Wednesday 15 February 2023

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Joint Undertakings under Horizon Europe: Chips Joint Undertaking

European Parliament legislative resolution of 15 February 2023 on the proposal for a Council regulation amending Regulation (EU) 2021/2085 establishing the Joint Undertakings under Horizon Europe, as regards the Chips Joint Undertaking (COM(2022)0047 — C9-0113/2022 — 2022/0033(NLE))

(Consultation)

(2023/C 283/27)

The European Parliament,

— having regard to the Commission proposal to the Council (COM(2022)0047),

— having regard to Articles 187 and the first subparagraph of Article 188 of the Treaty on the Functioning of the European Union, pursuant to which the Council consulted Parliament (C9-0113/2022),

— having regard to Rule 82 of its Rules of Procedure,

— having regard to the report of the Committee on Industry, Research and Energy (A9-0012/2023),

1. Approves the Commission proposal as amended;

2. Calls on the Commission to alter its proposal accordingly, in accordance with Article 293(2) of the Treaty on the Functioning of the European Union;

3. Calls on the Council to notify Parliament if it intends to depart from the text approved by Parliament;

4. Asks the Council to consult Parliament again if it intends to substantially amend the Commission proposal;

5. Instructs its President to forward its position to the Council and the Commission.

Amendment 1

2022/0033 (NLE)

Proposal for a

COUNCIL REGULATION

amending Regulation (EU) 2021/2085 establishing the Joint Undertakings under Horizon Europe, as regards the Chips Joint Undertaking

(Text with EEA relevance)

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 187 and Article 188, first paragraph thereof,

Having regard to the proposal from the European Commission,

Having regard to the opinion of the European Parliament [1],

Having regard to the opinion of the European Economic and Social Committee [2],

[1] OJ C , , p. .
[2] OJ C , , p. .

Whereas:

(-1) ***Reinforcing Europe's semiconductor ecosystem is one of the key components to achieving economic resilience and security, strategic autonomy, enhanced digital sovereignty and reduced dependencies; and will play an important role in the green and digital transitions.***

(1) Council Regulation (EU) 2021/2085 ([3]) establishes the Joint Undertakings under Horizon Europe, including the Key Digital Technologies Joint Undertaking ***(the 'Chips Joint Undertaking')***.

(2) The ***Chips Joint*** Undertaking addresses clearly defined topics that enable European industries at large to ***research,*** design***, innovate***, manufacture and use the most innovative technologies in electronic components and systems.

(3) Regulation (EU) […] ([4]) establishes a framework for increasing the Union's resilience***, adaptability, efficiency, security and stability of supply*** in the field of semiconductor technologies***. It aims to stimulate public and private*** investment ***and economic prosperity;*** strengthening the capabilities of the European semiconductor supply chain, and increasing cooperation among the Member States, the Commission ***and industry stakeholders***. To create the conditions necessary to strengthen the Union's industrial, ***research, development and*** innovation ***('R&D&I')*** capacity, the Chips for Europe Initiative (the 'Initiative') is established. In order to ensure a consistent implementation of the Initiative, the European Semiconductor Board should provide advice to the Public Authorities Board.

(3a) ***The Chips Joint Undertaking should seek to ensure clear and identifiable benefits across the semiconductor ecosystem. It should seek to contribute to and reflect the Union's core values, including privacy by design, trust, security, safety, sustainability, and growing skills and quality employment at all levels of the value chain. [Regulation establishing a framework of measures for strengthening Europe's semiconductor ecosystem (Chips Act)] and the Chips Joint Undertaking should aim to develop close synergies with Union programmes and funding instruments, in particular those supporting the deployment of innovative solutions for the Union's challenges. The Chips Joint Undertaking should integrate all relevant stakeholders, SMEs and the social partners.***

(3b) ***The activities of the Chips Joint Undertaking should work effectively alongside the broader objectives of the Chips Fund, in order to support the development of a dynamic and resilient semiconductor ecosystem. The Chips Joint Undertaking should provide opportunities for the increased availability of funds to support the growth of start-ups and SMEs as well as investment across the entire value chain and Union, contributing to achieving the twin digital and green transitions. Support and guidance should be provided, in particular to start-ups and SMEs on how to access public and private investment, including venture capital, with the aim of speeding up not only access, but also the application and approval process.***

