



WHITE PAPER

The way back?

What Brussels is doing for European EMS electronics manufacturing

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Within just a few months, Brussels has launched three industrial policy instruments that directly or indirectly target European electronics manufacturing: the Chips Act 2.0, the European Defence Industry Programme (EDIP), and the proposed Public Procurement Act. For EMS companies and OEMs, which have become accustomed to shrinking European market shares in recent years, the question arises whether this truly marks a turning point or merely represents political announcements. This white paper contextualizes the three instruments, identifies their specific points of departure for printed circuit board and assembly manufacturing, and highlights the limitations of the current measures.

The starting point – an industry under pressure

The European electronics industry is facing a historic test. According to recent surveys by the German Electrical and Electronic Manufacturers' Association (ZVEI), only a meager two percent of printed circuit boards produced worldwide are now manufactured in Europe, and the European share of the global market volume for electronics manufacturing (EMS) as a whole is only ten percent [1].

The association strongly warns that this extreme dependence on a few suppliers from the Far East poses considerable risks in the current geopolitical environment. Deliveries of critical electronic components could be withheld, delayed, or deliberately manipulated at any time – for example, through the installation of hardware Trojans or hidden backdoors, which are extremely difficult to detect during operation [1]. ZVEI Managing Director Wolfgang Weber succinctly summarizes the industry's demand, calling for a "reliable de-risking strategy that safeguards our European interests" [1].

This development forms the industrial and geopolitical backdrop for the EU's current measures. Printed circuit boards and EMS manufacturing are increasingly viewed in Brussels as part of the European microelectronics ecosystem and as a relevant foundation for critical infrastructure and defense [1]. Against this threat scenario, it becomes understandable why European industrial policy is now focusing more strongly on this area, which has been largely invisible for many years.

Chips Act 2.0 – from semiconductor manufacturing to the value chain

The first European Chips Act, from 2023, focused primarily on building European semiconductor capacity and strengthening the semiconductor ecosystem. On June 3, 2026, the European Commission presented its successor, the **Chips Act 2.0** [2, 3].

The strategic realignment: Unlike the first attempt, the new proposal extends the existing approach to further stages of the semiconductor value chain. The expanded "first-of-a-kind" framework now includes, among other things, manufacturing-oriented chip design, specialty materials, manufacturing equipment, printed circuit boards, advanced packaging, and assembly [3].

For European electronics manufacturing, this explicit inclusion of printed circuit boards and assembly is particularly relevant, as it brings manufacturing stages that have previously been outside the actual focus of semiconductors more firmly into the industrial policy framework. The ZVEI (German Electrical and Electronic Manufacturers' Association) has also been calling for greater consideration of electronic assembly manufacturing (EMS), packaging, and printed circuit boards (PCBs) in the further development of European semiconductor policy for some time [1].

Reality and objective: The Commission justifies the realignment with the EU's continuing structural dependencies along the semiconductor value chain. The Chips Act 2.0 is therefore intended to strengthen technological and industrial resilience, facilitate investment, and accelerate the development and industrialization of new semiconductor technologies [2, 3].

For traditional PCB or EMS companies, inclusion in the expanded framework does not automatically guarantee funding. The decisive factor remains whether a specific project meets the requirements of the respective instrument. Furthermore, the Chips Act 2.0 is still undergoing the ordinary legislative process and is currently a draft bill [3].

EDIP – Defense electronics as a short-term lever

While the Chips Act 2.0 is still being debated in the legislative process, a second instrument has already been adopted and is in operation: the **European Defence Industry Programme (EDIP)**. The Council gave its final approval to EDIP on 8 December 2025. The programme provides a total of EUR 1.5 billion in grants for the period 2025 to 2027 (of which EUR 300 million is allocated to the Ukraine Support Instrument) [4].

Specific starting points for the EMS industry: Of particular interest to electronics manufacturers is the second call for proposals, *Industrial Reinforcement Actions*, with the "Key Electronic Components" division. This comprises a volume of **EUR 122.25 million** and explicitly mentions guidance electronics, drive electronics, RF and laser modules, multispectral cameras, avionics, as well as printed circuit boards and IC substrates [5]. Lithium-ion polymer batteries, power electronics and critical semiconductor components are also included [5].

