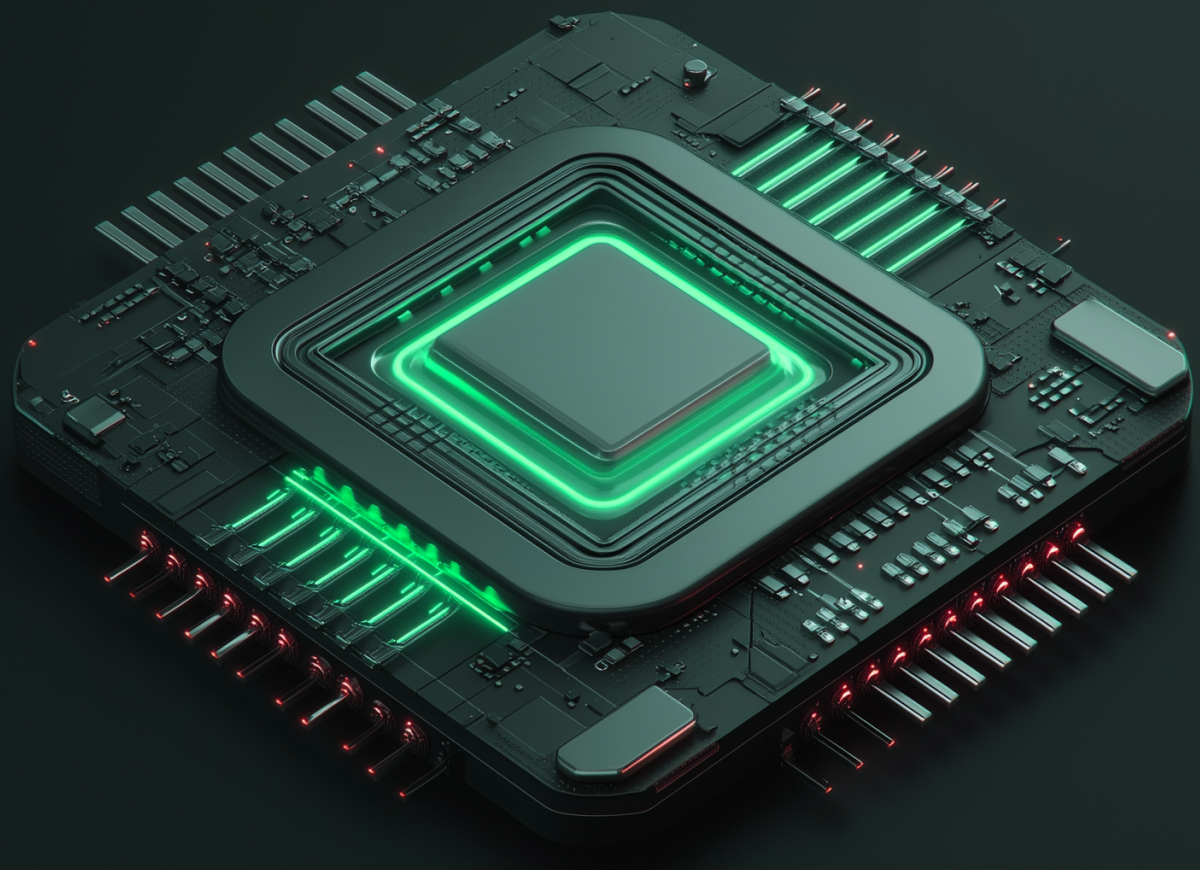
AI, Investments, Supply Chains, and Policy: Inside the Minds of Global Semiconductor Executives

By Christopher Thomas and Zhongyuan Ying



GSA | INTEGRATED INSIGHTS

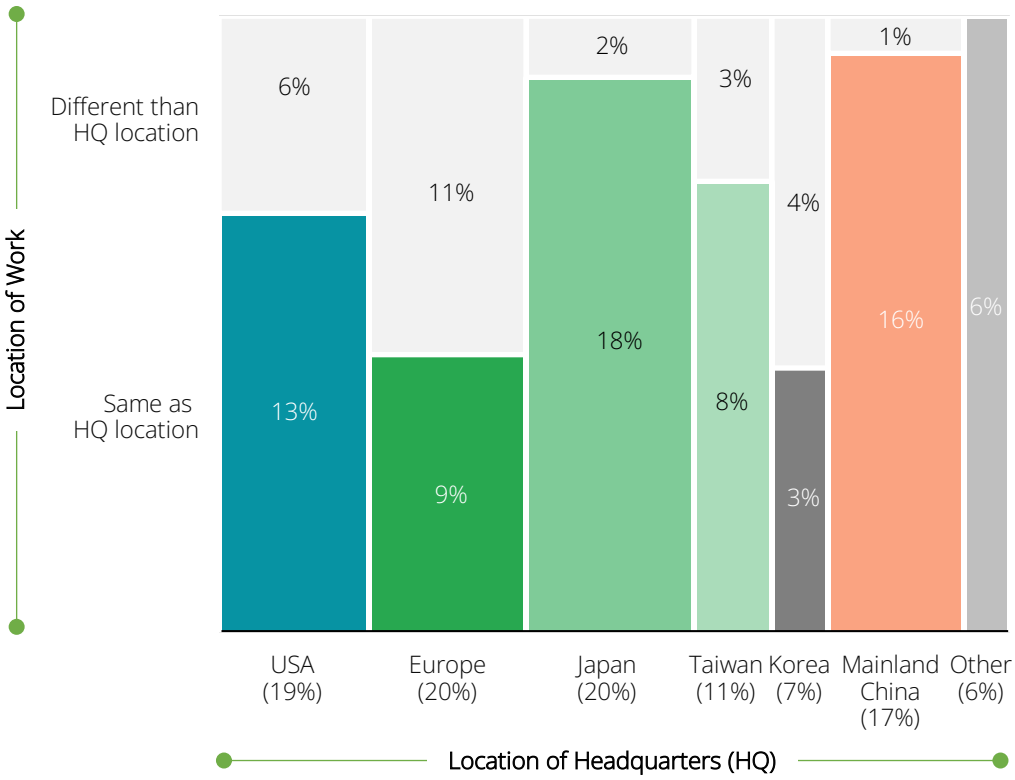
Background of our 2025 Survey

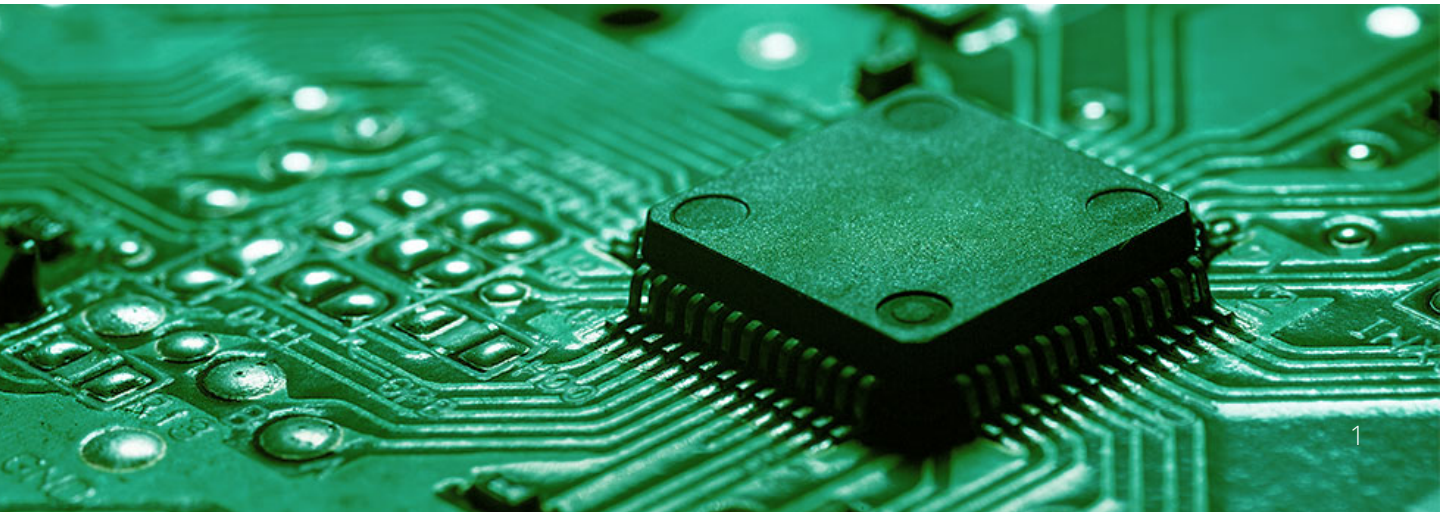
In the second quarter of 2025, the Global Semiconductor Alliance (GSA) and Integrated Insights Ltd. (IIL) partnered together to survey nearly 150 global semiconductor executives. We gathered their perspectives on the state of the industry, the impact of government regulations, and their strategic responses to the geopolitical environment.

The respondents represent a broad cross section of the global industry. There is an equal mix of respondents working for companies headquartered in the United States, Japan, Europe, and Mainland China. One-quarter of the respondents physically work in Mainland China, 21% work in the United States, and the remainder work across a broad mix of other countries and regions.

