ETNO Statement on the European Chips Act

May 2022

ETNO welcomes the European Commission's proposal establishing a framework of measures for strengthening Europe's semiconductor ecosystem (Chips Act). A robust legal framework will respond to the need for a **sustainable and resilient semiconductor supply chain** across different geographies and ensure the EU's place in the global supply chain.

The severe disruption of global supply chains during the COVID-19 pandemic has demonstrated the EU's heavy reliance on both Asia and the United States for the design and manufacture of chipsets that are used in products that are fabricated or imported in the EU. Chip shortages have impacted some industries more visibly than others. This situation is further exacerbated by the ongoing Russo-Ukrainian war, notably for raw materials in chipsets that are manufactured typically in the US.

The Commission should take into consideration the needs of industry across **all sectors**. Although some industries that have been more visibly impacted by the recent chip shortages are in the focus, the importance of the ICT sector, and in particular of the **telecoms industry**, must not be overlooked.

The telecoms industry provides the underlying enabling technology for a vibrant digital economy and society across the EU. As the industry evolves towards next generation technologies that are increasingly dependent, whether from a **smartphone perspective or a network perspective**, on cutting-edge chipset design and manufacturing, the availability of a diverse and resilient set of supply options will be crucial to ensure that future telecom networks and services contribute to strengthening the European semiconductor ecosystem.

Enabling EU manufacturing capabilities by encouraging and supporting the enrichment of the entire EU supply chain, and thereby achieving more industrial independence from Asia and the US, will be important not only for smartphone chipsets, but also for server and telecommunications network infrastructure chipsets. With 5G and the advance of **virtualised and disaggregated network architectures** (e.g. Open RAN), the demand for state-of-the-art chipsets will increase even further. Additionally, development and supply of highly energy-efficient processors will be a significant enabler for **environmentally sustainable IT devices and networks**.

A key success factor of the European Chips Act package depends on the **skills and competences** required, as well as on the colossal investments needed for such developments in the EU in order to enable a viable and dynamic EU semiconductor ecosystem that can compete globally.

We look forward to further working together with decision-makers to streamline and focus the deliverables of the EU Chips Act package.