

# EU Policy Brief

**February 2026**



# Key Policy & International Highlights

## Industrial policy

- 🍃 European Commission delays the publication of the Chips Act 2.0 proposal, and the EU Tech Sovereignty Package, to April 15
- 🍃 European Commission suggests restricting access to public funding schemes exclusively to advanced semiconductor technology producers based in Europe
- 🍃 EU Member States move forward the completion of the European Single Market, exploring fast-track adoption procedures for related files

## Trade and Geopolitics

- 🍃 The EU discusses additional FDI screening rules and restrictions under the Economic Security framework
- 🍃 EU-US Trade deal on hold following the U.S. Supreme Court Ruling on tariffs schemes of the European Single Market
- 🍃 The EU and India establish a common strategic agenda to foster semiconductor partnership and trade

## March Policy Agenda



## Industrial Policy

### **European Commission postpones the publication of the EU Tech Sovereignty Package, including the Chips Act 2.0**

The European Commission is delaying the publication of the EU Tech Sovereignty Package, originally planned for March 25. The legislative package, which includes a proposal for a Chips Act 2.0 as well as the proposal for a Cloud and AI Development Act, was [re-scheduled](#) on April 15. One of the issues that seem to have slowed down the publication are concerns expressed by an internal body of the European Commission over the lack of data justifying some of the Chips Act 2.0 provisions. More details about the expected provisions and progresses of the text will be provided during the meeting of the SEMI Europe Advocacy Council subgroup on Industrial Policy.

### **European Commission suggests restricting access to public funding schemes exclusively to producers based in Europe including in the “Advanced semiconductors technology” sector**

According to a recent draft version of the upcoming Industrial Accelerator Act (IAA) [leaked in the press](#) (access available to Politico-Pro subscribers only), the European Commission is intending to restrict access to EU and Member State public support schemes in certain sectors exclusively to companies deemed as “producers based in the EU”. Among the nine sectors regarded as “critical to the Union’s economic security”, the Commission lists “Advanced semiconductors technology”. As a result, access to funding under both EU-level and Member State programmes would depend on a company’s nationality or operational footprint in Europe.

Other legislative proposals currently under discussion contain similar “EU Preference” provisions. The [European Competitiveness Fund](#), a funding instrument designed to enhance Europe’s competitiveness and strategic capabilities in critical sectors, includes EU preferential conditions in its funding award procedures and replicates similar provisions in the EU’s main R&D funding programme.

Although discussions on the “EU Preference” principle are increasing in Brussels, a lack of consensus on the topic remains. As a consequence, and following opposition from several internal services of the European Commission, the publication of the Industrial Accelerator Act proposal, first scheduled on February 26, has been [postponed](#) to March 4. Further delays to the publication might however occur.

## EU Member States request swift progresses on the completion of the European Single Market, exploring fast-track adoption of related files

The call was made at a high-level [political retreat](#) in Belgium where EU leaders met to discuss how to deepen the single market, reduce economic dependencies and boost competitiveness in Europe. At the initiative of former Italian Prime Minister, Enrico Letta, EU Leaders discussed possible measures for the completion of the single market, including via a dedicated fast-track procedure. In this context, EU leaders agreed on the necessity of moving from an incomplete Single Market to “one market” by 2026-2027.

Discussions also covered the so-called “28<sup>th</sup> Regime”, which [publication](#) is expected on March 18, and which will simplify cross-border company operations and facilitate investments. EU leaders also showed strong support to mobilise private capital and channel European savings into EU investment while accelerating and achieving the Commission’s simplification agenda. The European Commission is expected to present timelines, targets and delivery deadlines dedicated to the completion of the single market, on March 19-20 during the [European Council](#).

## Trade & Geopolitics

### The EU discusses additional FDI screening rules and restrictions under the Economic Security framework

The EU is simultaneously advancing two major legislative pillars that will significantly reshape the investment and operating landscape for advanced semiconductor firms: the new EU FDI Screening Regulation and the Industrial Accelerator Act (IAA). The *near-final draft* FDI Regulation – currently under negotiation - [published](#) on 10 February 2026 introduces a materially expanded definition of “foreign investment,” now capturing EU incorporated entities controlled by non-EU parents, imposing mandatory pre-authorisation for sensitive-sector deals, requiring a uniform 45 day Phase I review, and mandating Member State “call-in powers” for non-notified transactions. Among these sensitive sectors there are dual-use items; production and research of semiconductor and quantum technologies and AI research; critical raw materials production, extraction, refining and recycling. The text also embeds more granular risk indicators that explicitly cover advanced technologies and supply-chain resilience.

More stringent measures were also suggested in the Industrial Accelerator Act (IAA). The February leak of the IAA suggests that FDI restrictions, such as the 49% foreign ownership cap and mandatory joint-venture requirements, will apply to specific “emerging strategic sectors” (which list was not released). However, the leaked draft provides a mechanism for the European Commission to extend these FDI restrictions to a wider set of strategic

