WHITE PAPER

EU Chips Act 2.0:

What OEMs need to know now

New procurement rules, security of supply and strategic consequences for electronics manufacturing

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Key message

On June 3, 2026, the European Commission published the proposal for the Chips Act 2.0 [1]. For the first time, it includes demand-side measures: Public tenders in critical sectors will in future have to take into account the EU added value in the semiconductor supply chain of bidders. For OEMs that supply public authorities or critical infrastructure operators, this is a regulatory signal that triggers a need for action—even before the law enters into force.

1. Background: Why a Chips Act 2.0?

The original European Chips Act (2023) was the EU's first coordinated response to critical vulnerabilities in the global semiconductor supply chain. According to the European Commission, the European Chips Act mobilized more than €52 billion in public and private investment and created an estimated 46,000 direct and indirect jobs [2].

Despite these advances, the EU remains dependent in key areas: European companies still rely on suppliers from third countries for the production of advanced chips and semiconductor design. According to PwC, the global semiconductor market could reach a volume of over US$1 trillion by 2030, representing an average annual growth rate of around 8.6%. Key growth drivers include applications in the areas of artificial intelligence, data centers, and high-performance computing (HPC) [6].

The Chips Act 2.0, presented on 3 June 2026, is part of the European Technology Sovereignty Package introduced by the European Commission [3]. It complements other initiatives aimed at strengthening Europe’s technological competitiveness and strategic autonomy. The proposal marks a shift in focus: away from purely supply-side support and towards demand-side policy instruments.

2. Core Content of the Chips Act 2.0

The proposal is divided into four strategic objectives:

Four pillars of the Chip Act 2.0 (proposal of June 3, 2026)

- Pillar 1 — Investment and competition conditions: Research funding, simplified approval procedures (max. 12 months), "Grand Challenges" for key chips such as AI processors
- Pillar 2 — Demand Stimulation: Demand Accelerators, public procurement with EU added value criteria, innovation procurement for European startups
- Pillar 3 — Supply expansion: State aid for "first-of-a-kind" projects, strategic projects with EU co-financing, new Semiconductor Regions of Excellence
- Pillar 4 — Resilience and dependency reduction: Business-to-Business Semiconductor Supply Chain Platform, risk assessment guidelines, structured crisis response

2.1 The new procurement dimension

The innovation with the most direct relevance for OEMs and their supply chains lies in Pillar 2. The proposal provides that public procurement procedures in critical sectors may take the EU added value of a bidder's semiconductor supply chain into account as part of the evaluation process [1]. According to the current draft, contracting authorities could request evidence of supply chain resilience and security of supply, including information on the share of European suppliers and the existence of dual-sourcing arrangements [1].

Important notice regarding the status of the proposal

The Chips Act 2.0 is a legislative proposal — not yet legally binding. It must go through the full European legislative process, passing through Parliament and the Council. The final text may differ from the current draft. If adopted, the procurement requirements would apply to tenders launched at least one year after its entry into force. OEMs therefore have a window of time to prepare.

3. Which OEMs are affected?

According to the current draft, the procurement regulations of the proposal aim at tendering procedures in sectors classified as critical. OEMs that supply products or systems to public sector clients or operators of critical infrastructure in the following areas should address this issue as a priority:

- Energy (grid, renewable energies, storage)
- Transport and mobility (rail, air, autonomous systems)
- Healthcare (medical devices, diagnostics, hospital technology)
- Digital infrastructure (data centers, telecommunications, cloud)
- Defense and Security
- Industrial automation in strategic sectors

Even OEMs that do not directly supply public sector clients can be indirectly affected: If their Tier 1 customers are active in these sectors, the requirement will be passed on through the value chain.

4. Opportunities for OEMs with a European-oriented supply chain

The Chips Act 2.0 could potentially offer concrete competitive advantages in public procurement for OEMs that already rely on European EMS partners and dual-sourcing structures.

