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NOTE

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| From: | Presidency |
| To: | Delegations |
| 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' |

Delegations will find attached a Presidency proposal for 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', with a view to the discussion by the Working Party on Competitiveness and Growth (Industry) at its meeting on 13 May 2025.

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 processors¹,

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’² and WELCOMES its contribution to improving transparency, governance, and strategic oversight of Europe’s semiconductor strategy;

¹ eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:52021DC01180

² <https://www.eca.europa.eu/en/publications/sr-2025-12>

2. REAFFIRMS the strategic importance of developing a robust, resilient, and globally competitive semiconductor ecosystem in the European Union to safeguard economic security, digital sovereignty, and industrial leadership;
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 EU 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 and 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 contribute to achieving the EU's ambitious goal of securing 20% of global share in microchip production by 2030, as outlined in the Digital Decade strategy;
5. HIGHLIGHTS that the special report is based on an assessment of a wide range of policy communications and instruments, such as: the Chips Act regulation³, the 2013 European strategy for the micro- and nanoelectronics components and systems⁴, and the 2030 Digital Compass⁵;
6. 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;

³ <https://eur-lex.europa.eu/eli/reg/2023/1781/oj/eng>

⁴ <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex:52013DC0298>

⁵ <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex:52021DC0118>

7. 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;
8. TAKES NOTE of the proposed actions to tackle the remaining significant challenges in funding transparency, implementation speed, and achieving the set target, including the need for a comprehensive and transparent mapping of financing commitments, combining Union, national, and private sector resources;
9. STRESSES the importance of finalizing 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 important projects of common European interest;
10. RECOGNISES the need for enhanced efforts to attract and retain private investment, including by reducing administrative burdens, ensuring regulatory predictability, and fostering a competitive environment for global semiconductor leaders and European innovators alike in the Union;
11. REITERATES the need to build and strengthen complete European value chains including 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; UNDERLINES the importance of continuing to address the European industrial demand for mainstream microchips, in particular in light of their strategic relevance for the green and digital transformation of key sectors such as mobility, energy and defence;

12. SUPPORTS the pursuit of clear strategic objectives for research, development and manufacturing; WELCOMES the fact that all Member States have established a National Competence Centre and CALLS FOR further work on National Competence Centres to become an important tool to bridge the industrial requirements with the resources and incentives available at European, national and regional level; EMPHASISES the need to develop a highly skilled workforce to underpin the growth of Europe's semiconductor ecosystem and to provide a pipeline of qualified specialists for Europe's expanding chip industries;
 13. 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, and swiftly implement any necessary corrective measures to keep the strategy on course for achieving its objectives by 2030; AGREES with the special report's recommendation on the need to start working on the new semiconductor strategy in 2026 with clearer, measurable goals and a coordinated EU-level approach;
 14. 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.
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