

Brussels, 11 September 2026
(OR. en)

12887/26

**Interinstitutional File:
2026/0139 (COD)**

**COMPET 1037
IND 530
MI 854
RC 20
RECH 347
TELECOM 413
FIN 1229
CADREFIN 384
CODEC 1621**

NOTE

From:	General Secretariat of the Council
To:	Permanent Representatives Committee/Council
Subject:	Preparation of the Competitiveness Council (Internal Market, Industry, Research and Space) on 24 September 2026 Regulation on a European Chips Act 2.0 - Policy debate

Delegations will find attached a Presidency background note on “The European Chips Act 2.0: how best to strengthen the entire semiconductor value chain in Europe” with a view to the policy debate at the Competitiveness Council on 24 September 2026.

**The European Chips Act 2.0:
how best to strengthen the entire semiconductor value chain in Europe
Presidency Background Note**

Context

In September 2023, in response to structural imbalances in global semiconductor supply and demand, the European Union adopted the European Chips Act. It marked the first coordinated EU response to critical vulnerabilities in the semiconductor supply chain, resulting in more than €53 billion in public and private investment in semiconductor manufacturing, while delivering significant infrastructure outputs including five state-of-the-art pilot lines representing highly innovative technology infrastructures and an EU wide network of national competence centres.

Despite this, the EU remains dependent on third countries in key areas of the semiconductor value chain. For example, in 2025, EU semiconductor consumption reached €41.1 billion – 10.5% of global shipments – but the majority of production remains outside Europe.¹ The AI revolution has led to an exponential increase in demand for semiconductors, which was not foreseeable when the first Chips Act was adopted.

Calls for further action to address this have been made from various sources. The Draghi Report recommended a significant increase in semiconductor investment with a more centralised EU strategy to strengthen technological sovereignty while reducing strategic dependencies.² The May 2025 Special Report on the Chips Act of the European Court of Auditors recommended clear, timebound and realistic objectives considering the state of play of the EU's chip sector and EU industry's short and long-term needs.³

¹ DI GIROLAMO, F. and KOTSEV, A., From dependency to resilience - JRC science for EU technological sovereignty, European Commission, Ispra, 2026, JRC147104.

<https://publications.jrc.ec.europa.eu/repository/handle/JRC147104>

² Draghi, M. (2024). [The future of European competitiveness – In-depth analysis and recommendations \(Part B\)](#).

³ ST 8385/25 European Court of Auditors' special report No 12/2025: The EU's strategy for microchips – Reasonable progress in its implementation but the Chips Act is very unlikely to be sufficient to reach the overly ambitious Digital Decade target

European Chips Act 2.0 and the Tech Sovereignty Package

Against this background, the Commission presented the European Chips Act 2.0 on 3 June 2026 as part of the broader European Technological Sovereignty Package. The proposal seeks to build on the achievements of the first Chips Act while addressing remaining vulnerabilities across the semiconductor value chain. This ambition forms part of the wider objective of strengthening Europe's technological sovereignty. Semiconductors are not merely industrial goods but an enabling technology underpinning the digital economy and the green transition. The importance of Europe's technological sovereignty was underlined by Commission President Ursula Von Der Leyen in her 2025 State of the Union address in which she highlighted how it is key to strengthening competitiveness, resilience and strategic autonomy in a fast-changing digital world.

The European Tech Sovereignty Package is intended to be a comprehensive, multi-faceted strategy which includes interconnected and mutually reinforcing initiatives across every stage of the value chain from semiconductors and data infrastructure to software, cloud computing and artificial intelligence. Accordingly, Chips Act 2.0 is aligned with the Cloud and AI Development Act (CADA), a Strategic Roadmap for Digitalisation and AI in Energy and an EU Open-Source Strategy. As a consequence, it aims to achieve a level of chips production in the EU that supports technological sovereignty.

Under the One Europe, One Market Roadmap, Chips Act 2.0 is targeted for agreement by Q2 2027.

European Chips Act 2.0: Strengthening the entire semiconductor value chain in Europe

Building on the objectives set out in the first Chips Act, the two overarching objectives of the Chips Act 2.0 proposal are to:

- Increase the competitiveness of the European semiconductor to build a resilient value chain in the EU to improve its technological sovereignty.
- Enhance crisis preparedness to ensure the EU's security of supply.

The Chips Act 2.0 proposal aims to build on the foundation of the original Regulation, seeking to reinforce EU technological sovereignty and guarantee a secure, resilient supply of chips across key sectors, from research and innovation to production, including both mainstream and advanced chips – notably AI chips.

A key change compared to the first Chips Act, which was predominantly supply-driven, is that Chips 2.0 seeks to place greater emphasis on demand-side measures to mobilise the acceleration of market uptake of European technologies. Domestic demand is seen by the industry as the key element for future investments in chips production in the EU.

Chips Act 2.0 is structured in three pillars, similarly to the original Regulation.

Pillar I seeks to address Europe’s structural weaknesses in semiconductor design, development, prototyping and first industrial deployment by creating a comprehensive innovation ecosystem which can support the entire journey from research to commercial production. The Commission proposed the Chips for Europe Initiative would evolve into a Chips for Europe Initiative 2.0 to bridge the gap between the EU’s research excellence and its first industrial deployment, such as through Innovation Procurement, a Demand Forum and Demand Accelerators and the establishment of Grand Challenges.

Pillar II includes measures seeking to reduce strategic vulnerabilities by encouraging investment in manufacturing capacity, strengthened supply chains and creating stronger connections between semiconductor producers and downstream industries. Among the possible Strategic Projects (SP) which the Chips Act describes, the Commission proposed to treat advanced manufacturing with the highest priority to support the production of AI chips and other semiconductors. The proposal outlines that strategic investments in semiconductors should benefit from a maximum 12-month permitting process. For risk prone sectors like the automotive industry, Chips Act 2.0 aims to foster diversification of supply sources.

Pillar III aims to strengthen the European Union’s ability to anticipate, monitor and respond to disruptions in semiconductor supply chains in a co-ordinated manner. In addition to the monitoring and risk mitigation measures already set up by the original Regulation, the Commission proposed to establish a Business-to-Business Semiconductor Supply Chain Platform (B2B). The Platform, based on voluntary participation, seeks to provide businesses with the tools they need to detect structural interdependencies and independently take proactive supply-chain derisking measures.

Questions for discussion

1. How should the European Chips Act 2.0 best balance technological sovereignty, economic competitiveness and international co-operation in developing its semiconductor ecosystem?
 2. In which semiconductor technologies or value-chain segments should Europe seek global leadership, increase resilience and reduce vulnerabilities in the value chain?
-