(3c) ***The activities of the Chips Fund should support the development of a dynamic and resilient semiconductor ecosystem. The Chips Fund should provide opportunities for increased availability of funds to support the growth of start-ups and SMEs and investment across the entire value chain. The Union should seek to improve the leveraging effect of the Union's spending and achieve a higher multiplier effect in terms of attracting private-sector financing. In that regard, clear guidance and access points should be provided in order to assist start-ups and SMEs in accessing public and private funds. Moreover, a strategy for dealing with exceptional funding crises, such as significant increases in inflation, should be envisaged.***

(3d) ***Given the importance of collaboration with third parties in the area of R&D&I, the European Semiconductor Board and the Commission should establish clear and readily available guidelines on access modes, software and hardware for their participation in projects that fall within the scope of this Regulation. Within the structures of***

([3]) Council Regulation (EU) 2021/2085 of 19 November 2021 establishing the Joint Undertakings under Horizon Europe and repealing Regulations (EC) No 219/2007, (EU) No 557/2014, (EU) No 558/2014, (EU) No 559/2014, (EU) No 560/2014, (EU) No 561/2014 and (EU) No 642/2014 (OJ L 427, 30.11.2021, p. 17).

([4]) OJ L …, p…

the European Semiconductor Board, international fora, and other Union agreements and strategies with third countries, guidance should be provided to overcome existing obstacles to international cooperation in the field of R&D&I.

(3e) The Commission should provide clear and readily available guidelines on the terms and conditions for the development of and third-party access to pilot lines, as well as on the compatibility and accessibility of the Union's virtual design platforms, design libraries, and competence centres.

(3f) The success of the Initiative is to be built on a collective effort by Member States, together with the Union, to support both the significant capital costs and the wide availability of virtual design, testing and piloting resources and diffusion of knowledge, skills and competences. The new concepts and ambitions of the … [Regulation establishing a framework of measures for strengthening Europe's semiconductor ecosystem (Chips Act)] and the Initiative should be supported with significant new financial provisions for R&D&I and for the design, experimentation, and testing of advanced and evolving existing technologies and products within the Union's semiconductor ecosystem.

(3g) The Initiative is a new strategic initiative of the Union, and requires fresh budgetary resources. Its funding shall be considered during the mid-term review of the Multiannual Financial Framework, with a view to ensuring the stability, coherence, ambition and long-term financing of the Initiative. The continuation of activities already envisaged under Horizon Europe must be ensured. The total financial resources allocated to Horizon Europe should not be reduced or re-purposed to fund activities outside R&D&I. Any reduction of the financial resources of the programme, aiming to reinforce the financial envelope of the Digital Europe programme to contribute to the Initiative should be compensated for by additional funding sources.

(3h) The impact of public spending on the Initiative and the Union's R&D&I sector should be assessed and reviewed before the next MFF. Public institutions have a responsibility to use public funds efficiently and effectively in all areas and to ensure sound financial management, value for money, return on public investment, and the avoidance of waste and error. The Chips Joint Undertaking should ensure that public investment has a positive impact on the Union's semiconductor ecosystem and its citizens. In that regard, the establishment of the work programmes and their implementation for the Chips Joint Undertaking should respect the principle of 'as open as possible, as closed as necessary'.

(3i) Financial support deriving from the Initiative should be used to address market failures, suboptimal investment situations as a consequence of the high capital intensity, high-risk, and complex landscape of the semiconductor ecosystem in a proportionate manner. Actions taken by the Chips Joint Undertaking should not duplicate or crowd out private financing or distort competition in the internal market, and should have a clear added-value for the Union.

