





EU Policy Brief

March 2026






Key Policy & International Highlights

Industrial Policy

-  European Commission delays the publication of the Chips Act 2.0 to May 27, and the European Innovation Act to end of Q2 2026
-  The IAA is poised for a fast legislative track, while the European Commission is asked to adopt sector-specific definitions of “EU Preference” and “Buy European”
-  EU Member States adopt fast-tracked agenda for the completion of the European Single Market
-  European Parliament calls for an EU 3%-of-GDP research and development investment target by 2030

Trade and Geopolitics

-  The EU-US Trade proceeds to interinstitutional negotiations
-  After 8 years of long negotiations, the European Commission has sealed a Free Trade Agreement with Australia
-  The conflict in the Middle East and the potential disruptions in the semiconductor global value chain

April Policy Agenda



April

May

Industrial Policy

Chips Act 2.0: Publication of the Industry Advisory Group Report and delays in the legislative proposal

The European Commission today published the Final Report of the Industry Advisory Group on the European Chips Act 2.0, titled "Industry Policy Blueprint for Semiconductor Sovereignty, Competitiveness, and Resilience." For the publication, a high-level Implementation Dialogue was held today in Brussels, chaired by Executive Vice President Henna Virkkunen, bringing together a wide range of industry stakeholders from the entire European semiconductor ecosystem.

While we endorse this publication from the Industry Advisory Group, we also want to report that the European Commission has decided to delay the [publication](#) of the EU Tech Sovereignty Package, featuring proposals for a Chips Act 2.0 and a Cloud and AI Development Act (CADA), to May 27. Updates on the expected content and provisions of the Chips Act 2.0 will be shared on a regular basis to SEMI Europe Members within its working groups¹.

Industrial Accelerator Act: EU Preference and fast-track legislative process

On March 4, the European Commission [published](#) its legislative proposal for an Industrial Accelerator Act (IAA). The proposal introduces a "European Preference" restricting access to public support schemes in certain sectors exclusively to companies "deemed of Union origin". Unlike earlier drafts, the final scope of the IAA does not include advanced semiconductors, AI or Quantum technologies. However, in their March [Council Conclusions](#), EU Member States called for introducing a "*targeted and proportionate 'European preference' in strategic sectors and technologies*" and asked the European Commission to propose new legislations accordingly. This suggests that European Preference measures may be pursued through sector-specific legislation rather than a single horizontal framework, potentially including the European Chips Act 2.0 and the Cloud and AI Development Act (CAIDA), planned for May 27 this year.

Politically, there is a push to make the IAA an official legislation by the end of the year, through a fast legislative process. To this end, the European Parliament is already negotiating Committee roles and Christophe Grudler (FR, Renew) has [announced](#) he will be Rapporteur. For this legislation there might be a creation of a Joint Committee, comprising of the Committees ITRE, INTA and IMCO. This would be done through the use of the Joint Committee procedure (59) – the same procedure used for the AI Act in 2021, but this proposal is facing internal pushback, especially from ENVI. The Council, as

¹ More information can be provided upon direct requests to: Stefano Orlando (Advocacy Manager) at sorlando@semi.org and Adrien Padovani (Senior Policy Coordinator) at apadovani@semi.org.

reported in previous communication, has already met on the IAA and received a presentation from the Commission.

EU Member States adopt fast-tracked agenda for the completion of the European Single Market

The European Council recently [adopted](#) a “One Europe, One Market” agenda focusing on the delivery of a completed European Single Market in 2026, identifying key legislative initiatives to be finalised by the European Parliament and the Council. The identified policy files primarily focus on the free movement of workers across borders, the simplification of European businesses’ cross-border operations, consumer protection and the free movement of goods via harmonised product labelling and packaging requirements. One key initiative to complete the single market is the recently [published](#) proposal for a 28th regime regarding company law, which is expected to enter into force in early 2028. The proposal aims to create a standardized, optional, and fully digital European corporate legal form, the “*EU Inc.*” that is affordable and not subject to minimum share capital requirements.

The European Parliament calls for an EU 3%-of-GDP research and development investment target by 2030

On March 10, the European Parliament has adopted a [motion for resolution](#) on the upcoming European Research Area (ERA) Act, a legislation that the European Commission is expected to table in the third quarter of 2026. The Parliament’s motion for resolution emphasises the key measures and priorities it would like the European Commission to include in the final legislative proposal. While the Parliament endorses the Commission’s intention to establish an EU 3%-of-GDP research and development (R&D) investment target by 2030, it also calls for complementary targets for national R&D expenditures. Furthermore, it advocates for improving intra-EU mobility of researchers and specialized knowledge, a fairer and increased inclusion of low-R&I performance Member States in European research programmes and greater alignment between the ERA ambitions and third legislations.

