



EUROPEAN COMMISSION

SECRETARIAT-GENERAL

PV(2022) 2406 final

- English translation of the French version which is authentic -

Strasbourg, 8 March 2022

TEXTE EN

MINUTES

of the 2406th meeting of the Commission

held in Brussels

(Berlaymont)

on Tuesday 8 February 2022

(morning)

PV(2022) 2406 final

- English translation of the French version which is authentic -

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TABLE OF CONTENTS

Attendance list	4-6
1. AGENDAS (OJ(2022) 2406/FINAL; SEC(2022) 2406/FINAL)	7
2. WEEKLY MEETING OF CHEFS DE CABINET (RCC(2022) 2406)	7
3. APPROVAL OF THE MINUTES	7
4. INTERINSTITUTIONAL RELATIONS (RCC(2022) 64)	7
5. COORDINATION OF EXTERNAL ACTION (RCC(2022) 8).....	9
6. WRITTEN PROCEDURES, EMPOWERMENT AND DELEGATION OF POWERS.....	10
6.1. WRITTEN PROCEDURES APPROVED (SEC(2022) 101 ET SEQ.).....	10
6.2. EMPOWERMENT (SEC(2022) 97 ET SEQ.)	10
6.3. DELEGATION / SUBDELEGATION OF POWERS (SEC(2022) 98 ET SEQ.)	10
6.4. SIGNIFICANT WRITTEN PROCEDURES (SEC(2022) 99 AND /2)	10
7. ADMINISTRATIVE AND BUDGETARY MATTERS (SEC(2022) 100 AND /2).....	10
7.1. SECRETARIAT-GENERAL/REGULATORY SCRUTINY BOARD – APPOINTMENT OF AN AD16 DIRECTOR / CHAIR OF THE REGULATORY SCRUTINY BOARD.....	11
7.2. DG COMPETITION – APPOINTMENT OF A DIRECTOR AT GRADE AD14/15 (PERS(2022) 8 TO /3).....	11
7.3. DG ECONOMIC AND FINANCIAL AFFAIRS – APPOINTMENT OF A DIRECTOR AT GRADE AD14/15 (PERS(2022) 9 TO /3).....	12
7.4. DG TAXATION AND CUSTOMS UNION – APPOINTMENT OF AN AD15 DIRECTOR.....	13

7.5. DG COMPETITION – EXTENSION OF THE TERM OF OFFICE OF THE CHIEF COMPETITION ECONOMIST.....	13
7.6. SECRETARIAT-GENERAL – APPOINTMENT OF A DIRECTOR AT GRADE AD14/15 (PERS(2022) 10 TO /3)	13
8. MONITORING THE APPLICATION OF EUROPEAN UNION LAW.....	14
INFRINGEMENTS – MONTHLY CYCLE – FEBRUARY 2022 (SEC(2022) 50).....	14
9. COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS – A CHIPS ACT FOR EUROPE (COM(2022) 45 TO /3; RCC(2022) 69).....	14
10. 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) 46 TO /3; RCC(2022) 69).....	14
11. COMMISSION RECOMMENDATION ON A COMMON UNION TOOLBOX TO ADDRESS SEMICONDUCTOR SHORTAGES AND AN EU MECHANISM FOR MONITORING THE SEMICONDUCTOR ECOSYSTEM (C(2022) 782 AND /2; RCC(2022) 69).....	15
12. PROPOSAL FOR A COUNCIL REGULATION AMENDING REGULATION (EU) 2021/2085 ESTABLISHING THE JOINT UNDERTAKINGS UNDER HORIZON EUROPE, AS REGARDS THE CHIPS JOINT UNDERTAKING (COM(2022) 47 TO /3; RCC(2022) 69).....	15
13. OTHER BUSINESS.....	26
MAIN FINDINGS OF THE 8 TH COMMISSION REPORT ON ECONOMIC, SOCIAL AND TERRITORIAL COHESION IN THE EU	26

Single sitting: Tuesday 8 February 2022 (morning)

The sitting opened at 9.10 with Ms von der LEYEN, President, in the chair.