(4) The activities supported under the Initiative should be funded from Regulation (EU) 2021/695 of the European Parliament and of the Council ([5]) establishing the Horizon Europe Programme and from Regulation (EU) 2021/694 of the European Parliament and of the Council ([6]) establishing the Digital Europe Programme. ***The increase of the Union's financial contribution to the Chips Joint Undertaking should not give rise to cuts to Union programmes or existing projects and should be drawn up in accordance with the … [Regulation establishing a framework of measures for strengthening Europe's semiconductor ecosystem (Chips Act)], predominantly from the unallocated margins under the MFF ceilings or mobilised through the non-thematic MFF special instruments.***

([5]) Regulation (EU) 2021/695 of the European Parliament and of the Council of 28 April 2021 establishing Horizon Europe — the Framework Programme for Research and Innovation, laying down its rules for participation and dissemination, and repealing Regulations (EU) No 1290/2013 and (EU) No 1291/2013 (OJ L 170, 12.5.2021, p. 1).

([6]) Regulation (EU) 2021/694 of the European Parliament and of the Council of 29 April 2021 establishing the Digital Europe Programme and repealing Decision (EU) 2015/2240 (OJ L 166, 11.5.2021, p. 1).

(5) The Initiative aims to reinforce the competitiveness and resilience of the semiconductor technological and industrial base, whilst strengthening ***and diversifying the R&D&I*** capacity of its semiconductor ecosystem, reducing dependence on a limited number of third country companies and geographies, and strengthening its capacity to design and produce advanced***, sustainable, and innovative*** components. These aims should be supported by bridging the gap between the Union's advanced ***R&D&I*** capabilities and their industrial exploitation***, and by investing in those efforts***. It should promote capacity building to enable ***R&D&I,*** design, ***manufacturing,*** production***, packaging*** and systems integration in next-generation semiconductor technologies ***such as photonics and quantum technologies***, ***as well as the development of existing semiconductor technologies. It should*** enhance collaboration among key players across the Union, strengthening Europe's semiconductor supply and value chains, serving key industrial sectors, and creating new markets.

(5a) In order to achieve the greatest possible positive impact of Union funding and the most effective contribution to the Union's policy objectives, the Chips Joint Undertaking and the Chips Fund should seek to maximise the potential of private and/or public sector partners. Such partners should include industry, R&D&I and technology organisations, bodies with a public service mission at local, regional, national or international level, and civil society organisations, such as foundations that support and/or carry out R&D&I, provided that desired impacts can be achieved more effectively in partnership than by the Union alone.

(5b) The Chips Joint Undertaking and the Chips Fund should together set up private and/or public sector partners, for example through memoranda of understanding, with a view to achieving specific impacts more effectively. Such partnerships could include industry, R&D&I and technology organisations, bodies with a public service mission at local, regional, national or international level, and civil society organisations, such as foundations that support or carry out R&D&I.

(5c) In order to achieve effective open strategic autonomy, beneficiaries of financial support deriving from the initiative should take measures to prevent unwanted technology and knowledge transfers developed within the framework of the Initiative, making use of the range of instruments available at the Union and national level. Member States and the Commission should be notified and able to act when the risk of transfers from Union entities to outside the Union arises as a result of foreign take-overs or other measures taken by entities outside the Union to force technology or knowledge transfers.

(5d) Investing in talent and skills should be considered a key priority of the Initiative. The availability of talent is critical to attracting semiconductor investment. The Union should promote human potential and skills through STEM education, with a specific focus on women, who are under-represented in those sectors. To maximise the effect of the Chips Joint Undertaking, it should seek to find synergies with other programmes and funding opportunities in the area of skills and education. The Chips Joint Undertaking should, where relevant and appropriate and under the existing Horizon Europe rules, seek to strengthen its international cooperation, which is crucial to ensuring access to knowledge, expertise, and markets worldwide.

(6) ***The Initiative should be provided with the adequate and necessary funding to be able to achieve its ambitious objectives.*** The Initiative should be implemented through actions that should build upon the strong knowledge base acquired by the Key Digital Technologies Joint Undertaking. The Key Digital Technologies Joint Undertaking should be tasked with providing financial support, through any instrument or procedure provided for in Horizon Europe or the Digital Europe Programme, to actions funded under the Initiative. Furthermore, the Key Digital Technologies Joint Undertaking should be renamed to Chips Joint Undertaking. Throughout the lifetime of the Chips Joint Undertaking, at least EUR ***2,5*** billion should be dedicated to pilot lines, design infrastructures, competence centres, and other capacity building activities.

