EU GEOPOLITICAL RISK UPDATE KEY POLICY & REGULATORY DEVELOPMENTS

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This regular alert covers key policy and regulatory developments related to EU geopolitical risks, including in particular, economic security, Russia's war against Ukraine, health threats, and cyber threats. It does not purport to provide an exhaustive overview of developments.

This regular update expands from the previous Jones Day COVID-19 Key EU Developments – Policy & Regulatory Update (last issue No. 99) and EU Emergency Response Update (last issue No. 115).

LATEST KEY DEVELOPMENTS

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- European Commission approves schemes under Clean Industrial Deal State Aid Framework (CISAF)

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- CBAM (Carbon Border Adjustment Mechanism) – Fully operational as of 1 January 2026
- European Commission publishes Joint Communication on Strengthening EU Economic Security
- Council of the European Union extends sanctions against Russia

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- European Commission launches EU Data Act Legal Helpdesk
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COMPETITION & STATE AID

European Commission approves €623 million in German State aid to support two first-of-a-kind chips factories in Germany (see here)

On 11 December 2025, the Commission announced the approval of a total of €623 million in German State aid to support the construction of two first-of-a-kind semiconductor factories in Germany, comprising:

(i) a €495 million direct grant to GlobalFoundries to support the establishment of new 300 mm wafer manufacturing capacity by adjusting and expanding the company's existing site in Dresden. The technologies produced at the facility are developed under the IPCEI (Important Project of Common European Interest)* for microelectronics and communication technologies, which had approved up to €8.1 billion in Member State support *(see Jones Day EU Emergency Response Update No. 103 of 23 June 2023).* Now, these technologies will be adapted for dual-use purposes, specifically targeting the aerospace, defense, and critical infrastructure markets; and

(ii) a €128 million direct grant to X-FAB for building a new open foundry facility at its existing site in Erfurt. The new facility will aim to combine existing capabilities (so-called micro-electromechanical systems (MEMS)) with innovative packaging and integration processes. These chip technologies are crucial for applications in the automotive, AI, and medical sectors.

Basis. The Commission's assessments of both above-referred projects were based on Article 107(3)(c) TFEU (which enables Member States to grant aid to facilitate the development of certain economic activities subject to certain conditions) and on the principles set out in the European Chips Act, which entered into force on 21 September 2023 (*Regulation (EU) 2023/1781 of 13 September 2023 establishing a framework of measures for strengthening Europe's semiconductor ecosystem*).

To recall, the Chips Act is part of the Commission's package of measures released in 2022 (see here) aimed at ensuring the EU's security of supply and technological leadership in the field of semiconductors. (Micro-) chips or semiconductors are key building blocks for digital products, e.g., smartphones, computers, and medical equipment *(see also Jones Day EU Emergency Response Update No. 107 of 29 September 2023).*

Assessment. According to the Commission's assessments of both measures, the State aid to GlobalFoundries and X-FAB will contribute to increasing the EU's autonomy and technological leadership in semiconductor technologies. In particular, the Commission deemed the facilities as:

- first-of-a-kind, by offering manufacturing services currently not present in Europe; and
- contributing to security of supply in Europe (e.g., by committing to comply with priority-rated orders to produce in Europe in case of a supply shortage; and by helping to halt overreliance on open foundries located outside of Europe).

Body of approved measures. These State aid approvals are the Commission's tenth and eleventh decisions based on the principles of the Chips Act. Past approved measures account for cumulative State aid of some €13.2 billion, provided by different Member States, and supporting the manufacturing of different semiconductor technologies and applications (*e.g., in 23 November 2025, the Commission announced the approval of a €450 million Czech State aid measure to support US chipmaker Onsemi in building*

