

Chips Act 2.0

Recommendations for Action from German Industry

September 24, 2026

Executive Summary

The Chips Act 2.0 should be viewed as a tool for ensuring the competitiveness of European user industries. Expanding semiconductor capacity alone is not sufficient to achieve this. It is crucial to effectively combine industrial demand, private investment, rapid implementation, and market-based resilience. From the perspective of German industry, five points are central: legally secure access to ESTI, Strategic Project, and platform instruments, including for EU-based production sites with trustworthy partner country structures; an explicit focus on mature and specialty nodes, advanced packaging, and physical AI; reliable funding through the European Competitiveness Fund; structured industry participation in prioritization, pilot lines, demand accelerators, and project evaluation; and proportionate monitoring and crisis management obligations that do not create new barriers to investment.

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Chapter I – General Provisions

The strategic framework of the Chips Act 2.0 outlined in Chapter I represents a significant advancement over the Chips Act 1.0. Competitiveness, demand, innovation, technological sovereignty, and economic prosperity are now rightly defined as key objectives. In the context of the “Technology Sovereignty Package,” this marks an important step toward a more active European industrial and location policy for the semiconductor ecosystem. To ensure that this objective is not undermined by other policy initiatives, new and existing EU regulations should undergo systematic competition reviews that assess their cumulative impact on the semiconductor industry at an early stage.

The ecosystem approach is the necessary reorientation for revising the first Chips Act: moving away from a logic primarily driven by subsidies and capacity toward a sustainable improvement of the entire semiconductor ecosystem. It is crucial to set the right priorities for future technologies that can make Europe indispensable in the global value chain. This prioritization must be carried out in close cooperation with industry and aligned with specific user needs. Only in this way will funded projects lead to marketable products, viable business models, and long-term competitive industrial value creation.

The demand perspective of the Chips Act 2.0 should not be focused exclusively on the European internal market. Key European industries operate successfully in global markets and require access to competitive semiconductor technologies to secure their international competitiveness. The Chips Act 2.0 should therefore take into account not only European needs but also the global competitiveness and export capacity of European user industries.

Particularly welcome are the broad definition of the semiconductor value chain and the extension of the “first-of-a-kind” approach to equipment, materials, key components, electronics manufacturing, integration, and manufacturing-centric chip design. This reflects industrial reality and opens up better opportunities to specifically strengthen European strengths in the supply industry, power semiconductors, advanced packaging, photonics, chip design, and industrial applications. In the long term, however, the entire value chain must also include circular economy approaches, the reuse and recovery of critical materials, and the strengthening of European expertise in the recycling of electronic components. Taking these into account can make an additional contribution to security of supply and raw material resilience. In this context, German industry recommends closer coordination with other EU regulations to avoid conflicting requirements and to ensure greater consideration of the specific cleanliness requirements of semiconductor manufacturing.

The definition of “domestic undertaking” is a key legal and investment lever and must be clarified more precisely. While it is correct to include trustworthy partner countries, However, clear operational criteria are essential—for example, regarding control, IP protection, economic security, a commitment to a European location, and the legal enforceability of commitments. Without such criteria, there is a risk of legal uncertainty, inconsistent application, and avoidable reluctance to invest.

Chapter II – Chips for Europe Initiative 2.0

Chapter II addresses key weaknesses in the existing Chips Act: the transfer of research into industrial applications, the strengthening of design and pilot infrastructures, the targeted promotion of technologies relevant to quantum computing, photonics, and edge AI, and the improved integration of user industries through Demand Accelerators, the Demand Forum, and Innovation Procurement.

However, for Chapter II to be effective, five prerequisites must be met:

- First, there must be a clear prioritization of European areas of strength, as well as a “no fragmentation rule,” to ensure that funding is concentrated on projects of sufficient scale, with substantial industrial co-financing and clear prospects for scaling up.
- Second, pilot lines and centers of excellence must be consistently aligned with industrial needs and be easily accessible to startups, SMEs, and user industries.
- Third, there must be legally sound eligibility criteria for EU-based companies and equivalent companies from partner countries.
- Fourth, Demand Accelerators and the Demand Forum must be implemented by a strong, effective, and adequately funded Industrial Alliance—including strong industry involvement in coordination and decision-making mechanisms. This should be institutionally ensured through an industry-led Steering Committee with co-decision and voting rights on the European Semiconductor Board.
- Fifth, the initiative needs a reliable funding base beyond 2027, particularly through long-term follow-on funding under the **European Competitiveness Fund**.