(7) The activities funded by the Chips Joint Undertaking should be covered in one single work programme, which should be adopted by the Governing Board. Before each work programme is prepared, the Public Authorities Board, taking into account the advice of the European Semiconductor Board and input from other relevant ***industry***

stakeholders, ***experts, the social partners, the Private Members Board, and*** including as appropriate, roadmaps produced by the Alliance on Processors and Semiconductor Technologies ([7]), should define the part of the work programme related to capacity building activities and ***R&D&I*** activities, including their corresponding expenditure estimates. For this purpose, the Public Authorities Board should include only the Commission and public authorities from Member States. Subsequently, on the basis of this definition, the Executive Director should prepare the work programme including capacity building and ***R&D&I*** activities and their corresponding expenditure estimates.

(8) ***All members of the Governing Board should be involved in the preparation of the work programme, and should participate in the relevant discussions and receive the necessary information.*** When the Governing Board adopts the work programme, the voting rights for the part of the work programme related to capacity building should be limited to the Commission and Member States only. The voting rights for the part of the work programme related to R&I activities should be equally shared between the Commission, the Participating States, and the private members. In the event that a decision on one of the two parts of the work programme cannot be reached, the work programme should be adopted including only the part on which a positive decision has been reached.

(9) The Public Authorities Board should be responsible for the selection of the projects related to capacity building activities. For this purpose, the Public Authorities Board should include only the Commission and public authorities from Member States. ***The members of the Public Authorities Board should have the necessary competence and expertise in order to make recommendations that take into account the objectives of the Chips Joint Undertaking. The Public Authorities Board should aim to increase gender balance within its structures and its projects and should seek to ensure geographical balance of the projects selected.***

(10) The Public Authorities Board should be responsible for the selection of the projects related to R&I activities.

(11) With a view to accelerating implementation of the actions of the Initiative and enhance cooperation between legal entities, particularly Research and Technology Organisations, certain proposals for actions should be eligible for funding only if the action is carried out by legal entities cooperating within a consortium of at least three legal entities from three different Members States***, which represent geographical balance across the Union***. That consortium could be structured either as the European Chips Infrastructure Consortium as proposed in the 'Chips Act', or based on other available legal tools under Union law. Given that the activities supported under the Initiative and implemented by the Chips Joint Undertaking are financed from Horizon Europe programme and the Digital Europe programme, the Union financial contribution to the Chips Joint Undertaking indicated in Article 128 of Council Regulation (EU) 2021/2085 should be increased accordingly. The administrative costs of the Chips Joint Undertaking should also be increased in accordance with the increase of operational tasks. The private members should not contribute to the additional administrative costs.

(12) Provision of financial support to activities from the Digital Europe Programme should comply with Regulation (EU) 2021/694.

(13) The Chips Joint Undertaking should facilitate cooperation between the Union and ***relevant*** international ***like-minded*** actors ***in order to strengthen the Union's open strategic autonomy and to protect intellectual property rights. It should define*** a cooperation strategy ***that builds on complementarities and interdependencies along the semiconductor supply chain***, including identifying and promoting areas for cooperation in ***R&D&I,*** skills development, and implementing actions where there is a mutual benefit, mainly based on reciprocity***, in accordance with Horizon Europe and international obligations***.

(14) Council Regulation (EU) 2021/2085 should therefore be amended accordingly,

HAS ADOPTED THIS REGULATION:

([7]) The Alliance is referred to in the Communication from the Commission of 5 May 2021 on 'Updating the 2020 New Industrial Strategy: Building a stronger Single Market for Europe's recovery'.

