November 24, 2025

Via European Commission Portal

Directorate-General

Communications Networks, Content, and Technology

Unit C3 “Microelectronics and Photonics”

Re: Comments of Synopsys on the European Commission’s Public Consultation and Call for Evidence for Review of the Chips Act (Chips Act 2)

Synopsys 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)*.

1. Synopsys Background

Synopsys has established a significant presence in Europe, with a substantial portion of its global revenue originating from the European Union. The company boasts a robust workforce across the EU, with its three largest sites located in Portugal, Germany, and France. Overall, Synopsys’ headcount in the EMEA region has increased by 10% the past two years and in Europe alone, we have more than 5,000 employees. Notably, around 80% of these employees are dedicated to research and development activities.

Synopsys engages in Silicon IP design across several European countries, including regions such as the Nordics, the DACH countries (Germany, Austria, and Switzerland), and Italy. The company’s European footprint also features “centres of excellence” that focus on key advanced technologies such as virtualization, automotive software testing, photonics, and security IP. In France, centres located in Paris-Orly and Rungis are dedicated to the production of emulation technology hardware. Meanwhile, in Germany, Synopsys operates in Aachen, Berlin, and Munich, with teams working across research and development, go-to-market strategies, and pre-sales functions.

Europe is also emerging as a critical growth area for digital twin solutions, with strong demand from leading industrial players in the automotive, aerospace, industrial, and medical technology sectors. These companies are increasingly pursuing digital transformation initiatives, further driving Synopsys’ growth in the region.

Supporting the European semiconductor ecosystem is a central focus for Synopsys. The company’s European business is propelled by the growth of its diverse customer base, which includes large

corporations in sectors such as mobility, aerospace and defense, and general industry. These organizations are seeking to implement more IoT solutions and include prominent tier 1 suppliers like Infineon and STMicro.

Europe's relevance to Synopsys cannot be overstated. The region holds immense potential in the next phase of semiconductor design, particularly as the industry shifts from silicon to systems for industrial applications. The automotive sector exemplifies this trend, with electrification and increasing autonomy fueling the development of software-defined vehicles. Many of Europe's largest industrial enterprises are embracing this evolution, positioning the continent as a key market and a catalyst for the growth of Synopsys' virtualization and digital twin businesses. The region's talent pool—comprised of engineers and designers with deep expertise gained in industrial sectors—continues to be a valuable asset, especially as the focus in the U.S. has historically been on consumer Internet development.

Synopsys is a trusted provider of advanced EDA tools and IP for Europe's leading semiconductor design companies. This includes licensing arrangements supported by technical expertise for established global leaders such as Infineon, STMicro, and NXP, as well as innovative European chip design start-ups like SiPearl and Elmos Semiconductor.

In addition to supporting chip design companies, Synopsys increasingly serves major European system companies designing chips for telecommunications, automotive, aerospace, and defence sectors. Notable customers include Ericsson, Nokia, Mercedes, BMW, Volkswagen, Bosch, Continental, and ZF Group. This expanding customer base is a major driver of Synopsys' growth in Europe.

Supporting research institutions and universities across Europe is another cornerstone of Synopsys' commitment to the region. Through the Synopsys Academic Research Alliances (SARA) Program, the company has significantly invested in fostering collaboration between academia and industry. Today, more than 30,000 Synopsys licenses are available to over 560 universities in Europe. For instance, in France, the company has provided 2,000 licenses through the CNFM to ensure students gain hands-on experience with state-of-the-art technology. Synopsys' proximity to academic clusters—especially in Portugal—and its close collaboration with professors help shape curricula that address the needs of the semiconductor industry.

The company is also a key supporter of Europractice, which offers European SMEs and start-ups comprehensive access to design and fabrication resources, supported by leading research institutes such as Fraunhofer, IMEC, and Tyndall.

Contributing to the success of the EU Chips Act and advancing Europe's strategic autonomy in semiconductors has been a key priority for Synopsys. The company has worked closely with the European Commission to help implement the first phase of the EU Chips Act, which aims to create a commercially viable semiconductor ecosystem in Europe by bridging the gap between research, innovation, and industrialization (Pillar 1), as well as reshoring some manufacturing capacity (Pillar 2).

Under Pillar 1, Synopsys played an active role in developing the EU Design Platform, which brings essential tools, methodologies, and expertise—including EDA tools—to spin-offs and scale-ups across Member States. The establishment of competence centres in all EU Member States is a stated goal for Synopsys, supporting early-stage companies with access to licenses and technical know-how. The company also advises the European Commission on the architecture of the cloud platform and adapts licensing to support businesses at different stages of growth.

Synopsys has also been involved in three of the four pilot lines supported by the EU Chips Act: the development of leading-edge nodes below 2 nm led by IMEC in Belgium; the advancement of Fully Depleted Silicon on Insulator (FD-SOI) technology to 7 nm led by CEA-Leti in France; and the

Heterogeneous System Integration and Assembly pilot line led by Fraunhofer in Germany. At each of these research institutions, Synopsys provides its tools, expertise, and technical guidance to help drive innovation and commercialization.

Pillar 2 of the Chips Act focuses on reshoring semiconductor manufacturing. Synopsys supports this objective by collaborating with new and existing fabs—including those operated by Intel, GlobalFoundries, and TSMC—helping them improve manufacturing efficiency and develop their own IP capabilities using tools like Synopsys TCAD. The company's technology also enables foundry operators to "sign off" on their chips, ensuring quality and compliance with industry standards.

2. General Comments

The initial EU Chips Act went a long way toward bridging the gap from the laboratory to the factory and creating manufacturing investments, but Synopsys agrees that further efforts are needed to strengthen the EU's role in developing chips and particularly in building a robust environment for the needed design portion of the semiconductor value chain. Synopsys believes the Chips Act should be amended to enhance design and manufacturing capabilities in the EU.

The current cost-reimbursement model, while designed to ensure fair competition, has the unintended consequence of restricting commercial growth for EDA providers. Revisiting EU regulations to permit commercial pricing and sales would empower providers to invest more deeply and expand within the European market, ultimately strengthening the region's semiconductor ecosystem.

Pilot lines should play a central role in advancing Pillar 1 of the Chips Act. Their representatives must actively engage with the Design Platform to ensure that capabilities are closely aligned with the needs of start-ups and SMEs. Collaboration with EDA companies and IP providers is essential, as it guarantees that the infrastructure supporting technology transfer is robust and fully equipped to foster IC design development.

Accelerating and facilitating access to funding for start-ups and SMEs is critical, building on the momentum established by the EIB and EIC. 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 broadened to include both technology readiness and thorough VC due diligence. Furthermore, expanding the technology focus to encompass photonics (PICs), advanced nodes such as 3nm and 2nm, and chiplets will ensure the Chips Act remains at the forefront of innovation. Adapting the funding model to support larger investments in IP, EDA tools, and silicon for complex designs will further enhance the competitiveness of European enterprises.

Competence Centres must foster greater collaboration to align their expertise with a unified EU semiconductor strategy, thereby avoiding duplication and ensuring clear objectives. Rationalizing skilling by creating a network that offers international mini-degrees and targeted training, guided by trade associations, will help address emerging skills gaps. 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 Centres to submit self-sustainability plans by the end of their initial public funding round, ensuring long-term viability. To support early-stage operations, exceptions to state funding rules or other alternatives should be considered, allowing advance payments for Competence Centres that lack other income sources.

Synopsys supports the EU's ambition to build a robust, innovative, and self-sustaining semiconductor ecosystem. The proposed amendments will help ensure the Chips Act delivers on its promise of strategic autonomy and global competitiveness for Europe.