

Strategic Autonomy and Political Fragmentation: The Limits of the European Chips Act

Zhuohang He

School of Geography, Politics and Sociology, Newcastle University, Newcastle upon Tyne, United Kingdom

Abstract: This article examines why the European Union has struggled to translate the European Chips Act into effective strategic autonomy. Using Liberal Intergovernmentalism, it analyses the EU's framing of semiconductors as strategic technologies and national bargaining over implementation. It focuses on diverging German and French priorities, unequal fiscal capacity, relaxed state-aid rules and the 2025 European Court of Auditors report. Member states endorse semiconductor sovereignty while pursuing industrial interests: wealthier governments mobilise subsidies, whereas EU institutions lack independent resources. The Act's market-share target and sovereignty rhetoric therefore exceed its implementation mechanisms. The principal constraint is not insufficient European ambition but political fragmentation among states with unequal preferences and capacities.

Keywords: strategic autonomy, european chips act, liberal intergovernmentalism, semiconductor policy, political fragmentation

1. Introduction

Strategic autonomy extends beyond defence into technology, industrial policy and supply-chain resilience. The US–China technology conflict and COVID-19 disruption intensified concern about dependence on foreign semiconductor production. Semiconductors became strategic assets affecting competitiveness and geopolitics [1]. The 2023 European Chips Act sought to strengthen EU industry, reduce dependence and raise its global market share from 8 to 20 percent by 2030 [2].

Shortages in 2020–2022 exposed supply-chain vulnerabilities, while Taiwan's manufacturing role created geopolitical risk [3]. Yet sovereignty rhetoric exceeds the EU's political and financial capacity. The European Court of Auditors (ECA) called the 20 percent target unrealistic and criticised weak implementation [4]. This article asks why the EU struggles to realise its objectives. It argues that technological weaknesses are reinforced by conflicting national interests, unequal fiscal capacity and limited coordination; the gap is political as well as technological.

2. Liberal intergovernmentalism and semiconductor governance

Developed by Andrew Moravcsik, Liberal Intergovernmentalism (LI) explains European integration through governments pursuing domestic interests in interstate bargaining [5]. EU outcomes are negotiations among member states that retain strategic control and seek national economic and political gains, rather than products of supranational leadership [6,7].

LI suits semiconductor governance because the sector combines industrial policy, subsidies, investment, sovereignty and external dependency. Member states differ in industrial and fiscal capacity, making them reluctant to subordinate national priorities to a common interest. Although the Commission presented a unified strategy, implementation depended on national governments and fragmented financing [8,9]. Contemporary governance combines industrial aspirations with fragmented funding. Germany and France could provide larger subsidies than smaller economies [10], demonstrating unequal bargaining power and preferences [11]. This imbalance is consequential in sensitive industrial policy. EU institutions can define semiconductors as a shared geopolitical concern, but domestic politics determine resources. LI therefore explains both semiconductor sovereignty and the national bargaining that constrains it.

3. Strategic autonomy and the European Chips Act

Semiconductors underpin digital infrastructure, artificial intelligence, military technology and manufacturing. Global technological networks can enable geoeconomic coercion through strategic dependencies [1]. The EU has therefore recast economic policy around geopolitical resilience, not efficiency alone [12]. The Chips Act links investment, supply-chain resilience and reduced dependence on Asian and US suppliers to strategic autonomy [2].

TSMC's advanced-production role and possible Taiwan Strait instability intensified concern [3]. Yet technological

sovereignty conflicts with the industry's international, specialised value chain, making rapid independence unrealistic and exposing tensions between geopolitical ambition and liberal economic foundations [13]. The Act is both an industrial programme and an attempt to reposition Europe, but still depends on national funding and cooperation. It marks a partial return to state intervention after decades of market liberalisation, while sovereignty rhetoric raises expectations of coordinated action despite nationally defined funding and priorities.

4. Political fragmentation and implementation constraints

Implementation exposed tensions: member states supported reducing foreign dependence but differed over investment, subsidies and industrial priorities. Under LI, national fiscal and competitiveness concerns prevail over a common interest [5]. Larger states influenced investment locations, while smaller economies lacked comparable leverage. A shared objective therefore produced uneven benefits.

Germany's industrial base and fiscal resources enabled large support packages. Intel's proposed Magdeburg factory reportedly involved negotiations for up to €10 billion in subsidies [10]. Germany linked resilience to protecting automotive and manufacturing, connecting a European objective to national priorities.

