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MALTA BUSINESS BUREAU

POLICY BRIEF

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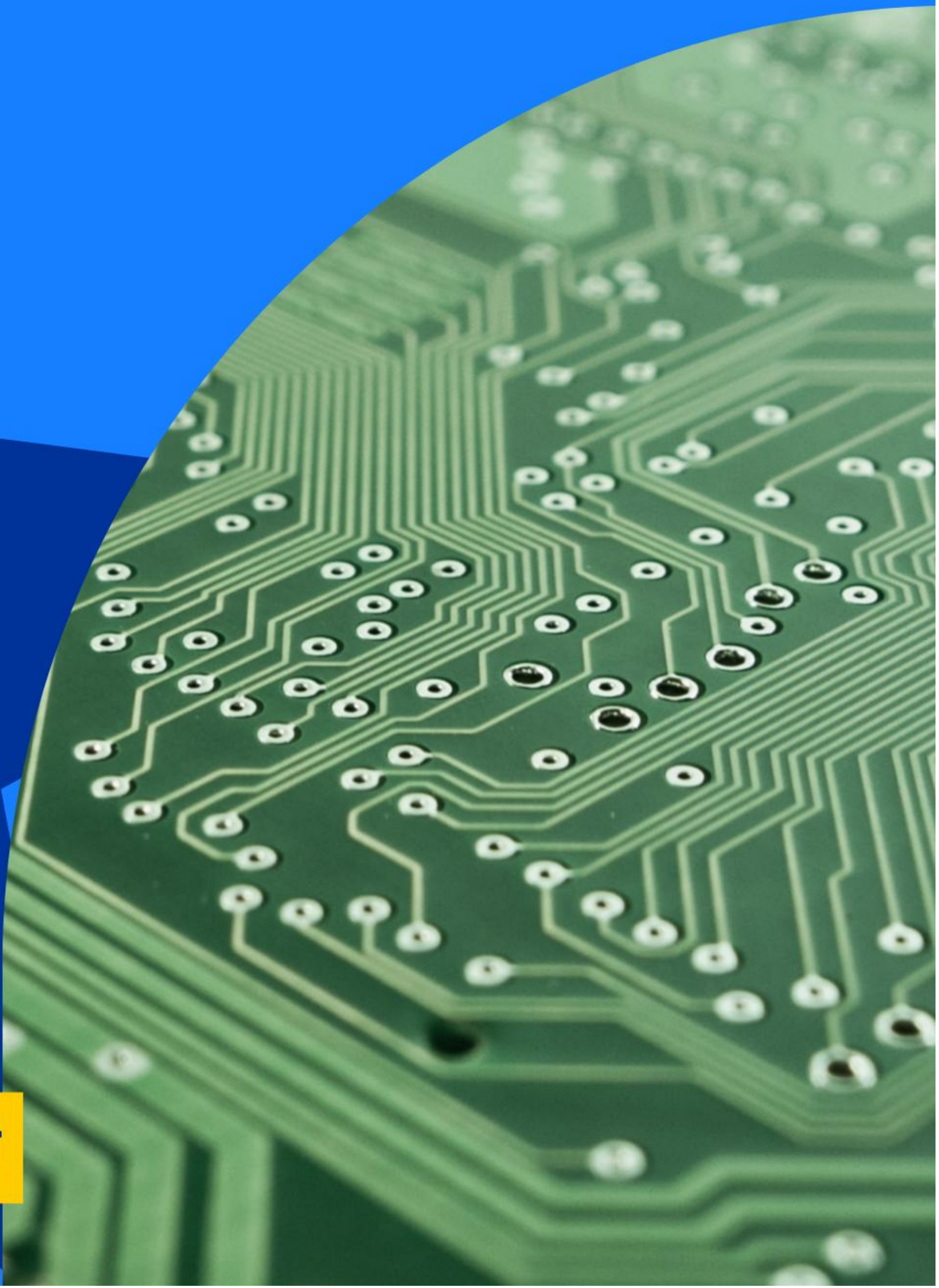
Chips Act 2.0



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Context

On 3 June 2026, the European Commission submitted the proposal for the Chips Act 2.0, which repeals and replaces Regulation (EU) 2023/1781 (Chips Act).

The proposal aims to strengthen Europe's semiconductor industry, secure supply chains, and reduce reliance on third countries for advanced manufacturing and design.

