

**Briefing for Executive Vice-President Vestager
Meeting with Minister Bruno Le Maire
4 July 2022**

SUMMARY

- The meeting is with **Minister Bruno Le Maire**.
- 04/07/2022 12:00-12:30.
- Briefing covering:
 - semiconductors
 - [...]

OBJECTIVES

[...]

SEMICONDUCTORS – CHIPS ACT

KEY MESSAGES

- The semiconductor value chain is highly dependent on a few actors and geographies and global shortages have led to factory closures in a range of sectors, from cars to healthcare devices. The EU's share of the global microchips market is less than 10%.
- This has led the Commission to propose the European Chips Act on 8 February 2022 to boost the EU's investment in the European chip ecosystem, including production. The Chips Act is a good example of **open strategic autonomy in practice**: it caters for targeted support and actions to tackle market failures to improve both EU's competitiveness and technological autonomy.
- **Competition rules, including State aid rules, will continue to apply to the semiconductors sector** to ensure that public support granted crowds in private investments and benefits the entire European economy. Pillar 2 of the Chips Act aims to improve security of supply: it opens the possibility of Member States' support for manufacturing activities, **without any amendment to existing State aid rules**.
- The Commission will use the existing possibilities for approval of investment aid directly under Article 107(3)(c) TFEU. This provision allows the Commission to approve State aid to facilitate the development of certain economic activities, if the **positive effects of such State aid outweigh its potential negative impact on trade and competition**.
- The Commission will assess each case on its own merits, considering the very specific and acute challenges of the semiconductor value chain and its key role for the European economy. In particular, the Commission will consider if:
 - Financed facilities are **"first-of a kind" in Europe**, i.e. they plan to produce technologies that are not substantively present in Europe, for example in terms of size, material or performance. A number of innovation dimensions can be considered, not only (smaller) node sizes. For example, a project could still be qualified as "first-of-a kind" if it aims to produce mature chips having better safety, reliability or performance than chips already manufactured in Europe;

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- The public support covers the **proven funding gap** (i.e. the minimum amount necessary to make sure such investments take place in Europe). This approach allows the Commission to take into account subsidies offered by third countries (if sufficiently proven);
- There are **additional positive effects to offset risks of competition distortion** such as: positive effects on security of supply, positive contribution in attracting qualified workforce or positive impact on innovation in Europe.

Contact: [...]

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