CHART 1

Demographics of survey respondents, split by headquarters location and location of work





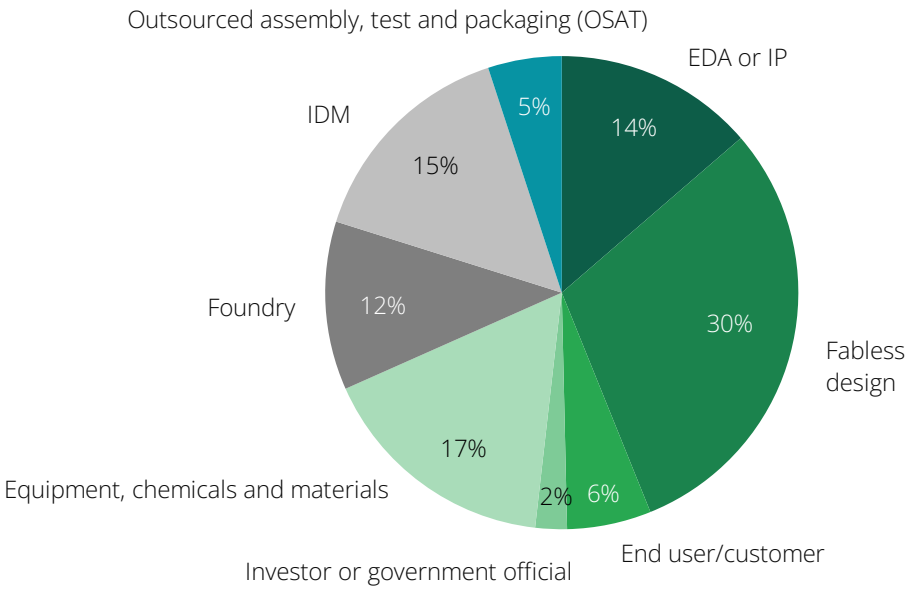
The respondents work across different segments of the industry, with 44% working either in the fabless design, IP, or EDA segments; and 30% working in manufacturing organizations such as IDMs, foundries, or assembly packaging and test facilities.

Nearly 30% of respondents indicate that the automotive segment is their most important end market. An additional 24% cite data center as the primary end market, while another 24% focus on PCs, phones, and mobile devices.

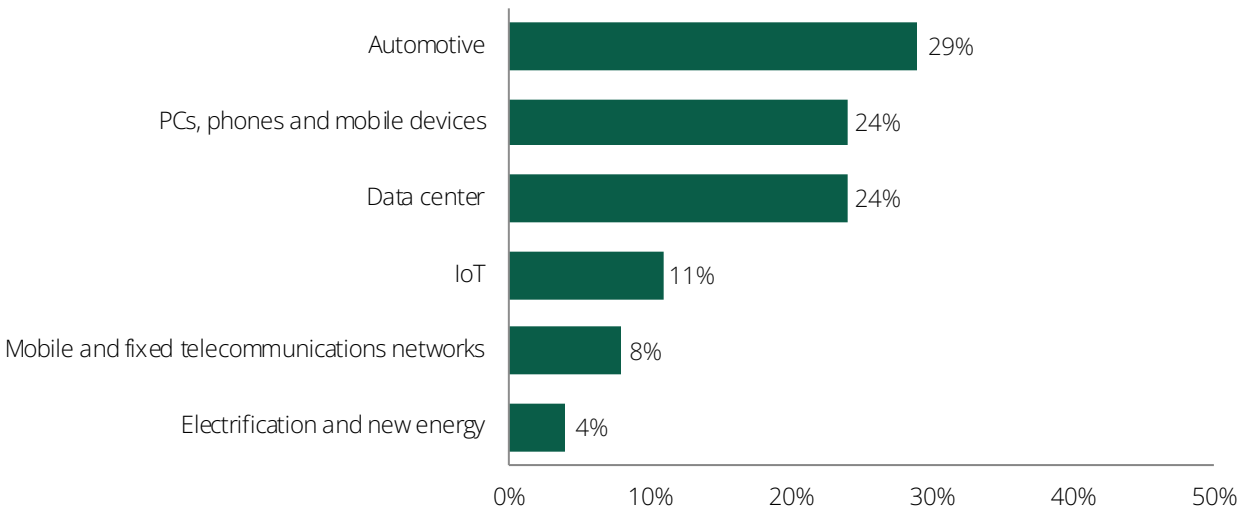
CHART 2

Demographics of survey respondents, split by industry segment and end market focus

Which industry segment best describes the product/services offered by your company?



Which end market is the MOST critical for your company's success?



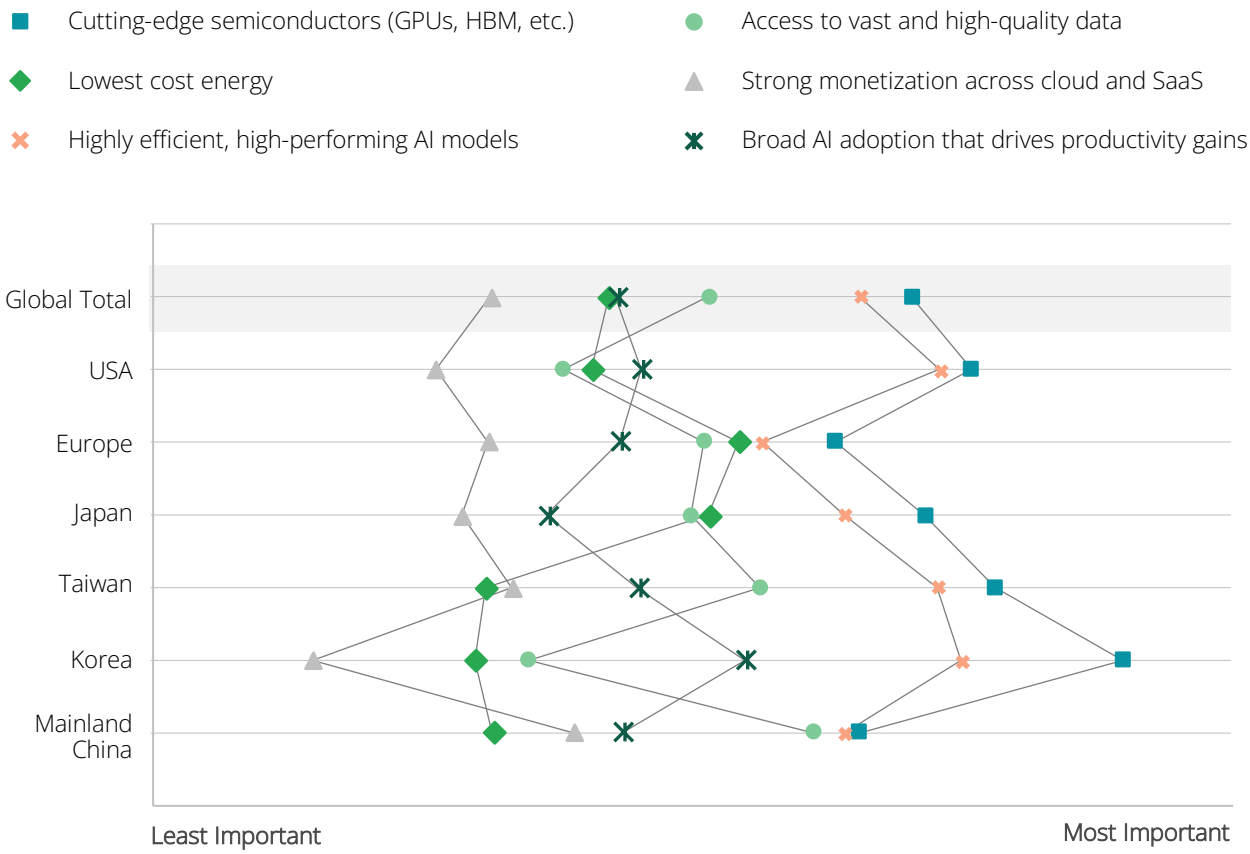
Views on artificial intelligence (AI) and ecosystem competitiveness

Across all regions, respondents indicate that access to high performing semiconductors is the most important driver of success in the artificial intelligence industry. High performing AI models are universally seen as the second most important factor. The ability to monetize artificial intelligence via cloud or software services and access to low energy costs both receive lower priority.

CHART 3

Drivers of AI competitiveness

Please prioritize the biggest drivers of an ecosystem's success in the ARTIFICIAL INTELLIGENCE segment (based on location of work)

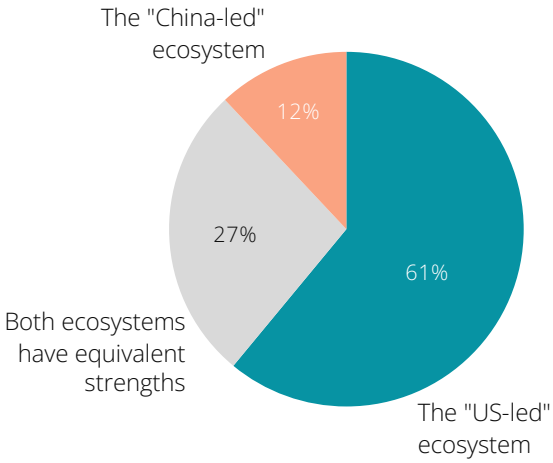


When asked to compare the competitiveness of the U.S. and Chinese artificial intelligence ecosystems, 61% of respondents indicate that the United States ecosystem is in the lead, while approximately one-quarter indicate that both ecosystems are of equal strength. While respondents from all regions indicate U.S. leadership, the strength of that support varies by region. Respondents working in the United States and Taiwan have the most confidence in the US-led ecosystem, while those working in Mainland China have the least confidence in the US-led ecosystem.

