



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 publishes contributions to public consultation on review of Foreign Subsidies Regulation (FSR)
- European Commission approves schemes under Clean Industrial Deal State Aid Framework (CISAF)

Trade / Export Controls

- President of the European Commission delivers statements on Middle East crisis and impact on energy in Europe
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Medicines and Medical Devices

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Cybersecurity, Privacy & Data Protection

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COMPETITION & STATE AID

European Commission publishes proposal for Industrial Accelerator Act (see [here](#))

On 4 March 2026, the Commission published a proposal for a Regulation on establishing a framework of measures for accelerating industrial capacity and decarbonization in strategic sectors (Industrial Accelerator Act) (“IAA”) in view of increasing demand for low-carbon, European-made technologies and products (see also *Jones Day Client Alert*, “[EU Commission Proposes Long-Awaited Industrial Accelerator Act to Strengthen EU Industry](#)”, 13 March 2026).

Backdrop. The IAA initiative was announced in 2025 as a key component of the [Clean Industrial Deal](#) and the [Joint Communication on strengthening EU economic security](#) on creating EU demand for clean and EU-made products and key technologies through public procurement and support schemes.

Goal / key features. The proposed IAA sets the goal of expanding manufacturing's share of EU GDP to 20% by 2035 (from 14.3% in 2024), notably by seeking to:

- Introduce “Made in EU” and low-carbon preferences in public procurement and public support schemes to spur demand for European industrial products needed to enable the clean industrial transformation and ensure supply-chain resilience, targeting various strategic sectors:
 - energy intensive industries (e.g., cement, aluminium);
 - the automotive value chain (e.g. electric vehicles (EVs) and their components); and
 - net-zero technologies (e.g., batteries, solar, wind, and nuclear).
- Set additional conditions for large foreign investments in manufacturing sectors claimed to be strategically sensitive, covering investments above €100 million by companies originating in countries that hold more than 40% of global production capacities in EVs, batteries, solar, and critical raw materials. The proposed additional conditions notably include:
 - a 49% cap on foreign ownership;
 - at least 50% of the workforce must be EU-based; and
 - obligations to transfer intellectual property and know-how to EU entities.
- Streamline and accelerate the permitting process for industrial manufacturing and decarbonization projects, including by introducing:
 - a digital “one project-one submission” permit-granting procedure, with clear maximum time limits for administrative decisions, and
 - the principle of tacit approval at intermediate stages of the permit-granting process.

For further details on the proposed IAA, see the Commission’s Q&A ([here](#)).

Next steps. The proposed IAA will now be negotiated by the European Parliament and the Council of the European Union before its adoption, with timing not yet specified.

European Commission publishes contributions to public consultation on review of Foreign Subsidies Regulation (FSR) (see [here](#))

On 20 February 2026, the European Commission published the contributions to the public consultation on the ongoing review of the 2022 [Foreign Subsidies Regulation](#) (FSR).

To recall, under the FSR, the Commission can investigate subsidies granted by third countries to companies operating in the EU, in the context of participation in public procurement procedures, concentrations (mergers/acquisitions), or other economic activities taking place in the internal market.

The consultation, which ran from August-November 2025, received contributions from 54 respondents, including companies, business associations, public authorities, and academic institutions from the EU, as well as the UK and China.

In particular, in various areas of concern, certain respondents indicated their views, such as:

- With respect to concentrations, e.g.:
 - Notification thresholds are too low, thus leading to numerous irrelevant cases being notified; and
 - The need to clarify concepts such as “foreign financial contributions,” which are unclear and too broadly defined, thus sweeping in a range of ordinary commercial transactions with no apparent link to potential subsidies.
- With respect to public procurement, e.g.:
 - The scope of notification obligations is unclear and not predictable, given key definitions that remain ambiguous and inconsistently applied across Member States and tenders; and
 - The costs associated with FSR implementation that should be taken into consideration, with the FSR’s positive impact to be weighed against administrative burdens, procedural complexity, and legal uncertainty, which potentially affect the efficiency of procurement procedures and, in some cases, participation in these.

