

Position Paper on EU Chips Act 2.0

The German Electronics Design and Manufacturing Association (FED) represents the interests of 700 members, including printed circuit board designers and manufacturers, EMS and EDA companies, process and technology service providers as well as suppliers of manufacturing equipment, software and materials.

FED welcomes the review of the European Chips Act. However, we believe that its current focus on semiconductor fabrication is too narrow and leaves the EU exposed to strategic vulnerabilities. We call for a shift from a “chips-only” approach to a comprehensive industrial strategy that embraces the entire electronics value chain.

Semiconductors alone have no functionality and must be embedded in complete electronic systems built on printed circuit boards (PCBs), PCB assemblies (PCBAs), and integrated by EMS and OEMs. We warn that Europe’s neglect of these downstream segments has led to a sharp decline in PCB, EMS, advanced packaging and IC-substrate capacity, growing dependence on non-EU suppliers, and risks for technological sovereignty, defence readiness, and economic security. Electronics are indispensable for virtually all key sectors, including defence, space, automotive, industrial automation, renewable energy, and AI data centres.

Industry studies show that Europe’s share of global PCB and electronics system production has fallen dramatically since 2000, while global demand and volumes have surged. This erosion undermines competitiveness, increases lead times and costs, and endangers the ability to meet defence needs and critical infrastructure requirements. Only a small fraction of PCB companies active in Europe remain, and without a strategic response, European market shares in advanced packaging and IC substrates are expected to decline further by 2035.

Against this backdrop, we identify critical market segments—especially defence, automotive, industrial automation, and AI data centres—where next-generation computing, sensing, control, communication and power electronics, are essential, together with ultra-high-density PCBs, chiplets, advanced packaging and system integration. Focusing solely on high-end chips risks creating “islands” of wafer capacity that cannot be efficiently integrated into European-made systems, thereby weakening strategic autonomy and diminishing returns on chip R&D leadership.

FED urges broadening the Chips Act’s scope by explicitly including PCB, PCBA, system integration and advanced electronics packaging as strategic priorities, backed by dedicated funding. We call for targeted EU and national instruments to support capacity and capability building in PCBs, PCBAs, packaging and EMS, including minimum “European origin” thresholds for critical sectors, streamlined procedures for SMEs and midcaps, and direct incentives for modernising factories and adopting “factory of the future” automation.

We recommend establishing a European Electronics Strategy. This strategy should promote end-to-end trusted value chains for critical sectors, use “Made in Europe” criteria in public procurement, remove tariffs on PCB base materials, coordinate with trusted partners on materials and equipment, support workforce skills in design, packaging and assembly, and encourage tax incentives for manufacturing investments. Together, these measures aim to rebuild a sovereign, resilient electronics ecosystem that allows Europe not only to design and fabricate advanced chips, but also to deploy them at scale in competitive, domestically manufactured systems.

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