

## Position on "Buy European" | Enhanced Guiding Principles

It is neither necessary for sovereignty nor efficient that Europe produces all goods available in European markets. This applies not only to consumers and enterprises but also to public procurement. Europe needs to protect and focus selectively on critical system products and make sure that those - when produced in Europe - are produced in a competitive way. Overall, the focus of Europe should be on making its industry more competitive regarding technology and cost.

Other than enhancing overall competitiveness, any targeted protective measures must begin by identifying indispensable European assets. These assets then require support through smart policies strategic public and private investment. A focused policy will foster Europe's sovereignty and impact on the world.

We propose shifting the "Buy European" discussion **from "protecting against competition" to focusing on technological and cost competitiveness, establishing fair competition and securing sovereignty**. This reframing will help empower Europe to navigate global interdependencies, champion open trade while securing its vital position. This paper expands on the original "Buy European" principles by adding three strategic layers:

- **Strengthen the Strengths:** Focusing on Europe's indispensability in global value chains
- **Smart Toolkit:** Utilizing existing tools for fair public procurement
- **Red Lines:** Defining the limitations of "Buy European"

Our core belief remains the same: Free trade drives Europe's prosperity, but it requires a strong, intelligent, and firm industrial strategy to thrive.

### 1. Fostering Free Trade as the Cornerstone of European Prosperity

Free trade remains the foundational pillar of European economic success, driving innovation and consumer choice. An open global trading system is essential for continued prosperity, enabling European industries to access global markets, benefit from economies of scale, and specialize in areas of competitive advantage. However, openness should be based on reciprocity and should not be naivety. State capitalism, subsidization of strategic industries by rivals, and the weaponization of dependencies have created structural asymmetries. Europe's response must be strategically focused on addressing those asymmetries in a structured and deliberate manner.

### 2. Strategic Limitations on Free Trade: Preserving Sovereignty, Resilience and Reciprocity

#### 2.1. Strengthen the Strengths, Indispensability and Managing Interdependencies

Rather than trying to fix weaknesses and spreading resources thinly, policy measures must concentrate on sectors where Europe holds a **competitive edge** and that are so strong that they are **indispensable<sup>1</sup> in the world market**, i.e. **where the world's value chains cannot function without European supply**. The following sectors/niches in Europe, **as examples**, qualify under the "Strengthen the Strengths" framework, representing Europe's indispensable positions<sup>2</sup>:

| Key Indispensable European Sectors / Niches   | Score  |
|---|--------|
| <b>Semiconductor Fab Equipment:</b> The EU holds EUV absolute monopoly and key semiconductor optics supplier.       | 10/10  |
| <b>Industrial AI &amp; Machinery:</b> Europe's competitive edge in connected machines that build and do everything. | 9.4/10 |
| <b>Aerospace &amp; Aviation:</b> The EU holds global duopoly in aerospace and key position in engines and avionics. | 9.2/10 |
| <b>Medical Technology:</b> The EU leads the global medical imaging market.  | 8.9/10 |

<sup>1</sup> European indispensability can be defined by four weighted metrics: 1) European Market Leadership (EU global market share in the technology/component) with 25% weight; 2) Global Value Chain Indispensability (Can global industries function without EU supply?) with 30% weight; 3) Competitive Moat Depth (Time & capital required for others to replicate EU capability) with 25% weight; 4) Growth & Future Relevance (Strategic importance trajectory over next 10–20 years) with 20% weight.

<sup>2</sup> Scored by Claude Sonnet 4.6. Details on the methodology can be provided upon request.

| Key Indispensable European Sectors / Niches  | Score         |
|--|---------------|
| <b>Specialty Chemicals:</b> As an invisible backbone of all industries where Europe is strategically positioned. | <b>8.8/10</b> |
| <b>B2B &amp; B2G Software.</b> #1 ERP is EU-based, and the EU leads in B2B SaaS/PaaS.                            | <b>8.6/10</b> |

Public policies must strategically prioritize Europe's undeniable strengths and indispensable assets, as highlighted. Instead of attempting to catch-up in non-strategic areas where Europe has already fallen behind, our focus should be on **deepening Europe's presence and influence across the critical layers of the tech stack(s)**.

Furthermore, we must implement robust measures to **deter adverse actions from third countries that seek to restrict technology access to Europe**. This entails if a third country chooses to restrict Europe's access to technologies we currently lack, Europe can consider reciprocating by restricting their access to areas where we hold a leading position. This assertive stance would support a level playing field and manage interdependencies and global trade.

