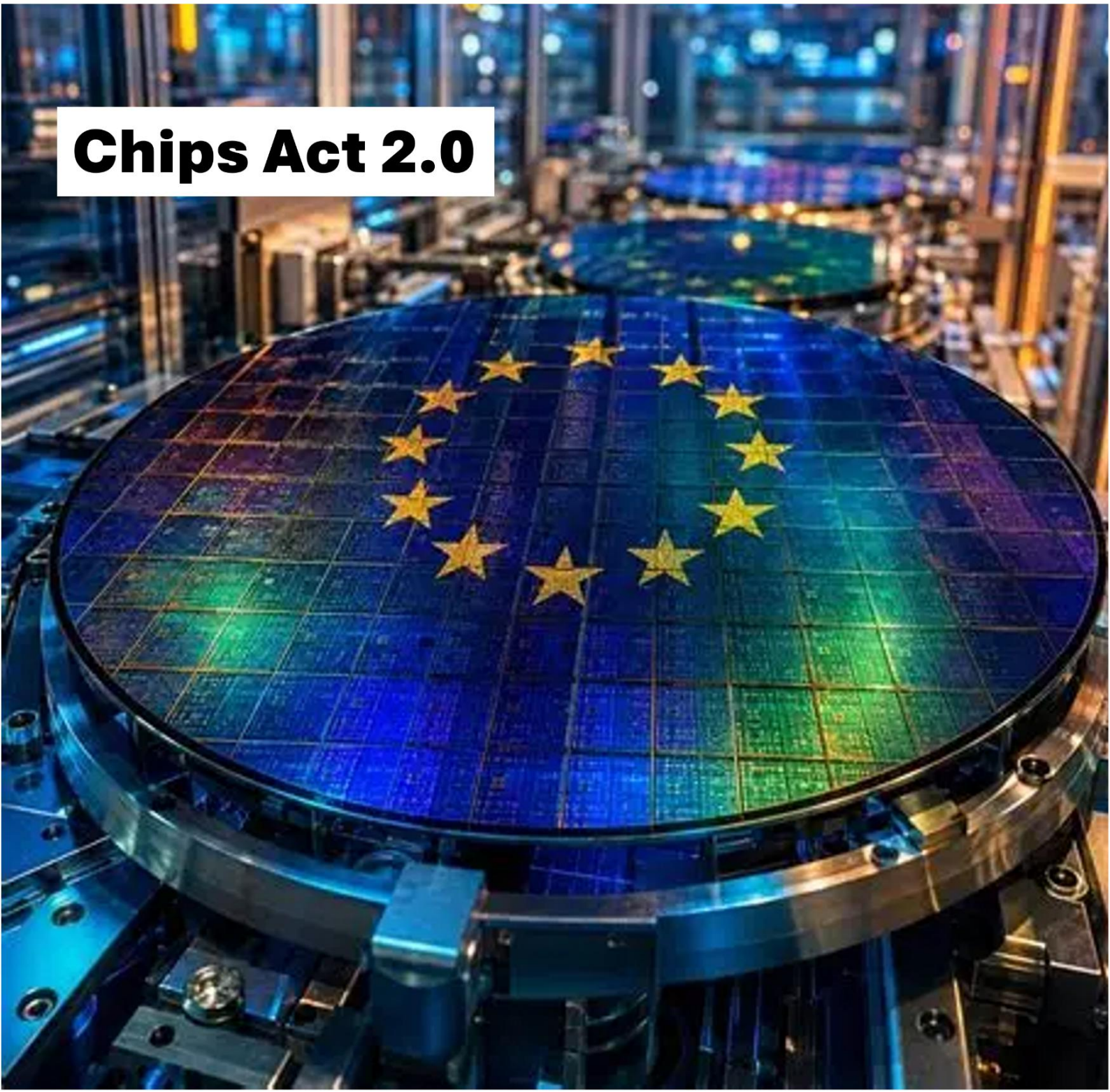


Position Paper

Chips Act 2.0



The semiconductor industry in Europe, represented by SEMI Europe, welcomes the ambitions of the Chips Act 2.0 to strengthen the European Union's economic competitiveness, supply chain resilience and technological capabilities.