Present:

Ms von der LEYEN	President	
Mr TIMMERMANS	Executive Vice-President	
Ms VESTAGER	Executive Vice-President	
Mr DOMBROVSKIS	Executive Vice-President	
Ms JOUROVÁ	Vice-President	
Ms ŠUICA	Vice-President	
Mr SCHINAS	Vice-President	
Ms GABRIEL	Member	
Mr BRETON	Member	
Ms FERREIRA	Member	
Ms KYRIAKIDES	Member	
Mr REYNDERS	Member	
Ms DALLI	Member	
Mr LENARČIČ	Member	
Ms VÁLEAN	Member	Items 9/12 (in part) and 13
Ms URPILAINEN	Member	Items 1 to 9/12
Mr SINKEVIČIUS	Member	
Ms McGUINNESS	Member	

The following sat in by videoconference:

Mr SCHMIT	Member
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Absent:

Mr BORRELL i FONTELLES	High Representative / Vice-President
Mr ŠEFČOVIČ	Vice-President
Mr HAHN	Member
Mr GENTILONI	Member
Mr WOJCIECHOWSKI	Member
Ms JOHANSSON	Member
Mr VÁRHELYI	Member
Ms SIMSON	Member

The following sat in to represent absent Members of the Commission:

Ms FERNÁNDEZ-STEMBRIDGE	A member of Mr BORRELL's staff	
Mr NOCIAR	Chef de cabinet to Mr ŠEFČOVIČ	
Mr MÜLLER	Chef de cabinet to Mr HAHN	
Mr BUTI	Chef de cabinet to Mr GENTILONI	
Mr GOLUBIEWSKI	Chef de cabinet to Mr WOJCIECHOWSKI	
Ms WEBBER	Chef de cabinet to Ms JOHANSSON	
Ms TEEDUMÄE	A member of Mr VÁRHELYI's staff	
Mr LAHTI	Chef de cabinet to Ms JOHANSSON	Items 9/12 (in part) and 13
Mr KADARIK	Deputy Chef de cabinet to Ms SIMSON	

The following also sat in:

Mr SEIBERT	Chef de cabinet to the PRESIDENT
Mr CALLEJA CRESPO	Director-General, Legal Service
Ms AHRENKILDE HANSEN	Director-General, DG Communication

Mr MAMER	Head of the Spokesperson's Service and Chief Spokesperson of the Commission	
Ms PETKOVA	Director of Coordination and Administration in the PRESIDENT's Office	
Mr WHELAN	Adviser in the PRESIDENT's Office	Items 9/12
Ms HILI	Adviser in the PRESIDENT's Office	Item 8
Ms SCHULTZ	Policy Coordinator in the PRESIDENT's Office	
Ms SPINANT	Deputy Chief Spokesperson of the Commission	
Ms BUKA	Secretariat-General	
Ms ALLOUIS-LE LOSTEC	Head of Unit in the Secretariat-General	

Secretary: Ms JUHANSONE, Secretary-General, assisted by Ms DEPREZ, Director in the Secretariat-General.

1. AGENDAS

(OJ(2022) 2406/FINAL; SEC(2022) 2406/FINAL)

The Commission took note of that day's agenda and of the tentative agendas for forthcoming meetings.

2. WEEKLY MEETING OF CHEFS DE CABINET

(RCC(2022) 2406)

The Commission considered the Secretary-General's report on the weekly meeting of Chefs de cabinet held on Monday 7 February 2022.

3. APPROVAL OF THE MINUTES

The Commission held over approval of the minutes of its 2403rd, 2404th and 2405th meetings of 18 and 26 January and 2 February 2022 for a later date.

4. INTERINSTITUTIONAL RELATIONS

(RCC(2022) 64)

The Commission took note of the record of the meeting of the Interinstitutional Relations Group (IRG) held by videoconference on Friday 4 February 2022 (RCC(2022) 64).

The Commission approved the lines proposed for the following points:

- **Adequate minimum wages in the European Union (Directive) – RADTKE & JONGERIUS report – 2020/0310 (COD)**

Line set out in SI(2022) 22.

- **Amendment of Regulation (EU) 2016/794, as regards Europol’s cooperation with private parties, the processing of personal data by Europol in support of criminal investigations, and Europol’s role on research and innovation (Regulation) – ZARZALEJOS report – 2020/0349 (COD)**

Line set out in SI(2022) 26.

- **European Parliament resolutions based on Article 225 of the Treaty on the Functioning of the European Union (TFEU) – A statute for European cross-border associations and non-profit organisations – LAGODINSKY report – 2020/2026 (INL)**

Line set out in SP(2022) 46.

- **Joint declaration of the European Parliament, the Council and the Commission on budgetary scrutiny of new proposals based on Article 122 TFEU with potential appreciable implications for the Union budget – 2020/C 444 I/05**

Line set out in SPI(2022) 8/2.

