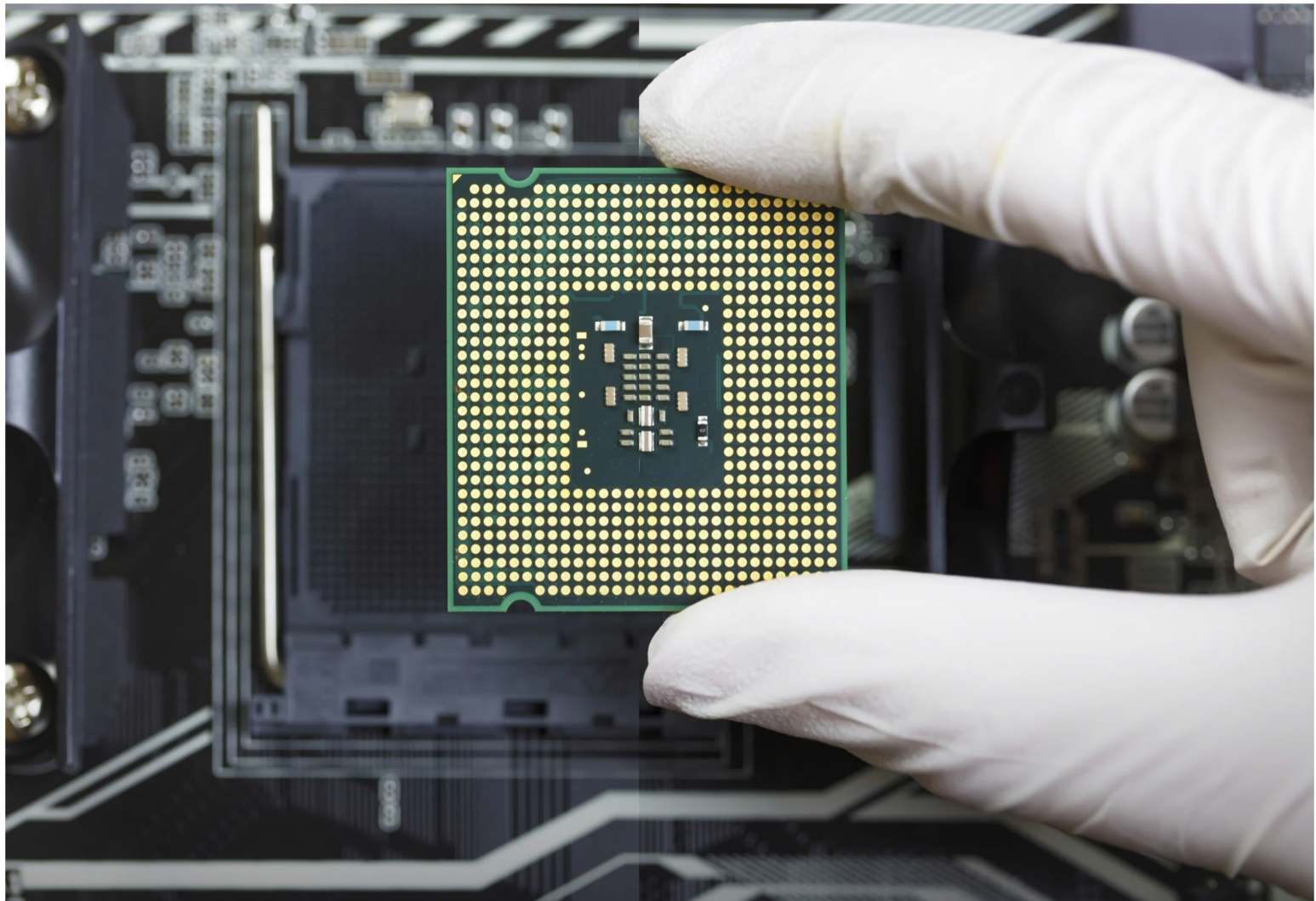
