



#ChipsAct

For a milestone regulation on semiconductors that provides certainty and enables innovation

February 2023

An innovative EU automotive supply sector relies on a vibrant semiconductor industry with a strong foothold in Europe. EU automotive suppliers call upon the European Commission, Parliament and Council to prioritise the adoption of the EU Chips Act and ensure trilogue negotiations can start as quickly as possible. The European Commission and Member States should coordinate to ensure sufficient funds are mobilised, as it has been done in regions such as the US and Asia.

Continued uncertainty about the commitment of public authorities and framework conditions for investment is a significant disadvantage for EU industry. Despite significant investment announcements over the previous months, investment in the EU semiconductor industry remains up to four times lower than in the US for the period until 2025¹.

Policymakers should focus the inter-institutional negotiations on improving the EU Chips Act proposal in a way that secures private investment and reflects the close interdependence of the EU's automotive and semiconductor supply chains. A broad approach to innovation requirements for public investment and less legal uncertainty about potential supply chain interventions will make the EU Chips Act a tool to strengthen the competitiveness of EU industry.

Broad definition of innovation

The definition of 'first-of-a-kind in Europe' should be implemented in a broad sense, allowing investments in leading-edge, advanced, and mature nodes. Policy support should be open to innovative production methods (carbon-neutral production, application of artificial intelligence in design and production) material innovation, innovative applications (battery management, connected and autonomous driving) or node size reduction. Automation, electrification, and connectivity will drive automotive demand for a broad range of semiconductor technologies and public investment needs to reinforce the innovative power of the automotive and semiconductor cluster.

Intervention in supply chains only under clear conditions

Disruptions in the supply of semiconductor technologies could have a significant impact on the automotive production chain, but government intervention in the management of production capacities is unlikely to have a positive impact. Supply chain interventions furthermore create uncertainties that could undermine investment. Therefore, CLEPA calls for policymakers to limit the activation of a crisis to those situations where health and public safety are at risk. If public authorities

¹ Everstream, January 2023

would instruct fabs to prioritise production of certain chips over others, there should be a clear compensation mechanism and procedure to object.

The EU Chips Act provides an opportunity to strengthen the resilience of supply chains and further cement the European automotive sector's global leadership position on innovation. CLEPA continues to be ready to support policymakers in their efforts to create a framework that fosters investments in the European semiconductor ecosystem.

About CLEPA

CLEPA, the European Association of Automotive Suppliers, represents over 3,000 companies supplying state-of-the-art components and innovative technologies for safe, smart, and sustainable mobility.

CLEPA brings together over 120 global suppliers of car parts, systems, and modules and more than 20 national trade associations and European sector associations. CLEPA is the voice of the EU automotive supplier industry linking the sector to policy makers.



The automotive sector accounts for **30% of R&D** in the EU, making it the number one investor.



European automotive suppliers invest over **30 billion euros** yearly in research and development.



Automotive suppliers register over **9,000 new patents** each year.



Automotive suppliers in Europe generate **1.7 million** direct jobs.

For further information, you can contact CLEPA's Communications Department at communications@clepa.be.

CLEPA

Cours Saint-Michel 30g,
1040 Brussels, Belgium
www.clepa.eu

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