The Commission approved the lines set out for the following points, for transmission to Parliament:

- **Commission replies to the non-legislative resolutions adopted by Parliament at its part-session of September 2021 (3rd and last part)**

Line set out in SP(2022) 54.

- **Commission replies to the non-legislative resolutions adopted by Parliament at its part-session of November I 2021 (Part I)**

Line set out in SP(2022) 48/2.

- **Commission replies to the non-legislative resolutions adopted by Parliament at its part-session of November II 2021 (Part II)**

Line set out in SP(2022) 49/2.

The Commission took note of the following points:

- **Amendment of Directive 1999/62/EC on the charging of heavy goods vehicles for the use of certain infrastructures (Directive) – FERRANDINO report –2017/0114 (COD)**

Compromise text in SP(2022) 44, further to note COM(2021) 693, which the Commission had already approved on 16 November 2021.

- **Amendment of Directive 2004/37/EC on the protection of workers from the risks related to exposure to carcinogens or mutagens at work (Directive) – ZAMBELLI report – 2020/0262 (COD)**

Compromise text in SP(2022) 45, further to note SI(2021) 406, which the Commission had already approved on 22 December 2021.

- **Preparation of the 2022 Rule of Law Report – State of play**

Information set out in SPI(2022) 7.

5. COORDINATION OF EXTERNAL ACTION (RCC(2022) 8)

The Commission took note of the operational conclusions in RCC(2022) 8 of the meeting of the Group for External Coordination (EXCO) held on Wednesday 2 February 2022.

6. WRITTEN PROCEDURES, EMPOWERMENT AND DELEGATION OF POWERS

6.1. WRITTEN PROCEDURES APPROVED

(SEC(2022) 101 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 31 January and 6 February 2022.

6.2. EMPOWERMENT

(SEC(2022) 97 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 31 January and 6 February 2022.

6.3. DELEGATION / SUBDELEGATION OF POWERS

(SEC(2022) 98 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted under the delegation and subdelegation procedures between 31 January and 6 February 2022 archived in Decide.

6.4. SIGNIFICANT WRITTEN PROCEDURES

(SEC(2022) 99 AND /2)

The Commission took note of the significant written procedures for which the time limit expired between 7 and 11 February 2022 and of the finalisation written procedure initiated following the weekly meeting of Chefs de cabinet on Monday 7 February 2022.

7. ADMINISTRATIVE AND BUDGETARY MATTERS

(SEC(2022) 100 AND /2)

ADMINISTRATIVE MATTERS**(SEC(2022) 7 AND /2)**

At the invitation of the PRESIDENT, Mr HAHN being absent, the Secretary-General presented a proposal for an administrative decision that was being submitted directly to the College for approval.

It was proposed to transfer in the interest of the service, under Article 7 of the Staff Regulations, Mr Rytis MARTIKONIS to the post of Director-General and Chair of the Regulatory Scrutiny Board.

She highlighted the great skills, outstanding career and recognised expertise of Mr Rytis MARTIKONIS, which would be valuable assets in his new post.

**7.1. SECRETARIAT-GENERAL/REGULATORY SCRUTINY BOARD –
APPOINTMENT OF AN AD16 DIRECTOR / CHAIR OF THE
REGULATORY SCRUTINY BOARD**

On a proposal from Mr HAHN, in agreement with the PRESIDENT and after consulting Mr ŠEFČOVIČ, the Commission decided to transfer in the interest of the service, under Article 7 of the Staff Regulations, Mr Rytis MARTIKONIS, an AD16 official and currently Director-General of DG Translation, to the post of Director-General and Chair of the Regulatory Scrutiny Board.

This decision would take effect on 1 March 2022.

**7.2. DG COMPETITION – APPOINTMENT OF A DIRECTOR AT GRADE
AD14/15
(PERS(2022) 8 TO /3)**

The Commission had before it applications under Article 29(1)(a)(i) and (iii) of the Staff Regulations for the post of Director of the ‘Markets and cases III – Financial services’ Directorate in DG Competition (PERS(2022) 8).

It took note of the opinions of the Consultative Committee on Appointments of 3 and 16 December 2021 (PERS(2022) 8/2 and /3).

The Commission then examined the applicants' qualifications for the post. It also considered their ability, efficiency and conduct in the service. On a proposal from Mr HAHN, in agreement with the PRESIDENT, and after consulting Ms VESTAGER, it then decided to appoint Ms Barbara BRANDTNER to the post.

