Press release

Minister Coveney welcomes the European Commission's approval of government supported semiconductor investment

From Department of Enterprise, Trade and Employment (/en/organisation/department-of-enterprise-trade-and-employment/)
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The European Commission have today approved an investment by the State in Analog Devices Inc.'s €630 million Project FANFARE, which will result in 600 new jobs in Limerick over the next five years, as well as an additional 520 jobs during the construction phases.

FANFARE is part of a new European Important Project of Common European Interest (IPCEI) in the area of microelectronics and communication technologies. IPCEI are a State Aid tool that facilitate large-scale cross-border projects that significantly benefit the EU and help achieve the twin digital and green transitions by investing in breakthrough innovation and infrastructure. They combine both public and private knowledge and resources from across Europe to support projects where the technological or financial risk is too great for one company or Member State alone.

Ireland is one of 14 Member States with direct participants in this IPCEI on Microelectronics and Communication Technologies (IPCEI ME/CT), with a further 5 Member States plus Norway also involved in the project. A total of 68 projects from 56 companies form this IPCEI ME/CT. The participating Member States will provide up to €8.1 billion in funding in the coming years, which is expected to unlock additional €13.7 billion in private investments.

The IPCEI ME/CT, which is the first IPCEI in which Ireland is directly participating, addresses the technological performance, sustainability and societal challenges of the next decade and is expected to result in a clear innovation advantage for Europe. The IPCEI ME/CT will connect a thriving ecosystem of innovative start-ups, SMEs, large enterprises, and research organisations from across the EU, with collaboration between participants a key element of the IPCEI. Indeed, the Irish participant, Analog Devices Inc. from Limerick will collaborate with several new partners from other Member States on their project but also on the projects of other companies.

Semiconductor chips are ubiquitous in our daily lives, and they are needed in almost every vital sector and service. They have critical application for health, energy, communications, and automation and as such, are central to the European Union's digital and green transitions. Ireland has a significant semiconductor design and fabrication history, and we have developed a strong domestic and international semiconductor industry and R&D ecosystem, with over 130 indigenous and foreign subsidiary companies across the microelectronics value chain.

Ireland's participation in the IPCEI ME/CT is an example of our ability and commitment to play our part in realising the ambitions of the EU, outlined in the European Chips Act, to strengthen our capacity and capability in semiconductor production.

Simon Coveney, Minister for Enterprise, Trade and Employment, said of the decision:

> "My department warmly welcomes the European Commission's approval of Ireland's participation in the IPCEI on Microelectronics and Communications Technologies. The Irish semiconductor industry has grown deep roots over 45 years and this is an opportunity for Ireland to contribute to the development of European capacity and capability in increasingly vital frontier technologies."

Notes

Important Projects of Common European Interest (IPCEI)

There are also several new IPCEI at various stages of development:

Important Projects of Common European Interest (IPCEI) are large-scale, multi-country projects for global state of the art innovation to address market or systemic failures in particular sectors. Favourable State aid rules apply to IPCEI, and this State aid framework allows for the possibility of public-sector funding to be granted at national level for certain projects that make an important contribution to the growth and productivity of the European industrial sector and to the strategic objectives of the European Union. The State aid framework for IPCEI is without the limitations of some of the other State aid tools. This allows for much higher levels of State aid to be provided, and the eligible costs set out in the IPCEI State aid communication are also broader than for other State aid tools.

To date, six IPCEIs have been approved by the Commission and are currently being implemented:

- an IPCEI on Microelectronics and the IPCEI on Microelectronics and Communication Technologies (IPCEI ME/CT)
- two IPCEI on Batteries; and
- two hydrogen IPCEI – IPCEI Hy2Tech (Hydrogen Technology) and IPCEI Hy2Use (Hydrogen Industry)

- two further IPCEI on Hydrogen – Hy2SupplyInfra and Hy2Move pre-notified in 2022 and are currently under review by the Commission
- an IPCEI on Next Generation Cloud Infrastructure and Services (IPCEI-CIS), pre-notified in April 2022
- a first wave for a Health IPCEI (Med4Cure) pre-notified in November 2022 and a second wave (Med4Tech) is in development and expected to pre-notify in late 2023/early 2024; and
- a Solar PV-IPCEI is also in development

IPCEI Microelectronics and Communication Technologies (IPCEI ME/CT)

The primary focus of the IPCEI on Microelectronics and Communication Technologies (IPCEI ME/CT) is on digital; data processing; and communication with power efficiency / sustainability. The objective of IPCEI ME/CT is to strengthen capabilities in design and increase the safety and sustainability of microelectronic components in Europe by promoting the integration and production of solutions to support European industry and to ensure resilience of EU industry on the global market. The projects range from material manufacturing to chip design and the production of semiconductors to integration into components and systems. All major market segments are addressed, with particular emphasis on innovation in areas such as AI processors, edge computing, electric mobility, security, and energy efficiency.