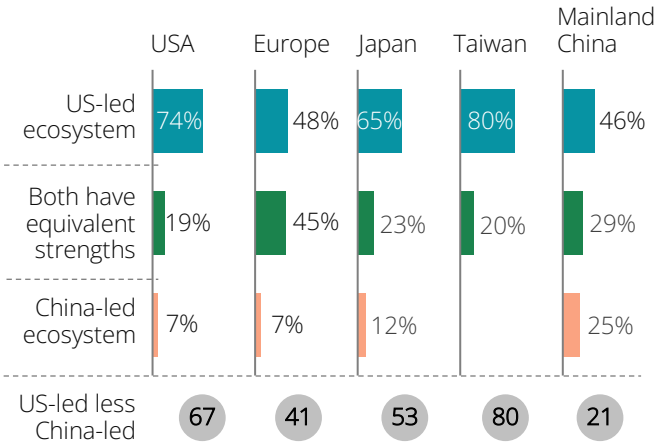
CHART 4

Competitiveness of different regional AI ecosystems

In the artificial intelligence race, which ecosystem is “in the lead”?



Response based on working location of respondent

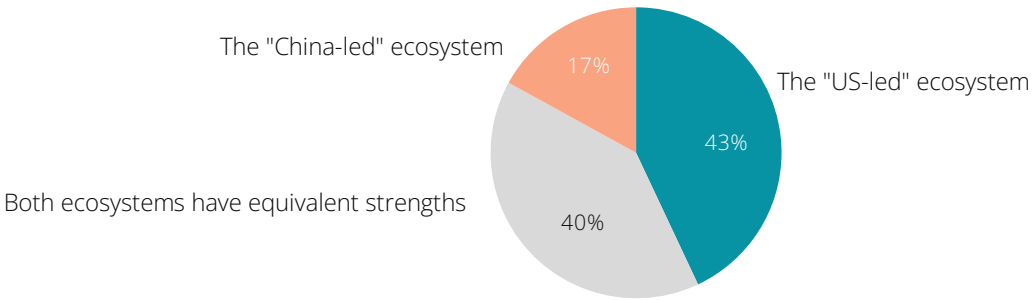


When asked to evaluate the competitiveness of the US-led and China-led ecosystems in their most important end market, responses vary. Data center has the highest level of support for the United States-led ecosystem. In automotive, networking and IoT, there is nearly equal global confidence in the US-led and China-led ecosystems.

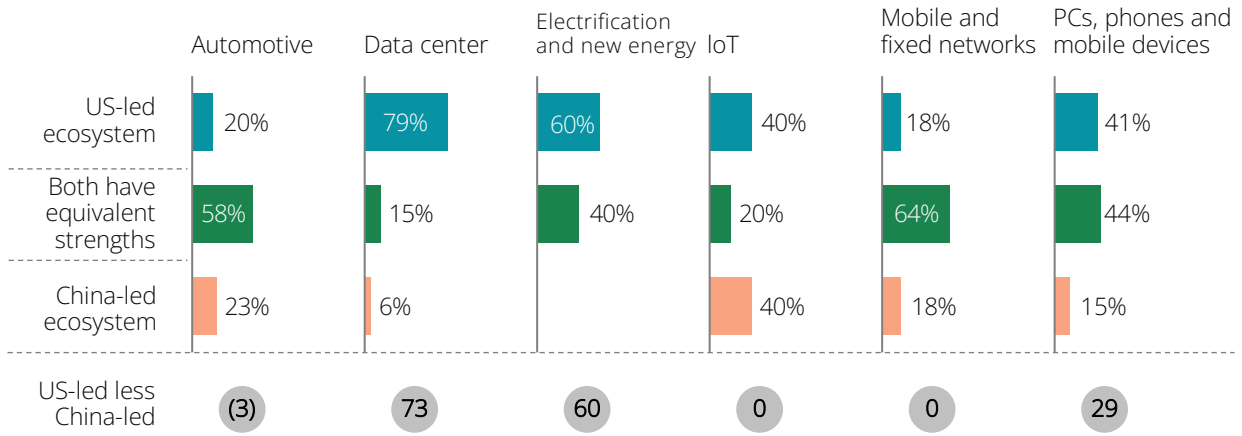
CHART 5

Competitiveness of regional ecosystems split by end market focus

In your MOST critical end market, which global ecosystem is “in the lead”?



Response based on end market focus of respondent

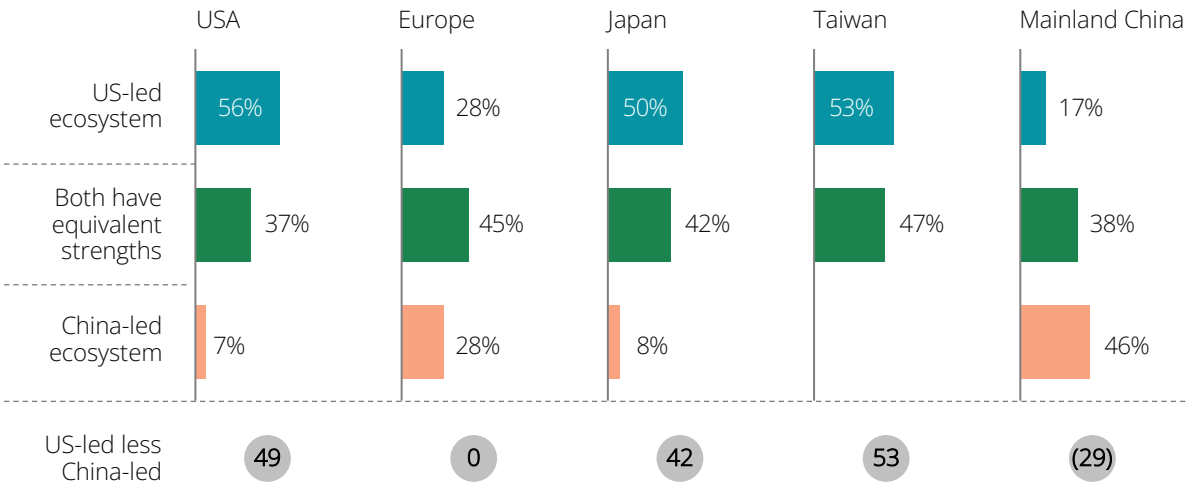


Work location also matters when respondents evaluate the competitiveness of different ecosystems in their most important end market. In the end market that matters most to them, respondents in China are far more optimistic on the China-led ecosystem. Respondents in the United States, Japan and Taiwan are far more optimistic on the US-led ecosystem in their most important end market. European respondents show equal confidence in the two ecosystems.

CHART 6

Competitiveness of regional ecosystems split by working location

In your MOST critical end market, which global ecosystem is "in the lead"? Response based on working location of respondent



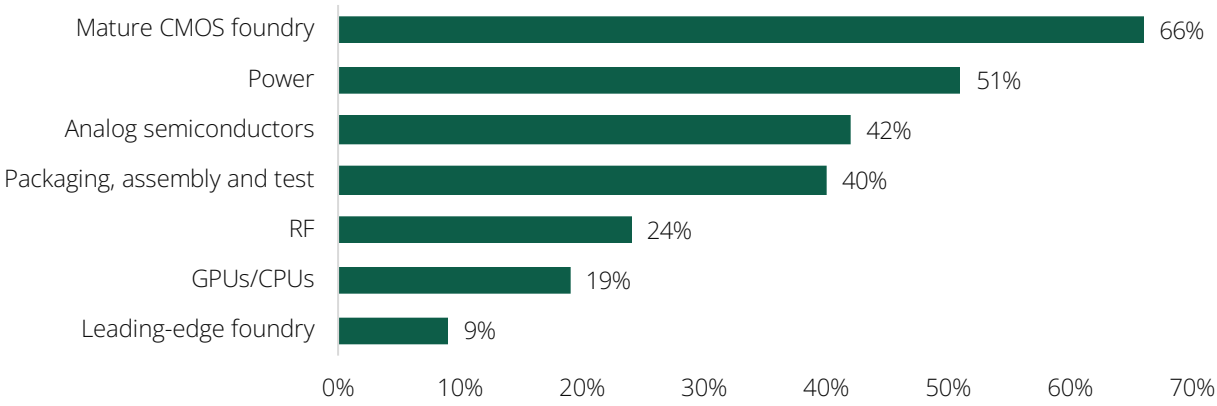
Views on commoditization and geopolitics

As semiconductor success depends on innovations, all companies aim to avoid segments in which commoditization reigns and margins collapse. When asked to evaluate which product segments are most likely to face commoditization in the next 5 years, respondents are most pessimistic about the mature CMOS, power, and analog segments. Leading edge logic products and foundry services are the least likely to face commoditization in the next 5 years.

CHART 7

Perspectives on the risk of commoditization by product segment

Over the next 5 years, which segments have a greater than 50% chance of commoditization and profit reductions due to geopolitics and excess global investment?



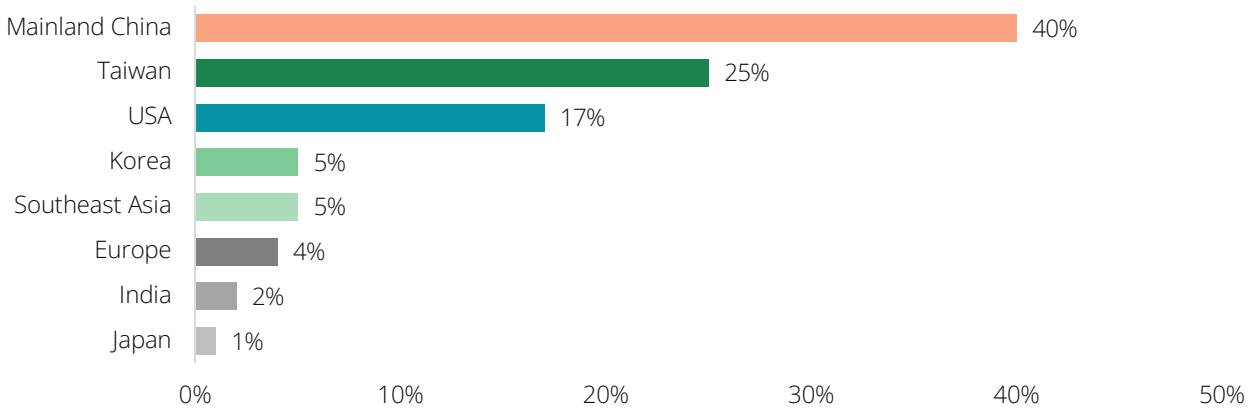
Views on government policy, new sources of investment funds, and industry footprint

When asked to evaluate which regions or countries have the most effective government policies for semiconductors, respondents identify clear front-runners. 82% of respondents indicate that Mainland China, Taiwan, or the United States have the most successful policies; with two out of five respondents indicating their confidence in Mainland China policies.