	the EU's first integrated chip manufacturing plant for Silicon Carbide ("SiC") power devices (see EU Geopolitical Risk Update No. 124 of 30 November 2025)). Next steps. The non-confidential versions of the decisions will be made available under case numbers SA.118843 (GlobalFoundries) and SA.119086 (X-FAB) in the State aid register on the Commission's competition website after addressing confidentiality issues. * *The EU's IPCEI rules (Communication on Important Projects of Common European Interest) seek to enable Member States and industry to jointly invest in ambitious pan-European projects in a transparent and inclusive manner, where the market alone appears unable to deliver and particularly where the risks are deemed as too large for a single Member State or company to assume (see also Jones Day EU Emergency Update No. 107 of 29 September 2023).* *For all approved IPCEI projects, see here.*
European Commission approves schemes under Clean Industrial Deal State Aid Framework (CISAF) (see here)	The Commission approved additional measures under the Clean Industrial Deal State Aid Framework (CISAF) of 25 June 2025 (*see also Jones Day EU Geopolitical Update No. 122 of 31 August 2025*). The CISAF is a key component of the Commission's Clean Industrial Deal: A joint roadmap for competitiveness and decarbonization of 26 February 2025, which aims to support the EU manufacturing industry's competitiveness and resilience, while accelerating decarbonization. The CISAF replaces the Temporary Crisis and Transition Framework (TCTF)* and sets out streamlined rules aimed at the simplified and swifter approval of priority State aid measures that seek to accelerate Europe's competitiveness and green transition goals (e.g., accelerating renewable energy rollout; facilitating industrial decarbonization and energy-efficiency projects; ensuring sufficient EU manufacturing capacity for net-zero technologies; and easing private investment risk). The Commission Staff Working Document of 4 November 2025, accompanying the CISAF, also sets out main policy choices taken and the main evidence and experience that the Commission considered when adopting the CISAF. Among the most recently approved State aid schemes under the CISAF and deemed in line with the objectives of the Clean Industrial Deal (up to 2 January 2026): – €4.1 billion Hungarian State aid scheme to support strategic investments that add clean technology (cleantech) manufacturing capacity; – €408 million Spanish scheme to support the decarbonization of manufacturing industry; – €100 million Austrian scheme to support manufacturing capacity; and – €1.5 billion Italian State aid scheme to support strategic investments that add clean technologies (cleantech) manufacturing capacity. Looking ahead. The CISAF, applicable since 25 June 2025, will remain in force until 31 December 2030.

** The TCTF was established in 2022 to support the EU economy in the context of Russia's invasion of Ukraine and in sectors key to accelerating the green transition and reducing fuel dependencies.*

From March 2022 to June 2024, nearly €796 billion of aid was approved either under the TCTF or directly under the Treaty and based on TCTF principles (see also the Commission brief on the use of State aid measures under the TCTF of 20 February 2025, here).

TRADE / EXPORT CONTROLS

CBAM (Carbon Border Adjustment Mechanism) – Fully operational as of 1 January 2026 (see here)

On 1 January 2026, CBAM (Carbon Border Adjustment Mechanism) became fully operational, marking the end of the two-year transitional phase (2023-2025).*

Backdrop. CBAM, to recall, addresses greenhouse gas emissions embedded in imports into the EU of certain products in carbon-intensive industries, in view of ensuring equivalent carbon pricing for imports and domestic products. In this respect, the CBAM seeks to prevent the risk of so-called carbon leakage, which jeopardizes the EU's greenhouse gas emissions reduction efforts when businesses (i) increase emissions outside EU borders by relocating production to non-EU countries with less stringent policies to tackle climate change, or (ii) increase imports of carbon-intensive products. More specifically:

- CBAM's scope initially applies to imports of certain goods and selected precursors whose production is carbon-intensive and at greatest risk of carbon leakage in six sectors: iron and steel, cement, fertilizers, aluminium, electricity and hydrogen ("CBAM goods").
- CBAM is designed to operate in parallel with the EU Emissions Trading System ("EU ETS"),** to mirror and complement its functioning on imported goods. From 2026 onwards, CBAM will gradually replace the existing EU mechanisms to address the risk of carbon leakage, and in particular the free allocation of EU ETS allowances for the six sectors presently covered by CBAM. In this respect:
  - CBAM will equalize the price of carbon paid for EU products operating under the EU ETS and the one for imported goods. This will be done by requiring companies importing into the EU to purchase CBAM certificates (*i.e., one CBAM certificate equals one tonne of imported CO_2e)* to pay the difference between the carbon price paid in the country of production and the price of carbon allowances in the EU ETS.
- Key amendments to CBAM, released in October 2025, aim to reduce regulatory, administrative, and compliance burdens, e.g., by exempting small importers from CBAM requirements by introducing a new CBAM cumulative annual threshold of 50 tonnes per importer. This is expected to exempt an estimated 90% of importers (e.g., some 180,000 importers), while maintaining some 99% of emissions within the CBAM scope (see also *Jones Day EU Geopolitical Risk Update No. 123 of 8 October 2025*).

CBAM definitive regime. CBAM underwent deployment across all EU Member States on 1 January 2026. Now, only authorized CBAM declarants may import CBAM goods into the EU.

	According to the Commission (see here), deployment has been successful, with the launch of the EU CBAM Registry and coordination between European Commission services and Member State authorities. This has enabled the efficient validation of declarants and uninterrupted import procedures at EU external borders. From 1 January to 7 January 2026, a total of 10,483 import customs declarations of CBAM goods were validated automatically and in real time via integrated customs systems. The main exporting third countries of CBAM goods included: Canada, China, India, Taiwan, Turkey, and Vietnam. Looking ahead. Authorized CBAM declarants, as from 1 February 2027, must purchase CBAM certificates to pay for the embedded emissions of their goods imported in 2026; and then "surrender" (i.e., submit) these purchased CBAM certificates to the EU CBAM Registry. Excess certificates (i.e., certificates that do not correspond to actual emissions) may be sold back to the European Commission. The Commission also proposed to amend the CBAM Regulation on 17 December 2025 (see here), notably to: (i) expand CBAM's scope to include specific steel and aluminium-intensive downstream products (e.g., household appliances, machinery); and (ii) close loopholes to prevent circumvention (e.g., by enhancing reporting requirements for improved traceability of CBAM goods and addressing emission intensity misdeclarations). The Commission proposed, also on 17 December 2025, a temporary decarbonization fund (see here) to support EU producers of CBAM goods and to mitigate carbon leakage risks. The support fund would address the competitiveness loss in third-country markets where EU goods may be supplanted by cheaper, more emission-intensive alternatives. The Commission's proposals will undergo review by the European Parliament and the Council of the European Union. * *The CBAM regime is set out in Regulation (EU) 2023/956 of 10 May 2023 establishing a carbon border adjustment mechanism (see here for consolidated version).* ** *The EU ETS is one of the EU's key climate change mitigation policies and is the world's first carbon market, aimed at providing an efficient mechanism to reduce emissions. Under the EU ETS, companies producing in the EU must obtain emission allowances covering their carbon emissions:* – *The default option is to purchase allowances at an auction.* – *However, installations and operators considered to be at risk of carbon leakage (e.g., in energy-intensive industries) receive some emission allowances for free, to be progressively phased out until 2034.* *See also Report on the functioning of the European carbon market in 2024, published on 3 December 2025).*
European Commission publishes Joint	On 3 December 2025, the European Commission published a Joint Communication on Strengthening EU Economic Security.

Communication on Strengthening EU Economic Security (see here)

Backdrop. Responding to new geopolitical and technological realities, the Joint Communication seeks to build a common, proactive framework to de-risk and safeguard EU economic security.

The Joint Communication builds on the Economic Security Strategy of 2023, which addressed Europe's shortcomings in preparedness for new and emerging risks, as exposed by Russia's war on Ukraine and the COVID-19 pandemic. The Strategy set out the EU's economic security objectives of promoting industrial strengths, protecting European interests, and partnering with like-minded countries *(see also Jones Day EU Emergency Response Update No. 103 of 23 June 2023*).