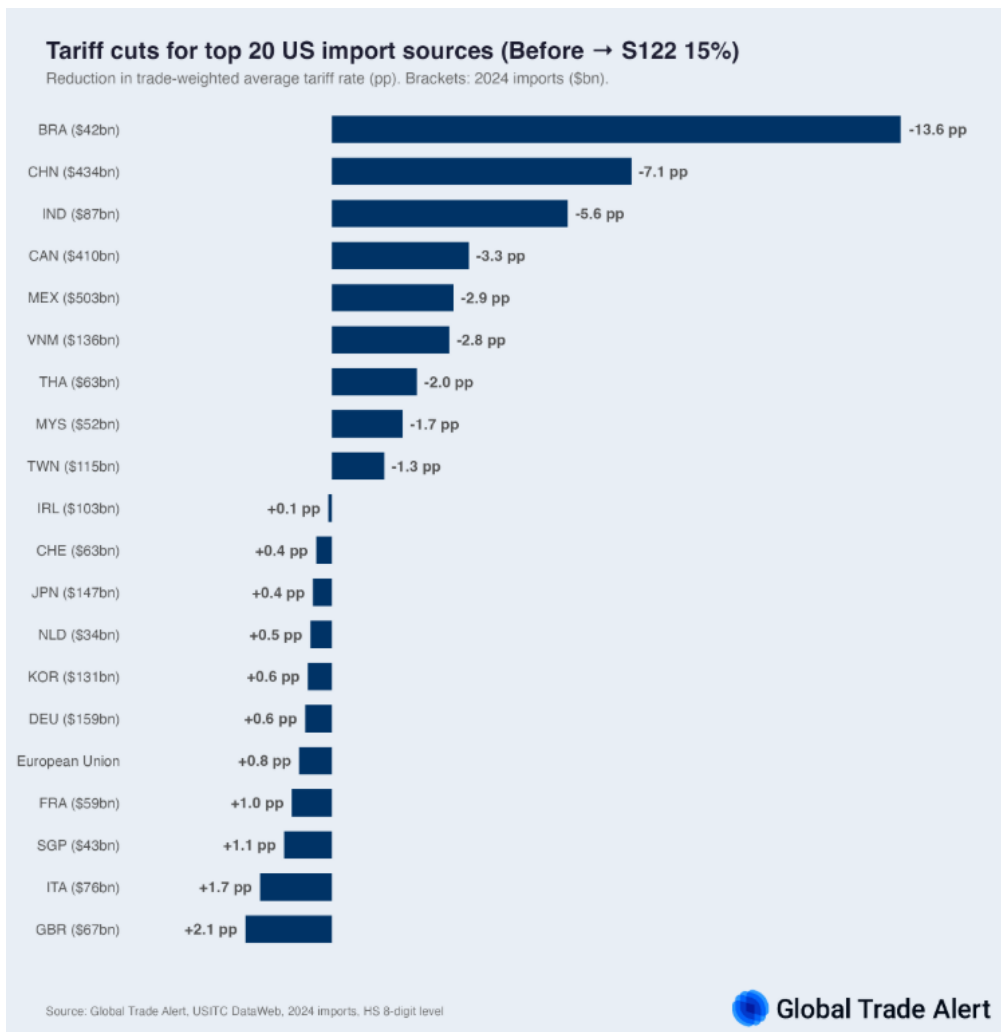
sectors, which explicitly includes advanced semiconductors technology. According to the text, the Commission would be empowered to reclassify these sectors if it considers that foreign investment is not generating sufficient Union added value or is disrupting the Single Market. Besides FDI restrictions, the IAA draft introduces restriction provisions which will limit access to public support schemes in Europe exclusively to producers established in the EU (see more information up [here](#)).

### **EU-US Trade deal on hold following the U.S. Supreme Court Ruling on tariffs schemes**

The recent U.S. Supreme Court ruling invalidating President Trump's IEEPA-based tariff regime has triggered an abrupt restructuring of U.S. trade tools. Within 24 hours of the decision, the **Administration activated Section 122 of the 1974 Trade Act to impose a 10% global tariff**, which was then raised to the statutory maximum of **15%, active from February 24<sup>th</sup>**. As anticipated in previous communications, the American administration is trying to push for the status quo in their tariff framework. Although limited to 150 days without congressional extension, the measure temporarily reintroduces tariff exposure for European semiconductor goods shipped to the United States. The Administration has also indicated it will accelerate reliance on other authorities, particularly Section 232 and Section 301, positioning semiconductor-relevant inputs for potential future investigations. There is still no guidance on how the Administration intends to handle the \$130 billion in private-sector refund claims stemming from the IEEPA tariffs.

In parallel, the [European Parliament has placed the EU-US trade agreement on hold](#), citing uncertainty created by Washington's tariff escalation. European lawmakers stressed that the sudden move to a 15% global duty undermines the tariff ceilings and predictability that formed the basis of the 2025 Turnberry arrangement, making it impossible to advance ratification until legal clarity is restored. Senior lawmakers described the situation as "pure tariff chaos," arguing that Europe cannot proceed while U.S. commitments appear unstable and subject to unilateral revision.

*Below a graph from the [Global Trade Alert](#) that shows how tariffs towards the main US trade import sources have changed in the days following the Court's ruling.*



## The EU and India establish a common strategic agenda to foster semiconductor partnership and trade

The EU and India have officially [concluded](#) their Free Trade Agreement, a deal expected to cut tariffs on 96.6% of EU exports to India and significantly expand market access for European industry. Alongside the FTA, both sides adopted a Joint Strategic Agenda that places semiconductors at the centre of cooperation—committing to the implementation of the 2023 EU–India Semiconductor MoU, joint R&D on chip design and advanced manufacturing, reciprocal talent exchanges, and strengthened coordination through the Trade and Technology Council. This creates new opportunities for EU semiconductor firms in design, equipment, research, and resilient supply-chain partnerships with India.

There are several steps to be fulfilled before the EU-India FTA enters into force. Once the agreement is perfected by the Commission, it will need to be formally signed and adopted by the EU’s 27 Member States in the Council of EU and ratified by the European Parliament.