CHART 8

Perspectives on effectiveness of government policies

Which country or region has the MOST effective policies to support the semiconductor industry?



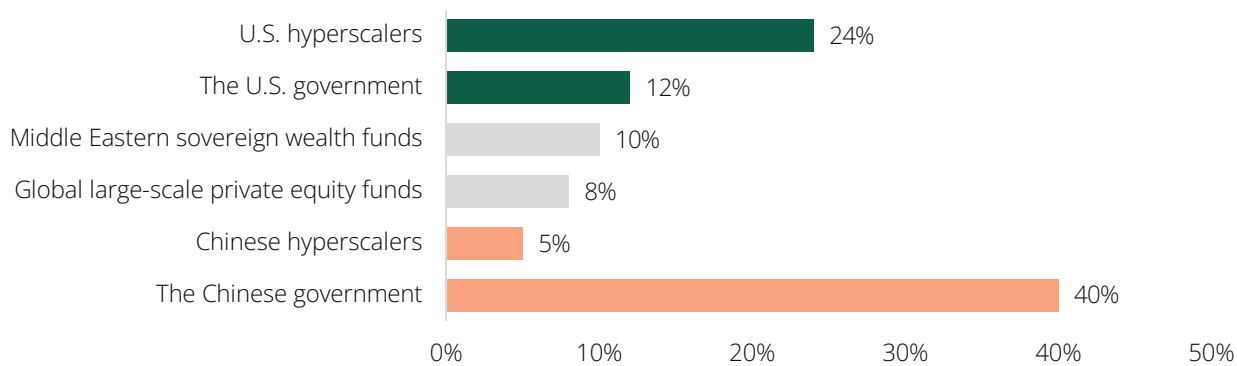
Respondents working in Mainland China are optimistic towards Chinese government actions, with 72% of those respondents indicating that Mainland China has the best policies. Only 19% of respondents working for American companies indicate that the United States has leading semiconductor policies. 10% or less of respondents from European or Japanese companies believe their home governments have the leading policy support for the semiconductor industry.

Respondents also indicate that the Chinese government will be a major source of new funding for the industry. 40% of respondents agree that the Chinese government will be the largest provider of new capital funds to the industry in the next 5 years, while 36% of respondents believe the U.S. government or large U.S. hyperscaler companies will be the largest source of new capital.

CHART 9

Perspectives on sources of new capital for the industry

Which entity will be the largest provider of new capital to the semiconductor industry in the next 5 years?



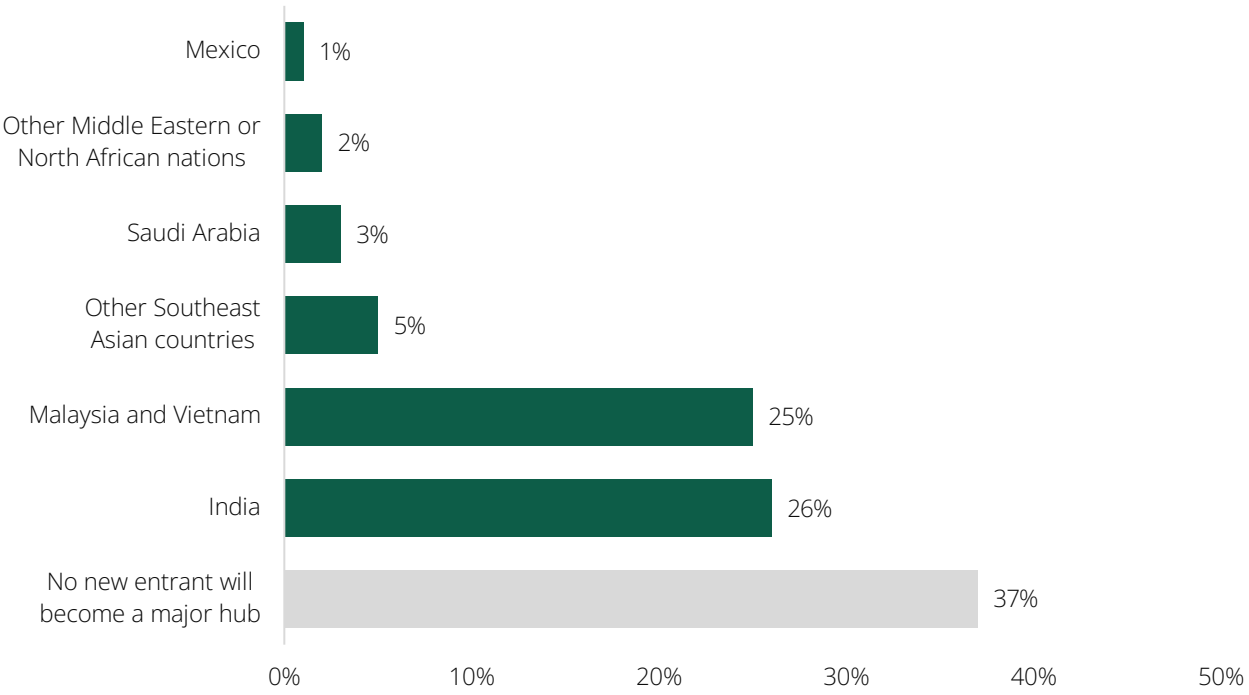
When asked to evaluate the potential success emerging regions will have in building semiconductor hubs, more than one-third of respondents indicate that no aspiring country or region will be successful. India and Malaysia/Vietnam have equal levels of optimism around their desire to build major hubs, with each receiving roughly 25% support from respondents.

Middle Eastern and North African countries aiming to build up their semiconductor industry collectively receive only 5% support for becoming the "next major hub".

CHART 10

Perspectives on the potential success of new semiconductor hubs

Which "aspiring global entrant" is MOST likely to become a MAJOR new semiconductor hub within 10 years?



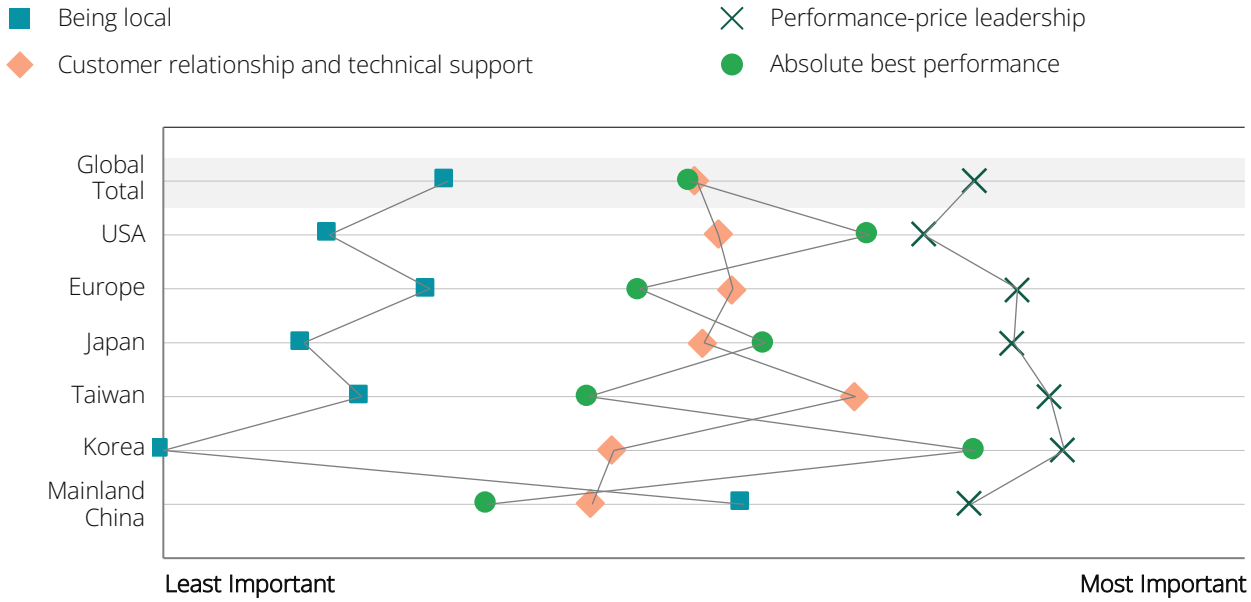
"What matters" when companies make purchasing or investment decisions

When asked to share their customers' priorities in selecting semiconductor suppliers, respondents across all regions universally indicate that performance-price leadership, the ability to deliver good enough performance at an effective cost, is the most important buying factor. American companies indicate that absolute best product performance is the second most important buying factor. Across all regions and countries excluding Mainland China, being a local supplier is not a high priority for customer buying decisions. However, in Mainland China, being a local supplier is the second most important purchasing criteria.

