

November 26, 2025

Via European Commission Portal

DIRECTORATE-GENERAL
COMMUNICATIONS NETWORKS, CONTENT, AND TECHNOLOGY
UNIT C3 "MICROELECTRONICS AND PHOTONICS"

Re: Comments of the Semiconductor Industry Association on the European Commission's Public Consultation and Call for Evidence for Review of the Chips Act (Chips Act 2)

The Semiconductor Industry Association (SIA) welcomes the opportunity to respond to the European Commission's *Public Consultation and Call for Evidence for the Review of the Chips Act (Chips Act 2)*. The revision of the EU Chips Act represents an important opportunity for the European Commission and its Member States to strengthen both semiconductor supply chains in Europe and globally.

1. Background

SIA has been the voice of the U.S. semiconductor industry for nearly half a century. Our member companies represent more than 99 percent of the U.S. semiconductor industry by revenue. Many of SIA's U.S.-headquartered companies have operational footprints throughout Europe, contributing to Europe's innovation ecosystem and supporting the resilience of semiconductor supply chains in Europe. SIA also represents major non-U.S. chip firms, including major European-headquartered chipmakers, toolmakers, and cutting-edge research and development centers. Collectively, our members are engaged in the full range of research, design, manufacture, and back-end assembly, test, and packaging of semiconductors. More information about SIA and the semiconductor industry is available at www.semiconductors.org.

Strengthening semiconductor supply chains around the world is a top priority for SIA and its members. In that vein, we support the revision of the EU Chips Act and the practical need for EU action in light of the importance of semiconductors to economic security. We further appreciate the European Commission's recognition of the global nature of semiconductor supply and value chains, but also its appreciation of the importance of demand to support the scale of investments in semiconductor capacity.

In Section B of the Call for Evidence, the European Commission outlines two key objectives for its revision of the EU Chips Act, namely to:

- i. reduce the EU's dependency for leading-edge chips, by increasing the EU's manufacturing capacity in advanced semiconductors for critical sectors; and
- ii. increase its insight into the resilience of key market actors, supply chains, and the overall EU semiconductor ecosystem to better position the institution to be able to monitor the ecosystem, be able to guarantee security of supply, and better prepare for potential crisis responses.

Please find below general comments on the EU Chips Act Revision, specific comments with respect to each objective outlined in the Call for Evidence, and recommendations for additional objectives.

2. General Comments

SIA and our member companies stand ready to help inform the European Commission's approach to its review of the EU Chips Act. As a general matter, we urge the Commission and other key stakeholders involved in developing and implementing an updated Chips Act to engage with the private sector throughout the policymaking process. Regular dialogue with private sector leaders and experts will help to ensure European semiconductor policy is informed by those with industry and technical expertise and focused on addressing Europe's competitiveness gap, building on European strengths, and identifying areas of critical and strategic technologies where Europe has the capacity to lead. It will also help to ensure Europe's policy objectives are appropriately targeted and guided by market realities – namely that there must be a sustainable business case for semiconductors capacities to increase in Europe, whether in R&D, design, or manufacturing.

The EU Chips Act established the European Semiconductor Board (ESB) in Pillar III,¹ which serves as a governance mechanism for the implementation of the legislation and information exchange and coordination with EU Member States. However, the coordination and governance mechanism of semiconductor policy through the ESB does not appear to be functioning as intended. The European Commission should reform the structure of this mechanism to include industry engagement as the primary method of obtaining market insights, including trends and market demand, to inform policy action. We do appreciate that the Commission has now established the Industry Advisory Group (IAG) and encourage continued constructive dialogue between the ESB and IAG. However, this dialogue with industry involvement is important to ensuring that industry needs are properly reflected and prioritized.

In addition, access to talent is a necessary precondition to growing the European ecosystem and remains a challenge. We encourage the inclusion of this issue within the purview of the IAG, as part of its efforts aimed at enhancing Europe's global competitiveness. The European Commission should consider appropriate mechanisms to maximize the impact of efforts advanced by the European Commission, Member States, and industry, as well as the academic and training sectors, to grow the semiconductor talent pool and enhance the attractiveness of careers within the sector. We also think it will be important to explore talent exchanges with partner countries – such as the United States – and opportunities to streamline requirements and process to attract and retain foreign talent.

