

EU Policy Brief

June 2026



Key Policy & International Highlights

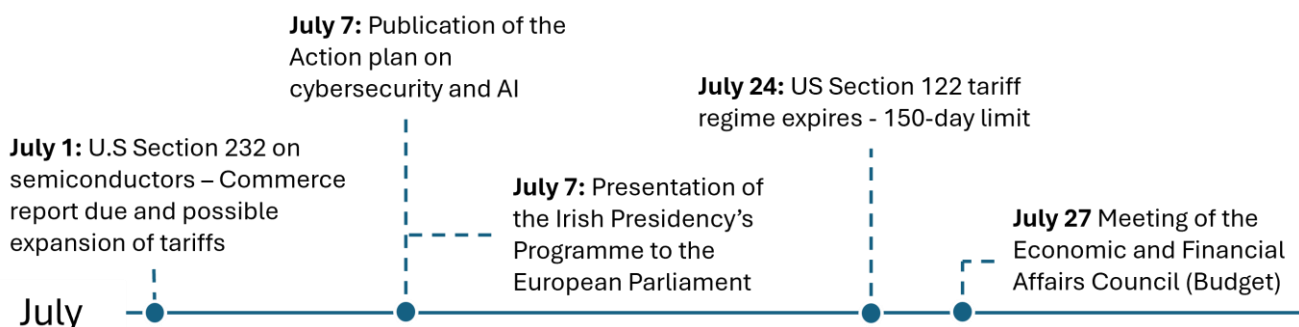
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July Policy Agenda



Industrial Policy

Europe unveils its strategic approach to Europe's technological sovereignty

On June 3, 2026, the European Commission published the [European Tech Sovereignty Package](#), aiming to strengthen the European Union's capacities in semiconductors, artificial intelligence (AI), data centres, cloud and open source. The package includes proposals for a **Chips Act 2.0**, a **Cloud and AI Development Act (CADA)**, an **Open-Source Strategy** and a **Strategic Roadmap for Digitalisation and AI in the Energy Sector**. Whereas the first two proposals are binding legislative texts, the two strategy documents provide general objectives and guidelines for the interpretation and implementation of EU's technological and digital frameworks. The Chips Act 2.0 and CADA proposals are closely interconnected. The former is designed to deliver the hardware design and manufacturing capacities needed for the development of a European cloud and data centres ecosystem, supported by a robust semiconductor supply-side policy. In parallel, the CADA is designed to act as a demand driver for EU-made chips, especially in the sphere of AI, that are developed and produced with the support of the various instruments of the Chips Act 2.0.

The European Commission consolidates the Chips Act framework and introduces new priorities on chip design, leading edge and AI chips

With the [publication](#) of the **Chips Act 2.0 proposal**, the European Commission builds upon the instruments and measures of the first Chips Act, seeking to boost the semiconductor ecosystem, reduce strategic dependencies and support advanced chip production in the EU. The 2026 re-enactment of the text seeks to widen the policy toolbox available to the EU and Member States, by focusing on the industrial uptake of key R&D results and broadening the scope of the state aid mechanism (First-of-a-Kind) to cover the entire value chain. The proposal also emphasises stimulating EU chip demand, developing and increasing chip design and AI chips capacities for data centres, cloud services, physical AI, supercomputing and AI gigafactories. Finally, the text consolidates the governance structure of the Chips Act, introducing a new consultative mechanism of the industry by EU Member States, and suggests introducing additional risk-mitigation and crisis-response measures in high-risk and highly critical sectors.

The European Commission releases its plan to create sovereign European cloud computing and AI data centre capacities

The **Cloud and AI Development Act (CADA) proposal** will complement the ongoing deployment of AI factories and AI gigafactories, aiming to develop Europe's high-capacity, next-generation computational resources. The Act seeks to expand Europe's

cloud and data centre capacity, to support the wider deployment and diffusion of AI. In this regard, it directly supports the R&D and industrial deployment of next generation of cutting-edge, sustainable cloud and AI technologies, via the establishment of “Grand Challenges”. It also features the creation of “*Acceleration Zones*” and “*Strategic Projects*” dedicated to the deployment of data centres across the EU, and introduces a preferential public procurement and a four-tier certification scheme (Union Assurance Levels) that conditions which cloud services can be procured by public bodies. Through this latter mechanism, the proposal aims to leverage the public sector needs in cloud computing to stimulate demand, supporting the emergence of European cloud champions and securing the adoption of sovereign cloud services in the public sector.