CHART 11

Perspective on the key buying factors of semiconductor customers

In your industry segment, please prioritize the factors MOST important to your customers' purchase decisions

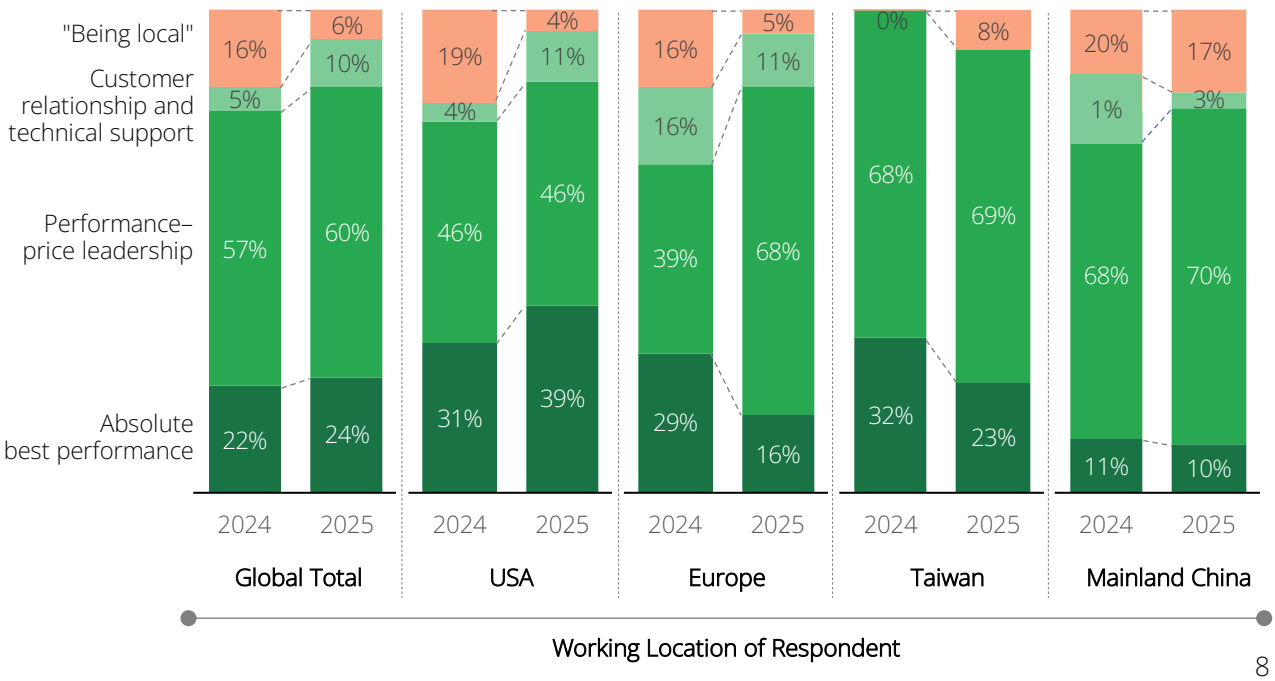


Despite extensive intervention by the U.S. and Chinese governments, views on key buying factors have had little change. For instance, the percentage of respondents working for Mainland Chinese companies indicating their customers prioritize "local suppliers" as the number one priority dropped by three points from the first half of 2024 to the first half of 2025.

CHART 12

Evolution of customer key buying factors

In your industry segment, what is the most important key buying factor (% choosing that buying factor as most important)



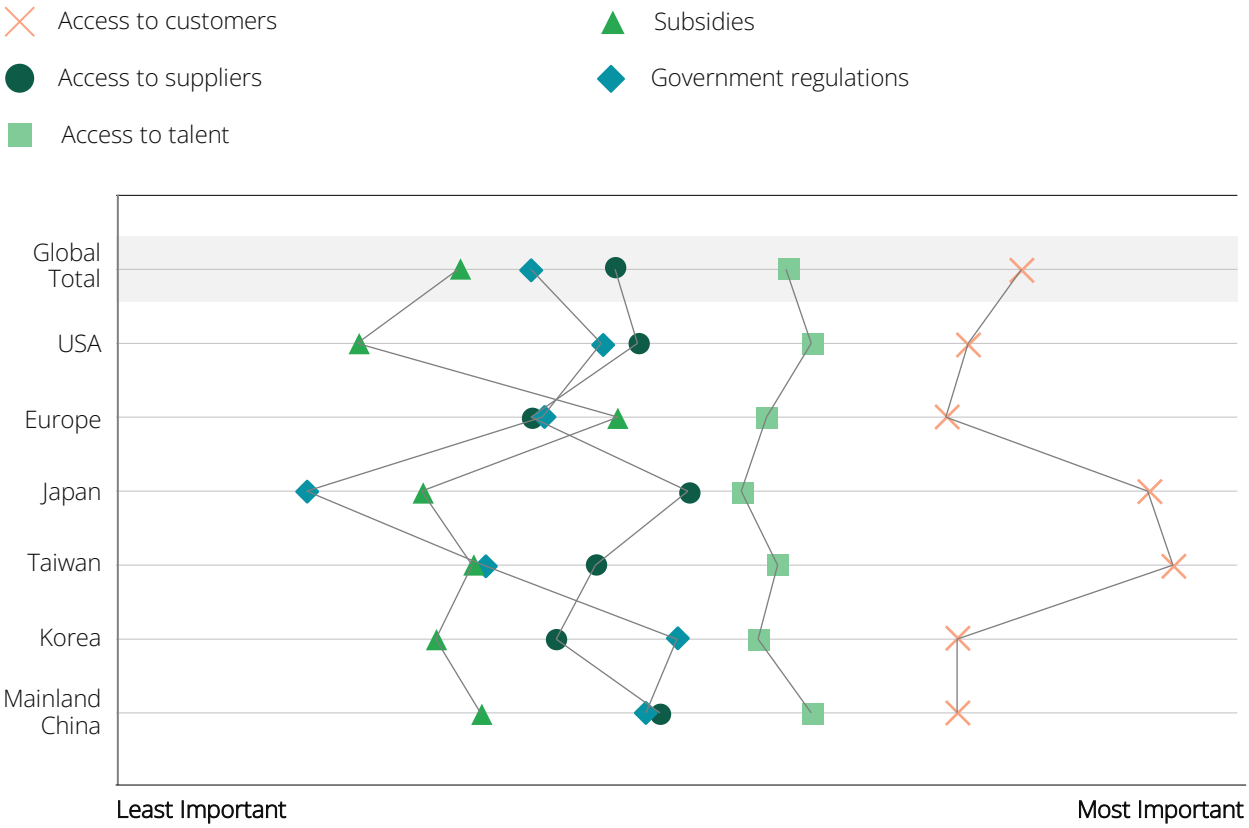
When asked about their company's priorities in building out their global operating footprint, respondents universally indicate that access to key customers is the most important factor. Access to talented employees and engineers is the second most important factor in determining the regional footprint.

Respondents across all regions, except those working for European and Japanese headquartered companies, perceive government subsidies as the least important driver of regional footprint decisions.

CHART 13

Drivers of the global footprint of semiconductor companies

Please prioritize the MOST important factors driving your company's regional footprint (split by HQ location of respondent)



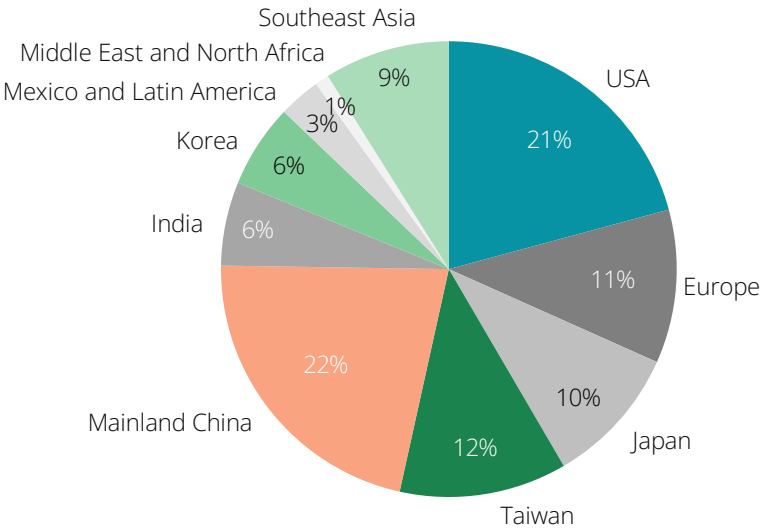
How semiconductor companies will invest globally

When asked where their companies will invest the most over the next 5 years, 62% of respondents indicate their home country or region. Mainland Chinese companies are the most likely to invest in their home country, while European headquartered companies are the least likely. For those U.S. companies that are not primarily investing in the United States, Southeast Asia is their top investment destination.

CHART 14

Investment destinations of semiconductor companies

In which location will your company invest the MOST in the next 5 years?



Top investment location by HQ location of respondent (rows are the investment destinations)

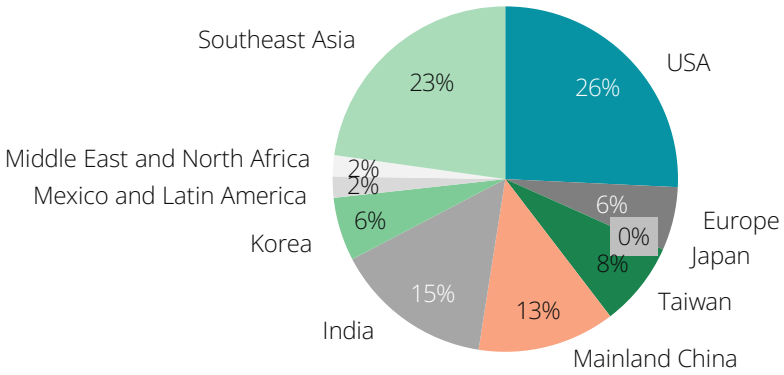
	USA	Europe	Japan	Taiwan	Mainland China
USA	56%	14%	8%	20%	4%
Europe	7%	41%			
Japan			54%		
Taiwan	4%		12%	80%	
Mainland China	4%	14%	4%		96%
India	4%	7%	12%		
Korea		7%	4%		
Mexico and Latin America	4%				
Middle East and North Africa	4%				
Southeast Asia	19%	17%	8%		
"Outside home country total"	44	59	46	20	4

For companies that will invest primarily outside their home country or region, the United States and Southeast Asia are the preferred investment destination. Only 6% of non-Chinese companies indicate that China will be their top investment destination.

