EU Policy Brief

July – August 2026

Key Policy & International Highlights

Industrial Policy

- The Council of EU will resume its work on the Chips Act 2.0 as the European Parliament awaits from the EPP majority group to designate the file's lead.
- CADA: Parliamentary leadership takes shape as Commission advances AI Gigafactories initiative.
- European Parliament's Committee on Industry reviews its timeline on the budget position approval on the ECF to November 10, 2026.
- Members of the European Parliament push for stronger semiconductor focus in the next Horizon Europe framework.

Trade and Geopolitics

- US announces new tariffs and minimum import prices for polysilicon and solar products, including a 15% tariff on EU originating products.
- European Commission launches consultation on the scope of the EU Steel Regulation product and the Dual-Use Regulation.
- U.S. expands Section 232 measures to drones and related components.

September Policy Agenda

September

Sept 9: Publication of the Public Procurement Act and the European Innovation Act

Sept 11: Closing of the Dual Use Regulation targeted consultation

Sept 14-17: European Parliament' Plenary & State of the European Union speech

Sept 24: Competitiveness Council to discuss progress on the budget negotiations

Sept 30: Closing of the EU Steel Regulation targeted consultation

Industrial Policy

Chips Act 2.0: Council resumes talks as Parliament's ITRE Committee appoints MEP Oliver Schenk as rapporteur

Within the Working Party on Competitiveness, Member States are set to resume talks on September 2nd, 2026. During their previous meeting, the national representatives finalized their preliminary assessment of the Chips Act 2 proposal. Meanwhile, in the European Parliament's Committee on Industry, Research and Energy (ITRE), the European People's Party (EPP) is expected to officially appoint Oliver Schenk (DE) as the file's rapporteur following an internal EPP group meeting. Matthias Ecke (DE, S&D) and Bart Groothuis (NL, Renew) have already been designated to represent their respective groups throughout the parliamentary process as shadow rapporteurs.

CADA: Parliamentary joint-leadership takes shape as Commission publishes AI Gigafactories call for tenders

As the Cloud and AI Development Act (CADA) proposal was attributed to both the Committee on Internal Market and Consumer Protection (IMCO) and the Committee for Industry (ITRE), both committees have designated their respective rapporteurs. Diego Solier from the Spanish branch of the right-wing European Conservatives and Reformist (ECR) group will act as the ITRE rapporteur in collaboration with the Dutch MEP, Reinier Van Lanschot from The Greens/EFA group, who will lead on behalf of the IMCO Committee.

In the meantime, and while the European Parliament and Council activities were slowly concluding in light of the summer break, the Commission published its long-awaited call for tenders on the AI gigafactories, implementing the AI Continent Action Plan. Seven projects are envisioned, three big hubs and four smaller ones, equipped up with 100 thousand and 75 thousand AI chips respectively. The initiative is intended to be an important first step towards strengthening Europe's AI capabilities. The computing capacity delivered by these facilities will need to be complemented by the data centre and cloud infrastructure that CADA is expected to support, ensuring that Europe can develop the broader computing ecosystem required to scale AI applications.

European Parliament's Committee on Industry reviews its timeline on the budget position approval on the ECF to November 10, 2026

The European Parliament's Committee on Industry (ITRE) now targets to adopt its final draft report on the proposal for a European Competitiveness Fund (ECF) on November 10, 2026. While the ITRE Committee was initially expected to vote on the final draft report oon September 10, the significant number of amendments tabled on the text has forced the rapporteur to extend negotiations with political groups. Two technical negotiation meetings are scheduled on September 15 and October 6. Content-wise, the semiconductor industry is well covered across most political groups' positions, but the framing of the issue differs. The EPP and ECR groups present semiconductors primarily as a strategic and security priority while the Renew group capture the issue through a competitiveness lens, emphasising on scale-up capacities and access to finance. The Socialist & Democrats (S&D) and the Greens/EFA treat semiconductors as part of a broader industrial strategy, linking the sector to strategic autonomy, public investment and the wider digital transition.