Building on the original framework, this initiative focuses on securing critical supply chains Ensuring a stable supply of chips to protect critical infrastructure, enhance resilience, and defend European security. It also builds on cutting-edge capacity by reinforcing current strengths in mainstream chips while expanding capacity into next-generation semiconductor technologies to secure the EU's position in the global value chain. Moreover, it complements and works alongside the Cloud and AI Development Act (CADA) and the EU Open-Source Strategy to foster a more competitive, secure, and resilient digital economy.

The Main Objectives

1. Improving Conditions for Investment and Competitiveness

To drive industrial competitiveness, the proposal seeks to revitalise the European semiconductor ecosystem by combining enhanced research, innovation, and skills development with targeted challenges designed to fast-track high-priority technologies like AI chips. Operationally, this growth will be sustained by cutting bureaucratic red tape, legally capping infrastructure permitting approvals at a maximum of 12 months. Furthermore, while the initiative heavily prioritizes domestic capacity, it actively secures Europe's place in the global market by strengthening international cooperation through dedicated strategic partnerships on semiconductors.

2. Stimulating Demand and Industrial Uptake

The proposal targets manufacturers and user industries through dedicated 'Demand Accelerators' that ensure new chip products are closely aligned with market needs and deployed rapidly. This commercial push is reinforced by strategic public procurement rules that mandate "EU added value" to anchor economic growth, high-skilled jobs, and specialised training within the Union, while actively leveraging innovation procurement to uplift European startups and scaleups. Finally, by creating direct synergies with the Cloud and AI Development Act (CADA), the framework capitalises on the massive, growing demand for domestic chips generated by expanding European data centres, cloud service providers, and AI Gigafactories.

3. Reinforcing Supply-Side Measures

To reinforce the supply side of the semiconductor market, the framework enables flexible state aid funding for "First-of-a-Kind" facilities, covering the entire value chain from raw materials down to chip packaging. This is paired with a mechanism to designate strategic projects, allowing the EU to unlock dedicated funding and co-invest alongside Member States and private industry into high-priority infrastructure. Additionally, to cultivate the right investment conditions on the ground, the proposal helps local authorities optimise regional frameworks to attract semiconductor companies, introducing a prestigious ‘Semiconductor Regions of Excellence’ label to recognise and promote areas that successfully secure these vital tech investments.

4. Increasing Resilience and Reducing Dependencies

To systematically increase resilience and eliminate overreliance on external suppliers for critical semiconductor technologies, the framework establishes a dedicated Business-to-Business Semiconductor Supply Chain Platform that allows industry players to proactively manage and mitigate sudden supply disruptions. To complement this infrastructure, the proposal offers targeted, specialised guidance to sectors repeatedly exposed to supply vulnerabilities, equipping them with frameworks to conduct thorough risk assessments and implement robust mitigation measures.

Local Context

Malta has been involved in the European semiconductor sector for over 40 years. As outlined by the Malta Enterprise, Malta is home to one of the largest backend semiconductor manufacturing sites in Europe supplying European clients in strategic industries including the communication and automotive sectors. Moreover, the local semiconductor industry, contributes towards circa 15% of the country’s exported goods, generates around 8% of employment in the manufacturing sector.

A noteworthy development is the Malta Semiconductor Competence Centre (MSCC) which is being developed and aims to position Malta as a key contributor in Europe’s semiconductor ecosystem. The centre will serve as a strategic gateway, connecting Malta’s chip innovation landscape with the broader European network. The resulting synergies will aim to accelerate growth, competitiveness, and digital transformation both within the local and the European ecosystem.

Led by MSCC, the Malta Enterprise is also running a ChipStart EU which is its second early-stage semiconductor incubator. This incubator is a no-equity, no-cost, one-year programme, helps EU-based semiconductor start-ups scale faster.

As an economy dominated by micro-enterprises and SMEs, Malta stands to benefit directly from the Act's demand-side initiatives:

(1) The Demand Accelerators as a tool will help Maltese tech startups, scaleups, and digital service providers gain faster access to cutting-edge chips tailored to their specific market needs.

(2) The Innovation Procurement through the revised public procurement rules mandating Union added value, will allow Maltese contracting authorities to favour tech solutions developed by European and homegrown startups, setting the scene for potential economic growth, growing the demand for specialised skills, and increasing high-value jobs locally.

The full EU Proposal can be found here.

Disclaimer: This is a policy brief to create awareness about the legislative proposal and for information purposes. It is not an official position of the Malta Business Bureau.

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