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'I/A' ITEM NOTE

From:	General Secretariat of the Council
To:	Permanent Representatives Committee/Council
No. prev. doc.:	9751/25
Subject:	Draft Council conclusions on the European Court of Auditors' special report No 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' <i>- Approval</i>

1. On 28 April 2025, the European Court of Auditors published Special Report No 12/2025 entitled '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'.
2. Pursuant to the rules laid down in the Council conclusions on improving the examination of Special Reports drawn up by the Court of Auditors¹, the Permanent Representatives Committee, at its meeting on 7 May 2025, instructed the Working Party on Competitiveness and Growth (Industry) to examine the Special Report in accordance with the rules laid down in the above-mentioned conclusions².

¹ Doc. 7515/00 + COR 1.

² Doc. 8386/25.

3. The Working Party on Competitiveness and Growth (Industry) examined the European Court of Auditors' Special Report No 12/2025 at its meeting on 8 May 2025.
4. On 8 May 2025, the Presidency presented a proposal for draft Council conclusions on the European Court of Auditors' Special Report No 12/2025³. The Working Party on Competitiveness and Growth (Industry) discussed the draft conclusions at its meeting on 13 May 2025.
5. Based on the discussion at the Working Party meeting on 13 May 2025 and comments received in writing, the Presidency prepared a revised proposal for draft Council conclusions on the European Court of Auditors' Special Report No 12/2025⁴. The Working Party on Competitiveness and Growth (Industry) discussed the revised draft conclusions at its meeting on 3 June 2025.
6. On the basis of the discussion at the Working Party meeting on 3 June 2025 and further comments received in writing, the Presidency prepared a second revised proposal for draft Council conclusions on the European Court of Auditors' Special Report No 12/2025⁵. The Presidency invited delegations to provide any possible comments on this revised wording by 6 June 2025.
7. No delegation expressed an objection to the text proposed by the Presidency, as set out in the ANNEX to this note.
8. The Permanent Representatives Committee is therefore invited to:
 - confirm the agreement reached at the level of the Working Party on the text of the draft conclusions as set out in the ANNEX;
 - recommend these conclusions to the Council for approval as an 'A' item.

³ Doc. 8628/25.

⁴ Doc. 9281/25.

⁵ Doc. 9751/25.

DRAFT COUNCIL CONCLUSIONS**on the European Court of Auditors' special report No 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’**

THE COUNCIL OF THE EUROPEAN UNION,

CONSIDERING the European Union’s commitment to strengthening the EU's semiconductor ecosystem, increasing its resilience, reducing external dependencies, fostering innovation, addressing skills shortages, and deepening the integration in supply chains;

RECALLING that the Council and the European Parliament have adopted the Chips Act in September 2023 and established an initiative to build capacity and ensure the adjustment of the industry with the aim notably by 2030, to reinforce the Union as global player in semiconductor technology and its applications, with a growing global share in manufacturing, in line with the Commission 2030 Digital Compass’s target of at least 20% of world production in value for the production of cutting-edge and sustainable semiconductors in Europe including processors⁶;

TAKING NOTE of the report on ‘The future of European competitiveness’ prepared by Mario Draghi, published on 9 September 2024, in particular its recommendations on the semiconductor sector,

1. WELCOMES the European Court of Auditors’ special report No 12/2025 entitled ‘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’⁷ and WELCOMES its contribution to improving transparency, governance and strategic oversight of Europe’s semiconductor strategy;

