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The EU Semiconductor Geopolitical Risk Survey: Outlook for 2026–2031

This policy paper is a publication of the Chips Diplomacy Support Initiative (CHIPDIPLO), an 18-month project that addresses the EU's urgent need for chip diplomacy. CHIPDIPLO is implemented by Institut Montaigne (IM, Paris), the Central European Institute for Asian Studies (CEIAS, Bratislava), the Centre for Security, Diplomacy and Strategy (CSDS, Brussels), and the European Union Institute for Security Studies (EUISS, Paris and Brussels). The project is co-funded by the European Union. The views and opinions expressed are, however, those of the authors alone and do not necessarily reflect those of the European Union or the Directorate-General for Communications Networks, Content and Technology (DG Connect). Neither the European Union nor the granting authority can be held responsible for them.

Since the chip shortage of 2020 to 2022, policymakers, industry representatives, and think-tank experts have conducted extensive research on the dangers of semiconductor supply disruptions—and formulated strategies for how to deal with them. Without access to chips, Europe cannot maintain its medical, defense, or other critical industries. Moreover, advances in semiconductor technologies can unlock innovations for both commercial and defense-related industries.

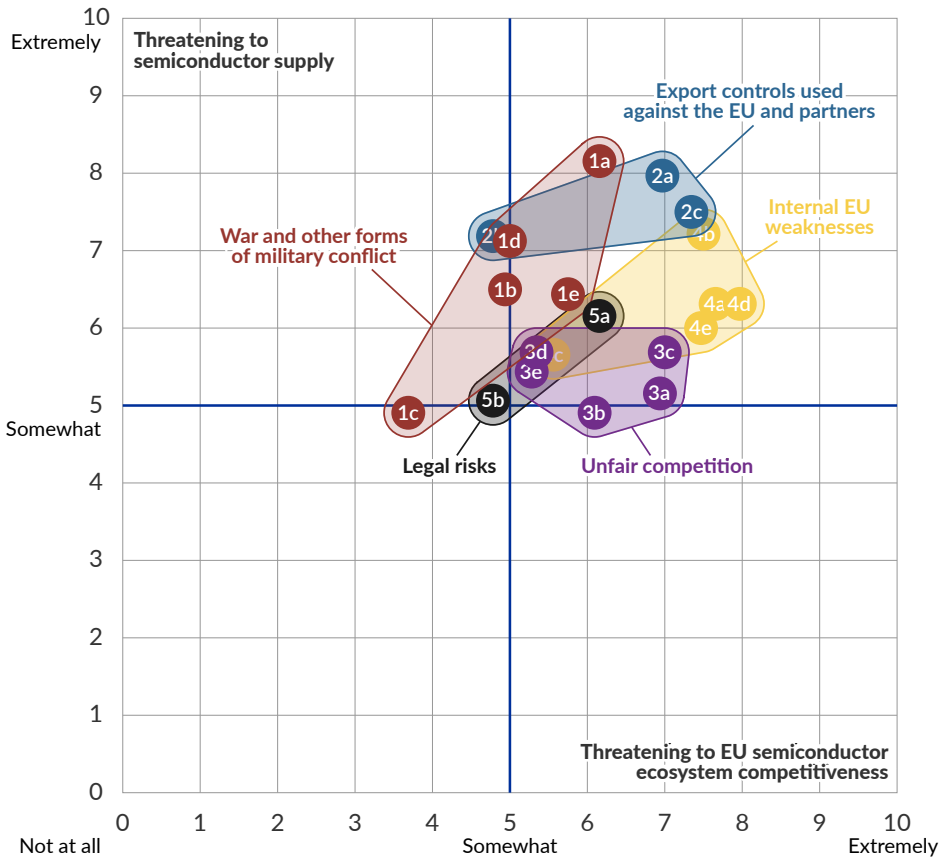
Both the supply of semiconductors to Europe and beyond and the competitiveness of the European semiconductor ecosystem face severe threats. These include military tensions in the Taiwan Strait, the proliferation of export controls, unfair competition, and the EU's high energy prices. The EU Semiconductor Geopolitical Risk Survey (EUSRS) sets out to sketch the overall semiconductor "risk landscape" of the next five years (until late 2031) by pooling insights from governments, the semiconductor ecosystem, and experts at think tanks. In this first iteration of the EUSRS, 55 respondents—predominantly representatives from the semiconductor ecosystem—anonymously scored 20 threats to the EU's two semiconductor interests: security of supply and competitiveness. They assigned two 0-to-10 scores (one gauging the level of threat to supply and the other to competitiveness) to each risk, with 0 to 1 defined as "not threatening at all" and 9 to 10 as "extremely threatening." CHIPDIPLO derives six key takeaways from the survey results:

1.
The respondents **paint a bleak picture of Europe's future** when it comes to semiconductors. They find that the supply of semiconductors to end-user industries in Europe and beyond is at high risk of severe disruption over the next five years. In addition, a potent mix of geopolitical, geoeconomic, and legal threats and EU internal weaknesses will likely undermine the competitiveness of Europe's semiconductor ecosystem before the end of 2031 (see Figure 1 for the full survey results).

