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NOTE

From:	General Secretariat of the Council
To:	Delegations
Subject:	Presentation by the European Court of Auditors (agenda item 2.) Working Party on Competitiveness and Growth (Industry) meeting on 8 May 2025

Delegations will find attached a presentation by the European Court of Auditors, with a view to the discussion by the Working Party on Competitiveness and Growth (Industry) at its meeting on 8 May 2025.

This document contains a presentation by an external stakeholder and the views expressed therein are solely those of the third party it originates from. This document cannot be regarded as stating an official position of the Council. It does not reflect the views of the Council or of its members.

8 May 2025

Special Report N°12/2025:

The EU's strategy for microchips:

Reasonable progress in its implementation but the Chips Act is very unlikely to be sufficient to reach the overly ambitious Digital Decade target



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COURT
OF AUDITORS

01

Why did we do this audit?

02

What did we look at?

03

What did we find?

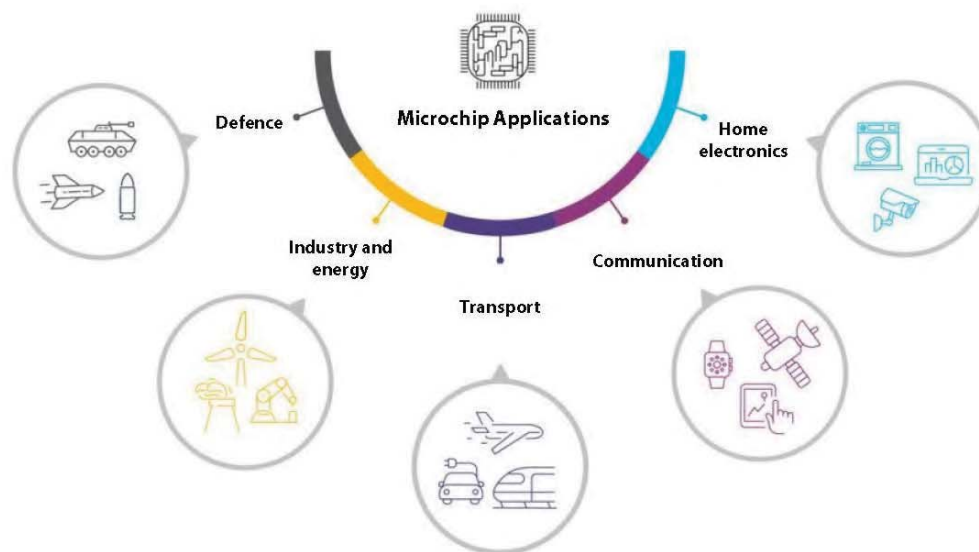
04

What do we recommend?

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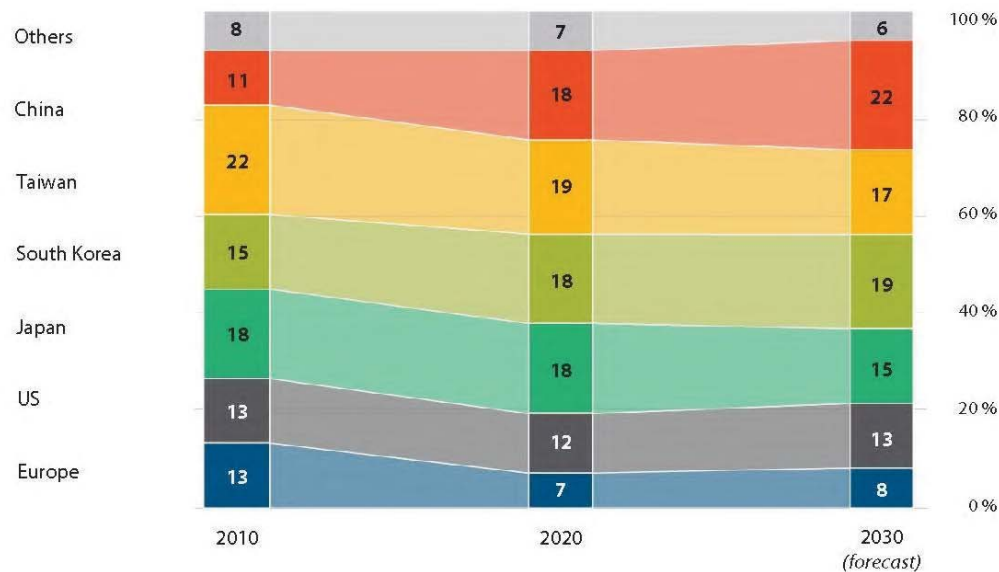
01 Why did we do this audit?