## 2.2. Preserving Sovereignty and Security

In sectors vital for European sovereignty and security, **European preference in public procurement** should be leveraged. This essentially includes:

- **Aerospace & Defense:** Critical components and systems should be diversified and sourced from the EU and trusted allies (NATO members, Japan, Korea, Australia...). Focus should be on targeted control and traceability, not maximum localization.
- **Critical Infrastructure:** Energy grids, telecommunications, healthcare systems... – precisely defined components sourced from European players and selected partners (US, UK, Canada, Switzerland, Norway...).

Clear and consistent "trusted" content requirements should be selectively applied in defense and critical infrastructure related **public procurement and public support schemes**.

## 2.3. Ensuring Economic Resilience with Industrial Policy

While EU preferences can be selectively applied in public procurement and public support, critical production capabilities in privately led technology sectors cannot be achieved with 'Buy European' initiatives. Instead, industrial policy, e.g. public support schemes, must continue to play a complementary role alongside private investment to secure vital capacities outlined below.

- **Microelectronics:** Minimum EU chip production for mobility, energy, industrial and medical applications should be ensured. Advanced semiconductors for AI will need to be sourced externally.
- **Energy systems:** Solar inverters, wind turbine converters, grid management systems, as the brains of energy systems, should be sourced from EU and allies. Solar panels may be globally sourced.
- **Rail & urban mobility:** Baseline EU capacity should be maintained in signaling systems, high-speed train components and parts for EV powertrains.
- **Pharmaceuticals & medical supplies:** Minimum EU production for critical medicines (antibiotics, anesthetics, vaccines) and their Active Pharmaceutical Ingredients is necessary.
- **Medical devices:** EU manufacturing capability for life-support equipment, imaging systems, and diagnostic platforms should be strengthened.
- **Specialty chemicals:** EU production of electronic chemicals, pharmaceutical chemistry, and high-performance polymers cannot exit Europe entirely.

## 2.4. Forward-Looking Agenda

Relying solely on existing technologies will require perpetual catch-up, as competitors will always be developing the next generation. Europe must have a long-term agenda which creates an environment that encourages exploration and industrial ramp up of new technologies with consistent public support for ambitious

**industrialization** projects. Recent US Department of Commerce support of \$2 Billion to selected companies to accelerate quantum computing<sup>3</sup> is a good example of selective industrial policy.

Such a forward-looking agenda will also require Europe to attract global investment. Europe should actively seek onshoring **greenfield foreign investment by large-scale system integrators**, building new facilities on European soil and generating net additions to European productive capacity, developing supplier ecosystems, and producing knowledge spillovers that strengthen the broader industrial base.

### 3. Achieving Reciprocity and Fair Competition in Public Procurement

Where European companies face discriminatory practices or lack of market access in third-country procurement markets, reciprocity guides our response. This is applied in a calibrated, sector-specific manner, not as blanket retaliation. Every EU market access right granted to a third country must have an equivalent mirror right for EU companies in that country.

The EU and Member States must step up their focus and effective use of existing instruments, such as **the Anti-Coercion Instrument, the Foreign Subsidies Regulation, and the International Procurement Instrument**. In addition, the **Utilities Directive** allows contracting authorities to exclude tenders where more than 50% of the value comes from third countries that do not grant comparable market access to EU companies. And the **Public Procurement Directive** supports public authorities to reject abnormally low bids if the bidder received state aid and cannot demonstrate that such aid would have been granted in accordance with EU state aid rules. Such existing EU instruments should not be considered optional. They should be used further and consistently across Europe for fair public procurement. In addition to price, also life-cycle cost criteria should be consequently applied to support energy efficient design, circular economies and sustainable service concepts.

### 4. Limits of “Buy European” and Mitigating Vulnerabilities

A “Buy European” principle for public procurement and public support schemes, if applied broadly, will create bureaucratic efforts for documenting supply chains, lead to higher costs for the public and will weaken European competitiveness. Overly broad “Buy European” policies imposed on European private entities when tendering for public procurement would limit their access to global supply chains, potentially increase costs, limit innovation, and reduce the quality or variety of available components and services, making Europe less competitive overall. Policies must not inadvertently create vulnerabilities:

- **Policies must not lead to shortages or higher costs** by overly restricting access to global suppliers where European capacity is genuinely insufficient.
- **Resilience means diversification, not exclusivity.** European preference complements robust global supply networks.
- **All “Buy European” measures have to include sunset clauses**, reviews, and adaptation mechanisms.

The immense benefits of free trade have to be balanced with the imperative to protect vital interests to secure Europe's position as a robust, innovative, and indispensable power.

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<sup>3</sup> [Quantum CHIPS Press Release-2026-05-21-Updated\\_Final.pdf](#)