⁶ eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:52021DC01180

⁷ <https://www.eca.europa.eu/en/publications/sr-2025-12>

2. REAFFIRMS the strategic importance of developing an innovative, robust, resilient, and globally competitive semiconductor ecosystem in the European Union to safeguard economic security, digital sovereignty, and industrial leadership, including through strengthened support for research and innovation and the integration of small and medium-sized enterprises (SMEs), start-ups and scale-ups across the semiconductor value chain;
3. TAKES NOTE of the focus of the special report on evaluating the European Union's strategy for microchips, particularly assessing the implementation and effectiveness of the Chips Act; AGREES with the finding of the special report that the Chips Act has provided a new momentum to the EU's microchip strategy and delivered significant solutions to some of the challenges, notably the deployment of common state of the art R&I infrastructures, the strengthening of the innovation pipeline from lab to fab, and progress towards ensuring the security of supply;
4. NOTES the Court's statement that despite reasonable progress, the Chips Act as a single instrument is unlikely to be sufficient to achieve the EU's ambitious goal of securing 20% of global share in microchip production by 2030, as outlined in the Digital Decade strategy;
5. TAKES NOTE of the observations, conclusions and recommendations of the special report, namely regarding the insufficient impact assessment and public consultations as well as a sense of urgency which have led to several gaps in the design and planning of the initiative and its implementation, the definition of targets and timelines, as well as underdeveloped monitoring and crisis response mechanisms;
6. NOTES the finding of the special report on incomplete information on the total available funding and on the disbursement and the effectiveness of the funds, as well as a lack of EU-level coordination of national investments, limiting strategic alignment and comprehensive oversight;
7. TAKES NOTE of the proposed actions to tackle the remaining significant challenges in funding, implementation speed, and achieving the set target, including the need for a comprehensive and transparent mapping of financing commitments, combining Union, national, regional and private sector resources;

8. STRESSES the importance of finalising the operationalisation of the Chips for Europe Initiative, completing the establishment of the crisis response mechanisms, and ensuring the timely approval of State aid for first-of-a-kind facilities for semiconductor manufacturing and Important Projects of Common European Interest (IPCEIs); ACKNOWLEDGES the use of IPCEIs in microelectronics and STRESSES the need to improve their agility and speed, transparency and inclusiveness, notably to foster broader geographical participation of SMEs across the semiconductor value chain, and their impact on the future development of those value chains;
9. RECOGNISES the need for enhanced efforts to attract and retain private investment, including by reducing administrative burdens, ensuring regulatory predictability, better coordinating private and public investments, including by drawing on the experience from the Chips Fund, and fostering a competitive environment for global semiconductor leaders and European innovators alike in the Union;
10. REITERATES the need to build and strengthen European value chains including research, innovation and design, manufacturing and advanced packaging of energy-efficient and secure chips, stimulating competitiveness in semiconductor materials and manufacturing equipment, setting advanced pilot lines for cutting-edge semiconductors and next-generation technologies, including photonics, AI and quantum chip technologies, encouraging the participation of industry in pilot line activities, fostering the industrialisation of production processes stemming from the pilot lines, ensuring European indispensability in global value chains, and enhancing the EU's resilience; UNDERLINES the importance of continuing to address the European industrial demand for innovative foundational microchips, in particular in light of their strategic relevance for the green and digital transformation of key sectors such as mobility, energy and defence;

11. SUPPORTS the pursuit of clear strategic objectives for research, development, design, equipment, manufacturing and advanced packaging; WELCOMES the fact that all Member States have established a national competence centre and CALLS FOR the full operationalisation of the European network of national competence centres bridging the industrial requirements with the resources and incentives available at European, national and regional level; EMPHASISES the need to develop a highly skilled workforce, including by building upon the European Chips Skills Academy and the EU Chips Design Platform, to underpin the growth of Europe's semiconductor ecosystem and to provide a pipeline of qualified specialists for Europe's expanding chip industries;
12. INVITES the Commission to carry out a reality check on the strategy in order to assess the match between actions taken and targets set, share this assessment with both Member States and stakeholders, swiftly identify pathways for corrective measures in coordination with Member States while keeping the implementation of the strategy on course, and accelerate preparatory work in view of revising the Chips Act in 2026; AGREES with the special report's recommendation on the need to start working on the new semiconductor strategy in 2026 with clearer, measurable goals, proposals for appropriate actions and funding, the integration of SMEs, start-ups and scale-ups across the semiconductor value chain, and a coordinated EU-level approach;
13. INVITES the Commission to follow up the recommendations of the European Court of Auditors' special report No 12/2025 with coherent actions, while ensuring the right balance between the competitive edge of the European industry and investors' security.