Earlier, on 9 January 2026, the Commission had published [FSR Guidelines](#) in view of improving predictability and transparency for companies (see also *Jones Day Alert on the Commission’s launch of the FSR consultation on the guidelines of March 2025* ([here](#))).

The Guidelines seek to clarify key concepts, e.g.,

- How the Commission concludes whether a foreign subsidy has caused a distortion of competition;
- How distortive effects are balanced against any positive effects of a foreign subsidy, and
- The factors considered by the Commission when applying its “call-in” powers to request prior notification of below-threshold cases.

Next steps. The public consultation contributions will contribute to the Commission's review report to be presented to the European Parliament and the Council as required by the FSR. The report is anticipated by Q3 2026.

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 19 March 2026):

- €5 billion Danish State aid scheme to support offshore wind energy and boost decarbonisation.
- €150 million Romanian State aid scheme for electricity storage to contribute to the transition towards a net-zero economy.
- €200 million Spanish State aid for manufacturing capacity in the EV value chain.
- €400 million Greek State aid scheme to support strategic investments that add clean technology (cleantech) manufacturing capacity.
- €3.1 billion Spanish scheme to support the production of electricity from new or substantially refurbished highly efficient combined heat and power ('CHP') plants.
- €3 billion German State aid scheme to support strategic investments that add clean technology (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 2022 to 2024, €103.18 billion was disbursed under measures addressing the Russian invasion of Ukraine (see European Commission [State Aid Scoreboard 2025](#), covering data up to 31 December 2024, published on 15 January 2026).

TRADE / EXPORT CONTROLS

President of the European Commission delivers statements on Middle East crisis and impact on energy in Europe (see [here](#))

On 19 March 2026, Ursula von der Leyen, President of the European Commission, delivered statements focused on the Middle East conflict and rising energy prices, following the European Council meeting held that day to address pressing geopolitical challenges.

Energy. President von der Leyen noted that the war in the Middle East most immediately impacted Europe's energy sector, as attacks on energy infrastructure in the Gulf triggered sharp global price spikes and supply risks.

The President presented a targeted plan to mitigate price volatility for households and industry, emphasizing that measures must be temporary and targeted. She indicated that the EU would act on core components that determine electricity prices, e.g.:

- The Emissions Trading System (ETS) should be modernized and given greater flexibility.^{*} The Commission is already working on ETS-related measures, such as updated benchmarks for free allocations and taking into account industry concerns. The President emphasized that the ETS had already significantly reduced gas consumption and Europe's dependency on imports of fossil fuels, while driving major investments in Europe in the energy transition to low-carbon energy sources like renewables and nuclear.

The Commission is also working on the ETS review, including a more realistic trajectory for free allowances for industries beyond 2034 and a level playing field for Europe's maritime sector. The Council asks for this review by July 2026;

- Member States can use existing State aid measures to compensate for cost increases of energy sources to generate electricity; and
- Taxes on electricity should be reduced to ensure that electricity is taxed less than fossil fuels (in some Member States, electricity is taxed much more than gas).

See also the Council meeting conclusions of 19 March 2026 for further details ([here](#)).

** To recall, 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).

EU, Japan, and U.S. pursue critical minerals strategy (see [here](#))

On 4 February 2026, the EU, Japan, and U.S. issued a Joint Statement following the Critical Minerals Ministerial meeting held in Washington, D.C.. The meeting gathered representatives of 54 countries, including a number of

EU Member States (e.g., Belgium, the Czech Republic, France, the Netherlands).

The Joint Statement indicated that EU, Japan, and U.S. are taking significant steps towards increasing their economic security and national security by jointly enhancing resilience in critical minerals supply chains. They intend to expedite cooperative efforts for a mutually beneficial Partnership, with two components:

(i) A commitment to conclude a Memorandum of Understanding between the EU and U.S. to boost critical minerals supply chain security, in particular to:

- Identify areas of cooperation to stimulate demand and diversify supply for both participants by identifying and supporting projects in mining, refining, processing, and recycling;
- Discuss measures to prevent supply chain disruptions, promote research and innovation efforts, and facilitate the exchange of information on stockpiling.