France emphasised technological sovereignty and geopolitical independence. Its STMicroelectronics–GlobalFoundries partnership combined economic opportunity with strengthening Europe's position [14]. Germany prioritised competitiveness and manufacturing; France prioritised sovereignty. This shows states using an EU initiative to advance national interests, while strategic-autonomy language conceals disputes over costs, subsidies and gains [13].

Relaxed state-aid rules deepened inequality: wealthy states could fund large subsidies while smaller members could not. Investment concentrated in the largest economies, risking single-market distortion [15]. Implementation depended on national capacity rather than common financing, generating bargaining among unequal states [9,11].

The ECA's 2025 report confirmed the gap between ambition and capacity. It called the 20 percent target overly optimistic given the EU's industrial and technological position, and found that funding was largely reallocated from existing programmes, weakening competition with foreign subsidies [4,16]. LI interprets this implementation gap as bargaining among states with different preferences and resources, not merely technical policy failure [7].

5. Conclusion

The Chips Act seeks to strengthen technological sovereignty and industrial capacity but exposes weaknesses in EU governance. LI shows national interests shaping policy: Germany and France dominate investment and subsidies through their economic strength, while smaller states cannot match them. Common strategic-autonomy rhetoric therefore coexists with unequal, fragmented implementation.

The ECA's criticisms of unrealistic targets, insufficient additional funding and weak coordination reinforce this conclusion. The EU presents itself as a geopolitical actor pursuing sovereignty and resilience, yet interstate bargaining, divergent priorities and unequal capacities constrain its ambitions. Semiconductors demonstrate the challenge of strategic autonomy in a politically fragmented union: the obstacle is not absent ambition but limited capacity to convert it into coordinated policy. More broadly, expectations generated by strategic autonomy can exceed the institutional means available.

References

- [1] Farrell H, Newman AL. Weaponized interdependence: How global economic networks shape state coercion. *International Security*. 2019;44(1):42–79.
- [2] European Commission. European Chips Act. Available from: <https://digital-strategy.ec.europa.eu/en/policies/european-chips-act> [Accessed 12 May 2026].
- [3] Kleinhans JP, Baisakova N. The Global Semiconductor Value Chain: A Technology Primer for Policy Makers. Berlin: Stiftung Neue Verantwortung; 2020.
- [4] European Court of Auditors. Special Report 12/2025: The EU's Strategy for Microchips. Luxembourg: European Court of Auditors; 2025.
- [5] Moravcsik A. Preferences and power in the European Community: A liberal intergovernmentalist approach. *Journal of Common Market Studies*. 1993;31(4):473–524.
- [6] Moravcsik A. The Choice for Europe: Social Purpose and State Power from Messina to Maastricht. Ithaca: Cornell University Press; 1998.
- [7] Moravcsik A, Schimmelfennig F. Liberal intergovernmentalism. In: Wiener A, Börzel TA, Risse T, editors. *European Integration Theory*. 3rd ed. Oxford: Oxford University Press; 2019. pp. 64–84.

- [8] Moravcsik A. Preferences, power and institutions in 21st-century Europe. *Journal of Common Market Studies*. 2018;56(7):1648–1674.
- [9] Notermans T, Piattoni S. From ordo-liberalism to ordo-Keynesianism? The contradictory nature of EU economic governance. *Journal of European Integration*. 2025;47(8):1–22.
- [10] Reuters. Germany, Intel agree subsidies for chip plant worth 10 bln euros. Reuters. 19 June 2023.
- [11] Chelotti N. Individuals, disaggregation of the state, and negotiation tactics: Evidence from the European Union. *International Studies Quarterly*. 2024;68(3):sqae081.
- [12] Quaglia L, Verdun A. The geoeconomics of the Single Market for financial services. *Journal of Common Market Studies*. 2024;62(4):1046–1062.
- [13] Monsees L. The paradox of semiconductors: EU governance between sovereignty and interdependence. *Cambridge Review of International Affairs*. 2025;38(1):3–21.
- [14] GlobalFoundries, STMicroelectronics. GlobalFoundries and STMicroelectronics finalize agreement for new 300mm semiconductor manufacturing facility in France. Press release. 5 June 2023.
- [15] Tagliapietra S, Veugelers R, Zettelmeyer J. Rebooting the European Union’s Net Zero Industry Act. Brussels: Bruegel; 2023. Policy Brief 15/2023.
- [16] Fiott D. European Sovereignty: Strategy and Interdependence. Paris: European Union Institute for Security Studies; 2021. Chaillot Paper 169.

Author Bio

Zhuohang He (born February 2003) male;Qiang Chinese;Hometown:Mianyang,Sichuan;educational level:master's degree; title: no title; research direction: Political economy, EU governance, strategic autonomy.