorities of the Member States shall not disclose information acquired or exchanged by them pursuant to this Regulation and of the kind covered by the obligation of professional secrecy. They shall respect the confidentiality of information and data obtained in carrying out their tasks and activities in such a manner as to protect in particular intellectual property rights and sensitive business information or trade secrets. ***Any circumvention of technological protection measures and use of confidential data must be avoided.*** This obligation shall apply to all representatives of Member States, observers, experts and other participants attending meetings of the European Semiconductor Board pursuant to Article 23 and the members of the Committee pursuant to Article 33(1).

Amendment 110

Proposal for a regulation

Article 27 – paragraph 2

Text proposed by the Commission

2. The Commission and Member States may exchange, where necessary, confidential information with competent authorities of third ***countries*** with which they have agreed on bilateral or multilateral confidentiality arrangements to provide an adequate level of confidentiality.

Amendment

2. The Commission and Member States may ***on a case-by-case basis*** exchange, where necessary ***and proportionate, and in full compliance with the guidelines issued by the Commission and the relevant Union legislation in the field***, confidential information with competent authorities of third ***partners*** with which they have agreed on bilateral or multilateral confidentiality arrangements to provide an adequate level of confidentiality.

Amendment 111

**Proposal for a regulation
Article 27 – paragraph 3**

Text proposed by the Commission

3. The Commission may adopt implementing acts, as necessary following experience gained in information gathering, to specify the practical arrangements for the treatment of confidential information in the context of exchange of information pursuant to this Regulation. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 33(2).

Amendment

3. The Commission may adopt implementing acts, as necessary following experience gained in information gathering, to specify the practical arrangements for the treatment of confidential information ***and trade secrets. They shall take appropriate technical and organisational measures to preserve the confidentiality of sensitive business information and trade secrets***, in the context of exchange of information pursuant to this Regulation. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 33(2).

Amendment 112

**Proposal for a regulation
Article 28 – paragraph 4**

Text proposed by the Commission

4. In fixing the amount of the fine or periodic penalty payment, regard shall be

Amendment

4. In fixing the amount of the fine or periodic penalty payment, regard shall be

had to the nature, gravity and duration of the infringement, taking due account of the principles of proportionality and appropriateness.

had *to the size, if the concerned undertaking is an SME, to the economic and administrative resources*, to the nature, gravity and duration of the infringement, taking due account of the principles of proportionality and appropriateness.

Amendment 113

Proposal for a regulation Article 33 – paragraph 2

Text proposed by the Commission

2. Where reference is made to this paragraph, Article **5 of Regulation (EU) No 182/2011** shall apply.

Amendment

2. Where reference is made to this paragraph, Article **290 TFEU** shall apply.

Amendment 114

Proposal for a regulation Article 33 – paragraph 3

Text proposed by the Commission

3. *Where reference is made to this paragraph, Article 8 of Regulation (EU) No 182/2011, in conjunction with Article 5 thereof, shall apply.*

Amendment

deleted

Amendment 115

Proposal for a regulation Article 35 – title

Text proposed by the Commission

Evaluation and review

Amendment

Evaluation, **reporting** and review

Amendment 116

Proposal for a regulation Article 35 – paragraph 1

Text proposed by the Commission

1. By **three** years after the date of application of this Regulation and every **four** years thereafter, the Commission shall submit a report on the evaluation and review of this Regulation to the European Parliament and to the Council. The reports shall be made public.

Amendment

1. By **two** years after the date of application of this Regulation and every **three** years thereafter, the Commission shall submit a report on the evaluation and review of this Regulation to the European Parliament and to the Council. The **first Commission report should include proposals to limit the unnecessary administrative burden identified in line with its Communication on the application of the “one in, one out” principle, if confirmed by the impact analysis.** The reports shall be made public.

Amendment 117

**Proposal for a regulation
Article 35 – paragraph 1 a (new)**

Text proposed by the Commission

Amendment

1a. The Commission shall produce an annual report in order to assess the regularity of information requests, the type and volume of information being requested, in particular from SMEs and scale-ups, and it shall identify if necessary the need to further streamline processes and provide further support in navigating information requests in the context of this Regulation.

