Targeted consultation

European Semiconductor Industry Association (ESIA) – Summary

23 November 2020

The semiconductor industry is capital intensive. Public support exists in various jurisdictions to offset some of the cost related to carrying out research & development or establishing / expanding facilities etc. Outside the EU, governments tend to grant significant benefits.

Given the varying volume and nature of government incentives across jurisdictions, certain national subsidy programmes are deemed more concerning than others, as analysed in the 2019 OECD report "Measuring distortions in international markets: The semiconductor value chain".

New legislation is in principle the preferred policy option to address the regulatory gap enabling to address foreign subsidies.

The Commission would seem better placed than Member States to enforce the new tool, in particular as it would require taking into account the EU interest test.

The new instrument is likely to have positive effects on the functioning of the internal market, competition, sustainable economic growth and productivity and SMEs, provided it does not unduly increase the administrative burden for companies.

Without addressing the problem, the uneven playing field may lead to job loss in the EU.

Environmental regulations are stricter in the EU than in most foreign subsidy-granting third countries. Not addressing the problem may have negative environmental impacts.

Acknowledgement that a new instrument would result in a higher administrative burden for companies that receive the subsidies. It is important to minimise the increase in workload on companies, especially if it involves a notification procedure.

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