This decision would take effect on a date to be determined.

**7.3. DG ECONOMIC AND FINANCIAL AFFAIRS – APPOINTMENT OF A DIRECTOR AT GRADE AD14/15
(PERS(2022) 9 TO /3)**

The Commission had before it applications under Article 29(1)(a)(i) and (iii) of the Staff Regulations for the post of Director of the 'International Economic and Financial Relations, Global Governance' Directorate in DG Economic and Financial Affairs (PERS(2022) 9).

It took note of the opinions of the Consultative Committee on Appointments of 10 and 13 January 2022 (PERS(2022) 9/2 and /3).

The Commission then examined the applicants' qualifications for the post. It also considered their ability, efficiency and conduct in the service. On a proposal from Mr HAHN, in agreement with the PRESIDENT and after consulting Mr GENTILONI, it then decided to appoint Ms Annika ERIKSGÅRD to the post.

This decision would take effect on a date to be determined.

7.4. DG TAXATION AND CUSTOMS UNION – APPOINTMENT OF AN AD15 DIRECTOR

On a proposal from Mr HAHN, in agreement with the PRESIDENT and after consulting Mr GENTILONI, the Commission decided to transfer in the interest of the service, under Article 7 of the Staff Regulations, Mr Matthias PETSCHKE, an AD15 official and currently Director of the ‘Space’ Directorate in DG Defence Industry and Space, to the post of Director of the ‘Customs’ Directorate in DG Taxation and Customs Union.

This decision would take effect on 1 March 2022.

7.5. DG COMPETITION – EXTENSION OF THE TERM OF OFFICE OF THE CHIEF COMPETITION ECONOMIST

On a proposal from Mr HAHN, in agreement with the PRESIDENT and after consulting Ms VESTAGER, the Commission decided to extend the term of office of the Chief Economist at DG Competition for a maximum duration of 12 months, from 16 September 2022, until the actual date of his retirement.

This decision was taken in accordance with the conditions for renewal set out in the current contract. It would take effect immediately.

7.6. SECRETARIAT-GENERAL – APPOINTMENT OF A DIRECTOR AT GRADE AD14/15

(PERS(2022) 10 TO /3)

The Commission had before it applications under Article 29(1)(a)(i) and (iii) of the Staff Regulations for the post of Director of the ‘Twin Transition, Economic and Social Affairs’ Directorate in the Secretariat-General (PERS(2022) 10).

It took note of the opinions of the Consultative Committee on Appointments of 22 and 25 November 2021 (PERS(2022) 10/2 and /3).

The Commission then examined the applicants' qualifications for the post. It also considered their ability, efficiency and conduct in the service. On a proposal from Mr HAHN, in agreement with the PRESIDENT, it then decided to appoint Ms Elisa ROLLER VRIJENHOEK to the post.

This decision would take effect on a date to be determined.

8. MONITORING THE APPLICATION OF EUROPEAN UNION LAW

INFRINGEMENTS – MONTHLY CYCLE – FEBRUARY 2022

(SEC(2022) 50)

Regarding the infringement cycle for February 2022, scheduled for adoption by written finalisation procedure on Wednesday 9 February 2022 at 10.00 (PE/2022/4285), Mr REYNDERS informed the College that an infringement case against Belgium with regard to data protection rules was being withdrawn given the latest positive developments concerning the national data protection authority.

The Commission took note of this information.

9. COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS – A CHIPS ACT FOR EUROPE

(COM(2022) 45 TO /3; RCC(2022) 69)

10. 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) 46 TO /3; RCC(2022) 69)

11. COMMISSION RECOMMENDATION ON A COMMON UNION TOOLBOX TO ADDRESS SEMICONDUCTOR SHORTAGES AND AN EU MECHANISM FOR MONITORING THE SEMICONDUCTOR ECOSYSTEM

(C(2022) 782 AND /2; RCC(2022) 69)

12. PROPOSAL FOR A COUNCIL REGULATION AMENDING REGULATION (EU) 2021/2085 ESTABLISHING THE JOINT UNDERTAKINGS UNDER HORIZON EUROPE, AS REGARDS THE CHIPS JOINT UNDERTAKING

(COM(2022) 47 TO /3; RCC(2022) 69)

The PRESIDENT introduced the presentation of the initiatives being proposed by the Commission that day in the field of semiconductors. She said that the proposals, which had been prepared only five months after she had announced them in her State of the Union address in September 2021, constituted a flagship and historic legislative package.