Microchips: A key part of our daily lives



01 Why did we do this audit?

Share of global chip capacity by region in 2010-2030



02 What did we look at?

**We examined
how EU industrial
policy supported
the strategic
autonomy of the
EU microchip
industry**

We assessed:

- The design of the Chips Act following the 2013 Strategy results
- The alignment of the EU and public funding available with the objectives of both the 2013 Strategy and the Chips Act
- The timeliness of the implementation of the Chips Act with regard to the EU's strategic objectives
- Other factors and risks that could affect the success of the Chips Act

03

What did we find? (1)

The Chips Act provided new impetus, although without an impact assessment and clearly defined targets.

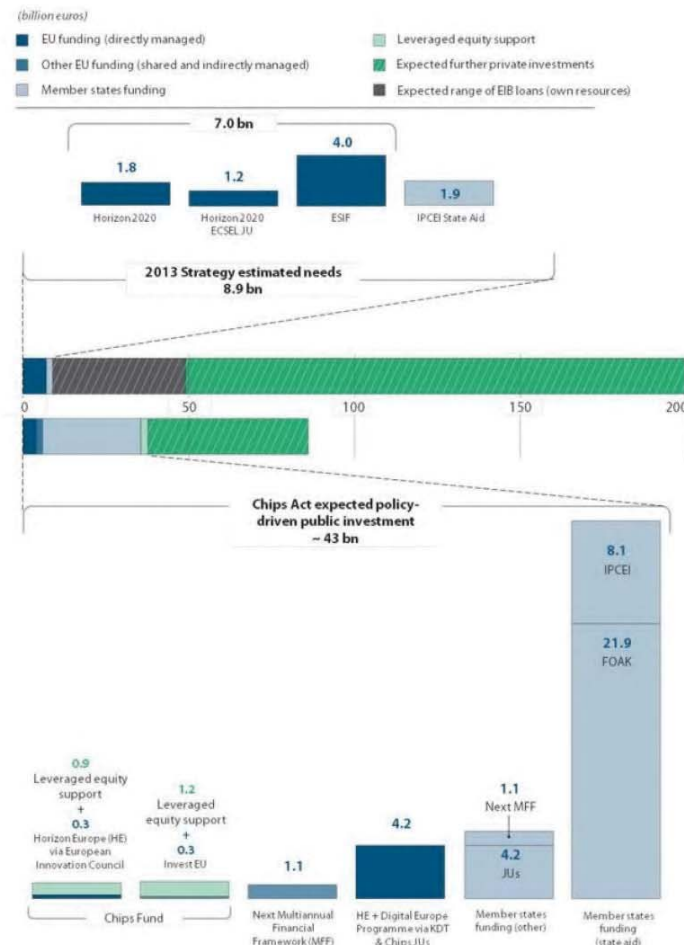
- The 2013 strategy did not achieve its objective of reversing the decline of the EU market share
- The Chips Act provided new momentum, including a focus on increasing manufacturing capacity
- The Commission did not build the Chips Act on a full evaluation and impact assessment
- The Chips Act actions lack clarity on timetables and monitoring
- European industry's current demand might not have been sufficiently considered in the Chips Act

03

What did we find? (2)

The Commission is responsible for only a small part of the Chips Act funding announced, nevertheless the publicly funded projects we examined were aligned overall with the EU's strategic objectives

Information on expected total funding is incomplete



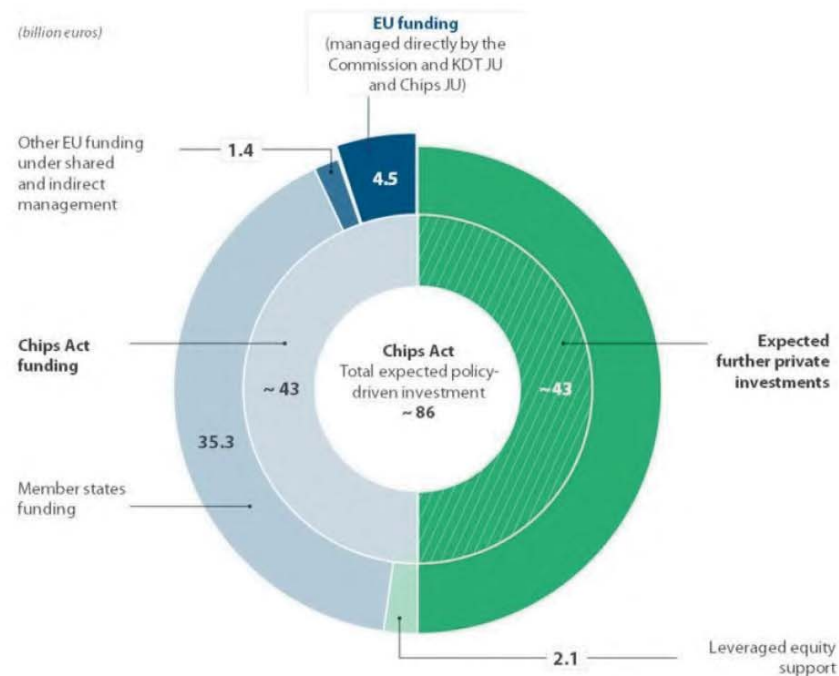
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03