4.1 Differentiation feature in tenders

Should the EU added value in the semiconductor supply chain be confirmed as an award criterion, this could create a competitive advantage over bidders with a purely Asian supplier base. An OEM that already has a documented European dual-sourcing strategy could gain a competitive advantage in such processes that goes beyond pure price aspects.

4.2 Early market positioning

The transition period until the regulation comes into effect (expected to be one year after it enters into force) gives OEMs a window of opportunity to proactively document their supply chain, qualify European partners and prepare the relevant evidence — before competitors react.

4.3 Signaling effect on procurement behavior

Even independently of any legal obligation: It is expected that public sector clients and industrial companies will increasingly align themselves with the guidelines of European technology and semiconductor policy. A verifiable European supply chain could therefore become increasingly important as an additional selection criterion.

4.4 Access to strategic programs

The Chips Act 2.0 proposes the establishment of a business-to-business semiconductor supply chain platform. Companies that network early and document their resilience measures could benefit from earlier access to information, market transparency, and potential cooperation opportunities.

5. Challenges and Risks

5.1 Regulatory Uncertainty

The proposal is not yet law. Until its final adoption by Parliament and Council, wording, thresholds, and requirements can be significantly altered. OEMs that have invested heavily in aligning their supply chains with specific proposal criteria face an adaptation risk.

5.2 Effort required for verification and documentation

A robust "security of supply declaration" — if included in the final version — requires the systematic recording of semiconductor origins within the supply chain. Many OEMs currently lack this transparency. Data collection ties up resources, particularly in procurement and supplier management.

5.3 Availability of European semiconductor sources

Despite the progress made through the first Chips Act, European semiconductor manufacturing does not yet cover all technology classes. This is particularly true for highly complex logic chips and leading-edge processors. There remain structural dependencies on leading non-European manufacturers such as TSMC (Taiwan) and Samsung (South Korea) [2][4]. A fully European semiconductor base is not feasible for many OEMs in the foreseeable future.

5.4 Cost structure

European semiconductor manufacturing is generally more expensive than Asian alternatives. Shifting to EU-based sources impacts the product's cost structure. OEMs must weigh whether the advantage in public tenders justifies this additional expense — a calculation that depends heavily on the specific market and order volume.

5.5 No retroactive requirement

According to the proposal, the regulation will apply to new tenders after the transition period. Existing contracts and ongoing series production relationships are not affected. The pressure to act will therefore be applied gradually, with a measurable lead time.

6. A structural weakness that the Chips Act 2.0 does not address.

The Chips Act 2.0 strengthens demand for European components and supply chains. However, this demand meets a supply weakened by an upstream structural weakness in EU trade policy—a weakness unrelated to the Chips Act.

The EU customs asymmetry for printed circuit boards — known, unresolved

Finished printed circuit boards (PCBs) from China are imported into the EU duty-free — covered by the WTO Information Technology Agreement (ITA). At the same time, European PCB manufacturers pay import duties of up to 6.5% on raw materials and substrates (laminates, copper foils, process chemicals).

The European Parliament already drew the Commission's attention to this asymmetry in July 2023 in the context of priority question P-002327/23 [8]. The existing customs structure undermines the EU's own goal of strategic autonomy. In its response, the Commission referred to ongoing talks with industry, but did not announce any concrete reform of the customs structure. In comparison, the USA imposes import tariffs of up to 25% on finished PCBs from China.

For OEMs, this means: The Chips Act 2.0 can strengthen the desire for European sourcing from a regulatory perspective—but the structural cost disadvantages of European PCB manufacturers compared to their duty-free Asian competitors persist. These two issues are independent of each other, and no solution is in sight for the second.

7. Solutions: What OEMs can do now

Regardless of the final wording of the law, the following measures are sensible both when the law comes into force and even without a corresponding obligation — and strengthen competitiveness:

7.1 Establishing supply chain transparency

The first step is to take stock: Which semiconductor components are sourced from which manufacturers in which countries? This transparency is the basis of any security of supply strategy — and is still lacking at many OEMs at the Tier 2 and Tier 3 levels.