Currently, electronic chips could be found everywhere, from the ventilators used in hospitals to electricity networks and motor vehicles. However, the EU held only a 9% share of this global market. Although the EU was performing extremely well with regard to research, it needed to establish a greater presence in the global value chain and was still heavily dependent on two major manufacturers in South-East Asia.

That was why the aim of the European Chips Act was for the EU to take a big step forward on semiconductors by establishing an entire ecosystem for electronic chips, from research to production, with the objective of increasing its share of the global market from 9% to 20% by 2030. Given that, over that same period, global demand was expected to double, the EU would in fact need to quadruple its current share of the market in the space of ten years.

She explained that the European Chips Act set out ways of developing research, translating that research into production on the market, and creating manufacturing capacity for the whole EU; it also included plans for investment and involving SMEs and start-ups, and set out how the EU could strengthen its position in global supply chains.

The PRESIDENT warmly thanked Ms VESTAGER, Mr BRETON and Ms GABRIEL for the great amount of work that had gone into that day's proposals, and invited them to present the proposals to the College in more detail.

Ms VESTAGER stressed the importance of electronic chips, both in terms of the green and digital transition and the EU's competitiveness. She said that the Commission had approved a new European industrial strategy for electronics in 2013, which featured targeted support with a view to mobilising EUR 100 billion of new private investment in the micro- and nano-electronics sectors.

Despite the undeniable achievements there had been, she felt that it was now time to move up a gear in view of the rapid developments in the field over the last ten years. She noted that in various Member States a good deal of progress had been made on a number of completed or nearly completed projects, relating for example to chip manufacturing.

Ms VESTAGER also referred to the applicable State aid rules and stressed that future projects would be approved only if they were proportionate and in the European interest, as required by the Treaties.

Lastly, she considered that the EU needed to do more to ensure the security of its supply of semiconductors. From now on it was important to pool efforts - in research, innovation, design and production - to enable the EU to strengthen its role as a key player in the value chain, in particular through the new 'Chips' Joint Undertaking and the gradual inclusion of all the EU undertakings concerned.

Ms VESTAGER concluded her presentation by stressing that the current shortage of semiconductors on the EU market must not happen again and that the EU needed to cooperate with its international partners to that end.

Mr BRETON highlighted the need to ensure that research and development centres worked closely with manufacturing centres in the EU with regard to green and digital technology, as had been demonstrated by the COVID-19 pandemic with regard to vaccine production. The aim of the plan proposed that day to develop the most advanced semiconductors was thus to kick-start a new industrial revolution in the digital field.

He noted that, without semiconductors, there could be no digital or green transitions, and the EU would not be a leader in technology, with the global semiconductor market, currently worth USD 500 billion, expected to be worth USD 1 000 billion in ten years' time.

A global race was under way to secure supplies of the most advanced semiconductors, which had become a key economic issue and a geopolitical priority.

Against that backdrop, he highlighted the EU's ambition with regard to increasing its market share by 2030, research and development efforts, and ramping up design and production capacity for the most advanced and energy-efficient semiconductors.

Through the European Chips Act, more than EUR 43 billion would be invested in achieving this ambition, both in the form of direct public financing and equity, supplemented by a European Investment Bank (EIB) loans facility. He noted that this was comparable to the US's efforts in this field.

In order to achieve these aims, the European Chips Act had three main pillars.

The first pillar sought to strengthen excellence in European research and help it move from the laboratory to production by proposing a new 'Chips for Europe' initiative with a budget of EUR 11 billion, the aim of which was to enable the EU to

retain its position as the uncontested global leader in semiconductor research. This initiative would draw on this European excellence, as well as on the capacity of the leading research centres and suppliers of production equipment.

Mr BRETON said that the EU would need to invest in semiconductor design and in establishing pilot lines to ensure that research outcomes led to industrial production. The EU would roll out advanced semiconductor design tools throughout the EU, as well as pilot lines for prototyping the next generation of semiconductors and testing infrastructure for innovative applications; it would also invest in the development of quantum semiconductors.

Via a 'Chips Fund' set up with the EIB and the European Investment Fund, the EU would support start-ups with an equity facility totalling more than EUR 2 billion and an EIB loans facility that would make it possible to support the entire value chain.

He believed that the European Chips Act would lead to vast, innovative and dynamic ecosystems with highly qualified jobs, university courses, hundreds of small suppliers and opportunities for start-ups.