Article 1

Regulation (EU) 2021/2085 is amended as follows:

(1) Article 2 is amended as follows:

(a) Points 2, 3 and 4 are replaced by the following:

'2. "founding member" means any legal entity established in a Member State, a country associated to Horizon Europe or, where applicable, to the Digital Europe Programme, or an international organisation that is identified as a member of a joint undertaking in this Regulation or in one of its Annexes;

3. "associated member" means any legal entity established in a Member State, a country associated to Horizon Europe or, where applicable, to the Digital Europe Programme, or an international organisation that accedes to a joint undertaking by signing a letter of commitment in accordance with Article 6(3) and subject to an approval in accordance with Article 7;

4. "participating state" means any Member State or country associated to Horizon Europe or, where applicable, to the Digital Europe Programme upon notification of its participation in the activities of the relevant joint undertaking by means of a letter of commitment;';

(2) Article 3 is amended as follows:

(a) In paragraph 1, point (g) is replaced by the following:

'(g) the Chips Joint Undertaking;';

(b) paragraph 3 is replaced by the following:

'3. In order to take into account the duration of Horizon Europe and, where applicable, the Digital Europe Programme, calls for proposals under the joint undertakings shall be launched at the latest by 31 December 2027. In duly justified cases, calls for proposals may be launched by 31 December 2028, at the latest.';

(3) In Article 4 (1), the following subparagraph is added:

'The Chips Joint Undertaking shall also contribute to ***the implementation of*** the objectives of the Chips for Europe Initiative and the Digital Europe Programme.';

(4) In Article 10, paragraphs 2 and 3 are replaced by the following:

'2. The amount of the Union contribution specified in Part Two may be increased with contributions from third countries associated to Horizon Europe in line with Article 16(5) of Regulation (EU) 2021/695 and, where applicable, to the Digital Europe Programme in accordance with point (d) of Article 10(1) of Regulation (EU) 2021/694, provided that the total amount by which the Union contribution is increased is at least matched by the contribution of members other than the Union, or their constituent or affiliated entities.

3. The Union contribution shall be paid from the appropriations in the general budget of the Union allocated to the Specific Programme implementing Horizon Europe and, where applicable, to the Digital Europe Programme, in accordance with Article 62(1), point (c)(iv), and Article 154 of Regulation (EU, Euratom) 2018/1046 in the case of bodies referred to in Article 71 of that Regulation.';

(5) Article 12(1) is amended as follows:

(a) The second subparagraph of paragraph 1 is replaced by the following:

'1. In addition to criteria set out in Article 22 of the Horizon Europe Regulation or, in the case of the Chips Joint Undertaking, in Article 18 of the Digital Europe Programme, the work programme ***shall*** include, as an annex, eligibility criteria regarding national legal entities ***including a contribution to achieving the twin digital and green transitions***.';

Wednesday 15 February 2023

(b) The third subparagraph of paragraph 1 is replaced by the following:

'Each participating state shall entrust the ***Chips Joint Undertaking*** with the evaluation of the proposals according to the contributing Union programme.';

(6) In Article 29, paragraph 2 is replaced by the following:

(a) Paragraph 2 is replaced by the following:

'2. Budgetary commitments of the joint undertakings referred to in Article 3(1), points (b), (d), (g) and (h), may be divided into annual instalments. Until 31 December 2024, the cumulative amount of those budgetary commitments in instalments shall not exceed 50 % of the maximum Union contribution set out in Article 10. From January 2025, at least 20 % of the cumulative budget of the residual years shall not be covered by annual instalments.';

(7) Article 126 is amended as follows:

(a) In paragraph 1 point (b) is replaced by the following:

'(b) Establish Union scientific excellence and innovation leadership in emerging components and systems technologies, including in activities related to lower TRLs; and promote the active involvement of SMEs, which shall represent at least one third of the total number of participants in indirect actions and at least 20 % of public funding dedicated to research***, development*** and innovation ***("R&D&I")*** actions should go to them.';

(b) In paragraph 1 the following point (d) is added:

'(d) increase ▌ capacity throughout the Union in cutting-edge and next-generation semiconductor technologies to reinforce the Union's advanced design, ***manufacturing, equipment, materials development,*** systems integration and semiconductor production ***and packaging*** capabilities***. It shall seek to prevent*** and limit where possible ***any negative environmental impact and apply the principles of reduce, reuse, and recycle.';***

(c) In paragraph 2 point (f) is replaced by the following:

'(f) establish coherence between the Strategic Research and Innovation Agenda of the Chips Joint Undertaking inputs from other relevant stakeholders, including as appropriate, roadmaps produced by the Alliance on Processors and Semiconductor technologies and Union policies so that ***the objectives of the Initiative in particular are implemented and achieved***.'