In addition, Competence Centers must foster greater collaboration to align their expertise with a unified EU semiconductor strategy, avoiding duplication and ensuring clear objectives. Creating a network that offers international mini-degrees and targeted training, informed by trade associations, will help address emerging skills gaps. In addition, promoting awareness and diversity, especially among youth and females, through professional branding and marketing initiatives, is vital for building a sustainable talent pipeline. It is also important for Competence Centers to submit self-sustainability plans by the end of their initial public funding round to

¹ European Commission, "Register of Commission expert groups and other similar entities – Expert Group ID 3932", accessed November 5 2025, <https://ec.europa.eu/transparency/expert-groups-register/screen/expert-groups/consult?lang=en&groupID=3932>

ensure long-term viability. To support early-stage operations, the European Commission should consider exceptions to state funding rules or other alternatives, allowing advance payments for Competence Centers that lack other income sources.

Finally, the European Commission should simplify and streamline regulations to facilitate expansion of operations already in Europe, and to attract new investments. As outlined in a 2024 report by SIA and the Boston Consulting Group, companies seek investment locations where approvals and permitting processes are streamlined and can be expedited in accordance with project timelines.² We invite the European Commission to review the recommendations in that report, which include eliminating redundant requirements and harmonizing environmental standards, among others.

An updated Chips Act and Europe's broader industrial policy should work in conjunction with European foreign trade and economic security policy, competition policy, and innovation policy. The effectiveness of the Chips Act as an industrial policy tool will only be successful if it harmonizes with other policies. These policies should complement each other to amplify their impact.

3. Specific Comments

We offer the following specific comments on the revision of the EU Chips Act.

3A. Comments on Objective 1, Reducing EU Dependencies

To accomplish objective (i) outlined in the Call for Evidence, the European Commission suggests the EU Chips Act could be amended “to bring forward the strategic nature of design and manufacturing capacity of both leading-edge chips and legacy chips on which Europe is overly dependent on third countries, and define strategic projects to implement this policy, and their selection criteria.”

As a starting point, we think it is important to take stock of Europe's existing strengths in the semiconductor technology ecosystem. As emphasized in Mario Draghi's report “The Future of European Competitiveness” (hereafter referred to as the “Draghi Report”), Europe leads in key segments of the chips supply chain, including “sensors, power controls, and mature chips for car microcontrollers and peripherals”, electronic design automation, equipment (e.g. lithography machines and deposition), key materials (e.g. substrates and gases), and testing.³ We encourage the EU to leverage and build on these strengths, in cooperation and partnership with non-European allies like the United States, recognizing that technological autarky is neither practical or possible.

As the European Commission and EU Member States consider such amendments to the EU Chips Act, it will be important to take account that the semiconductor industry has developed a

² Semiconductor Industry Association and Boston Consulting Group, “Attracting Chips Investment: Industry Recommendations For Policymakers,” August 2024. https://www.semiconductors.org/wp-content/uploads/2024/08/Attracting-Chips-Investment_Industry-Recommendations-for-Policymakers_full-report_1.pdf

³ Mario Draghi, “The Future of European Competitiveness, Part B | In-depth analysis and recommendations,” September 2024. https://commission.europa.eu/topics/competitiveness/draghi-report_en

global supply chain based on increasingly exacting technical requirements and complex economics, which require firms to achieve economies of scale to support massive capital investments.⁴ SIA has consistently underscored that chipmakers need confidence there will be sufficient customer demand to justify and support any new long-term, capital-intensive investments in semiconductor production. To that end, and to the extent the European Commission seeks to invest in new chip production – regardless of product type or process node – it will be important to identify and cultivate demand-side drivers, as well as to address non-market policies and practices in the sector that divert market demand to players that may artificially suppress prices. We recommend the European Commission work on these issues in concert with partners and allies, including the United States.

We note the EU seems particularly concerned with addressing dependencies on leading-edge chips. We urge the European Commission to look at the semiconductor ecosystem in its totality, and apply the demand-side drivers approach to their initiatives for bringing leading edge production to Europe. In particular, the Commission could broaden the scope of the First-of-A-Kind (FOAK) instrument (Pillar II) to additional segments of the ecosystem, including technologies already present in Europe. The purpose of this tool is to support boosting Europe's technological capabilities across the board, and to boost competitiveness across segments by fast-tracking state aid for new technologies. The FOAK tool should include other segments of the ecosystem (such as equipment and materials) and should ensure that technologies already existing in Europe are eligible, with a focus on areas where Europe has a competitive advantage and where a business case in Europe can be justified. The expansion of the FOAK's scope will also encourage strong international partnerships by integrating new players into the European semiconductor ecosystem.