Approach: The Joint Communication identifies six priority high-risk areas:

- Reducing strategic dependencies for goods and services;
- Attracting safe investment into the EU;
- Supporting a robust European defence and space industry, and other critical industrial sectors;
- Securing EU leadership across critical technologies;
- Protecting sensitive information and data; and
- Shielding Europe's critical infrastructure.

The Joint Communication aims to address these risks via three core actions:

1. Using existing tools in a more strategic and coordinated way, e.g.:
   - Using trade tools to gradually reduce the EU's exposure to risks, such as by (i) expanding diversification opportunities under EU trade agreements, and thus promoting Europe's broader security; and (ii) developing Foreign Direct Investment (FDI) guidelines by drawing on the experience of implementing the current FDI Screening Regulation, such that national authorities approach screening consistently, including in strategic sectors.
2. Developing new tools, e.g.:
   - Launching a pilot project to monitor start-ups in critical technology areas, aimed at identifying start-ups that are vulnerable to hostile foreign acquisitions and to offer them support; and
   - Assessing ways to better protect EU industry from unfair trade policies and negative global market developments, such as overcapacity. The Commission will evaluate the effectiveness of existing tools and consider the necessity of potential new measures.
3. Collaborating with international partners to support de-risking efforts while minimizing costs for industry, e.g.:
   - Seeking cooperation with third countries (bilaterally, through the G7, and in other relevant fora) to develop and deploy economic security standards for resilient supply chains. Priority focus will be on critical raw materials and semiconductor supply chains, while exploring further collaboration in other areas.

Next steps. The Commission is pursuing the necessary legislative changes, guidelines, and other supportive measures to implement the Joint Communication's actions. The Commission will continue to closely engage with the Member States, third countries, and stakeholders on this new approach to EU economic security.

Council of the European Union extends sanctions against Russia

The EU employs restrictive measures, commonly known as sanctions, as a key instrument to advance its Common Foreign and Security Policy (CFSP) objectives. These objectives include safeguarding the EU's values, fundamental interests, and security; preserving peace; and supporting democracy and the rule of law.

Sanctions encompass a range of measures, including travel bans that prohibit entry or transit through EU territories, asset freezes, and restrictions on EU citizens and companies from providing funds and economic resources to listed individuals and entities. Additionally, sanctions may include bans on imports and exports, such as prohibiting the export to Iran of equipment that could be used for internal repression or telecommunications monitoring, as well as sectoral restrictions.

Russia: Among recent developments:

- On 22 December 2025, the Council:
  - Sanctioned 2 additional individuals for human rights violations in Russia. These individuals are respectively a Russian judge and prosecutor (see here); and
  - Extended economic sanctions for a further 6 months in view of Russia's war against Ukraine. These economic measures, first introduced in 2014, have significantly expanded since February 2022 in response to Russia's illegal military aggression against Ukraine.

    The wide-ranging sanctions include, in particular, sectoral measures imposing restrictions on trade, finance, energy, technology and dual-use goods, industry, transport and luxury goods (see here).

- On 18 December 2025, the Council sanctioned 41 new vessels of the Russian shadow fleet in view of Russia's war against Ukraine. These non-EU oil tankers contribute to Russia's energy revenues. The number of sanctioned vessels, which are banned from access to EU ports, now totals almost 600 (see here).

- On 15 December 2025, the Council:
  - Sanctioned 12 more individuals and two entities over Russian hybrid threats, including the use of information manipulation and cyberattacks. The sanctions target, for instance, the 142nd Separate Electronic Warfare Battalion (responsible for conducting electronic warfare exercises and deploying technology to disorganize shortwave communications), which is linked to recent cases of GPS signal failures experienced by several EU Member States (see here).
  - Sanctioned 9 shadow fleet enablers, comprising:
    - 5 individuals, i.e., businessmen linked to major Russian state-owned oil companies Rosneft and Lukoil.
    - 4 entities, i.e., shipping companies based in the United Arab Emirates, Vietnam, and Russia that own or manage tankers subject to restrictive measures imposed by the EU or other countries as part of Russia's shadow fleet (see here); and
  - Broadened the scope of the sanctions regime against Belarus to now cover hybrid activities, following a growing number of drone and meteorological balloon incursions into Lithuania's airspace,

which have disrupted hundreds of flights and inflicted substantial losses to airlines, travellers, and state authorities (see here).