The Chips Act 2.0 framework offers a good starting point to significantly strengthen existing capabilities in Europe, and expand its role in the global semiconductor value chain, focusing on areas of strategic importance for the EU. However, we have identified further opportunities to mature the legislation throughout the co-legislative process. To best inform these discussions, SEMI Europe highlights the following key points:

SEMI Europe – Policy Recommendations for a Chips Act 2.0

1. Ensure that the *First-Of-A-Kind* definition covers the entire semiconductor value chain, including design, equipment, materials, components, mature and specialty front-end and back-end manufacturing, advanced packaging, and related product development activities.
2. Preserve an open and inclusive definition of “domestic undertakings” by assessing ownership and control at the level of the EU-established operating entity and its direct parent undertaking, with appropriate security-of-supply safeguards. The cross-reference to “Article 49” in Articles 2(31)(d) and 2(35) should be corrected to “Article 47”.
3. Set binding timelines of six months for FOAK and relevant permitting assessments and three months for validation of Strategic Projects and ESTIs, ensuring swift and predictable investment decisions.
4. Establish a coordinated framework that accelerate energy-grid connectivity, provide pre-assessments of water infrastructure and availability, and coordinate tax incentives for CAPEX, OPEX and energy-intensive manufacturing.
5. Adopt structured, transparent and mandatory industry consultation, including for the appointment of the Alliance's Steering Committee, the identification of priority areas and designation of Strategic Projects, to ensure decisions reflect Europe's industrial capabilities and strategic priorities.
6. Provide an ambitious EU budget and balanced resource allocation, so that funding for high-cost Strategic Projects and Grand Challenges does not crowd out pilot lines, mature and specialty technologies.
7. Align the Demand Accelerators and Demand Forum with existing industry-led initiatives, standards and technical coordination structures, leveraging established expertise and avoiding duplication.
8. Establish a secure and industry-led supply-chain monitoring framework that assesses the economic health and funding gaps of the EU ecosystem, enables participation by all Union-established production facilities, and ensures the technical feasibility of designated risk-prone sectors and mitigation measures.
9. Require a Member State-level assessment of the specific skills needed for Europe's research and manufacturing projects and ensure that the expanded training and reskilling mandate of Competence Centres is matched by adequate resources and aligned with their operational capacities.

The semiconductor industry in Europe, represented by SEMI Europe, welcomes the ambitions of the Chips Act 2.0 to strengthen the European Union's economic competitiveness, supply chain resilience and technological capabilities.

In particular, SEMI Europe supports the focus on addressing the shortcomings of the first Chips Act, strengthening demand-side measures to improve the commercial viability of semiconductor manufacturing investments, and enhancing coordination across the Act's different pillars. SEMI Europe also welcomes the proposed simplification measures, which can help accelerate project implementation, improve regulatory predictability, and reinforce Europe's competitiveness across the semiconductor value chain.

The Chips Act 2.0 framework offers a good starting point to significantly strengthen existing capabilities in Europe, and expand its role in the global semiconductor value chain, focusing on areas of strategic importance for the EU. However, we have identified further opportunities to mature the legislation throughout the co-legislative process. To best inform these discussions, SEMI Europe highlights the following key points:

1. “First-Of-A-Kind” and “European Semiconductor Technology Initiatives”

SEMI Europe welcomes the expansion of the “First-Of-A-Kind” (FOAK), with its renewed scope of “European Semiconductor Technology Initiatives” (ESTIs) that captures the entire semiconductor value chain. **Maintaining the inclusion of semiconductor design, equipment, materials and components throughout the co-legislative process** will be a critical condition for attracting investments and strengthen Europe's leading position in these segments.

SEMI Europe recommends that the FOAK definition **explicitly captures front-end and back-end manufacturing of mature and specialty technologies, as well as advanced packaging**, in line with recital 53 of the proposal. These technology nodes carry a large share of Europe's industrial, automotive, defence, energy and critical-infrastructure demand, including the fast-growing demand for physical AI and edge AI.