Also, a network of skills hubs spread across the EU would give enterprises, in particular small and medium-sized enterprises (SMEs), access to technical expertise and experimentation in the semiconductors field, helping SMEs to improve their design capabilities.

Mr BRETON explained that the second pillar was designed to attract private investment in order to strengthen the resilience of value chains. Aside from the new research programme, the Member States were planning to invest at least EUR 30 billion in semiconductor supply chains by 2030, through important projects of common European interest (IPCEI) on microprocessors and through investment in developing large manufacturing facilities. Three projects were currently being discussed.

All the major regions of the world were investing a lot of public money to boost their production capacities and the EU should do the same, for reasons connected to strategic autonomy, resilience and the balance of power. Also, the EU must not accept any geographical segmentation in which it would be confined to producing less advanced technologies and would be entirely dependent on Asia and the United States for cutting-edge semiconductors. What was at stake was the EU's security of supply in the event of a major crisis. Given the current geopolitical tensions, the EU had to prepare itself for such crises while also seeking to gain an increasing share of the rapidly growing global market and to export its semiconductors across the world.

For the EU to become attractive, it was vital to propose a new investment framework that matched its ambitions. That was precisely the aim of the European Chips Act.

He also referred to the proposed adaptation of the State aid rules to enable public support for large manufacturing facilities which would be the first of their kind to manufacture the most advanced chips. If these facilities were innovative, committed to ensuring the EU's security of supply, helped create a dynamic ecosystem and invested in the next generation of this technology, they could be considered as being of common interest, as they would be at the heart of the EU's resilience. These projects would then be eligible for increased State aid on a par with that on offer in other regions of the world, thus enabling the EU to be competitive and attractive.

He noted, however, that there would be no State aid to support the expansion of old technologies and that it would be up to industry to adapt its supply capacity to demand. Investing in resilience also meant consolidating and upgrading the EU's existing supply chain and ecosystem. In that spirit a new IPCEI had been pre-notified in December 2021, covering more than 110 enterprises and 20 Member States. This IPCEI envisaged major projects to be funded across the whole supply chain and throughout Europe, which showed the interest there was for manufacturing semiconductors in Europe.

Turning to the third pillar of the EU Chips Act, Mr BRETON explained that this was a mechanism for coordination between the Member States and the Commission, which would be set up to monitor the supply of semiconductors, estimate demand and anticipate shortages. The pandemic had sounded the alarm and put an end to the idea that, in a globalised world, supply chains were unshakeable and shortages impossible. The reality of the semiconductor supply chain was that the manufacture of cutting-edge chips was concentrated in Asia and especially in Taiwan, which made the EU highly dependent on production in that region of the world.

He stressed the importance of building stronger capacity at European level to respond to crises by giving the EU the tools it needed to secure the entire supply chain and avoid isolated points of failure. The EU was aiming to improve its anticipation of possible disruptions to the semiconductor supply chain by setting up a European Semiconductor Board, together with the Member States, to support this effort.

In the event of a break in the supply chain, a crisis stage could be activated in which the Commission would have the choice of several courses of action. In future this should include gathering information on production capacities or the disruptions to be addressed. Among other things, the Commission would be able to resort to priority orders from producers who were in receipt of public funds. It could also act as a common central purchasing body to obtain the products it needed. Lastly, Member States would be able to give the Commission an opinion on the use of export control mechanisms, which was the subject of a recommendation so that this system could be launched immediately.

Mr BRETON concluded his presentation by mentioning the international dimension of the legislative package being tabled that day and pointing to the current imbalance in the global supply chain for semiconductors. The EU was seeking to correct this imbalance and above all to strengthen its position on the global stage by building partnerships, in particular with the United States, Japan, South Korea, Singapore and Taiwan, in order to safeguard its strategic interests.

Ms GABRIEL explained that the proposal for a European Chips Act comprised several strands, including research, and went on to make four important points in that connection.

First, she noted that the proposal built on past initiatives and investments in the research field that had already borne fruit, whether through the Horizon 2020 programme or the European Research Council, with significant advances in the field of semiconductors, which were already benefiting the automotive industry, 5G networks and smart electricity grids.

Thanks to its strong research and innovation component, the proposal would capitalise on existing European excellence through projects funded in part by the European Union and its research programme.

Second, the proposal would also promote European excellence by mobilising both industry and European research players in the field of materials. Research into new materials was vital for the development of ever smaller and ever faster integrated circuits. She therefore welcomed the announcement on 7 February of the ‘Materials 2030’ manifesto in which five of the biggest players in the sector undertook to establish as of that date a European ecosystem for new materials covering the 27 Member States.