An area worth particular focus in the EU Chips Act 2 is the back-end ATP segment of the semiconductor supply chain. The majority of ATP capacity currently resides in Northeast Asia, with a significant and growing concentration in China (See Figure 1).⁵ As recent developments⁶ have underscored, there is an acute need to diversify ATP activities globally. We thus encourage the European Commission and its Member States to address supply dependencies in the ATP segment of semiconductor supply chains as part of the revision of the EU Chips Act. This means investing in domestic capacity where it makes sense, and we note the Draghi report recommends "coordinating EU efforts in back-end 3D advanced packaging, advanced materials and finishing processes."⁷ It will also be important to re-route critical supply chains through allied and partner countries where European capacity may not be practical or economical. To do this, we recommend closer coordination with reliable partner governments and dedicated foreign assistance efforts to build supply chain capacities in third countries that complement and support semiconductor operations in Europe.

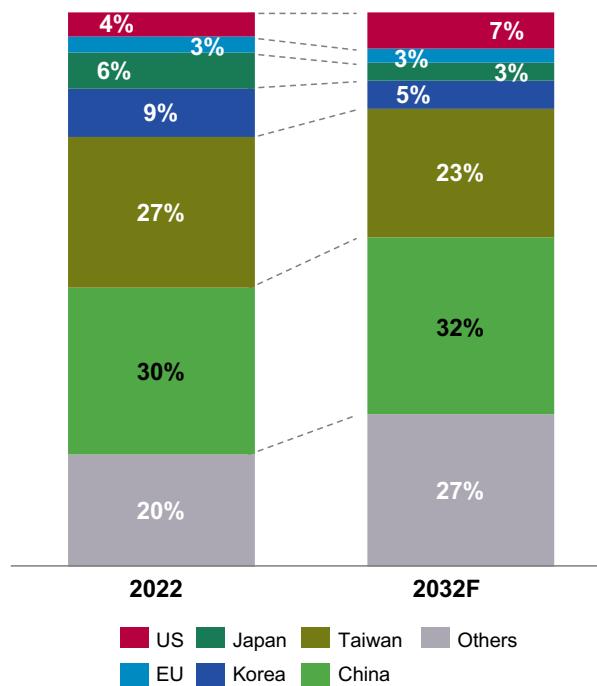
⁴ It can take 10 years or longer to recoup the costs of building and operating a fab through chip sales.

⁵ SIA and Boston Consulting Group, "Emerging Resilience in the Semiconductor Supply Chain," May 2024. https://www.semiconductors.org/wp-content/uploads/2024/05/Report_Emerging-Resilience-in-the-Semiconductor-Supply-Chain.pdf

⁶ Nexperia, "Updates on Company Developments," October 14, 2025.

<https://www.nexperia.com/about/news-events/press-releases/update-on-company-developments>; NL Times, "China imposes export ban after Dutch intervention at chipmaker Nexperia," October 14, 2025. <https://nltimes.nl/2025/10/14/china-imposes-export-ban-dutch-intervention-chipmaker-nexperia>

⁷ Mario Draghi, "The Future of European Competitiveness: Part A | A competitiveness strategy for Europe," September 2024. https://commission.europa.eu/topics/competitiveness/draghi-report_en

Figure 1. Share of Global Assembly, Test, Packaging Capacity by Region, 2022-2032 (Forecast)

Source: US Department of State; The White House; SEMI; IHS; BCG analysis

We likewise recommend the EU encourage greater investment in semiconductor design. As the Commission recognizes in its Call for Evidence, demand for leading-edge chips “is currently limited and does not justify the large-scale investment needed for a typical leading-edge fab.” Cultivating a greater ecosystem of chip design in Europe would help to drive greater demand for building leading-edge capacity in Europe. We note the Draghi report recommends “providing grants or R&D tax incentives for “fabless” companies active in chips design and foundries in selected strategic segments.”⁸

In particular, strengthening the links between design platform participants and the venture capital and funding ecosystem will help identify and support high-potential companies. Selection criteria should be broader to include both technology readiness and thorough venture capital due diligence. Furthermore, expanding the technology focus to encompass photonics, advanced nodes such as 3nm and 2nm chips, and chiplets will ensure the EU Chips Act remains at the forefront of innovation. Adapting the funding model to support larger investments in intellectual property (IP), electronic design automation tools, and silicon for complex designs will also enhance the competitiveness of European enterprises.

3B. Comment on Objective 2, Monitoring and Economic Security

The European Commission underscores its need for greater insight into the resilience of key market actors, supply chains, and the semiconductor ecosystem in the EU and elsewhere. To

⁸ Ibid.

accomplish this objective, the European Commission, in its call for evidence, suggests the EU and its Member States could enhance data-gathering tools, including by imposing mandatory reporting requirements on industry. The goals of such data collection, according to the Call for Evidence, include being able to guarantee security of supply, address disruptions and crises, and better understand the susceptibility of key market actors to technology leakage risks.

