

13 JULY 2026

Chips Act 2.0: Ambition needs funding

The Chips Act 2.0 proposal is a positive step towards strengthening the European semiconductor ecosystem. However, its success critically depends on substantial and predictable funding, which remains to be secured. Making the EU more attractive to domestic and international investment is essential to boost European competitiveness, indispensability and resilience in the global semiconductor value chain.

The Chips Act 2.0 reflects many of DIGITALEUROPE priorities, including stronger links between semiconductor innovation, manufacturing and downstream industrial demand.¹ Key recommendations to further strengthen the proposal are:

- ▶ **Close the funding gap and prioritise strategic investments:** Member States should allocate at least €20 billion to an EU semiconductor budget under the next Multiannual Financial Framework (2028–2034). This centralised budget should be used to attract larger private investments into European semiconductor projects, also following the example of the Scaleup Europe Fund. Funding should prioritise projects that demonstrate clear EU added value, build on existing regional strengths and avoid fragmentation. Project selection must be based on economic viability and be informed by industry and private investors. Because of the foundational role of semiconductors, the budget should draw on Horizon Europe and all four windows of the Competitiveness Fund.
- ▶ **Make Europe investable by lowering the cost premium:** Semiconductor manufacturing in Europe is 15–30% more expensive than in the most competitive Asian locations.² To close this gap, Member States should complement state aid with coordinated tax incentives for capital expenditure and operational costs, including high energy cost. These measures have proven effective in the US and other jurisdictions in attracting large private semiconductor investments.
- ▶ **Stimulate demand for European supply:** DIGITALEUROPE supports the shift from a supply-driven approach to a long-term strategy to stimulate demand. New instruments such as a demand forum, demand accelerators, Grand Challenges and innovation procurement are welcome, but their operation should be clarified. The EU should use these tools to create new domestic demand and incentivise joint ventures and vertical semiconductor consortia in key sectors such as mobility, energy, defence, and data centres to facilitate co-innovation and demand aggregation. However, demand measures should not add administrative burden, as security of supply declarations (Art. 30) risk doing.
- ▶ **Clarify First-of-a-Kind (FOAK) scope and simplify permitting:** DIGITALEUROPE welcomes the expanded scope for FOAK facilities (Art. 14), which is essential to strengthen Europe's

¹ *Chips Act 2.0: From emergency response to strategic industry development*, available at: <https://www.digitaleurope.org/resources/chips-act-2-0-from-emergency-response-to-strategic-industry-development/> and *Chips Act 2.0: From subsidies to European ecosystem competitiveness*, available at: <https://www.digitaleurope.org/resources/chips-act-2-0-from-subsidies-to-european-ecosystem-competitiveness/>

² ZVEI (2026): Europe's Semicon Business Case; available at: <https://www.zvei.org/en/press-media/publications/zvei-study-europes-semiconductor-business-case>





semiconductor ecosystem. FOAK should explicitly include product development to fully recognise Europe's role as a semiconductor R&I location. FOAK should also cover the industrialisation of quantum chip fabrication. The proposed 12-month permit-granting procedure (Art. 21) is a welcome step, but faster timelines must be matched by simpler procedures. National one-stop shops for permitting should be complemented by an EU one-stop shop for R&I funding, providing centralised information and a single access point for applicants.

- ▶▶ **Better involve industry in the governance:** Industry must play a more meaningful role in identifying priorities, guiding investments and shaping supply-chain monitoring tools. DIGITALEUROPE welcomes the creation of a Steering Committee within the Industrial Alliance for Semiconductors (Art. 49), but industry's role must be further strengthened, especially on decisions on strategic projects, Grand Challenges and pilot lines. A dialogue with the European Semiconductor Board is insufficient to resolve the competitiveness challenges facing the industry.
- ▶▶ **Maintain industry's strong role in supply chain monitoring:** The Business-to-Business Semiconductor Supply Chain Platform (Art. 34) and Pillar III monitoring should remain based on voluntary, industry-led data sharing. Monitoring must deliver clear value for both public authorities and companies, with mandatory reporting used only as a last resort and strong protections for commercially sensitive information. For the B2B platform to succeed, the Commission will need to clarify key conceptual, technical, and legal issues, including data scope and granularity, data use and security, access rights, technical requirements and compliance with competition law.
- ▶▶ **Provide clarity on dual sourcing rules for risk-prone sectors:** DIGITALEUROPE urges the Commission to clarify the scope of any new powers to mandate mitigation measures, including dual sourcing, for risk-prone sectors (Art. 32). As currently drafted, these requirements could apply to a wide range of sectors (Annex V and VI) and create significant costs across supply chains. While dual sourcing can be desirable in some cases, it is not always technically or economically viable: product qualification is expensive, splitting volumes can increase prices from both suppliers, and semiconductor fabs need high utilisation rates to operate and be competitive. Dual sourcing should be mandated only in exceptional cases, particularly through implementing acts.
- ▶▶ **Build resilience through international cooperation:** The definition of "domestic undertakings" (Art. 2) rightly recognises the importance of international partnerships in the semiconductor value chain. Trusted partners from countries with a free trade agreement, customs union, or strategic semiconductor partnership with the EU should remain fully embedded in Europe's ecosystem. This is essential to strengthen security of supply, attract investment, and reinforce Europe's indispensability in global semiconductor value chains.

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