

Making the EU Chips Act deliver for French and German industry

A joint proposal by France Industrie and the Federation of German Industries (BDI).

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The rationale for an EU Chips Act

Few industrial sectors are as critical to our modern economies as the semiconductor industry. As semiconductors are found in virtually every industrial product, from automotive to smart home appliances, a reliable supply of chips is vital for Europe's economic success, resilience, and stability. Furthermore, semiconductors are crucial for enabling Europe's green transition as they are essential for the invention and use of energy-efficient and intelligent technologies in order to reduce the continent's CO2 emissions. In France and Germany, companies of different industrial sectors (e.g. automotive and electrical equipment) have reported lost sales due to the shortage. Waiting times for chips have also increased by ten weeks, with little to no chances of the crisis abating in 2022. In light of these shortages, French and German industry welcome the Commission's announcement to issue an ambitious EU Chips Act. We urge the co-legislators to closely liaise with industry during the upcoming legislative process, to ensure that the Act will strengthen Europe's semiconductor competencies – including design, production, and packaging – in order to make it successful in increasing European prosperity and security.

Making the EU Chips Act deliver for industry: 6 recommendations

In light of the announced EU Chips Act, French and German industry urge the European Commission to address the following dimensions when attempting to tackle the European semiconductor vulnerabilities holistically which are currently leading to supply pressures:

1. Developing a holistic European strategy on semiconductors that addresses the entire semiconductor value chain while refraining from a planned economy on semiconductors
2. Recognising the importance of semiconductors of all natures and all structural sizes
3. Investing in the whole semiconductor life cycle, including CAPEX and OPEX to enhance the competitiveness of Europe's semiconductor industry
4. Investing in existing and new semiconductor production facilities in Europe (for example by utilising targeted, agile and fast state aid exemptions) and thereby enhancing the EU's economic resilience
5. Attracting and training specialists for the European semiconductor industry
6. Striving for international cooperation at eye-level while refraining from a subsidies-race

When taking everything together, the European Commission – together with the European Parliament and the 27 EU Member States – should strive to strengthen Europe's already existent strength while reducing currently existent weaknesses.

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