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From:	Presidency
To:	Working Party on Competitiveness and Growth (Industry)
Subject:	Presidency flash note for the meeting of the Working Party on Competitiveness and Growth (Industry) on 22 June 2026

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PRESIDENCY FLASH NOTE

19th WP ON COMPETITIVENESS AND GROWTH – INDUSTRY

Monday 22 June 2026, 10:00

Dear Colleagues,

In our upcoming penultimate Working Party, we will turn to the Commission's proposal for the Chips Act 2.0.

The Commission has adopted on 3 June the proposal for the Chips Act 2.0, aimed at strengthening Europe's semiconductor industry by boosting advanced chip production and reducing strategic dependencies on non-EU suppliers. Building on the original Chips Act, the initiative seeks to reinforce Europe's position in the global semiconductor value chain and maintain the EU as an indispensable player in it. It also supports the development of cutting-edge technologies while strengthening resilience and reducing supply chain vulnerabilities. In addition, the proposal focuses on improving supply chain security and ensuring a stable supply of chips for critical infrastructure and digital applications. In conclusion, it contributes to a more resilient, competitive and secure European digital economy.

Finally, the Chips Act 2.0 is encompassed by the 'One Europe, One Market' Roadmap, with the aim of reaching agreement by Q2 2027. More in-depth discussions will be launched under the upcoming Irish Presidency, which will take forward the detailed examination of the initiative.

Proposal for a Regulation of the European Parliament and of the Council on a framework of measures for strengthening the Union's semiconductor ecosystem, repealing Regulation (EU) 2023/1781 (Chips Act 2.0)

Presentation by the Commission – Exchange of views

We will start our meeting with a presentation by the Commission (DG CNECT) of the proposal for a Chips Act 2.0. The delegations will be invited to have a first general exchange of views following this presentation. Semiconductors are a critical enabling technology underpinning Europe's industrial competitiveness digital transformation, defence, and economic security. Recent global disruptions, geopolitical tensions, and intensifying technological rivalry have exposed structural weaknesses in the EU's semiconductor ecosystem, including heavy dependence on a limited number of third-country suppliers, exposure to supply chain shocks, and insufficient crisis preparedness. Despite significant progress under the first Chips Act, such

as new pilot lines, competence centres, and increased investment commitments, the EU still produces less than 10% of global semiconductors and remains highly dependent on foreign sources for advanced chips, including those essential for AI and other critical applications. In this context, Chips Act 2.0 aims to reinforce the Union's technological sovereignty and resilience by strengthening both supply and demand, accelerating industrial deployment of innovation, and improving coordination and crisis response across the semiconductor value chain, while supporting strategic sectors such as automotive, energy, aerospace, telecom, and defence. Overall, the proposal marks a strategic step towards reducing critical dependencies and reinforcing Europe's technological sovereignty by ensuring the EU can design, produce, and secure the semiconductors needed to safeguard its economic security and strengthen the resilience of its semiconductor ecosystem in an increasingly competitive global environment.

Evaluation of Regulation (EU) 2023/1781 of the European Parliament and of the Council of 13 September 2023 establishing a framework of measures for strengthening Europe's semiconductor ecosystem and amending Regulation (EU) 2021/694 (Chips Act)

Presentation by the Commission – Exchange of views

As the second point in the agenda, the Commission will present the evaluation report of the Chips Act 1, followed by an exchange of views. The evaluation of Regulation assesses its early implementation and effectiveness in strengthening Europe's semiconductor ecosystem. It finds that the Act is a cornerstone of the EU's strategy to enhance digital sovereignty by reducing strategic dependencies, strengthening supply chain resilience, and supporting investment in advanced semiconductor technologies. Driven by rapid digital transformation and geopolitical tensions, the evaluation highlights growing demand for secure and high-performance chips and the importance of domestic production capacity. While still in an early implementation phase, the analysis, based on desk research, stakeholder consultations, and case studies, indicates that the Chips Act is delivering initial outputs and strengthening EU coordination, though longer-term impacts are still emerging. Finally, it confirms the Act's continued relevance while identifying areas for further adaptation to evolving market and geopolitical conditions.

Impact assessment report accompanying the proposal for a Chips Act 2.0

Presentation by the Commission – Exchange of views

Last, the Commission will present the main findings of the Impact Assessment accompanying the proposal for a Chips Act 2.0, followed by an exchange of views. The impact assessment highlights the strategic importance of semiconductors for the EU's digital transformation,

industrial competitiveness, defence, and economic security. Despite progress under the original Chips Act, the EU remains structurally vulnerable due to dependence on a limited number of third-country suppliers, with EU production covering only about one-fifth of consumption and ongoing exposure to supply shocks. It also identifies weaknesses in crisis preparedness and supply-chain intelligence, alongside structural market failures linked to high costs, long investment cycles, and fragmented national approaches. To address these challenges, Chips Act 2.0 aims to strengthen technological sovereignty, resilience, and crisis response through a more strategic and integrated EU-level approach, including increased R&D support, strategic projects, demand-side measures, and improved monitoring capabilities. The preferred "strategic sovereignty" option is expected to boost investment, innovation, and supply-chain security, while supporting SMEs, competitiveness, and high-skilled job creation, with overall benefits outweighing implementation costs in the medium to long term. Finally, Chips Act 2.0 represents a shift towards a more integrated European semiconductor strategy to address remaining structural weaknesses and strengthen the EU's industrial and technological base.

We look forward to engaging in insightful discussions, and to delegations chipping in constructively.

With warm regards,

CY Presidency Industry WP Team

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