Any such survey imposes a significant burden on industry players. Such data collection efforts should be deployed only when absolutely necessary, and with a view to minimizing the administrative burden and time required for industry players to collect such information. Should the European Commission seek to collect information from both semiconductor industry players and downstream customers, it will be important to clarify that any such survey is intended to assess the data and knowledge available within an individual organization, and respondents should not reach out to suppliers to provide information for any mandatory government data collection effort. Such an approach will help to limit the burden on semiconductor players.⁹

Should the European Commission choose to proceed with imposing mandatory surveys or data collection, we strongly urge the EU and its Member States to consult closely and collaborate with industry on the content of any such survey, and to understand the level of business sensitivity of any data it seeks to collect **prior** to the release of any such survey or data collection effort; it will also be necessary to ensure any such effort is consistent with safeguards and data protections that are crucial for maintaining the technological leadership of semiconductor companies operating in Europe. SIA would be pleased to consult with the European Commission on any such efforts, as we have done with the U.S. government in its past data collection efforts.

Semiconductor companies consider information about their supply chains—including materials suppliers and other vendors, customers, etc.—as sensitive information and/or IP. Secure IP protection is crucial for semiconductor innovators facing trade secret thefts from cross-border misappropriation, corporate espionage, and cyber-intrusions, among other forms. It will be important for the European Commission to determine how any proprietary and business confidential information collected via mandatory surveys will be stored and safeguarded. For example, centralizing this information within the EU may create unintended vulnerabilities, increasing a company's exposure to trade secret theft. The European Commission should carefully consider the impact and mitigation of these risks, including whether the EU and its Member States have the necessary systems and personnel to safeguard proprietary information and ensure any data collection effort clearly articulates the requirements for the Commission and Member States to protect and limit the dissemination of business confidential information.

3C. Comments on additional recommended objectives for EU Chips Act Revision.

We note Section A of the Call for Evidence articulates a third objective for which the current EU Chips Act “lacks sufficiently effective tools to overcome”, namely the need to address the “non-market policies and practices in third countries” that pose challenges to Europe’s competitive edge in mainstream/legacy semiconductors. This third objective is not listed as a key objective for the revision of the Chips Act. However, we are of the view that addressing this challenge as part of the EU Chips Act will help ensure that the two aforementioned objectives in the Call for Evidence can be accomplished. We invite the European Commission to review SIA’s previous

⁹ See Question 7, Frequently Asked Questions, Section 9904 Survey.
<https://www.bis.doc.gov/index.php/guidance-faqs>

comments in numerous public documents¹⁰ on the impacts of non-market policies and practices on the semiconductor industry in the United States and global semiconductor industry. In particular, SIA requests the European Commission take note of the recommendation on behalf of the semiconductor industry for likeminded partners and allies to pursue a sectoral agreement on semiconductor technologies. We look forward to engaging with the European Commission on this topic upon request.

4. Conclusion

Global challenges are best addressed through coordinated, multi-country solutions. Accordingly, we urge the European Commission to coordinate its semiconductor policies with allies and partners to build international partnerships and avoid pursuing isolated goals. Such partnerships will help reduce dependencies and build more resilient supply chains for the long term. SIA and our member companies appreciate the opportunity to share our views on the revision of the EU Chips Act and stand ready to engage constructively to advance our shared goals of building greater resilience in European and global semiconductor supply chains.

For any questions regarding this submission, please contact Carrie Esko at cesko@semiconductors.org and Aaron Woolf at awoolf@semiconductors.org.

Uploaded to [Chips Act 2](#)

¹⁰ SIA, “Comments on USTR Section 301 Investigation on Chinese Legacy Chips”, February 2025. <https://www.semiconductors.org/wp-content/uploads/2025/02/USTR-2024-0024-00109674-CAT-5016-Public-Document.pdf>; SIA, “Comments on BIS Section 232 Investigation on Imports of Semiconductors and Semiconductor Manufacturing Equipment”, May 2025. <https://www.semiconductors.org/wp-content/uploads/2025/05/SIA-Comments-Section-232-Investigation.pdf>; SIA, “Comments on USTR’s 2025 China WTO Compliance Report”, September 2025. <https://www.semiconductors.org/wp-content/uploads/2025/10/SIA-Comments-Re-USTR-2025-China-WTO-Compliance-FINAL-09.24.pdf>