Thirdly, Ms GABRIEL raised the issue of partnership. She felt that the proposal to transform the mandate of the Key Digital Technologies Joint Undertaking into a Chips Joint Undertaking would bolster both research and production, since it was through this structure that research and development activities would be funded. She trusted that all the EU Member States which were members of the current Joint Undertaking would join this new entity, and, more broadly, that as many private actors as possible would do so. This type of partnership was one of the keys to success in becoming a global leader in semiconductors.

Fourth, with regard to education, Ms GABRIEL added that higher education and research institutes must now work hand in hand with industry to provide young

people with the right training tools, as announced in the European strategy for universities presented by the Commission in January 2022.

She concluded by reiterating her commitment, alongside these institutions and universities, to the creation of a ‘Chips for Europe’ training programme or to use of the tools of the European Institute of Innovation and Technology.

In the course of the discussion that followed, the Commission raised the following main points:

- broad support for all the proposals and praise for their timeliness, ambition and political importance and their link with climate and digital objectives and the message sent to the EU’s international partners;
- the importance of semiconductors, which were present in an ever-growing multitude of products for the economic and industrial sectors as well as for the labour market of the future, which would offer new employment opportunities, hence the need to address the training, reskilling and upskilling needs of the workforce;
- the fact that the EU was a global leader in semiconductor research and innovation, and the need to increase its chip design and production capabilities, in particular in order to contribute to the EU’s strategic autonomy and geopolitical weight;
- the fact that foreign direct investment across the EU was welcomed, and the need to remove any confusion with the Foreign Direct Investment (FDI) Directive and relevant national legislation, in particular by ensuring that the strict confidentiality requirements of the FDI Regulation were limited to screening of foreign direct investment;
- the call for caution with regard to the use of export restrictions which, while legitimate in certain exceptional circumstances, for example during a pandemic,

must comply with the EU's international obligations, in particular the rules of the World Trade Organization (WTO);

- the need to ensure a level playing field in the internal market for investments in semiconductor manufacturing infrastructure, given the perceived relaxation of State aid rules that could benefit some Member States which had more fiscal space than others;
- the compatibility of that day's set of proposals with the EU's environmental obligations and compliance with the 'do no significant harm' principle; support for references to the circular economy;
- regret, however, that the funding of the ambitions set out in the proposals was to the detriment of other political priorities of the EU, and that the reallocation of funds among these priorities had not been the subject of prior consultation with the members concerned, who, however, accepted the terms proposed in a spirit of collegiality;
- the need to respect the balance of the current Multiannual Financial Framework and to avoid differences of views with the co-legislators.

Ms VESTAGER picked up on some of the points raised during the discussion.

Firstly, she confirmed that the EU was a bastion of excellence in research, but that it needed to do better to support the results of its research up to the manufacturing stage.

With regard to State aid, she referred to the support given, under the Important Projects of Common European Interest (IPCEI), to a state-of-the-art electronic chip production project. This support, which represented EUR 1 of public funding for every EUR 3 of private funding, would have a positive impact on the EU as a whole. She stressed that such public support could only be granted with a view to an initial industrial deployment. She explained that this was not a relaxation of the

State aid rules and that, in the absence of guidelines on ‘first of their kind’ production facilities, the Commission’s assessment would be based on the Treaties. She added that in the case of such a facility, there was no competition within the EU. The public support such a facility could receive must meet certain criteria, namely it must be limited to what was strictly necessary, be proportionate and have a European dimension. She mentioned three current flagship facilities, located in three Member States, stressing that the other Member States must be able to participate in research infrastructure.

Ms VESTAGER refuted the idea that the EU would seek to ensure its self-sufficiency in the semiconductor sector, since this was not possible either materially or financially. On the other hand, if the EU succeeded in setting up ‘first of their kind’ facilities, it would be much stronger, could develop a whole ecosystem and could be a better partner for other producing countries, bearing in mind that more companies would be able to design new generations of chips.

With regard to the screening of foreign direct investment, Mr BRETON stressed that information gathering was a sensitive but essential issue which had to be managed with caution. It should be seen as a tool to ensure strict reciprocity in negotiations with the EU’s partners and ultimately to build balanced partnerships. He also pointed out that large manufacturing facilities, by virtue of their size, generated huge ecosystems within which a level playing field must be ensured. The first of these facilities was expected to be operational from the end of 2025 or the beginning of 2026.

