

The European Chips Act: A Once in a Lifetime Opportunity – January 18, 2023

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Semiconductors truly are the engines that power the world. Yet despite the increasingly prominent role that they play in enabling our everyday lives, until recently semiconductors have flown under the radar for the public. This changed with the arrival of the COVID pandemic, which forced a paradigm shift in how we work, socialize, get our groceries and prescriptions, and even see a doctor.

Maintaining connection with the outside world during COVID lockdowns required consumers to invest in new computers, smartphones, and other various mobile and consumer electronic devices, all of which are powered by semiconductors. Yet, the dramatic increase in demand for chips during the pandemic caused an unprecedented strain on supply chains that is still being felt to this day. And it's not just PCs with the latest graphics cards that have long delivery times. It's also automobiles, e-bikes, household appliances, and even electric inverters.

Today, governments around the world are beginning to recognize the strategic importance of semiconductors in enabling and supporting our quality of life. This has prompted governments to call for increased investments in domestic semiconductor research and manufacturing to maintain a stable supply chain for consumers, as well as strengthen their national security and global competitiveness. The European Union is acutely aware of this. While one trillion microchips were produced worldwide in 2020, only 10 percent of them were produced in the EU.

The [European Chips Act](#) is set to change that. To strengthen the role of the EU in the semiconductor sector, Brussels is investing approximately €43B of public and private money in activities to promote the semiconductor sector. The goal is to double the EU's market share of global semiconductor production to 20 percent by 2030. The next step is for the EU member states and the EU Parliament to discuss and pass the European Chips Act.

Already, we are seeing positive momentum from major chipmakers in expanding manufacturing in Europe. Bosch led the way last year in announcing plans to build a new “smart fab” for microelectronics. Early In 2022, Intel announced plans for an initial investment of more than €33B to build a leading-edge semiconductor fab mega-site and a new R&D design hub, as well as expand existing R&D, manufacturing, foundry services, and back-end production across Europe. More recently, Infineon announced plans to invest €5B to expand 300-mm manufacturing capacity for analog, mixed-signal, and power semiconductors. These and other planned investments in Europe demonstrate that the world's leading technology innovators recognize the importance of Europe as a key center for cutting-edge technology research and manufacturing.

As a leading provider of highly specialized process solutions for the semiconductor industry, [EV Group](#) is actively engaged at many levels with the government and industry to share our knowledge and insights on both the challenges and opportunities for Europe's renewal in semiconductor manufacturing. We recognize that an undertaking as significant as the European Chips Act can have a positive impact on our business. However, the European Chips Act means much more to us than that. It is a once-in-a-lifetime opportunity to strengthen innovation throughout the European semiconductor supply chain as well as enhance Europe's technical leadership. We are excited about Europe's “renaissance” in semiconductor manufacturing, and we will continue to work closely with our partners and customers to help guide and support these strategic investments in Europe's future.

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