Pilot Lines

Pilot lines (Art. 4) play an important role in **the transfer from research to industrial application** under the Chips Act 2.0. They offer potential for creating innovations and can thus sustainably increase the pace of innovation in Europe, which is of great importance in international competition, where Europe still lags significantly behind.

Three years after the pilot lines were first announced in the Chips Act 1.0, they are still not fully operational. To enhance their effectiveness as a technology transfer tool, a mandatory industry advisory board with clear participation rights should be established for each pilot line to oversee the service portfolio, industry-friendly access, and commercialization. Industrial needs must play a greater role in determining which pilot lines are established and funded in the future. In addition, specific KPIs should be introduced to make progress, capacity utilization, industry access, and technology transfer successes measurable. Centralized access to pilot lines would be particularly important for startups and SMEs. A centralized access and information infrastructure could increase transparency, simplify application processes, and accelerate the use of existing pilot lines. This would significantly improve the speed of implementation and efficiency. In addition, “Lab-to-Fab Accelerators” should be formalized in a separate article and utilized regularly to transfer technologies from pilot lines more quickly to industrial factories and volume production. The Commission’s proposal “ ” does not contain sufficient criteria for selecting the locations of the pilot lines announced in the Chips Act 2.0. From the perspective of German industry, the selection and further development of pilot lines should take into account where industrial users, research infrastructures, a skilled workforce, and scaling potential already exist. Existing clusters should be further strengthened to leverage existing infrastructure and facilitate technology transfer through short supply chains. Furthermore, special attention should be paid to the overarching promotion of technological excellence.

Furthermore, an increased focus on pilot lines should not result in the reallocation of funds from established instruments such as the Electronic Components and Systems (ECS) Pillar within the Chips Joint Undertaking. The ECS has proven itself to be a central instrument for technology transfer between academia and industry and represents industry, member states, and the European Commission in a

balanced manner. Under the ECS, approximately 1.8 billion EUR was earmarked for collaborative projects with industry and academia; of this amount, 500 million EUR was reallocated to fund the Chips for Europe Initiative. As long as pilot lines have not yet proven their effectiveness as a key technology transfer instrument, reallocating funds at the expense of an established and functioning instrument is not convincing from an industrial policy perspective. Instead, a separate budget should be allocated for technology transfer activities at pilot lines, with at least two-thirds allocated to the industrial sector and no more than one-third to the pilot line itself.

Strategic Focus on European Strengths and Key Technologies

German industry expressly welcomes the realignment of industrial policy through a focus on strategically relevant areas. In the global race for investment and in light of the steady progress made by industrial competitors, it is imperative to adopt this focus in order to **further build on existing European strengths** and reinforce **Europe's indispensable position in the global value chain**. However, the priorities set so far are still too broad and vague. They should be made more concrete through a binding technology roadmap with a time horizon of ten to twenty years, measurable milestones, and regular review and sunset clauses. Priorities must be continuously aligned with Europe's industrial strengths and market developments and adjusted as needed.

Promoting the development of **cutting-edge and leading-edge semiconductor technologies** for specific industries is the right approach when taking industrial needs into account. Accordingly, the industry should always be systematically involved in setting concrete objectives and prioritization processes.

The focus on edge applications, AI chips, and quantum technologies is to be expressly welcomed. Likewise, the planned strengthening of chip design is a correct and necessary step. At the same time, **Physical AI**—a key field of the future—has not yet been given sufficient consideration. Given the increasing convergence of artificial intelligence with the physical world—particularly in the fields of robotics, industrial automation, autonomous systems, and smart manufacturing—Physical AI should be explicitly included as **a strategic area of focus** in the Chips Act 2.0. The goal here should not be to promote individual industries or specific use cases, but rather to build a robust European foundation for compute, AI, and semiconductor platforms that can be used in a wide variety of industrial applications. It is precisely this cross-sector applicability that creates the necessary economies of scale and sustainably strengthens Europe's technological sovereignty and competitiveness.