What did we find? (2)

The Commission is responsible for only a small part of the Chips Act funding announced, nevertheless the publicly funded projects we examined were aligned overall with the EU's strategic objectives

The Commission is responsible for only a small part of funding



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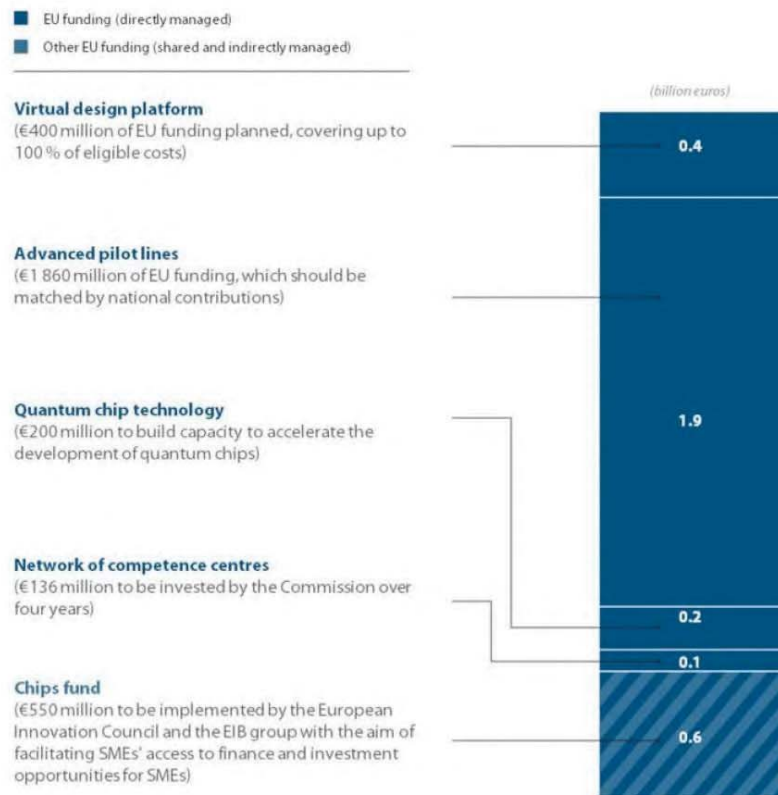
- The Commission's information on the funding disbursed is incomplete
- The Commission funds projects that are generally aligned with the strategies but has incomplete insight into their actual contribution
- State aid is expected to play a significant role in increasing manufacturing capacity, but the Commission does not have information on how much it contributes to EU objectives

03

What did we find? (3)

Implementation of the Chips Act is progressing, but too slow to meet the Digital Decade 20 % target.

Pillar I is progressing well, but has suffered some delays



03

What did we find? (3)

Implementation of the Chips Act is progressing, but too slow to meet the Digital Decade 20 % target

- FOAK take-up under pillar II is unlikely to contribute significantly, or in good time, to the Digital Decade 20 % target
- Pillar III - some progress in monitoring but crisis response mechanisms are not yet ready for deployment

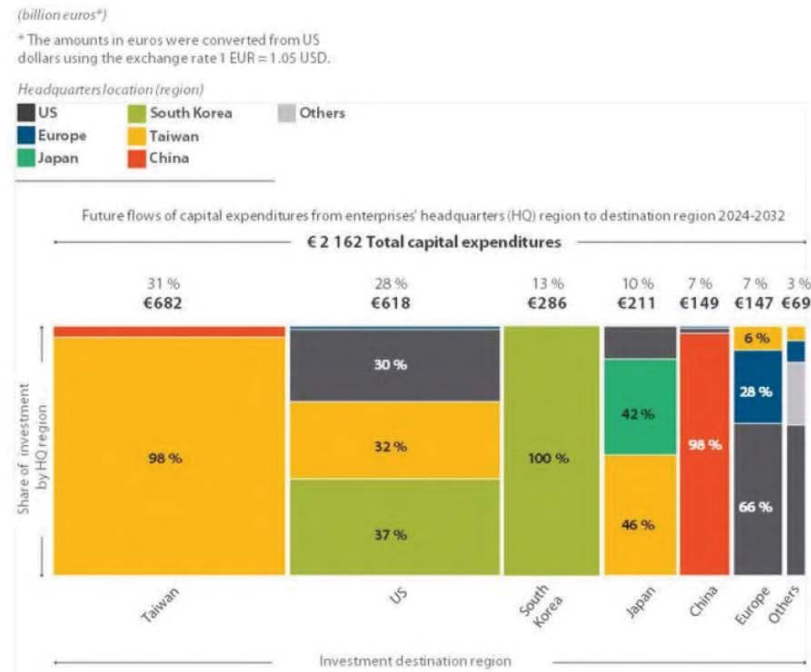
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03

