

IndustriAll Europe's response to the European Commission's consultation - Chips Act 2

***Disclaimer:** This document has been prepared to answer the EU public consultation launched by the European Commission in September 2025 related to the revision of the Chips Act. It reflects the preliminary analysis of industriAll Europe's Secretariat and industriAll Europe affiliates, on the basis of industriAll Europe's [position n°2021/133](#) and [policy brief](#) related to the European semiconductor industry.*

1. Introduction and context

Two years after the [Chips Act](#) entered into force, which aimed to increase Europe's share of global semiconductor production to 20% by 2030, the Commission launched in September 2025 a [consultation](#) on revising the regulation. The European Commission stated that several challenges persist in the European semiconductor industry, particularly in **advanced manufacturing and AI chips**. It also emphasized that further efforts are required to **solidify the EU's role in developing a broad range of chip technologies and to strengthen the entire semiconductor value chain, including materials, equipment, design and manufacturing**.

Representing over seven million workers in Europe's manufacturing, mining, and energy sectors, industriAll Europe is the voice of Europe's industrial workforce at the EU level. As an organization of independent and democratic trade unions, we represent both manual and non-manual workers across key industrial sectors including metals, chemicals, energy, mining, textiles, clothing, and footwear, as well as related industries and activities. Semiconductors are essential for many of these different industries, both for the **continuity of production activities and for the strategic autonomy of the EU**.

First of all, we would like to point out the fact that the European Union is falling significantly short of its ambitions to become a stronger player in the global semiconductor market, according to a [recent report](#) by the EU's Court of Auditors (ECA). Despite the Chips Act and the EU's [Digital Decade Strategy](#) target of doubling the EU's share of global semiconductor production by 2030, the EU remains well off track. This echoes concerns raised in a 2024 [study](#) by Syndex for industriAll Europe.

The semiconductor industry is undergoing significant expansion. However, despite their universal presence in everyday life, semiconductor production remains heavily concentrated in a few key regions, notably Asia and the United States. European production fell from 30% in 1990 to 12% in 2019 and continues to decline. With only 50 semiconductor fabrication plants (fabs) on EU soil, the manufacturing base is rather low. Europe has only 14 companies in the top 100 semiconductor companies. As a result, the EU had a **trade deficit** of EUR 19.5 billion in semiconductors in 2021 (EUR 51 billion in imports compared with EUR 31.5 billion in exports). Europe has been trailing behind in the manufacturing and, to some extent, in the design of cutting-edge chips.

The scale of investments planned in Europe is modest compared to those in the US and Asia. While the amount of planned investment across Europe totals €90 billion, it is far exceeded by the planned sum of \$200 billion in the United States and \$500 billion in Asia. The situation is made even worse by the fact that one of the major investments in Europe, Intel's planned €30 billion chip factory, has been abandoned, impacting employment in the semiconductor sector in Europe. As a result, the European Union's 20% target is now difficult to achieve given the massive investments planned in South Korea (\$340bn), Taiwan (\$70bn) and the USA (\$200bn).

The Syndex report for IndustriAll Europe highlights several systemic challenges including **high energy prices and geopolitical tensions** (for example, in the recent case of the Nexperia company), **problems with supply chains and access to raw materials, skilled labour shortages, and environmental concerns**. Recent events, such as **trade disputes, export restrictions, and geopolitical rivalries**, have underscored the vulnerability of Europe's semiconductor supply chain, prompting calls for greater self-sufficiency and **strategic autonomy** in critical technologies.

The Chips Act promised a €86 billion in investment to secure Europe's supply of microchips and reduce reliance on foreign producers. This ambition became even more urgent following the global chip shortages during the COVID-19 pandemic, which exposed **vulnerabilities in Europe's supply chains**. To reach its 20% market share goal, the EU would need to quadruple its production capacity by 2030, which seems very complicated in practice.

If we welcomed the adoption of the Chips Act in 2023, we would like to emphasize to the Commission that a more comprehensive **industrial strategy for the semiconductor sector** is urgently needed. Much time has been lost, and Europe continues to lose its market share in the semiconductor industry, which is now slightly below 10%. It is therefore good news that the European Commission has identified the problem and decided to act. The Chips Act was supposed to lead to a **harmonised and coherent strategy for the European Union and its Member States**. All these initiatives were supposed to lead to huge investments, and being a commitment for the future of the industry in Europe. However, these initiatives required substantial State aid and other financial levers to finance research, re- and upskilling, and new production facilities. Current investment levels are insufficient for competing with global players.

The European Chips Act 2 should therefore clearly address how to **support the existing semiconductor manufacturing industries in Europe and how to make sure that an open, strategic autonomy is reached** in both the cutting-edge and the trailing-edge segments to prevent supply shortages from hampering the European manufacturing sectors again.

