

# Statement by Commissioner Vestager on the approval of plan by France, Germany, Italy and the UK to give €1.75 billion public support to joint research and innovation project in microelectronics

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Today, the European Commission has approved under EU State aid rules 1.75 billion euros of public investment for an important project in the microelectronics sector. Four European countries – France, Germany, Italy and the UK – will join forces to support research and innovation in this key technology. The public support will unlock an additional six billion euros of private investment, bringing the total investment in the project to about eight billion euros. This also demonstrates the private sector's commitment to the project – their investment will be more than triple the size of the public money.

Microelectronics, as the name suggests, are tiny components usually made of silicon. We know them better as chips and sensors. They can be found in almost all electronic devices we use every day – be it your phone, computer, washing machine, or your car. As these products become more automated and connected, they require more energy-efficient, secure and advanced microelectronic components to function smoothly. Therefore, innovation in this key enabling technology won't just benefit one sector or company. It can help the whole of Europe leap ahead in innovation to the benefit of the European economy and its citizens.

That's why it makes sense for European governments to come together to support such important projects of common European interest, if the market alone would not take the risk. And it is why we have put special State aid rules in place to smooth the way. They enable risky and groundbreaking research and innovation to see the light of day, whilst ensuring that its benefits are shared widely and do not distort the level playing field in Europe. So that innovation supported by taxpayer money truly serves European citizens.

## ***More detail on the integrated project***

First, let me tell you a bit more about this project.

France, Germany, Italy and the UK will grant public support to around 30 direct participants, both companies and research institutions. These participants will then work together in interlinked research and development

sub-projects. They will also cooperate with many other partners across Europe, from research organisations and universities to innovative start-ups and small and medium-sized enterprises.

Their work will focus on five areas. Essentially, three parts of the project aim to create more energy-efficient and secure chips and smarter sensors. Another area focuses on developing innovative, novel processes. And the final area aims to develop even more advanced chips made out of compound materials instead of silicon.

These five areas are closely entwined: we expect more than 100 cooperations between the participants and across the different areas. That's because progress in each area is necessary for microelectronic technology to serve its purpose of enabling a wide range of downstream applications.

Take for example self-driving cars.

In order to be safe, self-driving cars must be able to perfectly sense their environment in all types of driving conditions. In other words, they need novel sensors that can make very accurate measurements. You can think of them as the "eyes and ears" of the car.

We expect this project to bring highly innovative solutions in this field, for example through smarter sensors that react when a car changes its lane, or sensors that can reliably detect and avoid pedestrians and obstacles.

At the same time, for these sensors to work, a lot of data needs to be combined, sorted and translated into something the car's system can implement. That takes huge computing power, which means huge electricity demands.

Therefore, the development of smarter sensors needs to be combined with another crucial part of this project, namely the development of more energy-efficient sensors.

A second example of a downstream application for microelectronic technology is the Internet of Things. The various new technologies we expect to emerge from this project can make a wide range of consumer devices and appliances smarter and more functional – from thermostats regulating the temperature in our homes, to washing machines that automatically adapt according to their load. Our homes and buildings – and our electricity bills – can benefit from the control functionalities brought about by the novel chips and sensors to be developed.

This matters to all of us – it can help Europe and its citizens contribute to tackling the challenges of climate change and reach our Paris Agreement targets, as confirmed in Katowice over the weekend.

### ***Commission assessment under State aid rules***

Now, you may wonder why public money is needed to get this project off the ground. Or, indeed why the Commission needs to assess and give its green light to the support to such projects.

Highly innovative research projects often entail significant risks that private investors are not willing to take on by themselves. That's when public support can help fill the financing gap to overcome market failures and allow such projects to happen.

It is the Commission's job to make sure that's done in a way that doesn't undermine competition. To make sure that taxpayer money is not used to crowd out private investors or make it more difficult for other businesses to compete. Because diversity is the secret to innovation.

When our markets are level and open, with many different businesses contributing innovative ideas, that gives us the best chance to find the breakthroughs we're looking for.

That's why EU State aid rules set criteria that provide flexibility for a Member State to support innovative projects – but without harming effective competition. These rules enabled more than 9 billion euros of public support for research and development in 2016.

And we have gone one step further when it comes to the really big challenges for the European economy, where we have the best chance of success if we work together across European borders.

The State aid framework for important projects of common European interest was set up in 2014 for this purpose: it allows sufficient levels of aid for very risky cross-border research and innovation projects, if that is needed to make them a reality. With this support also comes responsibility: potential competition distortions must be kept at bay and the public has to benefit from its investment. That's why companies, which receive aid, have to share knowledge gained and generate positive spillover effects across the EU.

The microelectronics project meets all these criteria. It will pool the resources and expertise of four European countries and a large number of research institutions and companies. They have demonstrated that the public support is appropriate and necessary to give companies involved an incentive to engage in truly ambitious research and innovation.

Finally, they have committed to share the results of the research supported with public funds throughout the EU, to the benefit of other interested parties. Altogether, they will be taking over a thousand actions to disseminate the knowledge generated in the project. For example, there will be an annual dedicated conference, regular "hackathons" where others can use the new technologies to develop prototypes and try out alternative uses, and start-ups and universities also get to test the innovative technologies onsite.

The Commission, together with the participating countries and businesses, will carefully monitor the implementation of the project.

### ***Conclusion***

This is the first project of its kind to receive green light under the special State aid framework. And I hope there are many more to come – there

are certainly a number of other areas that could benefit from such European cooperation. But the decision to use this tool lies in the hands of Member States and their companies.

The Commission will of course continue to play a pro-active role to enable such projects. What is clear is that their size and complexity requires all parties – companies, Member States and the Commission – each to pull their weight.

So I hope we can draw on experience from this case to reflect together on how to best make such projects a success. That includes reflecting on our rules and processes. And also on finding ways to speed up gathering the essential information from companies that enables the Commission to ensure State aid serves innovation and European citizens.

Finally, competition policy is of course just one piece of the puzzle. It complements other Commission actions geared towards helping European industries seize their full potential in innovation, digitisation and decarbonisation.

For example, the Investment Plan for Europe is expected to trigger more than 350 billion euros in investments. And the EU Research and Innovation programme Horizon 2020 will make nearly 80 billion euros of funding available. These efforts will be stepped up in the next Multiannual Financial Framework. And we are also working to ensure that EU regulation is innovation-friendly and allows Europe's many start-ups and innovators to prosper.

The European project for microelectronics we have approved today fits right in with these objectives. I very much welcome this initiative by France, Germany, Italy and the UK to join forces and I look forward to seeing the results that will benefit the economy, and ultimately, consumers across Europe.