(ii) Developing Action Plans and exploring a plurilateral trade initiative between the EU, Japan, and U.S. with like-minded partners on trade in critical minerals. In particular:

- These initiatives would build upon existing international cooperation and initiatives; and
- The plurilateral trade initiative could include exploring the development of coordinated trade policies and mechanisms, such as border-adjusted price floors,* which can mitigate critical mineral supply chain vulnerabilities.

Next steps. According to press reports on 14 March 2026, the EU, Japan, and U.S. are aiming to start negotiations in April 2026 for a trade agreement in critical minerals, which would cover materials essential to technologies such as electric vehicles, renewable energy systems and advanced electronics. The trade agreement would reportedly include a price floor and tariffs for certain critical minerals to counter what are viewed as market distortions caused by Chinese export practices.

** A border-adjusted price floor would set a minimum price for producers to incentivize investment and prevent efforts by competitors, particularly from China, from using subsidies to undercut market prices. The strategy involves implementing adjustable tariffs at the border to ensure that imported minerals do not drop below the established price floor. This aims to ensure the long-term viability of domestic mining/processing and supply security and predictability.*

Council of the European Union discusses and 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 19 March 2026, the Council discussed latest developments in Ukraine and held an exchange of views with Volodymyr Zelenskyy, President of Ukraine. The Council, in particular, called for the swift adoption of the 20th sanctions package and reiterated the importance of continuing to reduce Russia's energy revenues, restrict Russia's banking system, curb Russia's shadow fleet operations, and further enforce existing restrictive measures and close loopholes (see [here](#));
- On 16 March 2026, the Council adopted restrictive measures against an additional four individuals responsible for Russia's continued hybrid activities, and in particular; Foreign Information Manipulation and Interference (FIMI) against the EU, Member States, and partners. Restrictive measures in view of Russia's destabilizing activities now apply to a total of 69 individuals and 17 entities (see [here](#));
- On 16 March 2026, the Council adopted restrictive measures against nine individuals who played a major role in the Bucha, Ukraine massacre in 2022 and are therefore responsible for actions undermining or threatening the territorial integrity, sovereignty, and independence of Ukraine (see [here](#));
- On 14 March 2026, the Council decided to extend, for another six months (until 15 September 2026), the restrictive measures targeting those responsible for undermining or threatening the territorial integrity, sovereignty and independence of Ukraine (see [here](#)).

Altogether, EU restrictive measures in respect of actions undermining or threatening the territorial integrity, sovereignty and independence of Ukraine now apply to some 2,600 individuals and entities, who were targeted in response to Russia's ongoing unjustified military aggression against Ukraine. The current restrictive measures include travel restrictions for natural persons, the freezing of assets, and a ban on making funds or other economic resources available to the listed 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

EMA publishes draft Guidance on conduct of clinical trials during public health emergencies in the EU (see [here](#))

On 5 March 2026, the European Medicines Agency (EMA) published draft “Guidance on the conduct of clinical trials during public health emergencies” declared at EU level* (Draft Guidance).

The Draft Guidance, intended for sponsors and all parties involved in the design and conduct of clinical trials in the EU, applies to both (i) initiating trials in response to a public health emergency (PHE) and (ii) ongoing or planned clinical development activities that may continue during a PHE, as detailed below. It outlines, in particular, a PHE’s impact on key aspects of the conduct of clinical trials and regulatory flexibility.

(i) On initiating clinical trials during a PHE, sponsors are encouraged to, amongst other things:

- Seek scientific advice from the EMA Emergency Task Force to streamline the authorization of clinical trials addressing a PHE.
- Assess the feasibility and proportionality of initiating new trials during the PHE, considering the available infrastructure and opportunities for collaboration with existing coordinated trial infrastructures (e.g., established platform trials) to maximize efficiency and reduce duplication.
- Identify and mitigate potential risks to trial participants, trial integrity, and operational feasibility — including logistical constraints, participant safety oversight, and evidence generation — through early and transparent interaction with national competent authorities and ethics committees.

Furthermore, national competent authorities should prioritize the assessment of trials that are essential for the PHE and, where necessary, temporarily place less urgent trials on hold to safeguard regulatory capacity.