- On 12 December 2025, the Council decided to prohibit, on a temporary basis, any transfers of Central Bank of Russia assets immobilized in the EU back to Russia. This decision was taken as a matter of urgency to stop Russia from using any additional resources to directly finance its war against Ukraine, in view of limiting damage to the EU's economy (e.g., risks of escalating belligerent hybrid activities; and aggravating economic uncertainty and requiring a greater fiscal response from the EU Member States (see here).

Altogether, EU restrictive measures in respect of actions undermining or threatening the territorial integrity, sovereignty and independence of Ukraine now apply to over 2,700 individuals and entities.

The Council's overview of EU sanctions against Russia over Ukraine (since 2014) is also available here. To recall, EU restrictive measures taken against Russia, as first introduced in 2014 in response to Russia's actions destabilizing the situation in Ukraine, have significantly expanded following Russia's military aggression against Ukraine, starting on 23 February 2022 in adopting the so-called first package of sanctions (see here) and up to 23 October 2025, with the adoption of the 19th package of sanctions (see here).*

* *An in-depth analysis of the 19th package is available from the authors of the EU Geopolitical Risk Update (see contact details below for Nadiya Nychay (Brussels) and Rick van 't Hullenaar (Amsterdam)).*

MEDICINES AND MEDICAL DEVICES

European Commission publishes proposed Regulation to strengthen EU biotechnology and biomanufacturing sectors (Biotech Act) (see here)

On 16 December 2025, the European Commission published a proposed Regulation on establishing a framework for biotechnology, covering health and pharmaceuticals and other adjacent industry applications ("Biotech Act") and accompanying draft Annexes.* The proposal includes targeted amendments to several EU legislative instruments, notably the Clinical Trials Regulation ("CTR").

Backdrop / purpose: The proposed Biotech Act was announced in the Commission's Political Guidelines for 2024-2029 and forms part of the Commission's broader Strategy for European Life Sciences released in July 2025 (*see also Jones Day EU Geopolitical Risk Update No. 122 of 31 August 2025*). The Biotech Act proposal follows a public consultation held in 2025, which resulted in 464 stakeholder contributions.

The initiative aims at addressing structural challenges affecting the EU's competitiveness in biotechnology, including fragmented regulatory pathways, lengthy permitting procedures, funding gaps, and a declining share of global clinical trials.

The proposal seeks to combine facilitation and simplification measures with targeted legislative amendments, in view of accelerating the development, manufacturing, and market entry of biotechnology innovations while maintaining high safety, ethical, and environmental standards.

Scope: The proposed Biotech Act applies to "health biotechnology," broadly covering biotechnology applications that contribute directly or indirectly to the

protection of human health across the full product lifecycle -- from research and clinical development to manufacturing and market access.

The proposal seeks to align with the EU's wider competitiveness and resilience agenda and to complement existing and planned initiatives, including the European Health Data Space, the AI Act, and EU funding instruments. In particular, the proposed Biotech Act's measures concern:

- **Revamping clinical trials**: A central element of the proposal aims at the CTR's comprehensive revision to improve the EU's attractiveness for clinical research, and in particular:
  - Shorter timelines, e.g.: Multinational trial authorizations would be reduced from 106 to 75 days, with initial decisions possible within 47 days where no request for information is issued. Timelines for substantial modifications would also be reduced from 96 to 47 days, and for advanced therapy medicinal products (ATMPs) the additional 50-day assessment period would be removed.
  - Streamlined assessments, e.g.:
    - A stronger leading role in multinational clinical trials for the reporting Member State, whose scientific and ethics assessment would serve as the default reference for other Member States, with limited grounds for divergence, in view of reducing duplication and delays; and
    - For combined studies involving medicinal products and medical devices (including in vitro diagnostic medical devices), a single assessment procedure would apply, involving coordinated assessment across Member States.
  - Simplifications for low-intervention clinical trials, e.g.: A "minimal-intervention clinical trial" category would be introduced, alongside revised definitions for low-intervention trials.
  - Improved efficiency and consistency of clinical trial submissions, e.g.: Mandatory harmonized EU templates would be introduced for Part II documentation for clinical trial applications in view of simplifying the application and assessment processes.
  - Fast-tracked clinical trials in public health emergencies, e.g.: Reflecting lessons learned from the COVID-19 pandemic, the proposal introduces a new accelerated authorization procedure for multinational clinical trials relevant to prevention, diagnosis, or treatment during a Union-level public health emergency. The fast track would apply where:
    - a public health emergency has been formally recognized at EU level; or
    - a serious cross-border threat is emerging and likely to be recognized.
  - Innovation support, e.g.: Establishing regulatory sandboxes for novel trial methodologies, such as decentralized trials or AI-supported designs, and coordinated EU guidance on the use of AI tools in clinical development.
- **Improving biosecurity and threat preparedness**: Proposed measures aim to mitigate emerging biosecurity risks and include, in particular:
  - Requiring verification of a purchaser's legitimate need for biotechnology products with high misuse potential (e.g., the DNA of

dangerous pathogens); and reporting obligations for suspicious transactions; and

  - The establishment of a Union-level "Biothreat Radar" to support early detection, analysis, and cross-border surveillance of biological threats.

- **Supporting strategic projects, funding, and capacity building**: A framework is introduced for designating "health biotechnology strategic projects" ** and "high impact health biotechnology strategic projects" ***. Such projects would benefit from:

  - accelerated permitting procedures (generally capped at 10 months, or eight months for high impact projects);
  - priority administrative support and single points of contact; and
  - improved access to EU and national funding, including alignment with the Strategic Technologies for Europe Platform (STEP) and future competitiveness funding instruments.

- **Encouraging the adoption and integration of artificial intelligence** in actions supporting biotechnology, in view of pursuing greater efficiency and technological sovereignty in biotechnology and biomanufacturing. In this respect, the European Medicines Agency (EMA) would provide guidance on the use of AI across the medicinal-product lifecycle and seek to create trusted AI testing environments and data quality accelerators as high impact strategic health biotechnology projects (as above-referred), to advance safe AI-enabled biotechnology.

- **Facilitating biosimilars to boost supply resilience**: To strengthen manufacturing capacity and market uptake, in particular:

  - The EMA would develop non-binding guidance on potentially reducing clinical data requirements for biosimilars where robust analytical comparability is demonstrated; and
  - Member States are also encouraged to recognize strategic biosimilar manufacturing projects and support cluster cooperation to enhance EU supply resilience.

Next steps: The proposed Biotech Act will now undergo examination by the European Parliament and the Council of the European Union.

* *Proposal for a Regulation on establishing a framework of measures for strengthening Union's biotechnology and biomanufacturing sectors particularly in the area of health (European Biotech Act) and amending Regulation (EC) No 178/2002 on general principles and requirements of food law; Regulation (EC) No 1394/2007 on advanced therapy medicinal products (ATMPs); Regulation (EU) No 536/2014 on clinical trials (CTR); Regulation (EU) 2019/6 on veterinary medicinal products; Regulation (EU) 2024/795 establishing the Strategic Technologies for Europe Platform (STEP Regulation); and Regulation (EU) 2024/1938 on standards of quality and safety for substances of human origin (SoHO Regulation).*

** "*Health biotechnology strategic projects*", *as set out in the proposed Biotech Act Chapter II, Section 1, Article 3, are projects located in the EU that make a substantial contribution to at least one of a number of specific objectives (e.g., strengthening the industrial capacity and value chains in the health biotechnology sector by, for instance, integrating advanced digital and AI-driven manufacturing*

and supply chain management systems to enhance productivity, traceability and sustainability across biotechnology value chains).