With the digitalization of critical infrastructure and networked systems, **hardware security, trustworthiness, and the integrity of semiconductors** are also becoming increasingly important. Europe should therefore enshrine **trusted semiconductors, hardware roots of trust, "security-by-design" approaches**, and security-critical microelectronics as strategic technology areas within the Chips Act 2.0.

The operational objectives should be focused on clearly defined areas of European strength in the Chips Joint Undertaking's work program. Selection and prioritization must be transparent and carried out in close coordination with and through regular feedback from industry regarding market potential, economic viability, contribution to resilience, and industrial demand. From an industry perspective, the areas of strength and those with significant potential currently include, in particular, edge AI and physical AI, power semiconductors, sensor technology, and equipment manufacturing—including supplier components—metrology, specialized industrial chips, and security-critical semiconductor solutions.

Europe should focus in particular on those technology fields in which it already holds leading global positions or has realistic opportunities to assume a strategic leadership role.

In addition, there is significant growth potential in future-oriented fields such as photonics and quantum chips, as well as in advanced packaging, where the transition to industrial mass production can make a decisive contribution to strengthening European value chains. Sustainable semiconductor manufacturing should be considered as a cross-cutting issue in this context. It is appropriate that chip design is also being specifically promoted through various approaches in the Chips Act 2.0, as well as at the national level through the High-Tech Agenda, in order to expand Europe's design expertise.

European Cooperation Instruments

European cooperation instruments are needed to achieve the set goals. With the network of centers of excellence and the Demand Forum, the Chips Act 2.0 has the potential to create a solid foundation. The Industrial Alliance needs clear responsibilities, sufficient resources, and a strong role in Demand Accelerators, the Demand Forum, and the integration of industrial needs into Grand Challenges, pilot lines, and design infrastructures.

Grand Challenges

The introduction of **Grand Challenges** under Article 7 is to be welcomed, as it can accelerate the development of strategically relevant technologies through cross-sector R&D collaborations. At the same time, these initiatives should be closely coordinated with and integrated into the funding instruments of the future **European Competitiveness Fund**. A consistent funding approach is crucial—one that supports companies of all sizes and research institutions from the research phase through demonstration projects to industrial scaling, thereby facilitating the transfer of innovative technologies to the market.

Demand Accelerators

European demand for semiconductor technologies is highly fragmented. The Commission's goal of strategically consolidating this demand and strengthening European technologies is, in principle, an important approach to improving the competitiveness of the European semiconductor industry and reducing dependence on third countries. German industry welcomes the proposed Demand Accelerators; however, their exact design should be specified in the further legislative process. Furthermore, it must be ensured that they are consistent with existing and planned EU legislative acts, in particular the Public Procurement Act, Cybersecurity Act 2, and the Industrial Accelerator Act.

The Demand Accelerators should develop joint **technical roadmaps, co-design projects, and industrial adoption prospects** in close coordination with industry. Requirements and reporting obligations regarding procurement, diversification, and secondary-source strategies pose cost-related competitive risks. Instead, Europe should systematically address key challenges faced by end-user industries and promote innovation, growth, and partnerships with local technology providers through targeted measures. Furthermore, the involvement of like-minded international partners should be considered, provided they meet requirements for security of supply, IP protection, and economic security.

Chapter III – Security of Supply and Demand

Section 1: Semiconductor Manufacturing Capabilities

German industry welcomes the fact that the Chips Act 2.0 classifies **European Semiconductor Technology Initiatives (ESTI)** and **Strategic Projects** as projects of public interest, thereby enabling stronger political, administrative, and financial support for strategically relevant semiconductor projects. This sends an important signal for investment in Europe. However, for this instrument to actually stimulate investment, ESTI and Strategic Project status must also remain accessible to EU-based production and innovation sites with like-minded international ownership structures. A definition of “domestic undertaking” that is too narrow would exclude precisely the kinds of investments that Europe needs for resilience, scaling, and technological leadership.