(d) In paragraph 2 the following points ▌ are added:

'(g) build up ▌ design capacities for integrated semiconductor***, quantum*** technologies ***and other cutting-edge technologies such as photonics;***

(h) enhance existing and develop new pilot lines;

(i) build advanced technology and engineering capacities for accelerating the development of quantum chips;

(j) establish a network of competence centres across Europe;

(ja) support the green transition by ensuring that environmental considerations are taken into account in the development and implementation of R&D&I, such as increased energy and water efficiency;

(jb) promote STEM education, in particular women's participation in R&D&I;

(jc) foster open science and public visibility, and ensure that the R&D&I activities are aimed at providing a positive impact upon society.';

(8) Article 128 is replaced by the following:

'Article 128

1. The Union financial contribution to the ***Chips*** Joint Undertaking including EEA appropriations shall be ***at least*** EUR 4 175 000 000, including up to EUR 50 174 000 for administrative costs distributed as follows:

(a) up to EUR 2 650 000 000 from Horizon Europe;

(b) up to EUR 1 525 000 000 from the Digital Europe Programme;

2. The Union financial contribution referred to in paragraph 1 shall be paid from the appropriations in the general budget of the Union allocated to each relevant programme.

3. Additional Union funds complementing the contribution referred to in paragraph 1 of this Article may be allocated to the ***Chips*** Joint Undertaking from third countries associated to Horizon Europe or the Digital Europe Programme in accordance with their respective association agreements. Those additional Union funds shall not affect the Participating States' contribution referred to in Article 129(1).

4. The Union financial contribution referred to in paragraph 1 point (a) of this Article shall be used for the ***Chips*** Joint Undertaking to provide financial support to indirect actions as defined in Article 2, point (43), of Regulation (EU) 2021/695, corresponding to the ***R&D&I*** activities of the ***Chips*** Joint Undertaking.

5. The Union financial contribution referred to in paragraph 1 point (b) shall be used for capability building for pilot lines and design infrastructures across the whole Union.';

(9) In Article 129 paragraph 3 is replaced by the following:

'3. By way of derogation from Article 28(4), the private members shall make or arrange for their constituent and affiliated entities to make a financial contribution of ***up to*** EUR 26 331 000 for administrative costs of the Chips Joint Undertaking. The share of the total contribution on an annual basis for administrative costs of the Chips Joint Undertaking by the private members shall be 35 %. ***If the scope or membership of the Chips Joint Undertaking significantly changes, the private members shall be consulted in regard to any changes in the financial contribution .***';

(10) In Article 133, the following paragraph 3a is added:

'3a. The Governing Board shall solely include the Commission and public authorities from Member States when voting ▌ . The Commission shall hold 50 % of the voting rights. Paragraphs 2 and 3 shall apply mutatis mutandis to the voting rights of the Member States.';

(11) The following Article 133a is inserted

'Article 133a

Rules applicable to the activities funded under the Digital Europe Programme

1. Regulation (EU) 2021/694 shall apply to the activities funded by the Chips Joint Undertaking under the Digital Europe Programme.

2. The work programme and the calls for proposals of the Chips Joint Undertaking shall be published on the website of the Digital Europe Programme.