**** "High impact health biotechnology strategic projects", as set out in the proposed Biotech Act Chapter II, Section 2, Article 4, are projects located in the EU that demonstrate by virtue of their scale, scope or cross-border relevance, a strong systemic and catalytic potential within the EU's biotechnology ecosystem to accelerate innovation and enhance the translation of research into market applications (e.g., certain projects contributing to an EU biotechnology late-stage capital booster pilot that facilitates access to capital markets and are led by private-sector operators or consortia, with the potential participation of market-infrastructure providers and investors).*

CYBERSECURITY, PRIVACY & DATA PROTECTION

European Commission launches EU Data Act Legal Helpdesk (see here)

On 16 December 2025, the European Commission launched the EU Data Act Legal Helpdesk to support companies, public authorities, and other organizations with practical questions on applying the Data Act.* The Helpdesk, which is a component of the broader European Data Union Strategy - Unlocking Data for AI, is intended to deliver pragmatic, expert guidance – particularly for SMEs that may not have dedicated legal or compliance teams – by providing tailored answers to specific implementation questions.

To recall, the Data Act sets out rules on fair access to and use of personal and non-personal data across all economic sectors generated by connected products and digital related services. In particular, the Data Act:

- Mandates user access and transparency for data generated by products and services,
- Bans unfair data-sharing terms,
- Restricts non-EU government access and transfers of non-personal data,
- Requires portability to enable switching between cloud/data processing providers, and
- Sets interoperability rules for data spaces and smart contract applications.**

Most provisions of the EU Data Act apply since 12 September 2025 (*see also Jones Day Alert, EU Releases Data Act to Facilitate Access and Use of Data, January 2024).* Certain proposed amendments to the Data Act are also set out in the recently proposed Digital Omnibus (*see Jones Day EU Geopolitical Risk Update No. 124 of 30 November 2025*).

Stakeholders can submit their questions on the Helpdesk site upon registration (see here). Typical topics concerning the Data Act's application include data access and sharing obligations, user rights, cloud switching and portability, and interoperability. A European Commission team of experts then aims to respond within 15 working days, although more complex matters may require additional time.

The Helpdesk complements other existing resources intended to facilitate compliance and implementation (notably, the Data Act FAQ), and will be further supported by upcoming guidance on selected definitions in the Data Act, expected in Q1 2026.

	* *Regulation (EU) 2023/2854 on harmonised rules on fair access to and use of data* ** *"Smart contracts" are defined by the EU Data Act as computer programs used for the automated execution of agreements or part thereof.*
EU AI Act - Recent developments	The EU AI Act*, which entered into force on 1 August 2024, aims to guarantee that AI systems placed on the European market and used in the EU are safe and respect fundamental rights and EU values (see also *Jones Day Commentary, EU AI Act: First Rules Take Effect on Prohibited AI Systems and AI Literacy*, *28 February 2025*). Recent developments. Since our previous update (*see Jones Day EU Geopolitical Risk Update No. 124 of 30 November 2025*), new developments on the EU AI Act notably include: • On 4 December 2025, the European Commission, the European Investment Bank (EIB), and the European Investment Fund (EIF) signed a Memorandum of Understanding (MOU) to support the development and deployment of four to five AI Gigafactories across the EU, a core component of the EU's Invest AI initiative. Backdrop. AI Gigafactories are envisioned as large-scale, advanced data and computing infrastructure hubs that integrate massive computing capacity (exceeding 100,000 state-of-the-art AI processors), specifically designed to enable the development, training, and deployment of next-generation AI models and applications at hyperscale. They will also provide critical support for AI uptake across key strategic sectors and for cutting-edge research and science. Earlier, on 9 April 2025, the Commission launched an informal call for expression of interest (EOI) to gather early input from prospective participants, including European industry leaders, private and public investors from Europe and beyond, and EU Member States, interested in contributing to ideas for establishing AI Gigafactories. MOU. Under the MOU, in particular, the EIB will support the Commission by assessing the financial feasibility of submissions received through the informal EOI. The EIB will also provide advisory services to selected potential AI Gigafactory consortia that have applied under the informal EOI and have requested EIB advisory support. Looking ahead. The informal EOI attracted strong market interest, with more than 70 replies spanning 16 Member States and 60 proposed sites (*further details here*). The EU Commission is now engaging with respondents to define next steps and prepare a formal call for tender for establishing AI Gigafactories, anticipated in Spring 2026. The Commission has indicated that a majority of participants should be European and that high-risk vendors should be excluded. • On 17 December 2025, the EU Commission published the First Draft Code of Practice on Transparency of AI-Generated Content ("draft Code"). The draft Code is intended to help providers** and deployers*** of generative AI systems that generate synthetic audio, images, video, or text – including deep fakes**** – to meet transparency obligations in the EU AI Act (see also *Jones Day Commentary, European Commission*