2. Preliminary analysis from industriAll Europe

IndustriAll Europe Trade Union would like to make the following general comments on the review of the European Union's Chips Act:

A strong semiconductor ecosystem is an enabling infrastructure for virtually all advanced manufacturing in Europe. Without reliable access to chips (both cutting-edge and mature), European industry will struggle to compete globally and deliver the twin (green and digital) transitions. European industrial competitiveness depends not only on critical raw materials, assembly or system integration, but on control of key components, ability to design, innovate, produce (either internally or through reliable partner networks). The Chips Act revision offers Europe a chance to **move from dependency to co-leadership** in critical segments. Given the current geopolitical and supply-chain volatility, a failure to act now may result in Europe being excluded from future technologies (such as AI chips, automotive sensors, power electronics) or **facing premium costs and delays**, thereby reducing industrial margins and employment.

We recommend working on a **holistic industrial strategy for the semiconductor industry** that should include the pre-market as well as the aftermarket: financing, tax support, production of machinery, front-end production and packaging. This strategy should include general logistics, as well as security of supply for base and critical raw materials. The starting point of such a strategy should be a thorough analysis of market demand, combined with a detailed plan identifying which industrial devices, applications and services should be produced in Europe, and which types of semiconductors will be required to meet industry needs. This will include the automotive, aerospace, medical technology, energy and ICT sectors, among others. The nanometre range should therefore not be the single feature that decides which technology should receive dedicated funding and which should not, but other criteria should be discussed and considered as well. We insist on the need for semiconductor manufacturers to respect social conditionalities and commit to local suppliers and to producing in Europe, if they are recipients of public aid. This will help maintaining quality jobs in Europe.

To sum up, we encourage the European Commission to consider the following points when discussing a review of the European Chips Act:

- **European chip industry needs and capacities:** Identify which chips Europe needs, assess current design and production capacities, and plan investments that secure local jobs and strengthen Europe's global position.
- **Protecting European companies and workers:** Safeguard companies from foreign takeovers and unwanted technology transfers to ensure stable, high-quality employment in Europe's semiconductor sector.
- **Workforce skills and employment:** Develop and support training programs, especially through universities and Industry 5.0 initiatives
- **Innovation and responsible sourcing:** Foster semiconductor innovation, including advanced and responsibly sourced materials, while ensuring that production practices respect workers' rights social and environmental standards.
- **Strategic planning for resources:** Plan for strategic stockpiles and local sourcing to safeguard both industrial capacity and sustainable employment in Europe.

In addition, we encourage the Commission to take into account the following suggestions:

- It is essential that the overall industrial strategy considers the regional dimension as well as the **social and territorial cohesion** of the European Union to avoid the risk of Member States competing for a larger share of Chips Act funding.
- A subsidy race must be avoided, and funds must be spent efficiently without creating overcapacities and market distortions.
- It is essential that the investment promised not only goes into new facilities, but also **training**. In the long run, having production capacities restored, with quality workplaces and a skilled workforce ready to take up the challenges ahead, will be decisive for the industrial strategy of the EU chips industry. An efficient training strategy is an essential prerequisite for the success of an ambitious semiconductor plan.
- The reviewed EU Chips Act should include employment conditions such as:
 - o Introducing a stability or growth term for the workforce within the EU, with a duration to be set according to the duration of the investment, to create positive and quality employment in Europe for European workers.
 - o The introduction or improvement of value-sharing mechanisms for the benefit of workers is a factor to attract and retain workers.
- It also should include conditionalities for all stakeholders like:
 - o Conditions for profit-sharing
 - Compliance clause or claw-back mechanism: an obligation to provide total or partial reimbursement of public aid in the event of non-compliance with the conditions initially set out
 - Clause requiring profits to be reinvested within Europe (particularly for R&D)
 - o Social and environmental conditions related to water use, energy efficiency, inclusivity...
- Any integrated industrial strategy should further be in line with the long-term goals of the EU-flagship programmes, i.e. the Clean Industrial Deal and the upcoming Circular Economy Act, and contribute to the twin green and digital transitions.
Ensure coherence with other policies: export controls, trade policy, raw materials strategy, energy policy, environmental policy.

3. Conclusion

The European strategy is taking shape, but more efforts must be made including efforts on investments for strategic autonomy, skills, working conditions and environmental issues. The semiconductor industry is emblematic of the geopolitization of the economy, but also of the growing interventionism of certain States in the economy. In conclusion, industriAll Europe calls on the European Commission to use the revision of the Chips Act as an **opportunity to develop a comprehensive, long-term industrial strategy that secures Europe's semiconductor future**. This strategy must prioritize supporting existing manufacturing capacities, investing in research, innovation, and workforce skills, and ensuring that Europe can achieve strategic autonomy in both cutting-edge and trailing-edge technologies. Only by combining ambitious investment, industrial foresight, and social responsibility can Europe protect its industrial workforce, prevent supply shortages, and strengthen the EU's competitiveness in a sector that is vital for the continuity of production and the resilience of our economy.