The expansion of the **“first-of-a-kind” approach** aligns with industrial needs. It now encompasses not only traditional manufacturing facilities but also equipment, key components, materials, electronics manufacturing, integration, and manufacturing-focused chip design activities. The Chips Act 2.0 is thus designed to cover the entire semiconductor value chain and also includes suppliers, equipment manufacturers, materials providers, design firms, integrators, startups, and SMEs. This expansion is expressly supported by the industry. At the same time, the focus should not be exclusively on leading-edge and AI technologies. Mature, advanced, and specialty nodes, power semiconductors, memory technologies, and other basic industrial technologies are also of central importance for the competitiveness of key European industries. The Chips Act 2.0 should systematically take into account and address existing strategic dependencies across the entire technology spectrum. The goal of technology-neutral and balanced funding across the entire semiconductor value chain should be consistently reflected in the operational provisions. Therefore, the highest priority level—or an equivalent mechanism—should be extended to Strategic Projects for mature, advanced, and specialty nodes, as well as for advanced packaging, in order to avoid structurally disadvantaging these manufacturing segments, which are central to the European automotive, industrial, and defense electronics sectors.

The introduction of **Strategic Projects** can become an effective core instrument of the Chips Act 2.0 for directing public and private investment in a targeted manner and promoting key European projects. However, the selection of such projects should not be based solely on political or technological criteria. In addition to resilience, technological sovereignty, and the cross-border dimension, economic viability, industrial demand, scalability, private willingness to invest, market potential, and the contribution to European areas of strength must also be explicitly taken into account. To this end, stakeholders representing investor, production, and user perspectives should be structurally integrated into the evaluation process. Strategic Projects should also demonstrate that they address structural market demand throughout the entire project lifecycle; the priorities of the Demand Accelerators and the findings of the Industrial Alliance can serve as a reference. The role of the Chips JU should remain focused on technological evaluation. A uniform, transparent procedure in accordance with Article 18(2) should apply to the designation of Strategic Projects; Article 18(3) should be deleted. Potential barriers to investment resulting from additional obligations for ESTIs and Strategic Projects—such as participation in the B2B platform, monitoring requirements, disclosure obligations for owners, or potential obligations in crisis situations—must be critically assessed. Such obligations can unsettle potential investors if benefits, obligations, and risks are not clearly balanced. In particular, platform access and ESTI status must not be inconsistently linked through a “domestic-only” approach; production sites based in the EU should be able to participate subject to security requirements. Sensitive information obligations should, as a general rule, be directed at the European legal entity or its legal representative, not at indirect or non-operational shareholders in third countries.

Section 2: Permit-Granting Procedures

In the semiconductor sector in particular, predictability and speed are crucial location factors. The proposed accelerated approval procedures for European Semiconductor Technology Initiatives and Strategic Projects send a positive signal regarding the semiconductor ecosystem's ability to act. The maximum duration of twelve months from the submission of a complete application, the establishment of **one-stop shops**, and digitization via single access portals and European Business Wallets are important steps toward improving Europe's attractiveness as a business location. This sends a positive signal to potential investors.

However, this approach applies primarily to ESTIs and Strategic Projects. As a result, it covers only a small subset of relevant processes. FOAK projects that are not Strategic Projects, as well as IPCEI projects and initiatives, are not covered. The acceleration of procedures should be extended to all ECA-relevant investment and innovation projects. This also includes supplier projects, equipment projects, and key infrastructure measures.

The acceleration of procedures should go hand in hand with measurable simplification, parallel processing, and the reduction of bureaucracy. Merely shortening formal deadlines is not sufficient and could place additional pressure on authorities and companies if the procedures themselves remain just as complex. The implementation of a one-stop shop makes sense in principle, provided it is carried out in a practical manner. In federal member states such as Germany, however, a central point of contact can be difficult to implement. For this reason, member states should be consulted at an early stage during implementation. At the same time, the one-stop shop should, as far as possible, be integrated into existing and planned European funding and investment portals to avoid fragmentation, increase transparency, and provide companies with easy access to relevant programs, projects, and cooperation initiatives.

Section 3: European Semiconductor Regions of Excellence

Strong semiconductor clusters and networks are a key strength of the European semiconductor industry, as they bring together research, industry, suppliers, skilled workers, and investors, and enable shorter innovation cycles. The introduction of a **“European Semiconductor Region of Excellence” label** can help further strengthen existing clusters and networks of excellence and better align public and private investments with existing ecosystems. The resulting network offers great potential for further connecting key locations in Europe with like-minded international partners. However, the relationship to the existing ESRA network must be clarified during implementation. Furthermore, high-performing projects and consortia outside existing cluster structures must not be disadvantaged. Funding decisions must be guided by excellence, competitiveness, and the contribution to European value creation and should therefore be made on a case-by-case basis following careful assessment using defined criteria.