What did we find? (4)

The Chips Act is unlikely to be sufficient for stimulating the level of investment needed, with success also dependent on global competition and other crucial factors

The investments to be triggered by the Chips Act is unlikely to match the scale of the industry

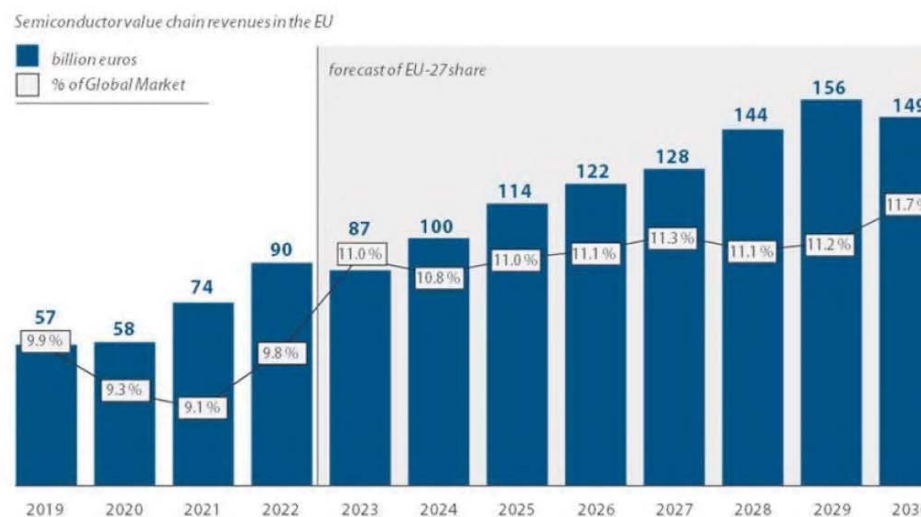


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What did we find? (4)

The Chips Act is unlikely to be sufficient for stimulating the level of investment needed, with success also dependent on global competition and other crucial factors

2030 forecast of EU-27 share of global market value chain

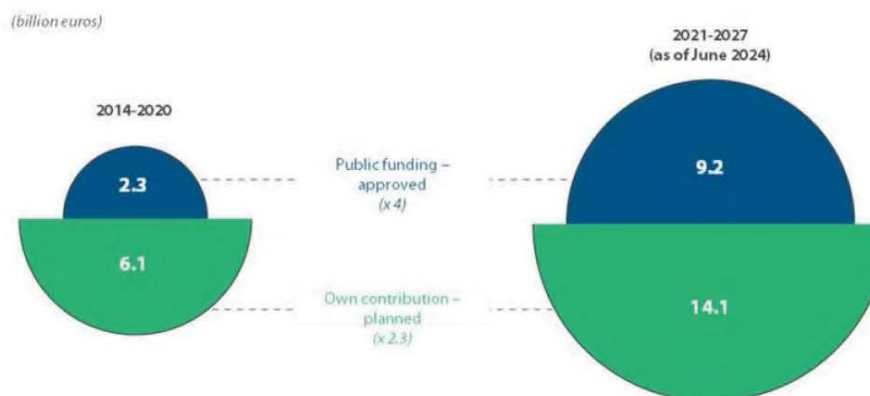


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What did we find? (4)

The Chips Act is unlikely to be sufficient for stimulating the level of investment needed, with success also dependent on global competition and other crucial factors

Concentration of funding is intrinsic to the sector, but engenders specific risks



- The Chips Act competes with other global economies' strategies

03

What did we find? (4)

The Chips Act is unlikely to be sufficient for stimulating the level of investment needed, with success also dependent on global competition and other crucial factors

Other factors are crucial to achieving the Chips Act objectives:

- Dependence on foreign raw materials
- Energy requirements and costs
- Environmental issues
- Geopolitical tensions and export controls
- Shortage of skilled workers

04 What do we recommend?

We made two recommendations to the Commission:

Recommendation 1

- | Carry out an urgent reality check on the strategy and take the necessary short-term corrective actions

Recommendation 2

- | Start preparing the next semiconductor strategy



THANK YOU

for your attention!

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