The European Chips Act was an essential complement to the development of a circular economy and was therefore fully in keeping with the objective of a green and digital transition.

Lastly, in the context of the new geopolitics of supply chains, the EU would need reliable partners that shared its values. It must therefore acquire the necessary

weight and influence to enter into balanced partnerships that would benefit all parties.

Ms GABRIEL felt that it was by investing in research that the EU would become a leader in the semiconductor sector, but that it should also make sure that certain elements were more joined up in order to strengthen its position. She therefore welcomed the fact that, for the first time, the European Chips Act made it possible to bring together research, joint undertakings and investment in start-ups in an endeavour thereby to create a genuine ecosystem, to which must be added skills, through reskilling and upskilling. She concluded by stressing that the EU must develop new semiconductors, for example by using nanomaterials.

The PRESIDENT concluded the discussion by praising the excellent work of Ms VESTAGER, Mr BRETON and Ms GABRIEL.

Following these presentations, the Commission:

- approved the Communication in COM(2022) 45/3 for transmission to Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions and, for information, to the national parliaments;
- adopted the proposal for a Regulation in COM(2022) 46/3 for transmission to Parliament, the Council, the European Economic and Social Committee, the Committee of the Regions and the national parliaments;
- adopted the Recommendation in C(2022) 782/2 and decided to notify it to the addressees and to publish it, for information, in the Official Journal of the European Union;
- adopted the proposal for a Council Regulation set out in COM(2022) 47/3 for transmission to Parliament, the Council and the European Economic and Social Committee and, for information, to the Committee of the Regions and the national parliaments.

13. OTHER BUSINESS

MAIN FINDINGS OF THE 8TH COMMISSION REPORT ON ECONOMIC, SOCIAL AND TERRITORIAL COHESION IN THE EU

Ms FERREIRA briefly outlined the main findings of the 8th Commission report on economic, social and territorial cohesion in the EU. A cohesion report was produced every three years under Article 175 of the Treaty on the Functioning of the European Union.

The findings showed that the EU's cohesion policy had successfully played its role as a 'convergence machine' over the years. The least developed regions, particularly in Eastern Europe, had caught up very quickly. On the other hand, many southern and central regions that had made clear progress in the past were now struggling to escape the middle-income category and take the next step in their development, hampered by economic stagnation and population decline. Some disparities had emerged in the wake of the crises that had hit Europe in the last decade, including the current COVID-19 pandemic.

The purpose of cohesion policy was precisely to reduce such disparities. Other EU instruments, such as the Recovery and Resilience Facility, should also contribute by way of their territorial impact in each Member State. She said there was a solid case for accelerating the green and digital transitions in middle-income regions to give a strong stimulus to economic growth, while underlining their different starting points. The EU had suitable instruments for ensuring convergent, sustainable and lasting development in all its regions. These instruments should be harnessed within an EU-wide strategic vision that took account, among other things, of regional diversity and the need to ensure the high quality of public institutions.

In the course of the brief discussion that followed, the Commission raised the following main points:

- the success of the EU’s cohesion policy in achieving convergence, which was often ignored or taken for granted;
- the new disparities and new areas requiring public intervention that had arisen as a result of the COVID-19 pandemic, and hence the need for Member States to give considerable thought to the new programming of the structural funds in order to invest the available funding to best effect;
- the potential synergies between the new cohesion-policy multi-annual programming cycle for 2021-2027 and the national recovery and resilience plans;
- the fact that the cohesion partnership agreements for the 2021–2027 period were currently in the catching-up process; the delays were linked, on the one hand, to the fact that national administrations had given priority to the reprogramming of the investment+ initiative in response to coronavirus (CRII(+)) and to the Recovery Assistance for Cohesion and the Territories of Europe (REACT-EU), and, on the other hand, to the preparation of the National Resilience and Recovery Plans;
- the importance of the proposals linked to sectoral policies, in particular the industrial-policy and innovation proposals that the Commission was presenting that day for boosting local and regional production and thus lasting growth in all regions of the EU.

The PRESIDENT thanked Ms FERREIRA for presenting this report confirming that the ‘convergence machine’ was working. It was good to call attention to the EU’s successes, and cohesion policy was prominent among them. The Recovery and Resilience Facility would also be able to contribute to cohesion objectives, as 30% of the available funds would be re-evaluated and re-allocated depending on how the situation had evolved in each Member State since the start of the pandemic.

The Commission took note of this information.

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The meeting closed at 10.52.