Co-financing and leverage effect: EU co-financing typically amounts to up to 35 percent of eligible costs and can increase to up to 50 percent under certain conditions (such as high SME participation or new cross-border capacity). The maximum EU contribution is €20 million per project [5]. The Global Electronics Association estimates that this could trigger more than €350 million in new capacity investments in European defence electronics [6].

For context: According to the association, Europe currently accounts for only around six percent of global production of printed circuit boards for defense applications [6]. The second call has a fixed submission deadline of **February 16, 2027** [5].

Limitations of the instrument: EDIP thus provides suitable companies with a concrete, time-bound funding instrument. However, the immediate scope of the call remains strictly limited to the defined defense and key technologies. This does not create a general entitlement to funding for purely civilian mass production outside this area.

Public Procurement Act – Demand as a Tool

The third instrument does not address production, but directly demands: the planned **Public Procurement Act**. The Commission has announced a comprehensive revision of European procurement law in this regard [7].

The planned leverage: Commission President Ursula von der Leyen announced in her political guidelines and in her 2025 State of the Union address that she intends to revise procurement rules to give preference to European products in certain strategic sectors. To this end, a "Made in Europe" criterion will be introduced into public procurement [7].

Limits and open questions: As of August 26, 2026, a concrete legislative proposal is not yet available. The European Parliament continues to list the Public Procurement Act as an announced legislative initiative. The draft, originally scheduled for the second quarter of 2026, has been postponed to **9 September 2026** [7].

How European preferences will be specifically implemented and which strategic sectors and products will be covered is therefore still open. Current EU documentation speaks of a stronger consideration of resilience and European preferences in certain technologies and strategic sectors, without anticipating the later concrete implementation [7].

This approach is nevertheless of central importance for electronics manufacturing: while funding programs can create production capacity, in the long term this capacity also requires a robust sales market. Greater consideration of European products in public procurement could effectively complement this demand side.

Conclusion

The three instruments presented fundamentally change the political perspective on European electronics manufacturing. Printed circuit boards and electronic assemblies are no longer perceived by policymakers merely as procurement or cost factors, but increasingly as indispensable pillars of industrial resilience and technological sovereignty.

For the EMS industry, the combination of these three approaches is particularly relevant:

1. The **Chips Act 2.0** extends the industrial policy framework along the entire microelectronics value chain and includes printed circuit boards and assembly in the first-of-a-kind framework [3].
2. **EDIP** already creates concrete, short-term investment and funding opportunities for selected defense technologies [5].
3. The planned **Public Procurement Act** aims to strengthen the long-term decisive demand side for European products [7].

For companies building production capacities or expanding existing sites in Europe, this creates a political environment that can significantly support strategic investments. However, a rapid return to previous European market shares will not automatically follow. Whether these framework conditions will actually lead to a sustainable turnaround and a strong European manufacturing base will only become clear with concrete implementation. Crucial factors remain the actual design of the instruments, the selection of eligible projects, reliable demand, and the economic competitiveness of European locations.

Sources

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Dirk Kaussen is Founder and Managing Director of EMS Strategy Group. With around 40 years of experience in the electronics industry — including founding and managing his own electronics manufacturing company in Germany — he brings deep expertise in manufacturing processes, EMS partner selection, supply chain stability, relocation projects, and risk management. His approach combines practical solutions with a direct connection to industrial reality.

About the EMS Strategy Group

EMS Strategy Group supports industrial enterprises in the strategic and operational advancement of their electronics manufacturing. Our core expertise lies in the strategic relocation of manufacturing volumes, the selection of qualified EMS partners, the establishment of new production capacities, and the expansion of existing manufacturing structures.

Furthermore, we design resilient supply chain frameworks, conduct comprehensive risk assessments, and guide dual-sourcing strategies, with operational support through to a successful series production ramp-up.

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