2.
The most severe threat to the EU's semiconductor interests is now other countries curtailing the supply of key manufacturing inputs to the EU and its partners. **Export controls used against the EU and partner countries** on critical raw materials, chemicals, magnets, and other materials (7.96), manufacturing equipment and other semiconductor technologies (7.47), and (legacy) semiconductors (7.15) threaten the production of goods critical to European prosperity and security.

Figure 1: Semiconductor supply at high risk of severe disruption over the next five years

Say 55 European semiconductor industry representatives, policymakers, think-tank experts, and others.



1. War and other forms of military conflict
1a. Taiwan Strait conflict
1b. Korean Peninsula conflict
1c. NATO—Russia conflict
1d. Maritime or aerial route disruptions
1e. Vital infrastructure disruptions

2. Export controls used against the EU and partners
2a. On materials (e.g., raw materials, magnets, chemicals) for semiconductor manufacturing
2b. On (legacy) semiconductors
2c. On semiconductor technologies and manufacturing equipment

3. Unfair competition
3a. Subsidies and other forms of financial support
3b. Local content requirements including in procurement
3c. Forced tech transfer including through joint ventures
3d. Protectionist trade measures (e.g., tariffs) shielding non-EU semiconductor sectors
3e. Protectionist trade measures (e.g., tariffs) shielding non-EU end-user industries

4. Internal EU weaknesses
4a. Decline of EU semiconductor end-user industries
4b. High EU energy and commodity pricing
4c. EU ESG-regulations and NIMBY-movements
4d. Lack of access to large-scale private capital in the EU
4e. Lack of skilled workforce in the EU and partner countries

5. Legal risks
5a. Third country tech transfer controls restricting EU exports
5b. Prosecution of EU company representatives

3.
Wars and other forms of military conflict pose the second-most severe set of threats to semiconductor supply. In fact, the respondents deem a Taiwan Strait conflict the most dangerous individual risk out of all surveyed threats over the next five years (8.20). Disruptions of maritime and aerial routes and disruption of vital infrastructure—including through cyberattacks—are likewise deemed "very threatening" (7.09) and "threatening" (6.38), respectively, to semiconductor supply.

4.
Internal EU weaknesses pose the most severe threat to the competitiveness of Europe's semiconductor ecosystem. In fact, the respondents deem each of the following four risks "very threatening": a lack of EU private capital (7.96), the decline of EU semiconductor end-user industries (7.76), a skilled workforce shortage (7.55), and high energy and commodity prices (7.35).

5.
Unfair competition from countries outside the EU is expected to plague the European semiconductor ecosystem's competitiveness over the next five years. Respondents especially fear forced technology transfers (7.04), subsidies and other forms of financial support for non-European industries (6.96), and local content requirements and protectionist procurement (6.11).

6.
Two **legal risks** threaten the EU's pursuit of semiconductor supply security and ecosystem competitiveness. Respondents deem third-country (e.g., American or Chinese) technology transfer controls that curtail EU exports (e.g., to China or the US) "threatening" to both of Europe's semiconductor interests (6.02 and 6.16). Prosecution of company executives engaged in due diligence activities—particularly by the Chinese government—is seen as "somewhat threatening" to semiconductor supply (5.04) and to the competitiveness of the EU semiconductor ecosystem (4.82).

Providing recommendations on how the EU, Member State governments, industries, and RTOs could mitigate all surveyed risks is beyond the scope of this exercise. More comprehensive risk landscape assessments are, however, the starting point for addressing these highly impactful risks. Semiconductor ecosystem representatives and policymakers, equipped with a clearer view of the overall threats through this survey, should therefore engage in a monthly risk-monitoring exercise, as well as medium-term risk projections, and better triangulate their risk assessment methods.

Breaking down silos within Europe's semiconductor ecosystem and between industry and policymakers is also essential to make risk-mitigation exercises a greater success. Representatives of industry, RTOs, governments, the EU, and think tanks should regularly take less conventional approaches to overcome groupthink, test assumptions, and develop more strategic empathy with each other's positions. More specifically, they should join in regular Delphi workshops (including successive rounds of discussion preceded and followed by surveys) to arrive at a shared view of the overall risk landscape. Similarly, they should conduct crisis stress tests (including economic and military wargaming) to map the full effects if particularly high-impact risks materialize. Finally, they can make use of other workshop formats to bridge their risk assessments.