Publishes Draft Code of Practice on AI Labelling and Transparency, January 2026):

1. For **providers**, the draft Code sets out core commitments aimed at meeting the obligation to mark content generated or manipulated by their AI systems, such as by:

   – Implementing a multilayered approach to active, machine-readable content marking to identify AI-generated or manipulated material, e.g., through the use of watermarks (a marker directly connected and interwoven within the content, typically through an imperceptible modification of the content, such that it is difficult to remove without affecting the fidelity of the content); or fingerprinting (a detection technique for image, video, audio, or text).

   – Implementing measures to enable smooth detection of AI-generated or manipulated content, including offering publicly available detection tools and promoting awareness and literacy around their use.

   – Establishing, maintaining, and implementing a testing, verification and compliance framework to demonstrate adherence to the transparency requirements to relevant market surveillance authorities and to sustain ongoing compliance through future-proof marking and detection solutions.

2. For **developers**, the draft Code sets out core commitments to fulfill the obligation to disclose deep fakes and AI-generated or manipulated text publications disseminated to inform the public on matters of public interest, such as by:

   – Applying consistent disclosures of the origin of deep fakes and of AI-generated or manipulated text publications based on a common taxonomy that provides harmonized vocabulary for content triggering disclosure obligations. Disclosures should include the use of a common EU-wide icon to signal AI-generated or manipulated content.

   – With respect to deep fakes, implementing internal processes to correctly identify content that must be treated as a deep fake under the EU AI Act, as well as deep fakes that qualify for disclosure exemptions (e.g., certain law enforcement uses) or specific disclosure requirements (e.g., deep fakes that form part of creative works, where disclosures must be presented in a manner that does not interfere with the audience's enjoyment of the work).

   – With respect to AI-generated or manipulated text publications, implementing internal processes to correctly identify text that must be disclosed or content that is subject to disclosure exemptions (e.g., law enforcement uses or content that has undergone human review or editorial control). In particular:
     - AI-generated or manipulated text publications should be disclosed clearly no later than at the time of first exposure; and
     - Deployers should also maintain minimal documentation demonstrating that any non-disclosed text publications have undergone meaningful human review or editorial control.

Next steps. This draft Code serves as a baseline for further development. The results of the Commission's stakeholder consultation, which closed in January 2026, will inform a second draft of the Code expected in March 2026. A final version of the Code is expected in May-June 2026.

* *Regulation (EU) 2024/1689 laying down harmonized rules on artificial intelligence.*

*** "Providers" are defined by the EU AI Act as natural or legal persons, public authorities, agencies, or other bodies that develop an AI system or a general-purpose AI model or that have an AI system or a general-purpose AI model developed and place it on the market or put the AI system into service under their own name or trademark, whether for payment or free of charge.*

**** "Deployers" are defined by the EU AI Act as natural or legal persons, public authorities, agencies, or other bodies using an AI system under their authority except where the AI system is used in the course of a personal non-professional activity.*

***** "Deep fakes" are defined by the EU AI Act as AI-generated or manipulated image, audio, or video content that resembles existing persons, objects, places, entities or events and would falsely appear to a person to be authentic or truthful.*

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