New Compromise Text on the European Competitiveness Fund

The Parliament and the Council have updated the Compromise Text on the European Competitiveness Fund on March 18, and SEMI Europe has managed to retrieve the leaked version of the newest draft document (Please find the full document attached to this communication). Overall, the text puts more emphasis on support for SMEs and scale-ups, without introducing major substantive changes. The main amendments relate to the governance structure, notably increasing flexibility for supporting committees (Ex. ECF General Committee and the InvestEU Committee). Provisions on European Preference and IPCEIs remain unchanged despite ongoing discussions. Meanwhile, the role of thematic platforms, particularly on horizontal SME issues, is reinforced, and the

SME and scale-up facility is more clearly oriented toward industrial scale-up investments and simplified access for SMEs and small mid-caps. Next steps include a debate in the ITRE Committee on April 15, followed by discussion at the Competitiveness Council on May 28.

European Commission revises the publication date of its new European R&D framework

The European Commission has [rescheduled](#) the publication of the European Innovation Act (EIA), delaying the text's presentation, originally planned for March 18, to the end of the second quarter of 2026. This delay follows the two negative opinions from the Regulatory Scrutiny Board, an internal body of the European Commission that provides quality controls and fitness checks of future legislations' impact. The proposal is [expected](#) to reduce fragmentation of national R&D frameworks across the EU while focusing on the industrialisation of research findings, industry-academia participation and facilitated access to research infrastructures, market, funding and skilled workforce.

Trade & Geopolitics

The European Parliament has backed the EU-US Trade Deal

This morning the EU-US Trade Deal [has been backed](#) by the European Parliament. The vote has arrived after a two-month delay, during which the International Trade Committee (INTA) had put the deal on hold after Trump's explicit statements on a potential takeover of Greenland. The resolution passed on Thursday March 26 with 417 votes in favour, 154 against and 71 abstentions. Lead Socialist negotiator Bernd Lange described the agreement as "imbalanced" but acceptable only if Parliament's safeguards are retained in the final text, including a Mercosur-style safeguard clause, a sunset clause expiring tariff suspensions in March 2028, and a sunrise clause tying their continuation to U.S. compliance. Socialists and Renew warned they would withdraw their support if these conditions were dropped, citing concerns over U.S. economic pressure and past threats against EU territorial integrity. The vote now clears the way for interinstitutional negotiations to reach a final compromise text with the Council and the Commission, expected to begin in mid-April.

The European Commission seals the EU-Australia Free Trade Deal

The EU and Australia have concluded a [long-negotiated free trade agreement](#) (FTA) alongside a new Security and Defence Partnership. From an industrial perspective, Australia will remove more than 99% of tariffs on EU goods, while the EU will grant near-full tariff-free access to 98% of Australian exports. The agreement also improves

market access in services, public procurement, and establishes modern disciplines on data flows.

The agreement represents a strategic step for the EU, since [Australia is a major producer of several materials](#) that are critical to European industrial value chains. Of particular relevance to semiconductors are lithium, aluminium, and manganese. Australia is also becoming increasingly important for compound-semiconductor inputs, notably through the development of gallium production as a by-product of bauxite and alumina refining, supported by public funding and allied offtake arrangements. The country further holds significant reserves of other critical raw materials, including germanium.

The agreement acknowledges a key risk for downstream users: Australia retains the right to apply dual-pricing mechanisms, potentially charging higher prices to non-domestic buyers. However, this is balanced by a rebalancing mechanism allowing the EU to suspend tariff concessions if such practices materially distort trade.

The agreement now enters the ratification phase. On the EU side, the texts will be published by the Commission, submitted to the Council for signature, and will require European Parliament consent before conclusion. Once Australia also ratifies the agreement, it can enter into force.

The conflict in the Middle East increases threats on chips supply disruptions

The current conflict in the Middle East is amplifying systemic risks for the semiconductor sector, notably through rising energy prices and supply vulnerabilities. Taiwan remains particularly exposed, relying on foreign imports for around 97% of its energy, with liquefied natural gas supplies partly tied to the region.

Beyond energy, several critical semiconductor inputs face disruption due to their geographic concentration and dependence on regional infrastructure. Qatar supplies over one-third of global helium—essential for chip cooling and lithography—and recent disruptions have already reduced output, tightening global supply. Bromine production is similarly concentrated in Israel and Jordan, while sulphur—produced as a by-product of oil and gas refining—is also at risk.

Governments and industry are responding. South Korea has launched a review of key semiconductor inputs, and Malaysia has flagged growing concerns. In this context, the Industrial Alliance on Processors and Semiconductor Technologies (Supply Chain Working Group) has launched an anonymous survey on the impact of the conflict, open until 27 March.