European Council agrees on a “partial” negotiating position on the European Competitiveness Fund (ECF), insisting on long-term predictability for the semiconductor value chain

On 16 June, the [Council of EU agreed on a “partial” general approach](#) (Negotiating position) on the European Competitiveness Fund (ECF), a key funding instrument that will be part of the 2028-2034 Multi-Annual Financial Framework (Long-Term EU Budget). The ECF is designed to help address the EU’s innovation gap with its main global competitors, reduce dependencies, and increase the overall competitiveness of the European economy. In its text, the Council further insists on the contribution of the Chips Act 2.0 to digital leadership and emphasises on the importance to support the entire value chains underpinning the supply of semiconductors. It notably, lists related key technologies to invest in by including microelectronics and photonics, wide bandgap materials and technologies, chip design, process technologies, quantum chips. In this context, the text highlights that long-term planning and commitments must be delivered by the European Union to guarantee long-term predictability to industry and financial ecosystem and enable the setup of important Union infrastructures, including on semiconductors. To that end, the Council of EU will elaborate a digital budget that is broken down over several years into annual instalments while preserving flexible budget lines for new challenges and emerging priorities. The Council’s Partial General Approach excludes the crucial discussions on budgetary allocations, which will continue in the course of the next few months under the Irish Presidency of the Council.

Trade & Geopolitics

The EU-US Trade Deal received the final approval from the Council of EU

On June 25, the Council of the EU has granted [final approval](#) to the legislation implementing the EU–US “Turnberry” trade deal, concluding months of interinstitutional negotiations. The agreement operationalises the EU’s commitment to eliminate tariffs on US industrial goods and expand preferential access for selected agricultural and seafood products, while the US maintains a 15% tariff ceiling on most EU exports. The final text incorporates targeted safeguards, such as a sunset clause, setting the expiry of the regime on 31 December 2029 unless renewed, and reinforced suspension provisions allowing the EU to withdraw tariff concessions in case of US non-compliance, notably on steel and aluminium tariffs. Together with a strengthened safeguard mechanism against import surges, these provisions aim to preserve EU leverage and ensure reciprocity in transatlantic trade.

The European Commission plans new tools to counteract supply chains dependencies and overcapacity threats

[Eurostat trade figures](#) show that, following a temporary reduction in 2023, imports from China have surged again over the past two years, with a trade deficit [estimated](#) to approach €400 billion by the end of the year. This trend has been coupled with the [increasing worry](#) about the critical dependencies that Europe has with Beijing. In response to these concerns, the Commission has committed to redesigning its economic security and trade defense toolkit. [In May](#), the initial discussion was on the so-called “overcapacity instrument”, aimed at countering state-subsidized production flooding strategic sectors. In turn, this approach spurred [threatening responses from Chinese authorities](#), and the menace of a looming EU-China trade war has been more [openly discussed](#). More recently, the 18-19 June [European Council](#) meeting provided a clear mandate to the bloc’s executive body to strengthen trade defence measures. As a result, the Commission’s newest agenda plans a “proposal on addressing supply chain dependencies” under EVP Séjourné’s leadership, which supposedly refers to the “diversification instrument” that has been discussed in the past few weeks. This Proposal will probably be handled by the Lithuanian Competition attaché(s) during the Lithuanian Presidency (H1 2027).

The European Union, Germany, the Netherlands and Greece have joined the US-led Pax Silica initiative

The latest developments around Pax Silica—the US-led coordination framework on AI and critical supply chains—indicate a shift toward closer transatlantic alignment on

industrial and trade policy. [The accession of the EU, Germany, Greece and the Netherlands](#) extends the initiative to key European industrial and logistical nodes.

This evolution coincides with the long-awaited approval of the EU–US trade agreement. Taken together, these developments suggest a gradual convergence between the EU and the US strategies for supply chain security, where trade instruments and industrial policies are increasingly coordinated. The official signatures of Germany and the Netherlands represent a clear signal of alignment with the transatlantic partner, effectively strengthening economic and political relations. However, they come at a time of renewed tensions involving both Member States. Germany is facing a recently announced [USTR investigation](#) under Section 301 into “Germany’s persistent underpayment for innovative pharmaceutical products.” Meanwhile, [the Dutch Trade Minister Sjoerd Sjoerdsma came to Washington](#) to formally join Pax Silica and to meet with US Commerce Secretary and lawmakers, expressing concerns over the bipartisan Match Act proposal.

[China tightens Gallium and Germanium exports as licensing reshapes European and global supplies](#)

[Recent export data on gallium and germanium](#) indicate a shift from market-driven trade to administratively controlled allocation. Over the past four months, Chinese export volumes have displayed extreme volatility, culminating in a near halt in April, when gallium exports dropped to 3 kg globally and germanium shipments were effectively negligible. For European buyers, the practical implication is a two-month absence of meaningful supply of gallium, demonstrating a clear reinforcement of the role of licensing as a gatekeeping mechanism. For reference, in both January and February, [Germany had been the sole recipient](#) of gallium, [while in May](#) the exports were almost entirely directed to Japan (6,000kg out of 6,200kg) and it was its first receipt of Chinese gallium since last year.

This pattern reflects well-known structural characteristics of [these two critical raw materials’ global markets](#). China accounts for ~90% of global gallium production and ~60% of germanium. [Policy responses are converging at the G7 level](#) but remain in an early phase. Current initiatives include coordinated stockpiling, recycling targets, and improved transparency mechanisms, alongside proposals for joint procurement and financial support for upstream projects. A dedicated platform, supported by the IEA and OECD, is intended to provide market monitoring and early-warning capabilities. In parallel, G7 members have set a target to reduce reliance on any single external supplier to below 60% by 2030.