CHART 15

Top investment destinations for semiconductor companies investing outside their home country or region

In which location will your company invest the MOST in the next 5 years? Responses for companies that choose a region DIFFERENT than their HQ (38% of total respondents)



Companies with greater scale are more likely to invest in the United States. For all companies with greater than $100 million in sales, the United States is the #1 investment destination.

CHART 16

Top investment destinations by size of company

In which location will your company invest the MOST in the next 5 years? Top investment location by size of company

	Less than $100 million	$100 million-$1 billion	$1-5 billion	More than $5 billion
USA	9%	25%	30%	26%
Europe	20%	4%	13%	5%
Japan	7%	18%	17%	5%
Taiwan	9%	18%	4%	14%
Mainland China	30%	25%	17%	12%
India	7%	4%	0%	10%
Korea	2%	7%	9%	7%
Mexico and Latin America	7%	0%	0%	2%
Middle East and North Africa	4%	0%	0%	0%
Southeast Asia	7%	0%	9%	19%

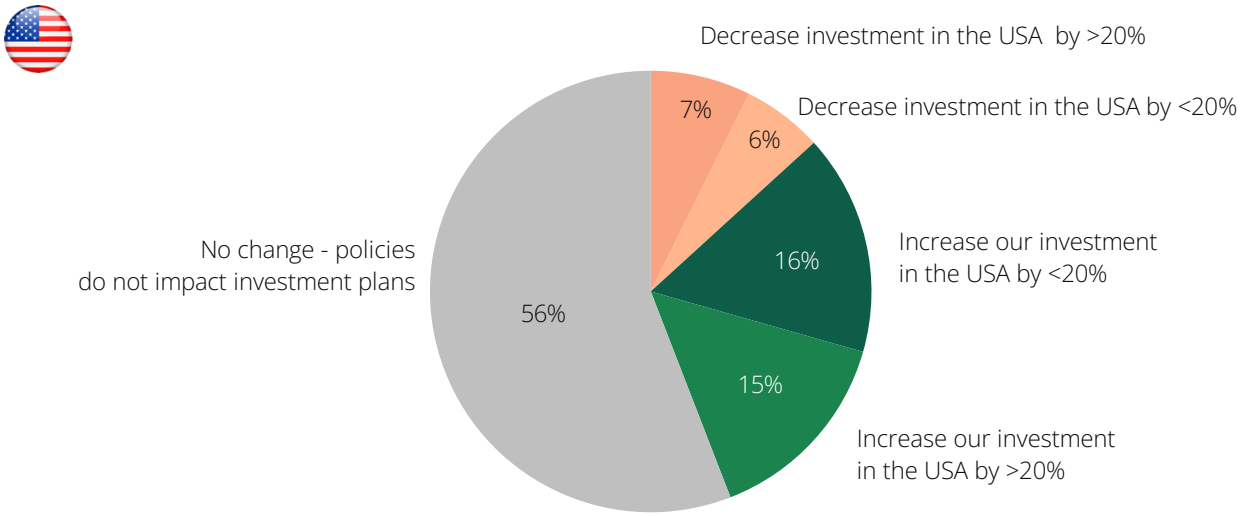
Views on how government policies impact investment priorities

Actions by the United States and Chinese governments do matter when companies make investment decisions. However, roughly one-half of respondents indicate that these policies have not had a material impact on their investment priorities. 31% of respondents indicate that global government policies will increase their investment into the United States, while 13% indicate that these policies will decrease their investment. 28% of respondents indicate that global government policies will reduce their investments into Mainland China, while 24% indicate that such government policies will increase their investments.

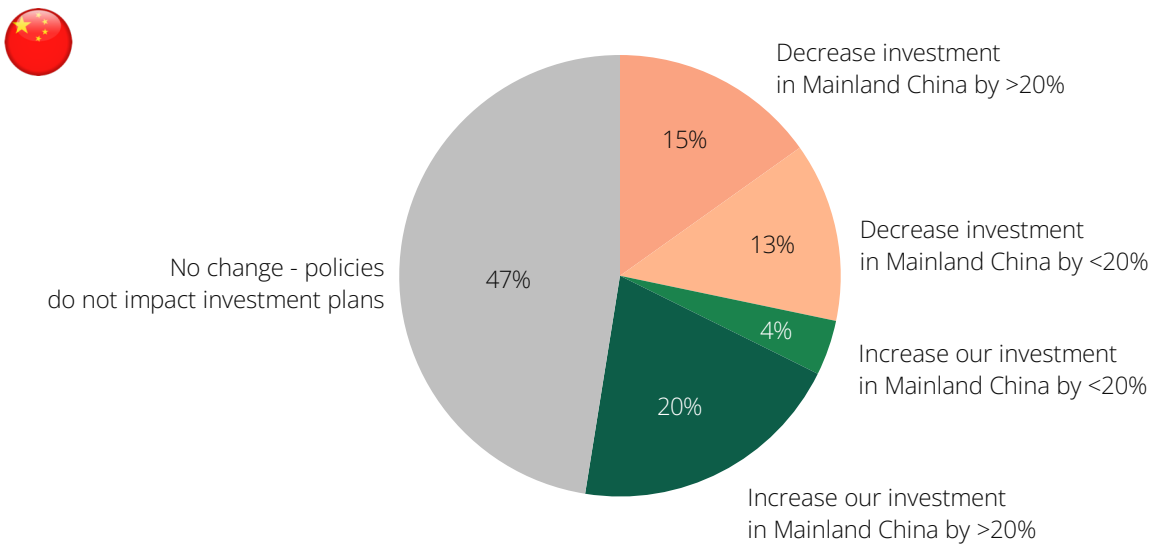
CHART 17

The impact of government policies on investment

How will tariffs, entity listing, export controls and other policies impact your company's future investment in the USA?



How will tariffs, entity listing, export controls and other policies impact your investment levels in MAINLAND CHINA?



Headquarters' location has a major influence on how companies will respond to government policies. 56% of American headquartered companies will decrease their investment in Mainland China due to government policies, while 50% of companies headquartered in Mainland China will increase local investment due to government policies.

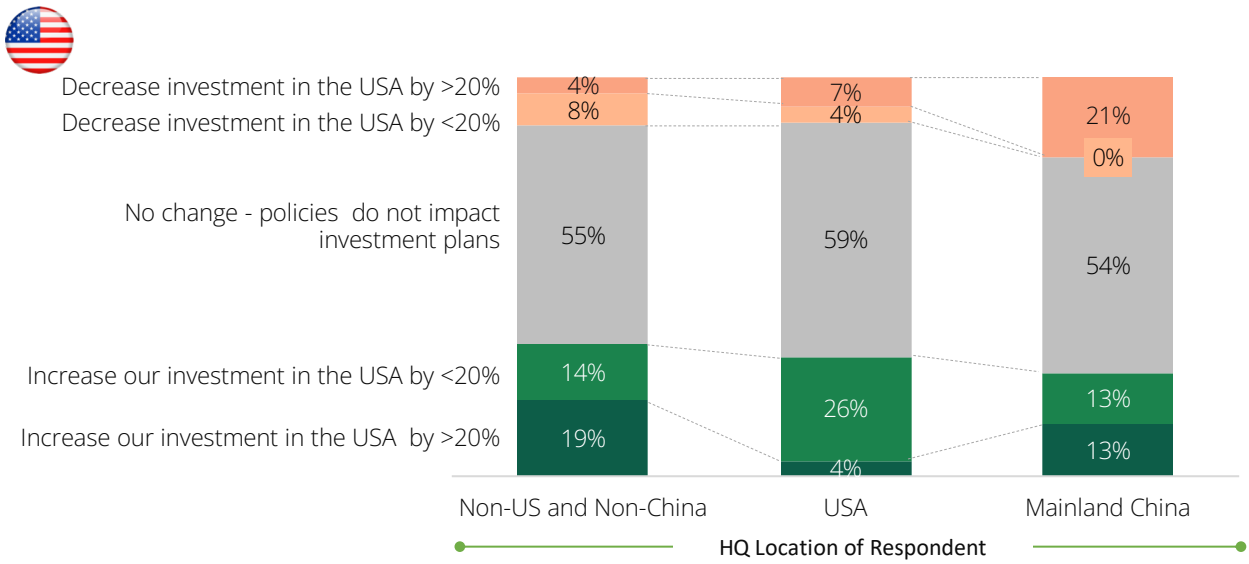
For companies headquartered outside the United States and China, government policies are more likely to decrease investment in Mainland China.

Overall, government policies have a positive impact on foreign investment into the United States. 33% of non-US and non-China companies will increase their investment into the United States due to government policies, while only 12% will reduce investment. In fact, when considering investment into the U.S. global government policies have more positively influenced investment by non-US and non-China headquartered companies than that of US-headquartered companies.