In total 19 Member States and Norway are participating in this IPCEI. This IPCEI is made up of 56 Direct Participants, who are assessed and funded under the IPCEI State Aid Framework, and over 30 Associated Participants, who's projects make a significant contribution to the IPCEI but are assesses and funded under other mechanisms such as the General Block Exemption Regulation (GBER) or the Recovery and Resilience Facility (RRF). The projects range from material manufacturing to chip design and the production of semiconductors to integration into components and systems. The IPCEI ME/CT has a very large collaborative RD&I component, which includes circa 588 Other Indirect Participants including nine Irish research institutions and companies.

About Analog Devices

Analog Devices, Inc. (NASDAQ: ADI) is a global semiconductor leader that bridges the physical and digital worlds to enable breakthroughs at the Intelligent Edge. ADI combines analog, digital, and software technologies into solutions that help drive advancements in digitized factories, mobility, and digital healthcare, combat climate change, and reliably connect humans and the world. With reported revenues of more than $12 billion in FY22 and approximately 25,000 people globally working alongside 125,000 global customers, ADI ensures today's innovators stay Ahead of What's Possible. Learn more at www.analog.com and on LinkedIn and Twitter.

The company established in Ireland in 1977 with the support of IDA. The focus of Analog's Irish operation is to produce quality precision products through precision manufacturing while exploiting cost-efficiencies. ADI's IPCEI ME/CT application is Ireland's first since the inception of the Important Projects of Common European Interest and is supported by the Irish Government through IDA Ireland.

The investment will enable the construction of a new, state-of-the-art, 45,000 sq-ft Research & Development and manufacturing facility which will support ADI's development of next-generation signal processing innovations designed to accelerate the digital transformation of Industrial, Automotive, Healthcare, and other sectors. It is expected to triple ADI's European wafer production capacity and aligns with the company's goal of doubling its internal manufacturing capacity to enhance the resiliency of its global supply chain and better serve customer needs. This investment is expected to grow ADI's employment footprint in the mid-west region of Ireland by 600 new positions, a significant increase to ADI's current 1,500 employees in Ireland.

Irish Semiconductor Industry

Ireland has a significant semiconductor design and fabrication history, and the country has developed a strong domestic and international semiconductor industry and R&D ecosystem, with over 130 indigenous and foreign subsidiary companies across the microelectronics value chain. There are over 20,000 people currently employed in Ireland's semiconductor industry and we export €13.5 billion worth of products annually.

Today the main force driving the semiconductor industry is the Internet of Things (IoT), which provides advanced electronic system solutions to healthcare, automotive, security, smart metering, robotics, surveillance, consumer sensor hubs and energy. The IoT has a worldwide economic value of €2 trillion.

The industry support infrastructure has been greatly enhanced by advanced research at several institutes across Ireland, including the Tyndall National Institute in Cork and the CRANN Institute in Dublin established in 2003. In recent years several new expert centres have been established to further enhance the industry such as Microelectronics Circuits Centre (MCCI), Advanced Materials and Bio Engineering (AMBER), Irish Photonics Integration Centre (IPIC) and CONNECT, among others.

European Chips Act

The world is currently facing a shortage in semiconductor chips and recent supply chain challenges have revealed structural vulnerabilities in the European semiconductor value chain, exposing Europe's dependency for supply on a limited number of companies, many of which are located outside of the EU.

In February 2022, the Commission submitted to the European Parliament and to the Council a proposal for a European Chips Act. The aim of the Regulation is to strengthen the European semiconductor ecosystem, to increase the EU's security of supply of semiconductors and to develop new markets for cutting-edge European technologies. The proposal is built on three pillars:

- Pillar 1: setting up the Chips for Europe Initiative to support technology capacity building and large-scale innovation across the EU to enable the development and deployment of cutting-edge and next generation semiconductor and quantum technologies that will strengthen the EU's capabilities and competences in advanced design, systems integration and component production
- Pillar 2: creating a framework to ensure security of supply by attracting increased investment and production capacity in semiconductor manufacturing as well as in packaging and advanced testing and assembly through first-of-a-kind integrated production facilities and EU open foundries
- Pillar 3: establishing a mechanism for coordinating surveillance and crisis response between Member States and the Commission to strengthen collaboration with and between Member States, monitor the supply of semiconductors, estimate demand, anticipate shortages, trigger the activation of a crisis phase, and deploy a dedicated toolbox

The recent political agreement of the EU Chips Act is positive and welcomed by the Irish Government, and the department is looking forward to the next phase of implementation of the Chips Act and to realising this opportunity for Europe and for Ireland.

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