SEMI Europe further **recommends including product development activities** that are related to these value chain segments. Unlike the semiconductor manufacturing sector, where investment needs are primarily concentrated in the construction and operation of manufacturing facilities, the equipment, components, and materials segments can incur the majority of both capital expenditures (CAPEX) and operating expenditures (OPEX) during the product development stage. This “lab-to-supply-chain” support will allow supply chain stakeholders to integrate and validate critical enabling technologies within their final industrial environments, reinforcing the deployment of disruptive and advanced semiconductor innovation.

2. “Domestic Undertakings” Definition

SEMI Europe supports the existing scope of the “domestic undertakings” definition, conditioning the eligibility of companies that can participate in “Strategic Projects” and “European Semiconductor Technology Initiatives”. SEMI Europe calls for **preserving the openness that this definition seeks, while clarifying its application** in the final Chips Act 2.0 Regulation.

The assessment of "ownership and control" may classify EU-established manufacturers as non-domestic based on their ultimate shareholders rather than their actual European operational footprint. Instead, **domestic status should be assessed at the level of the EU-established operating entity** and its direct parent undertaking, while maintaining **appropriate security-of-supply safeguards**. This will guarantee that companies investing, manufacturing and creating jobs in the EU are not excluded from ESTIs, Strategic Projects and the Business-to-Business Platform.

SEMI Europe also notes that the reference to "Article 49" in Articles 2(31)(d) and 2(35) should be corrected to "Article 47", which governs international cooperation and strategic partnerships on semiconductors.

3. Simplification and Fast-Track Processes

SEMI Europe firmly supports the European Commission's efforts to speed up and facilitate companies' investment processes, both at the Member State and Union level. In this regard, it will be pivotal to **keep procedural timelines to a minimum**.

Assessment timelines under the "First-Of-A-Kind" and relevant permitting processes must be reduced to 6 months. Similarly, a binding three-month timeline should be established for the EU validation of Strategic Projects, mirroring the proposed timeline for European Semiconductor Technology Initiatives (ESTIs). This will maintain the Union's attractiveness for investments vis-à-vis the other semiconductor regions of the world¹.

4. An enhanced policy toolbox to tackle Europe's production costs disadvantage

Europe's semiconductor industry faces a persistent cost disadvantage compared with East Asia, with manufacturing costs estimated to be 15–30% higher, rising to 55–60% for back-end manufacturing and 15–20% for advanced packaging². While these structural differences cannot be fully offset, the EU can substantially reduce the cost of investing and operating in Europe. SEMI Europe calls for a **coordinated framework that eases and speeds up energy grid connectivity, provides pre-assessments of water infrastructures and their availability, and coordinated tax incentives** for capital expenditure, operational expenditure and energy-intensive manufacturing.

5. Chips Act 2.0 Governance and Industry Consultation

While the Chips Act 2.0 consolidates the institutional governance framework of the first Chips Act, the co-legislators must **ensure that the semiconductor industry is appropriately and extensively consulted** in the implementation phase of the text.

For instance, the appointment process of the Steering Committee must be clearly outlined in the legal provisions of the Chips Act 2.0 and guarantee a fair opportunity for participation for all interested companies, preventing informal and non-transparent appointment processes that could take place prior to the final adoption of the Chips Act 2.0.

¹ These procedures in the EU currently take between 10-12 months, based on the feedback from the major industrial players involved, while similar processes take far less in the U.S. (6 months), China (6 months), South Korea and Taiwan (1-3 months).

² ZVEI (2026): ZVEI-Study: 'Europe's Semiconductor Business Case' URL: <https://www.zvei.org/en/press-media/publications/zvei-study-europes-semiconductor-business-case>

The identification of priority areas (Article 17) and the selection and designation of Strategic Projects (Articles 16 and 18) must include a **structured and mandatory consultation of the semiconductor industry** to ensure that these reflect the ecosystem's actual capabilities and strategic priorities.

6. Ambitious EU Budget Allocation for Chips Act 2.0 Instruments

The Chips Act 2.0 establishes highly ambitious priorities, especially on advanced chip design, manufacturing and AI hardware capacities, creating a risk that a disproportionate share of the available budget will be concentrated in a limited number of areas. This prioritisation is reflected in the scope of the *Grand Challenges* and *Strategic Projects* (Annexes I and II). Specifically, implementing a high-priority *Strategic Project* for a leading-edge Open Foundry (Art. 19) will require an average combined investment of approximately €20-30 billion.