In addition, the **European Semiconductor Region Investment Plans** provided for in Article 27 should be specifically designed to build on existing regional and national funding instruments. Close integration with existing support measures increases planning certainty for investors, prevents fragmentation, and enhances the effectiveness of public funding. To narrow the existing cost gap with leading international manufacturing locations while simultaneously increasing Europe's attractiveness as an investment destination, the Chips Act 2.0 should also establish coordinated tax incentives and support measures for investment, operating, and energy costs.

Section 4: Resilience in Supply Chains

Public procurement and measures targeting particularly high-risk sectors can make a significant contribution to strengthening resilient semiconductor supply chains. As anchor customers, public procurers can stimulate demand and help European semiconductor companies bring new technologies to market and mobilize private investment capital. Together with allies and partners, the EU should also develop a robust framework for trusted chip suppliers and support them in strategic applications through procurement and long-term demand commitments. However, award and procurement instruments should be designed to be technology-neutral, scalable, and open to EU-based as well as equivalent suppliers from partner countries. The option to require a “**security of supply declaration**” in critical sectors can, in principle, be sensible, provided it is proportionate, transparent, and administratively streamlined, and does not lead to de facto local content requirements, origin specifications, or restrictions on global supply chains. One positive aspect is that requirements must be linked to the subject matter of the contract, must be clearly specified in the tender documents, and must not be the sole determining factor for awarding the contract. At the same time, there is a risk of additional bureaucracy. Documentation requirements, risk analyses, stockpiling, or diversification mandates can impose significant operational and financial burdens on user industries and SMEs.

For **risk-prone sectors**, the initial focus should be on cooperation, voluntary risk mitigation, transparency, positive incentives, and improved European offerings. Furthermore, the Chips Act 2.0 should primarily emphasize collaboration between end-market industries, Grand Challenges, ESTIs, Strategic Projects, and positive incentives. Mandatory measures for end-market industries should be imposed only in extreme cases. Furthermore, public procurement should not lead to overly fragmented niche solutions for public contracting authorities. Procured products should be scalable, and companies should be able to use public procurement as a springboard into broader commercial markets.

Chapter IV – Monitoring and Crisis Response

Section 1: Monitoring

Strategic monitoring and early warning indicators can help identify dependencies, bottlenecks, technological weaknesses, and critical actors in the European semiconductor ecosystem at an earlier stage. A robust data foundation is necessary to guide policy measures based on evidence and to strengthen the resilience of the European semiconductor value chain. For this reason, the approach is fundamentally welcome. At the same time, care must be taken to ensure that monitoring does not result in new reporting obligations for companies.

The objective of the planned **Business-to-Business Semiconductor Supply Chain Platform**—to create greater transparency and crisis response capability—is fundamentally welcome. However, there are still significant organizational, technical, and legal challenges to its implementation. First, it should be assessed whether existing mapping and monitoring activities are sufficient before additional data infrastructures are established. The platform should only highlight structured risks and critical production sites and should not lead to the disclosure of competitively sensitive information, customer relationships, sales volumes, supply agreements, or commercial business relationships. If a platform is created, it should be open to EU-based production sites and equivalent partner-country companies under security and confidentiality requirements and should be financially sustainable in the long term.

Section 2: Alerts and Activation of the Crisis Stage

In light of geopolitical tensions, export controls, and the resulting raw material risks and supply chain disruptions, better-coordinated European crisis prevention in the semiconductor sector is necessary. The proposed measures for activating a crisis response are therefore fundamentally sound. However, it is important that they remain subject to strict conditions and that the European Semiconductor Board and the industry be closely involved. Only in this way can additional burdens on companies be limited while ensuring a European crisis response capable of taking effective action. Since the assessment of crisis situations involves sensitive corporate information, requests for information should be made only in the case of concrete, verifiable risks and limited to what is necessary; otherwise, preventive information requests could become a gateway to disproportionate data collection.