7.2 Develop a dual-sourcing strategy

For critical components, identifying a second, preferably geographically diversified source of supply can be beneficial, even if it does not initially cover production volumes. A qualified European alternative supplier represents a tangible step towards improved security of supply.

7.3 Integrate EMS partners with a European base

The choice of manufacturing partner directly impacts the EU added value in the supply chain. An EMS partner with manufacturing in the EU, European procurement sources, and established dual-sourcing processes significantly contributes to demonstrating this value.

7.4 Document early

OEMs should start systematically collecting relevant supply chain data today: countries of origin for chips and components, the proportion of EU-based suppliers, and existing dual-sourcing contracts. This documentation is a direct preparation for future tender requirements.

7.5 Observe the regulatory process

The legislative process in the European Parliament and the Council is expected to take several months. OEMs in affected sectors should monitor developments through official European Commission sources and adjust their strategy based on the final text.

8. Comparison: Opportunities and Risks

Opportunities	Risks / Challenges
• Competitive advantage in EU tenders in critical sectors	• Proposal is not yet law — changes possible during the process
• Strategic lead time through early supply chain adaptation	• Structural gaps in European semiconductor manufacturing remain
• Differentiation from competitors supplied solely by Asia	• Customs asymmetry on PCB raw materials persists — no reform in sight
• Greater resilience through dual sourcing and European partners	• Documentation and qualification effort is not trivial
• Signaling effect even without formal coercion with major customers	• Cost disadvantages in purely price-driven tenders persist
• Access to EU B2B platform and early warning systems	• Only relevant for OEMs serving critical sectors

9. Context: What the Chips Act 2.0 means in the long term

The Chips Act 2.0 does not stand alone. It is part of a broader regulatory framework that the EU has built up in recent years: from the EU Machinery Regulation (2023/1230) to the Cyber Resilience Act and the European Defence Industrial Strategy. The general direction is consistent: technological dependencies should be gradually reduced and European value creation strengthened.

For OEMs, this means that the Chips Act 2.0 is not an isolated event. There are many indications that transparency and diversification of semiconductor supply chains will continue to grow in importance. This development is driven equally by stricter compliance requirements, rising end-customer expectations, and increasing risk awareness at the management level.

For many OEMs, the question is therefore less about "whether" and more about "when" and "how" to implement structured supply chain management. Those who start before it's absolutely necessary retain control over the pace and costs.

Conclusion

The Chips Act 2.0 — published on June 3, 2026, as a proposal by the European Commission — introduces a demand-side dimension to EU semiconductor policy for the first time. OEMs supplying public sector clients or critical infrastructure operators should understand the proposal as a regulatory signal and use the transition period to establish supply chain transparency, build dual-sourcing structures, and strengthen cooperation with European EMS partners. Those who do this now are acting not out of compliance reflex, but out of strategic foresight.

Sources

All the following sources are freely accessible without registration or paywall.

[1] European Commission. Proposal for the Chips Act 2.0. Brussels, 3 June 2026.
[2] European Commission. Chips Act 2.0 – Policy Overview. Brussels, 3 June 2026.
[3] European Commission. Strengthening Europe's Tech Sovereignty. Press Release, 3 June 2026.
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[6] PwC. Semiconductor Industry Outlook: Global Semiconductor Market Expected to Exceed USD 1 Trillion by 2030. Accessed June 2026.
[7] EE News Europe. Chips Act 2.0 Targets European Chip Demand. 2026.
[8] European Parliament. Priority Question P-002327/23: PCB Industry and Strategic Autonomy of Europe. July 2023.
[9] World Trade Organization (WTO). Information Technology Agreement (ITA).

About the author

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 advancement and optimization of their electronics manufacturing operations – from high-level planning to operational execution. Our core expertise lies in the strategic relocation of manufacturing volumes to European EMS providers, 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 to secure and fortify supply chains. Upon request, we manage projects closely until a successful serial production ramp-up is achieved.

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