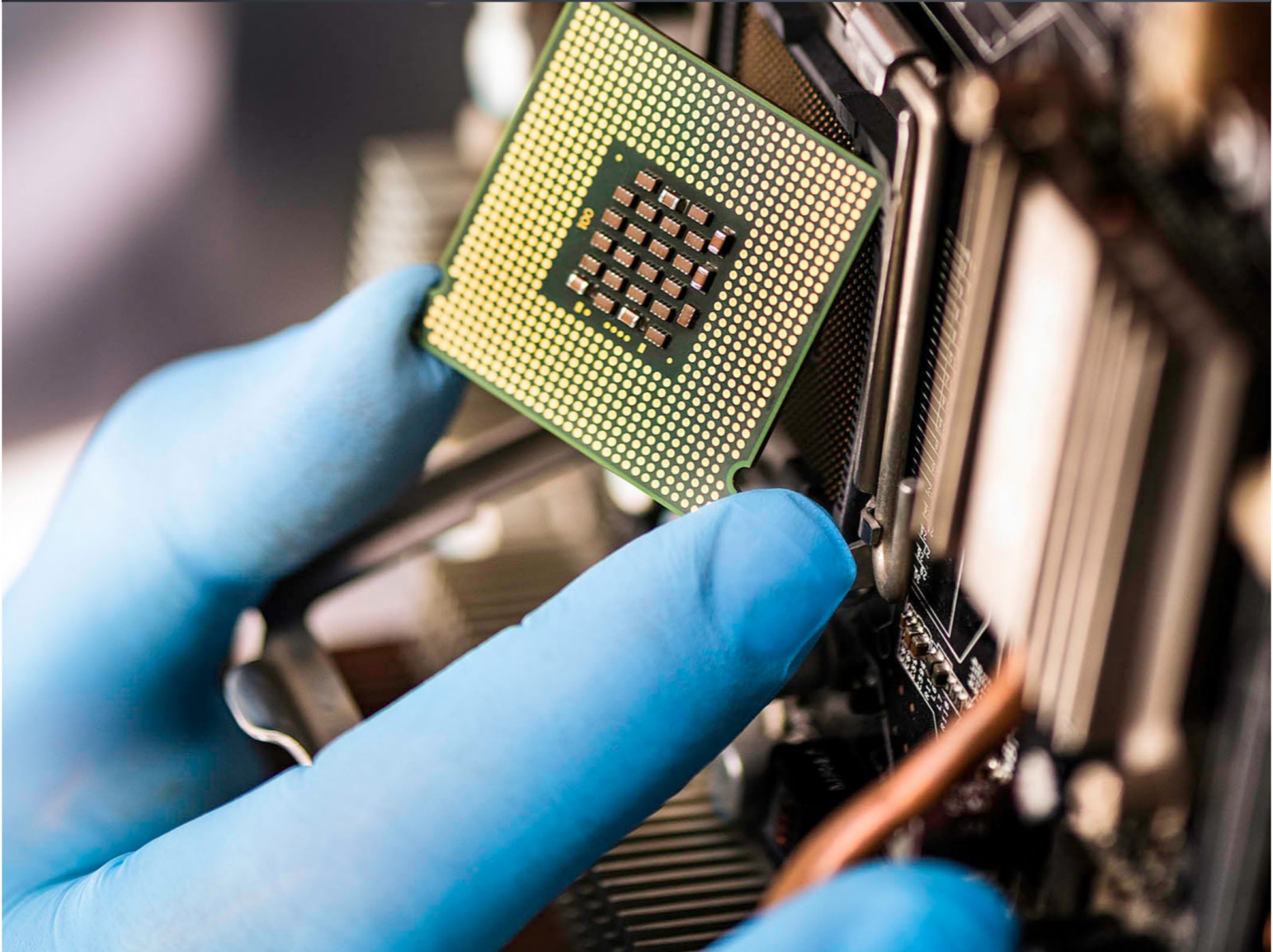