Section 3: Shortage Response

The situation is similar with regard to the **priority-rated orders** and joint procurements by the Commission discussed in Section 3. In the event of a crisis, coordinated European measures are necessary to stabilize critical sectors. At the same time, priority-rated orders deeply interfere with production planning, supply contracts, customer relationships, and corporate decision-making autonomy. For this reason, they should remain reserved exclusively for clearly defined crisis situations. A strict limitation of the scope of application, as well as effective safeguards, are necessary to limit negative impacts on investment decisions, customer relationships, and international supply chains.

Crisis-related disclosure requirements under Article 41 also remain a sensitive issue. Information on production capacities, manufacturing capabilities, capacity utilization, and current disruptions involves highly confidential business data. The protection of trade secrets, intellectual property rights, confidentiality, and competitiveness must therefore remain guaranteed even during a crisis.

Joint procurement must not lead to market distortions, price distortions, or the displacement of private procurement channels. Long-term resilience stems primarily from competitiveness, diversification, innovation, and attractive investment conditions. The Chips Act 2.0 should therefore design crisis measures in such a way that they strengthen security of supply without permanently interfering with market-based processes and business decisions.

Chapter V – Governance

Section 1: European Semiconductor Board

Better coordination between the Commission and the Member States through the expansion of the **European Semiconductor Board's (ESB)** powers makes sense in principle. However, there is a lack of systematic integration of user needs through institutionalized industry participation. Under Article 45, user industries, labor unions, or other stakeholders may only be invited as observers "where appropriate." This is insufficient: The Industrial Alliance should therefore become a permanent member of the European Semiconductor Board with voting rights through its Steering Committee. If industrial scaling, investment decisions, project prioritization, and sustainable business models are to be central, it is imperative that industry be involved in a structured, transparent, and timely manner.

On the other hand, the fact that Article 47 adds the establishment and maintenance of strategic partnerships to the ESB's mandate is to be welcomed. Resilience and sovereignty do not arise from isolation, but rather through cooperation with partners who can be trusted over the long term. Here, too, the

industry should be specifically involved, as it is directly affected by cooperation projects and can play a productive role in shaping them.

Section 2: National Competent Authorities

A **national single point of contact** generally makes sense, as companies need clear points of contact and harmonized procedures. Particularly in the case of cross-border projects, ESTIs, strategic projects, permitting processes, monitoring, and crisis response, a dedicated national coordination office can help expedite procedures and avoid duplicate structures. When it comes to the specific design, it is important that the contact points have an industrial policy focus rather than being driven purely by research policy, and that they assume genuine coordination and steering functions rather than becoming an additional layer of administration.

Section 3: Industrial Alliance for Semiconductors

A **strong industry platform** is absolutely essential, particularly for Demand Accelerators, the Demand Forum, Grand Challenges, Strategic Projects, and industrial roadmaps. It can ensure that industry is systematically and structurally integrated throughout the entire value chain. The close link to the ESB is to be welcomed as it fosters better dialogue between industry and policymakers.

However, the provisions in Article 49 are not sufficiently tailored to industry needs. The fact that the Commission will chair the Alliance and appoint its members must be viewed critically. A self-governing **Industrial Alliance for Semiconductors with industry co-chairs**, clear rules on transparency, compliance, and conflicts of interest, sufficient resources, and genuine decision-making authority would clearly strengthen the alignment of semiconductor policy with the needs of “ ” users. The Alliance should be bindingly integrated into the prioritization of Grand Challenges, Demand Accelerators, Strategic Projects, pilot lines, and platform governance.

What’s missing?

To increase investment incentives for companies in Europe, it is imperative to improve the framework conditions that are weighing on the semiconductor industry. The current framework conditions for the semiconductor industry are complex and range from high energy prices and a shortage of skilled workers to high administrative burdens. While the Chips Act 2.0 cannot definitively resolve all existing challenges, it can make crucial adjustments and serve as a bridge to further European Union measures aimed at sustainably strengthening the industry.

German industry therefore submitted a **comprehensive set of demands** in November 2025¹, which we believe are essential for the success of the Chips Act 2.0 but have not been sufficiently addressed in the Commission’s current proposal.