3. In the case of the Chips Joint Undertaking, ex post audits of expenditure on activities funded by the Digital Europe Programme budget shall be carried out by the ***Chips*** Joint Undertaking in accordance with Article 27 of Regulation (EU) 2021/694.';

Wednesday 15 February 2023

(12) Article 134 is replaced by the following:

'Article 134

Limitations and conditions to participation in specific actions

1. For actions funded under the Horizon Europe, by way of derogation from Article 17(2), point (l), where the Commission so requests, following approval of the Public Authorities Board, participation in specific actions shall be limited in accordance with Article 22(5) of Regulation (EU) 2021/695.

2. For actions funded under the Digital Europe Programme, where the Commission so requests, following approval of the Public Authorities Board, participation in specific actions shall be limited in accordance with Articles 12(6) and 18 of the Regulation (EU) 2021/694.

3. For actions funded under more than one contributing Union programme, the work programme shall set joint conditions, including for the limitation of participation under paragraphs 1-2 of this Article, in accordance with the rules of the contributing Union programmes.

4. Certain actions may be carried out by legal entities cooperating within a consortium structured in a form of European Chips Infrastructure Consortium. The actions for which such consortium may be necessary, as well as specific eligibility requirements for implementing specific actions and tasks, and, where appropriate, operational requirements for setting up, operating, and winding up shall be defined in the work programme.

4a. In order to maximise the positive impact of Union funding and projects, and to protect against unwanted technology and knowledge transfers, Article 27a(2a) of … [Regulation establishing a framework of measures for strengthening Europe's semiconductor ecosystem (Chips Act)] shall apply.';

(13) The following Article 134a is inserted

'Article 134a

Additional tasks of the Executive Director

In addition to the tasks listed in Article 19, the Executive Director of the Chips Joint Undertaking shall prepare and, after having taken into account the definition of the Public Authorities Board referred to in Article 137(f), as well as the ***relevant input from*** stakeholders ***and experts*** including as appropriate, roadmaps produced by the Alliance on Processors and Semiconductor technologies, submit for adoption to the Governing Board the work programme for the ***Chips Joint Undertaking***, to implement the Strategic Research and Innovation Agenda.';

(14) Article 136 is amended as follows:

(a) Paragraph 2 is replaced by the following:

'2. For the purpose of paragraphs (1) and (2) Article 134 and points (f) and (g) of Article 137, the Public Authorities Board shall include only the Commission and public authorities from Member States. Paragraph 1 shall apply mutatis mutandis.';

(15) Article 137 is amended as follows:

(a) The following points (f) and (g) are added:

'(f) before each work programme is prepared, define the part of the work programme related to capacity building activities and ***R&D&I*** activities, including the corresponding expenditure estimates, taking into account the advice of the ***Private Members Board and the*** European Semiconductor Board and ***relevant*** input from other ***industry*** stakeholders***, experts and the social partners***, including as appropriate, roadmaps produced by the Alliance on Processors and Semiconductor Technologies;

(g) select proposals corresponding to capacity building activities in accordance with Articles 12(1) and 17(2), point (u);'

(b) Point (d) is replaced by the following:

'(d) select proposals corresponding to ***R&D&I*** activities in accordance with Articles 12(1) and 17(2), point (u);'

(16) Article 141 is replaced by the following:

'Article 141

Funding rates and rules for participation

1. For indirect actions funded under Horizon Europe, in accordance with Article 17(2) of Regulation (EU) 2021/695 and by way of derogation from Article 34 of that Regulation and for activities funded under the Digital Europe Programme, the Chips Joint Undertaking may apply different funding rates for the Union funding within an action depending on the type of participant, in particular SMEs and non-profit legal entities, and the type of action. The funding rates shall be indicated in the work programme.

2. Where it is duly justified in the description of relevant topics in the work programme, a single legal entity established in a Member State or associated country or consortia not meeting the condition laid down in Article 22(2) of Regulation (EU) 2021/695 or in Article 18 of Regulation (EU) 2021/694 shall be eligible to participate in actions funded by the Chips Joint Undertaking.'

(17) The references to 'Key Digital Technologies Joint Undertaking' shall be understood as referring to 'Chips Joint Undertaking'.

Article 2

This Regulation shall enter into force on the date of its publication in the Official Journal of the European Union.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

For the Council

The President