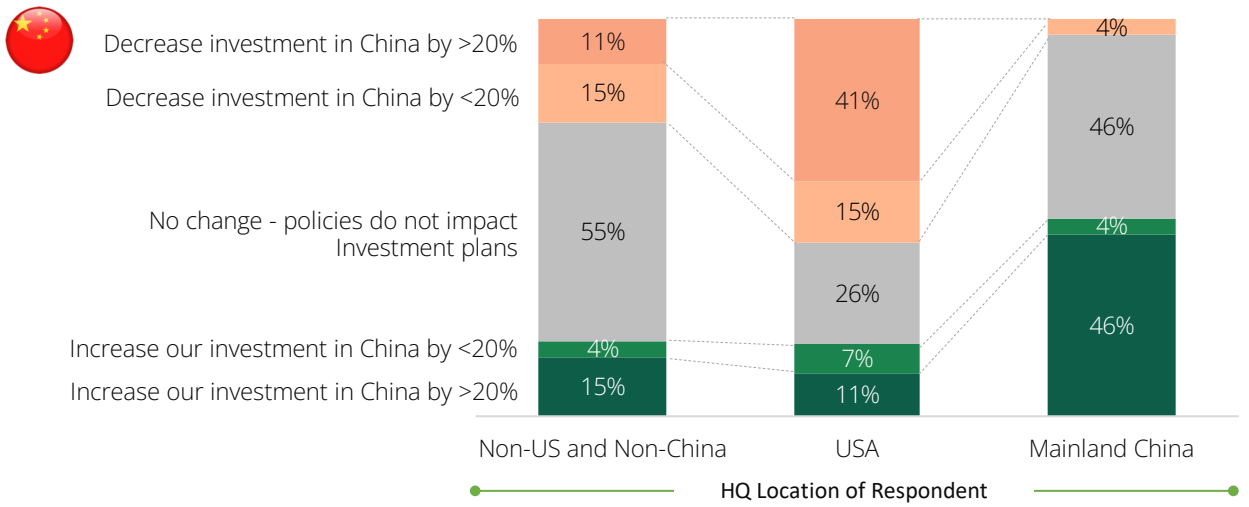
CHART 18

The impact of government policies on investment split by headquarters location

How will tariffs, entity listing, export controls and other policies impact your company's future investment in the USA?



How will tariffs, entity listing, export controls and other policies impact your investment levels in MAINLAND CHINA?



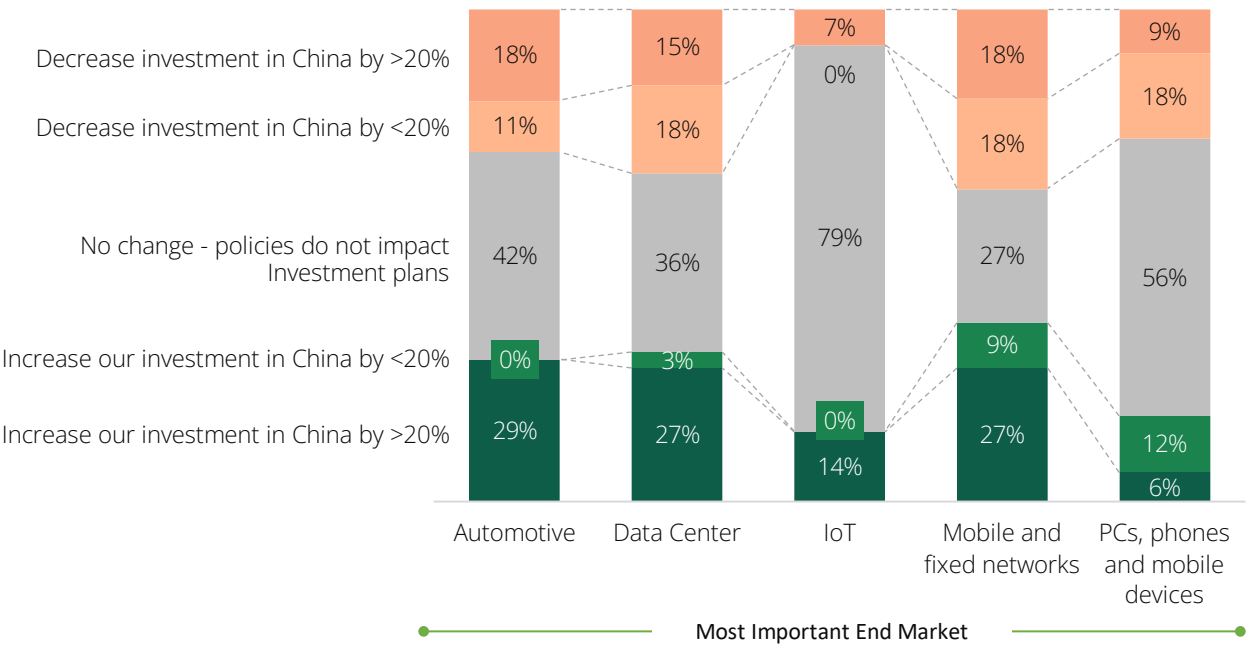
Companies invest in China differently based on the end markets they serve. Semiconductor companies focusing on the automotive, data center and networking end markets indicate a greater impact from government policies, with the amount of positive impact roughly matching the amount of negative impact.

Companies focusing on the IoT and devices markets are the least likely to change their investment into China due to government policies.

CHART 19

The impact of government policies on investment split by end market of respondent

How will tariffs, entity listing, export controls and other policies impact your investment levels in MAINLAND CHINA?



Supply chain strategies

When asked to describe their company's supply chain resilience and de-risking strategy, responses vary widely.

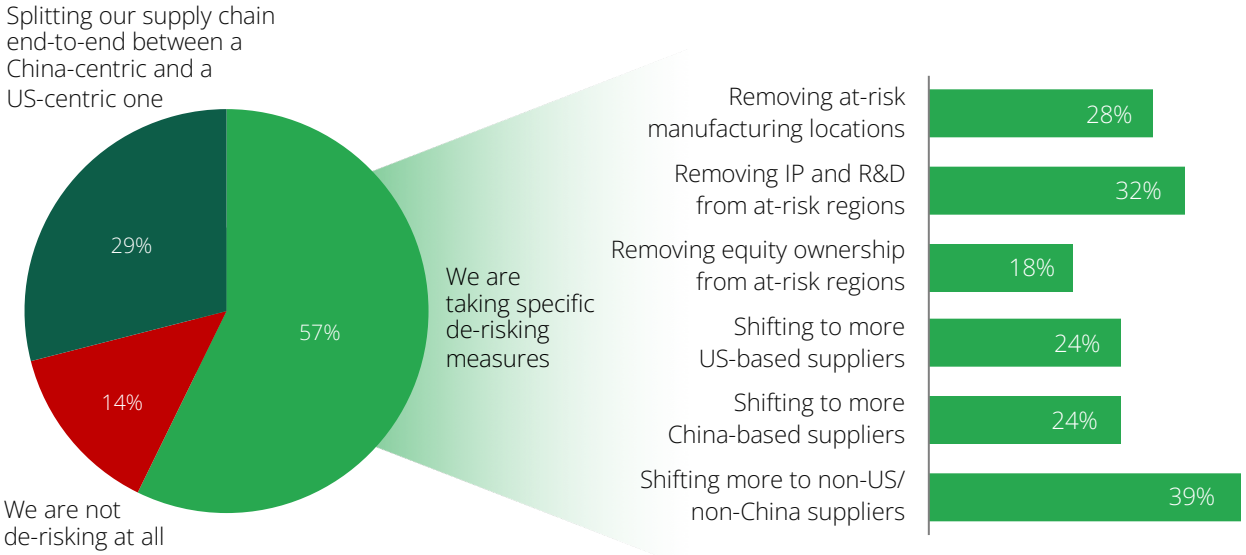
Less than one-third of companies are fully splitting up their business between a US-centric and China-centric supply chain. Nearly 60% of companies are taking specific actions short of a full split of their supply chain, while 14% are not taking any de-risking actions.

The companies taking specific actions are adopting a wide variety of tactics. One-quarter of respondents are utilizing more American suppliers, while an equal number are utilizing more Chinese suppliers. However, respondents indicate that suppliers which are neither American nor Chinese are most likely to benefit from supply chain de-risking.

CHART 20

Supply chain de-risking strategies

At the highest level, what is your company's supply chain resilience/de-risking strategy?

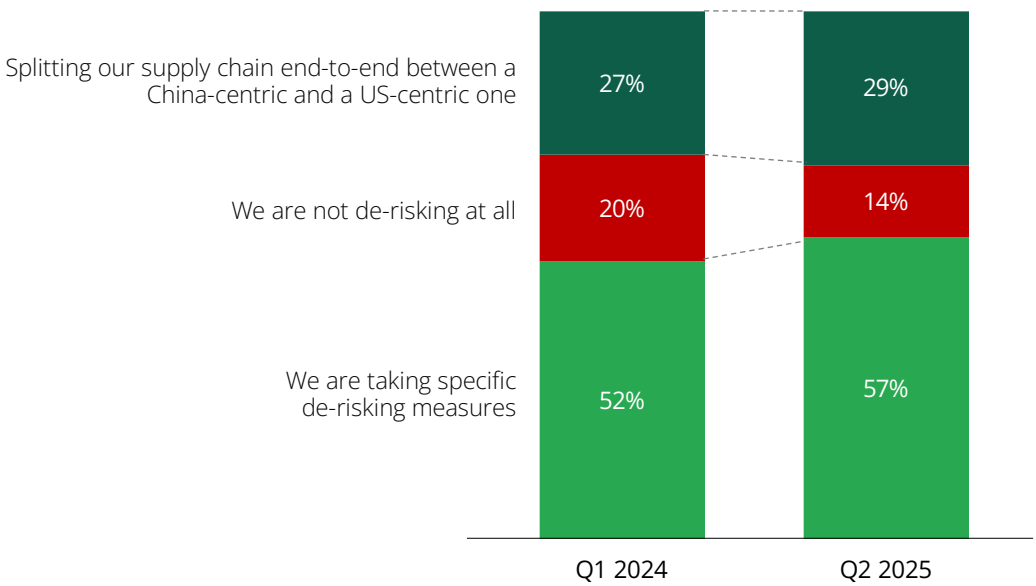


Respondents' views on supply chain de-risking are similar to those from our first-quarter 2024 survey. Our current survey respondents are only two percentage points more likely to indicate they are pursuing a full supply chain decoupling.

