
European Chips Act

Response from the American Chamber of Commerce Ireland (AmCham) to the Department of Enterprise, Trade & Employment's public consultation on the European Chips Act.

March 2022

The American Chamber of Commerce Ireland

The Voice of US-Ireland Business

The American Chamber of Commerce Ireland (AmCham) is the collective voice of US companies in Ireland and the leading international business organisation supporting the Transatlantic business relationship. Our members are the Irish operations of all the major US companies in every sector present here, Irish companies with operations in the United States and organisations with close linkages to US-Ireland trade and Investment.

AmCham welcomes the introduction of legislation to improve, strengthen and further develop the environment in which chips are designed, manufactured, and distributed. Our ever-increasing dependency on technology in our day-to-day personal and professional lives means that the need to have strong, indigenous, and responsive supply chains is vital to meet future demand.

Pillar 1: A Chips for Europe Initiative

Undoubtedly the Chips for Europe initiative constitutes a key strategic investment in the skills and resources necessary to develop indigenous European chip production. However, it is key that the Chips for Europe initiative is accompanied by a roadmap or implementation plan which explains in clear terms how this fund will be used and distributed to individual Member States.

Ireland has a thriving Research, Development & Innovation (RD&I) sector and AmCham members have strong links to research institutes across Ireland with a view to investing in and developing the talent base in Ireland to support related industries. The provision of additional EU funding to support RD&I activities is one key area where the Chips for Europe initiative could provide a significant boost to the development of the sector in Ireland, advancing the design and manufacturing of chips.

Additionally, it is vital that there are employment opportunities for graduates in fields related to the production of chips, allowing them to invest the skills learned in specialised areas back into the professional environment within the Member State itself. Direct investment in the development of existing businesses within the chip and semiconductor sector, and investment in supporting new businesses in this sector, will provide key opportunities to utilise the skills base developed through RD&I investment within the respective Member States in which the related education and training occurred.

It is important that investment opportunities, as part of the Chips for Europe initiative, are accessible for businesses of all sizes within the industry. AmCham members have noted the importance of facilitating different organisations across the entire European chips ecosystem in bringing greater diversity of expertise and depth of innovation to the knowledge base of the chips and semiconductor industry in Europe. In this context, it would be key that the process of accessing funding at EU level is as direct as possible. A suggestion to improve this would be to release funding from the central European funds to individual Member States to be administered at state level, in line with national expertise of the sector on a state-by-state basis.

AmCham believes that the above considerations will support key foundational investment in the development of native EU industries at the cutting edge of chips technology and bolster the competitiveness of the EU in relation to the production of chips through the enhancement of the scale of opportunities available.

Pillar 2: A Framework to Ensure Security of Supply

There are two key aspects to developing a framework to ensure security of supply in the context of the European Chips Act. The existing supply chain as it relates to design, production, and the distribution of chips throughout Europe must be expanded and developed in the context of the wider

European ecosystem. Furthermore, there are key structural, long-term considerations that must be incorporated to ensure the strength and stability of this ecosystem into the future.

AmCham represents a number of members whose operations encompass different parts of the supply chain associated with the development of chips. AmCham’s members believe it is important, when considering the security of supply, that there is an awareness of the wider ecosystem which is integral in the development of chips. Different organizations of varying sizes, functions, and outputs have different and equally valuable contributions to make within the European chips ecosystem. As such, AmCham advocates for a legislative and regulatory structure that facilitates cooperation between businesses of varying size and function within the ecosystem to optimise results and foster innovation within the sector. In this context, it would be important for any implementation plan associated with the European Chips Act to clearly outline the regulatory environment under which this co-operation and innovation may occur, and further outline how different aspects of the supply chain, such as design and manufacturing, would interact.

Additionally, it is important to acknowledge that the development of sustainable supply chains requires long-term planning. As part of this planning process, we must not only look to what constitutes a strong proposal to cater for existing circumstances, but also consider how opportunities for future expansion will be provided for in a manner that supports transparency and market competitiveness. The first key consideration must be at the examination of long-term funding plans for the sector. It would be important that the funding offered under the European Chips Act not just provide a once off stimulus payment, but instead offer on-going support to facilitate future investment and growth and provide certainty for businesses in this sector. Secondly, it is important that intellectual property protection measures are built into any future planning in this regard to ensure that the ecosystem in which the European Chips Act operates continues to be transparent and competitive while establishing an autonomous European supply chain. In this context, it would also be important that the definition of “first of a kind” entities is outlined clearly in the legislation to set definitive parameters as to what will constitute a “first of a kind” entity and how these entities will interact with the European market to ensure the competitiveness of the market is maintained.

It is important to note that, while the European Chips Act pertains to European development, there is no question that supply chains will continue to be global in nature. In this context, the importance of the transatlantic relationship cannot be overstated. Entities such as the EU-US Trade and Technology Council offer significant opportunities in relation to the development of strong supply chains in this sector. Furthermore, the enhancement of supply chains in the context of the transatlantic EU-US relationships will create stronger bonds within the global industry and provide opportunities to mitigate potential vulnerabilities through a more diverse supply chain in which EU Member States can play an increasingly strengthened role within the ecosystem, under the European Chips Act.

Pillar 3: A Co-ordination Mechanism Between Member States

The development of a coordination mechanism between Member States at EU level is a key cornerstone of the development of a strong ecosystem, allowing for the processing and development of chips and semiconductor across European Member States. It can provide a central point for subject

matter coordination, regulatory oversight, and to examine the potential contribution that the advancement of this sector can make to regional development.

The existence of a central oversight mechanism provides greater capacity for multi stakeholder engagement and an important space for industry leaders across the European Union to exchange key information, not only with a central European coordination point, but also with other partners. Such collaboration would be beneficial for industry leaders within the European Union itself, and also for partners in third party countries, given it would facilitate innovation within the sector and therefore drive market demand. This industry involvement at executive coordination level is vital to ensure informed decision-making at European level. Having an EU based central point for the coordination of such information will work to facilitate information sharing and co-ordination in a neutral and collaborative environment. In addition to this, it is of crucial importance that this central coordination body takes on a monitoring role in relation to the implementation of actions associated with the European Chips Act. AmCham is of the view that the potential for the delegation of monitoring responsibilities to Member States may, in this context, create regulatory fragmentation. As such, having these activities occur at EU level may better support the intention and aim of the European Chips Act.

In the context of the regulatory environment surrounding the European Chips Act, AmCham is of the view that further clarity is required in relation to the operation of the proposed European Semiconductors Board. The provision of clarity with regard to the scope of the proposed Board and the role of industry actors in this regard will provide certainty for industry. AmCham advocates for the involvement of industry leaders across all mechanisms associated with the European Chips Act, and this position is inclusive of the European Semiconductors Board. AmCham strongly recommends the inclusion of industry leaders as part of the decision-making processes of the Board as opposed to the current proposal whereby they would act in an observer capacity in respect of the Board's work.

Finally, the existence of a central coordination point at European level will facilitate export control oversight, potentially allowing for greater regional development across Europe. In the context of export controls, it is important to have a central oversight body that not only monitors European needs within the sector but is also cognisant of the related global need. AmCham is of the view that, through the implementation of the European Chips Act, it is essential to develop the capacity for industry growth to meet worldwide demand. Future planning, in relation to production and capacity for growth, should take into account current and future demand levels in the global market. The existence of a single central oversight mechanism would provide the opportunity to coordinate with regional development authorities within the European Union to bring opportunities for investment to every corner of the EU.