

Europe's strategy to boost its computer chip industry and compete with Asia gets final approval

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A visitor to the 21st China Beijing International High-tech Expo looks at a computer chip through the microscope displayed by the state-controlled Tsinghua Unigroup project which has emerged as a national champion for Beijing's semiconductor ambitions in Beijing, on May 17, 2018. European Union member states gave final approval Tuesday July 25, 2023 for the bloc's master plan to expand semiconductor production, clearing the path for its massive effort

to slash reliance on Asia for computer chips vital for everything from washing machines to cars. Credit: AP Photo/Ng Han Guan, File

European Union member states gave final approval Tuesday to the bloc's master plan to expand semiconductor production, clearing the path for its massive effort to slash reliance on Asia for computer chips vital for everything from washing machines to cars.

The European Council's ministers signed off on the EU's Chips Act, which will channel 43 billion euros (\$47 billion) in public and private funds and allow state aid for the continent's semiconductor industry. EU leaders want to use the cash to kick-start massive investments for new chipmaking facilities, doubling the 27-nation bloc's share of global semiconductor production to 20% by 2030.

Asia accounts for most of the global production of semiconductors—a crucial role that was exposed during the COVID-19 pandemic, when supply chain disruptions resulted in extended shortages of autos, smartphones and [medical devices](#).

Western governments are trying to wean themselves off Asia. The U.S. launched its own \$52 billion Chips Act, and Britain has a smaller [\\$1.2 billion chip strategy](#). Companies like Intel have unveiled ambitious investment plans for Europe.

Chips are integrated circuits embedded in a semiconductor, a material—notably silicon—that can manage the flow of electric current. The terms "chip" and "semiconductor" are often used interchangeably.

The EU Chips Act will take effect after it's published in the Official Journal of the European Union.

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