Addressing the Shortage of Skilled Workers

While **Articles 5 and 6** of the Chips Act 2.0 mention the need to mobilize more skilled workers, concrete measures are lacking. Europe faces a significant **shortage of qualified skilled workers**, and

¹ BDI (2025): “How Can the Chips Act 2.0 Succeed?”, available online at: <https://bdi.eu/de/publications/wie-gelingt-der-chips-act-20> (July 20, 2026).

the planned expansion of the microelectronics ecosystem will further increase demand. This is why targeted training initiatives, international recruitment, financial investments in training infrastructure, and programs to retain skilled workers are needed.

Competitive Energy Prices

Investments in energy infrastructure to improve the energy supply for the energy-intensive semiconductor industry are absolutely essential, particularly investments in the storage and use of renewable energy. These investments, together with targeted policy measures, must help ensure **competitive and predictable energy prices**. After all, Europe's attractiveness for semiconductor investments depends not only on investment incentives but also on long-term competitive operating costs. Affordable energy is therefore a key prerequisite for establishing and operating economically viable manufacturing capacities. This would ease the burden not only on the microelectronics sector but also on industry as a whole, and make Europe more competitive as an investment destination.

Reducing Bureaucracy

The fact that the speed of approvals is to be increased is a positive sign. However, more concrete measures are needed to reduce bureaucracy in procedures. Funding instruments such as the IPCEI on Microelectronics are fundamentally sound, but are difficult for innovation drivers such as SMEs, startups, and scale-ups to access due to the high bureaucratic burden. As a result, much potential remains untapped, which Europe urgently needs to mobilize. The European Commission's omnibus procedures are a good first step, but they should be more coordinated to also cover approval procedures. Approvals, funding decisions, pilot lines, strategic projects, and infrastructure measures should be subject to binding deadlines. Europe must significantly accelerate its innovation, investment, and approval processes to keep pace with the world's most dynamic technology and industrial hubs. Research findings must be translated more quickly into industrial applications, competitive production capacities, and marketable products.

Speed should be understood as a competitive factor in its own right in European industrial policy—combined with market-economy principles, entrepreneurial freedom, the rule of law, and long-term investment security. This will enable Europe to sustainably strengthen its appeal as a location for innovative semiconductor projects.

Realistic Targets and Measurable Impact

In contrast to the Chips Act 1.0, the Chips Act 2.0 currently no longer sets quantitative targets. While it is welcome that the target of a 20 percent global market share has been dropped—since it is unachievable under current conditions—Nevertheless, targets can serve as strategic reference points provided they are backed by realistic interim goals and concrete metrics. Such targets should be based on industrial needs and market conditions and developed in close consultation with the industry.

Legal Certainty Regarding Eligibility and Equal Treatment

To date, the proposal does not contain a robust operational provision for treating trustworthy partner-country companies as equivalent to domestic undertakings. This gap could lead to the outright exclusion of European production sites, even though they invest in Europe, create jobs, enhance security of supply, and can make security-related commitments. The Chips Act 2.0 should therefore include an explicit equivalence provision with criteria, procedures, and safeguards.

Competitiveness of User Industries as a KPI

The success of the Chips Act 2.0 should not be assessed solely on the basis of production capacity, market share, or funding volumes. Equally crucial is its impact on the competitiveness of European user industries. The resilience, innovative capacity, and international competitiveness of sectors such as the automotive, mechanical engineering, energy, and telecommunications industries should therefore be considered key indicators of success for the European semiconductor ecosystem.

Promote the Porting of Existing Chip Designs to Europe

The Chips Act 2.0 addresses dependencies on third countries in both chip design and manufacturing and introduces new demand- and design-side instruments. However, one of the fastest and most effective measures is still missing: support for porting existing chip designs from third countries to European factories. Without such a measure, there is a risk that capacities built with substantial public funds will remain underutilized. Porting entails significant one-time costs of approximately 2 to 20 million euros per design, as products must be technically adapted and qualified for each new foundry. For companies, these costs represent an additional risk, while the benefits of a more resilient and secure supply chain primarily accrue to the EU. For this reason, German industry is calling for the porting of strategically relevant designs to be recognized as an eligible cost category and financially supported as part of the Chips for Europe Initiative 2.0. This would not only enable the construction of European factories but also ensure they are fully utilized with concrete orders, thereby effectively contributing to security of supply.

Imprint

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BDI Document Number: D2379