## “The War of the Chips” – EU Strikes Back

*May 3<sup>rd</sup>, 2023*

The European Union is on the brink of finalizing a \$47 billion plan to enhance computer chip production, in an effort to reduce its dependence on Asia for these crucial components that power various devices, such as cars and washing machines. The scheme, known as the Chips Act – passed on Tuesday, April 18<sup>th</sup> – aims to pool public and private funds, as well as facilitate state aid for significant investments in semiconductor manufacturing facilities. Its approval is critical to Europe's efforts to keep up with the United States, which recently launched a similar \$52 billion plan to boost its semiconductor industry.





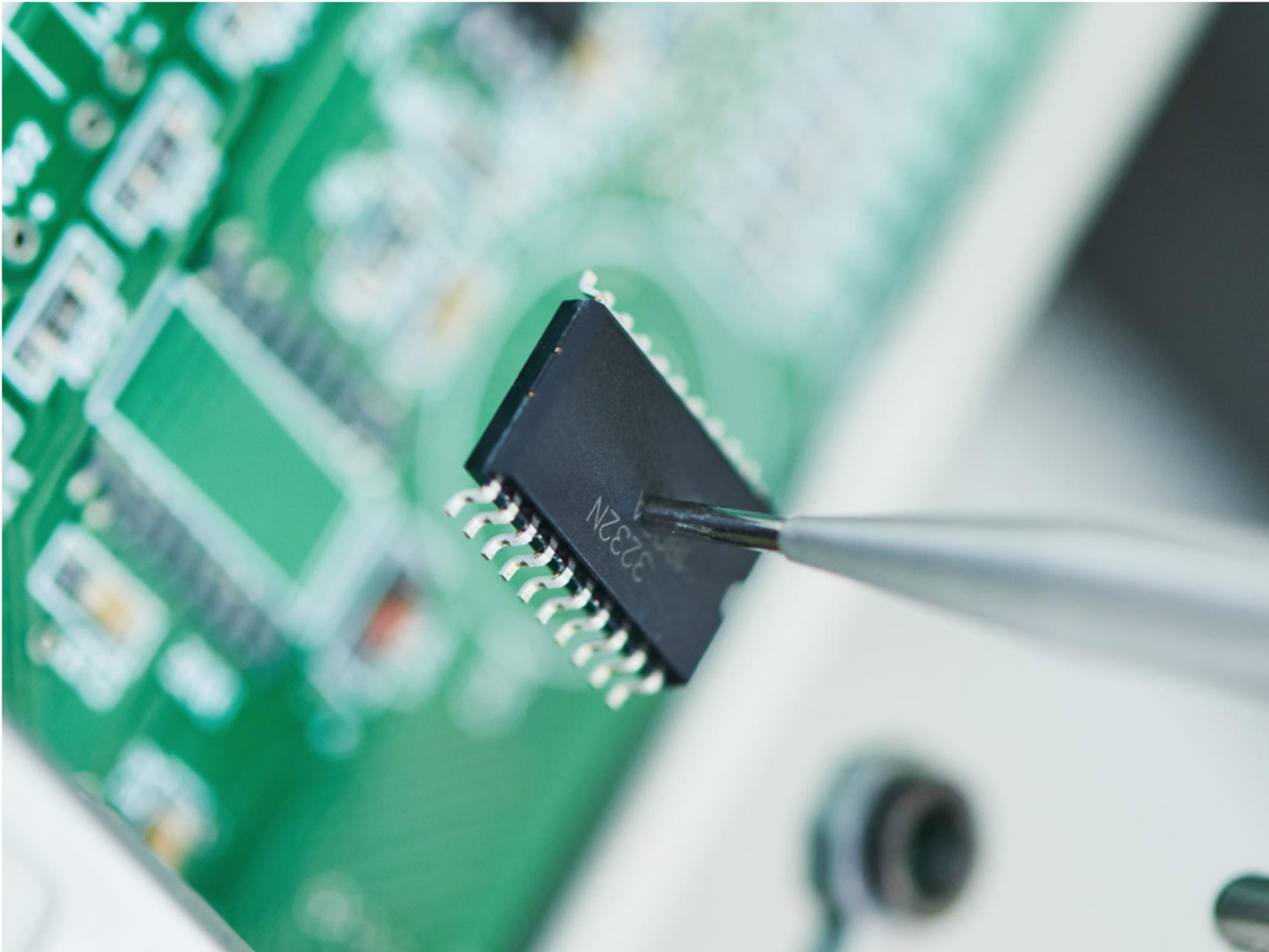
The Chips Act includes a mix of public and private funding, with the EU contributing €8 billion and member states expected to chip in a similar amount. The rest will come from private investors and industries. The funds will be used to support the construction of new chip manufacturing facilities and research and development in the semiconductor industry.

In addition, the EU will also relax state aid rules to allow member states to provide support for the development of new facilities. This is seen as crucial to attract private investment and compete with other regions, particularly Asia.

The informal deal still needs to be approved by the European Parliament and member states, but it is expected to pass. The Chips Act is seen as a key element of the EU's strategy to become a more tech-savvy and self-sufficient continent.



The COVID-19 pandemic exhibited this vulnerability, as supply chain disruptions led to shortages of various products, such as autos, smartphones, and medical devices that rely on chips. Chips are essential components that conduct electrical currents through semiconductors, such as silicon, and are oftentimes referred to interchangeably with semiconductors.



The EU's Chips Act is set to connect and coordinate research, design, testing, and investment on both EU and national levels, with the goal of doubling the bloc's share of global chip production to 20% by 2030. The U.S and EU are both seeking to decrease their reliance on Asia, which currently dominates the global semiconductor production market.

Apostolos Tzikas, CEO

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