Members of the European Parliament push for stronger semiconductor focus in the next Horizon Europe framework

Members of the European Parliament (MEPs) in the Parliament's Committee for Industry (ITRE) have proposed further amendments to the Digital Leadership window of the budget proposal for a Horizon Europe Framework Programme for research. Although no clear funding allocations have yet been established, the suggested amendments would significantly strengthen and broaden the role of semiconductors within the text's strategic technology agenda. Several amendments explicitly recognise different segments of the semiconductor value chain, including chip design, manufacturing equipment, front-end manufacturing, advanced packaging and heterogeneous integration. They also strengthen the link between semiconductor support and European technological sovereignty, resilience and security of supply. Overall, the Parliament's amendments demonstrate significant cross-party recognition of the strategic importance of semiconductors and, importantly, move beyond a narrow focus on manufacturing to acknowledge the full semiconductor value chain and the industrial infrastructure required to develop and scale strategic technologies in Europe. However, this approach could come into tension with the Member States' position, which appears to favour avoiding references to specific technology areas in the text.

Trade & Geopolitics

U.S. expands Section 232 measures on strategic technologies

In August, the Trump Administration introduced new Section 232 trade measures covering polysilicon and related solar products, as well as drones and selected drone components, citing national security concerns and the need to strengthen domestic manufacturing. The measures combine tariffs and import restrictions with incentives for companies investing in U.S. production facilities. EU-origin products benefit from preferential treatment compared with most other trading partners, with tariff rates generally capped at 15% subject to product-specific conditions and certification requirements. The measures add new compliance requirements and further reinforce the U.S. policy of encouraging domestic production in strategic sectors. For example, the proclamation on polysilicon allows the Secretary of Commerce to establish an onshoring program to incentivize investment. Companies that submit plans to build, refurbish, or expand U.S. facilities, in exchange may obtain relief from Section 232 duties on certain imports needed for the project

In the case of the Section 232 on polysilicon, it will enter into force from December 2026, whereas for the proclamation on drones, most measures enter into force from September 2026, with selected component-related provisions phased in February 2027. At the time of writing, no formal reaction from the European Commission or EU Member States had been identified.

The EU Steel Regulation: First Product Scope Review

The European Commission has launched a targeted consultation on the first review of the product scope under the EU Steel Regulation (Regulation 2026/1384), which was adopted to shield the EU steel market from the effects of global overcapacity and trade distortions. The consultation seeks stakeholder feedback on whether additional steel-related products, including certain tubes, pipes, wire products, and forged bars, should be brought within the scope of the Regulation and therefore become subject to the new protective framework.

The Commission opened the consultation because Article 12 of the Regulation requires it to assess by the end of 2026 whether these product categories warrant trade protection measures. The review takes place amid continued concerns over excess global steel production, particularly in Asia, and the broader EU push to strengthen industrial resilience and economic security. The consultation is open from 30 July to 30 September 2026.

Evaluation of the Dual-Use Regulation (EU) 2021/821

In July, DG TRADE launched both a targeted consultation for specialized stakeholders and a public consultation and call for evidence as part of the mandatory evaluation of the Dual-Use Regulation. The exercise assesses whether the Regulation has effectively balanced security objectives with the need to facilitate legitimate trade, innovation, and research cooperation. Particular attention is given to controls on cyber-surveillance technologies, export licensing, harmonization across Member States, and impacts on EU competitiveness.

The Commission is required by Article 26(4) of the Regulation to conduct an evaluation between 2026 and 2028. The review also reflects the increasingly prominent role of export controls in the EU's economic security agenda, especially in the context of geopolitical tensions, technology competition, and growing scrutiny of sensitive technologies. The targeted consultation runs from 23 July to 11 September 2026, while the open public consultation and call for evidence remain open until 15 October 2026.