CHART 21

The evolution of supply chain strategies from first half 2024 to first half 2025

At the highest level, what is your company's supply chain resilience/de-risking strategy?

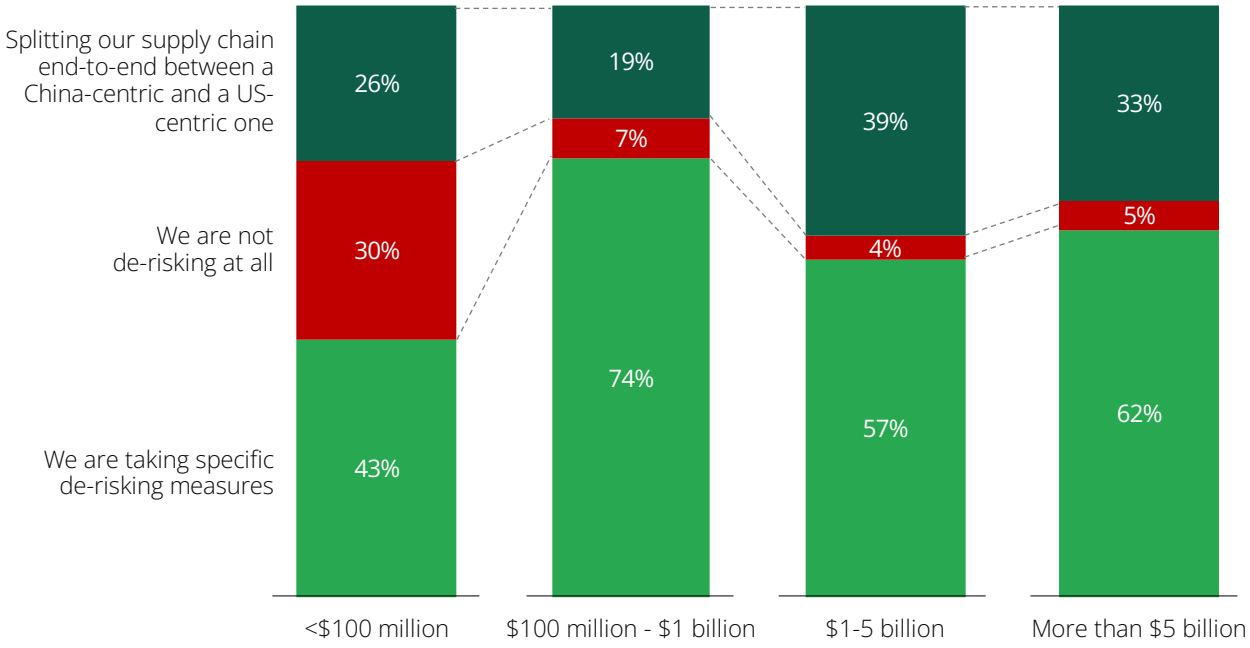


Company size has a substantial impact on supply chain de-risking strategies. Companies with more than $1 billion in sales are far more likely than smaller companies to fully split up their supply chain between a US-centric and China-centric ecosystem.

CHART 22

The impact of company size on supply chain de-risking strategies

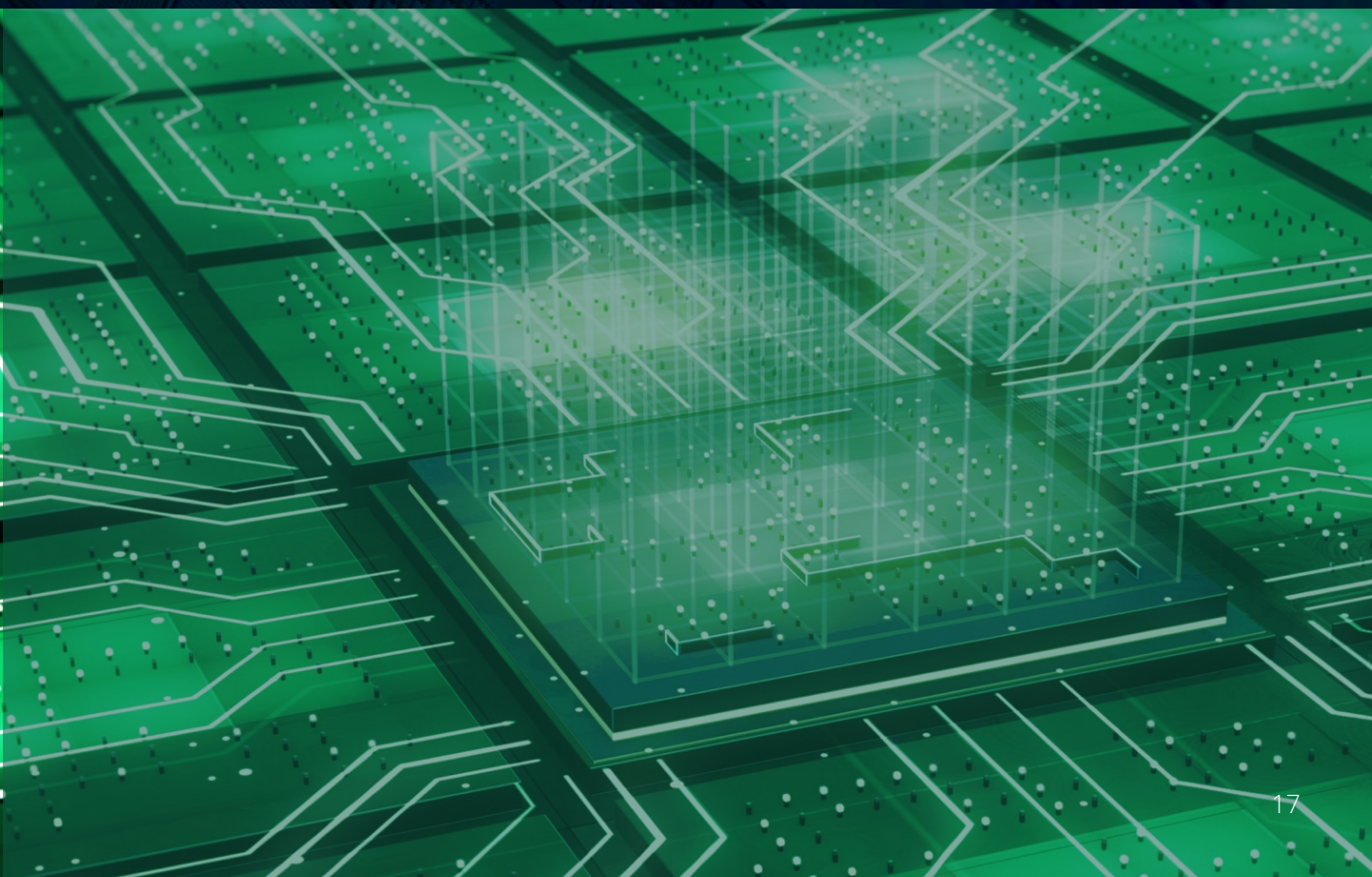
At the highest level, what is your company's supply chain resilience/de-risking strategy (based on revenue size of company)



Concluding Thoughts

Despite semiconductors becoming the center of a geopolitical storm combining global competition, national security and economic security – semiconductor industry leaders make key decisions based on technical and commercial issues. When choosing suppliers, company executives prioritize performance, price, technical support and relationships – rather than the nationality of the supplier. When investing in their companies' global footprint, executives prioritize access to customers, talent, and suppliers, not government restrictions or subsidies. Global investment remains distributed, with five countries or regions receiving 10% of support or more as the "top" investment destination. Countries aiming to emerge as semiconductor hubs face challenges, with emerging hubs being the top investment destination of less than 1 in 5 companies.

The United States technology ecosystem maintains an enviable position, especially in artificial intelligence, data center and mobile device end markets. At the same time, the China-centric ecosystem benefits from a highly effective semiconductor policy and strong government financial support. Within the artificial intelligence market – semiconductors remain most pivotal to ecosystem success. This ensures that, even as semiconductor leaders remain business-minded, they must engage with global policymakers who view securing semiconductor leadership as a matter of national strategic interest. Managing conflicting priorities between profits and policy will remain a challenge for semiconductor executives and government officials well into the future.



About GSA

GSA is *Where Leaders Meet* to establish an efficient, profitable, and sustainable high technology global ecosystem encompassing semiconductors, software, solutions, systems, and services. A leading industry organization that represents 300+ corporate members, including more than 120 public companies, GSA provides a unique, neutral platform for collaboration, where global executives interface and innovate with peers, partners, and customers to accelerate industry growth and maximize return on invested and intellectual capital. Members of the GSA represent over 80% of the $620 billion semiconductor industry and continue to grow.

For more information, visit www.gsaglobal.org. Follow GSA on LinkedIn, Facebook, Instagram, Twitter, YouTube and WeChat.

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About Integrated Insights Ltd.

Integrated Insights is an advisory firm serving the CEOs and Boards of global technology companies. The firm partners with clients to build robust strategies that comprehend the collision of industry, technology, and geopolitical trends, helping executives make the "hard calls" during times of disruption. The Integrated Insights team has decades of experience in the U.S., Asian and Chinese markets as well as the artificial intelligence, computing and semiconductor industries.

For more information visit
www.integratedinsights.org

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