Amendment 118

**Proposal for a regulation
Article 35 – paragraph 2**

Text proposed by the Commission

Amendment

2. For the purpose of the evaluation and review, the European Semiconductor Board, the Member States and national competent authorities shall provide the Commission with information on its

2. For the purpose of the evaluation, **reporting** and review, the European Semiconductor Board, the Member States and national competent authorities shall provide the Commission with information

request.

on its request.

Amendment 119

Proposal for a regulation Article 35 – paragraph 3

Text proposed by the Commission

3. In carrying out the evaluation and review the Commission shall take into account the positions and findings of the European Semiconductor Board, of the European Parliament, of the Council, and of other relevant bodies or sources.

Amendment

3. In carrying out the evaluation, **reporting** and review the Commission shall take into account the positions and findings of the European Semiconductor Board, of the European Parliament, of the Council, and of other relevant bodies or sources.

PROCEDURE – COMMITTEE ASKED FOR OPINION

Title	Establishing a framework of measures for strengthening Europe's semiconductor ecosystem (Chips Act)
References	COM(2022)0046 – C9-0039/2022 – 2022/0032(COD)
Committee responsible Date announced in plenary	ITRE 7.3.2022
Opinion by Date announced in plenary	INTA 23.6.2022
Rapporteur for the opinion Date appointed	Geert Bourgeois 16.5.2022
Discussed in committee	10.10.2022
Date adopted	30.11.2022
Result of final vote	+ : 35 - : 0 0 : 3
Members present for the final vote	Barry Andrews, Anna-Michelle Asimakopoulou, Geert Bourgeois, Saskia Bricmont, Jordi Cañas, Daniel Caspary, Paolo De Castro, Raphaël Glucksmann, Markéta Gregorová, Roman Haider, Christophe Hansen, Heidi Hautala, Danuta Maria Hübner, Karin Karlsbro, Danilo Oscar Lancini, Bernd Lange, Margarida Marques, Gabriel Mato, Sara Matthieu, Emmanuel Maurel, Alessandra Mussolini, Carles Puigdemont i Casamajó, Samira Rafaela, Inma Rodríguez-Piñero, Helmut Scholz, Sven Simon, Mihai Tudose, Marie-Pierre Vedrenne, Jörgen Warborn, Iuliu Winkler, Jan Zahradil, Juan Ignacio Zoido Álvarez
Substitutes present for the final vote	Enikő Györi, Svenja Hahn, Liudas Mažylis, Javier Moreno Sánchez
Substitutes under Rule 209(7) present for the final vote	Marc Angel, Dietmar Köster

FINAL VOTE BY ROLL CALL IN COMMITTEE ASKED FOR OPINION

35	+
ECR	Geert Bourgeois, Jan Zahradil
ID	Roman Haider, Danilo Oscar Lancini
NI	Enikő Győri, Carles Puigdemont i Casamajó
PPE	Anna-Michelle Asimakopoulou, Daniel Caspary, Christophe Hansen, Danuta Maria Hübner, Gabriel Mato, Liudas Mažylis, Alessandra Mussolini, Sven Simon, Jörgen Warborn, Iuliu Winkler, Juan Ignacio Zoido Álvarez
RENEW	Barry Andrews, Jordi Cañas, Svenja Hahn, Karin Karlsbro, Samira Rafaela, Marie-Pierre Vedrenne
S&D	Marc Angel, Paolo De Castro, Dietmar Köster, Bernd Lange, Margarida Marques, Javier Moreno Sánchez, Inma Rodríguez-Piñero, Mihai Tudose
VERTS/ALE	Saskia Bricmont, Markéta Gregorová, Heidi Hautala, Sara Matthieu

0	-

3	0
S&D	Raphaël Glucksmann
THE LEFT	Emmanuel Maurel, Helmut Scholz

Key to symbols:

+ : in favour

- : against

0 : abstention