Given their reliance on EU budgetary resources, the implementation of these instruments risks concentrating the Chips Act 2.0 budget on leading-edge manufacturing alone. This could leave insufficient resources for the deployment of other instruments, such as existing and future pilot lines (Art. 11), and mature and specialty technologies that underpin critical end-user markets, namely Europe's automotive, industrial, energy, defence and critical-infrastructure applications. SEMI Europe calls upon the co-legislators to ensure that the **funds allocated to highly ambitious Strategic Projects and Grand Challenges do not deprioritise or excessively constrain the resources available for complementary instruments**.

Equally, and in line with the Industry Advisory Group recommendations to dedicate €70 billion in EU funding to the industry³, the Chips Act 2.0 shall rely on an ambitious EU budget. It must allocate the necessary resources to support leading R&D&I, product development, industrialisation and manufacturing across the semiconductor value chain.

7. Demand Accelerators and Demand Forum

SEMI Europe welcomes the Chips Act 2.0's efforts to stimulate semiconductor demand in Europe. However, the Demand Accelerators and Demand Forum (Articles 8 and 9) should avoid duplicating existing industry initiatives and activities. The global and European semiconductor industry has a long-standing track record of developing common standards and technical specifications in collaboration with key end-user industries.

When designing new governance, standardisation, or coordination instruments, policymakers should build on these established structures and industry expertise. SEMI Europe therefore calls for new initiatives to be **closely aligned with existing industry efforts** to ensure the efficient use of public resources and accelerate the adoption of common solutions across the semiconductor value chain.

8. Supply Chain Monitoring and Mandatory Risk Mitigation

Risk and supply chain monitoring should not merely focus on the supply of raw materials or physical chips, but on the strengthening of the core industrial capabilities and know-how that make

³ Industry Advisory Group (2026), *European Chips Act 2.0. Industry Policy Blueprint for Semiconductor Sovereignty, Competitiveness and Resilience*. URL: https://www.eusemiconductors.eu/sites/default/files/2026.03.26_EUChipsAct-IAG-Report.pdf

semiconductor production possible. Supply chain monitoring must focus on evaluating the economic health and **funding gaps of the segments in which Europe has a leading position and where it can be consolidated.**

The “Business-to-Business Semiconductor Supply Chain Platform” must be designed according to the **highest level of data security, encryption and confidentiality** and guarantee the full coordination with, and consultation of the industry in the process. **Participation must also be open to all semiconductor production facilities established in the Union**, subject to appropriate security safeguards, rather than being limited to “domestic undertakings”. These safeguard mechanisms must be legally reflected in the Chips Act 2.0 Regulation.

The assessment and designation of "risk-prone sectors", together with any resulting mandatory risk mitigation measures, must provide legal certainty and predictability for businesses and be **consistent with their technical realities and feasibility**. Accordingly, the Act should establish a **structured, mandatory and transparent procedure** that involves industry stakeholders at every stage of the designation process.

9. Skills and Workforce Development

SEMI Europe welcomes the practical alignment of the Chips Act 2.0 with parallel skill development initiatives. These must be consistently **linked to a broader strategy that identifies the specific skills needed** to achieve research programmes and new manufacturing projects in Europe. This will allow the EU to anticipate future training needs and support for the European talent pipeline. In this regard, a more granular mapping of existing and future skills gaps at the Member State level will be required to complete the EU-wide skills analyses performed under the first Chips Act.

The expansion of the Competence Centres in Semiconductors’ mandate to include training, skilling and reskilling actions must be **supported by appropriate resources and be aligned with their actual capacities on the ground.**

Contact persons

Stefano Ramundo Orlando
Manager Advocacy and Public Policy
sorlando@semi.org

Adrien Padovani
Senior Policy Coordinator (Industry, Research,
Innovation)
apadovani@semi.org

SEMI Europe

Rue du Commerce 124, 1000 Brussels
EU Transparency Register : 597361847853-70
<http://www.semi.org/eu>