(ii) For ongoing or planned trials, these may require substantial modifications to:

Obtain relevant clinical trial results as fast as possible, e.g., by:

- Expanding recruitment of trial participants to shorten the time to analysis.
- Adjusting the trial design to target emerging relevant aspects, such as with respect to endpoints (i.e., targeted outcome).
- Putting on hold or terminating arms (i.e., group or subgroup of participants in a clinical trial who receive a specific intervention or no intervention) that are not related to the circumstances of the PHE.
- Transferring trial participants to investigator sites away from risk zones, ensuring that receiving sites have sufficient capacity, can assume medical responsibility, and that renewed informed consent is obtained.

Enable ongoing clinical trials to continue during a PHE, e.g., by:

- Adjusting the informed consent process, such as implementing remote electronic consent via secure real-time audio-visual communication.
- Changing study visit schedules or temporarily halting the trial at some or all investigator sites.
- Directly shipping investigational products (IPs) to participants, distribution via the routine care supply chain, and redistribution of IPs between active sites — each subject to strict traceability, data privacy, and accountability requirements.
- Remotely verifying source data and centralizing monitoring where on-site monitoring is not feasible.

An expedited assessment process will apply to substantial modifications that are a direct consequence of the PHE. In exceptional cases, where immediate action is required, sponsors may implement changes without prior approval using the existing Urgent Safety Measure procedure in the EU Clinical Trials Information System ([CTIS](#)), whose scope can be extended during a PHE to cover issues directly linked to the emergency even where they do not directly concern IP safety.

Furthermore, the Draft Guidance identifies substantial changes that are not acceptable, even during a PHE, including prospective protocol waivers, waiving eligibility assessments or informed consent documentation, postponement of strictly necessary safety tests, and omitting ethics committee evaluation.

Next steps. The Draft Guidance is open for stakeholder consultation until 30 April 2026. Comments should be included in the template available [here](#).

Once adopted, the Guidance will be kept up to date in line with future EU legislation or guidance related to PHE and will be revised once the EU Clinical Trial Regulation amendments under the currently proposed European Biotech Act are adopted (see [Jones Day EU Geopolitical Risk Update No. 125 of 2 January 2026](#)).

* *The European Commission may declare a public health emergency at EU level, including in pandemic situations, under [Regulation \(EU\) 2022/2371 on serious cross-border threats to health](#).*

Health Technology Assessment (HTA) Coordination Group publishes 2025 Annual Report (see [here](#))

On 12 February 2026, the Member State Coordination Group on Health Technology Assessment (HTA) discussed its 2025 Annual Report, which was formally published on 16 February 2026 (HTA Annual Report).

Backdrop. To recall, [Regulation \(EU\) 2021/2282 on health technology assessment](#) (HTA Regulation – applicable since 12 January 2025) establishes a legal framework for Member State cooperation on the clinical assessment of certain health technologies at EU level. The HTA Regulation is implemented through the Member State Coordination Group (HTACG), supported by the European Commission and a stakeholder network.

Health technologies encompass a medicinal product, a medical device or medical and surgical procedures, as well as measures for disease prevention, diagnosis or treatment used in healthcare.

When unveiling the HTA Regulation in 2021, the then-Commissioner for Health and Food Safety, Stella Kyriakides, stated the importance of stronger EU-level coordination in the health sector:

“With COVID-19, we have seen the importance of producing safe and efficient treatments and medical devices for all Europeans. The new [HTA] rules will secure inclusiveness and transparency in the assessment process and increase predictability for Member States’ authorities and for the industry. Member States will be able to take more timely and evidence-based decisions on patient access to innovative technologies within their healthcare systems. [The HTA Regulation will] enhance coordination at EU level in the field of health. This is yet another step towards a stronger European Health Union.”

2025 Annual Report. This is the first report covering a full year of the HTA Regulation’s application and addresses how the new EU HTA system has become operational and its achievements in 2025, with respect to, e.g.:

- Joint Clinical Assessments (JCAs). The JCA – the core element of the HTA Regulation – provides a scientific analysis of the available clinical evidence on a health technology, focusing on its relative clinical effectiveness and safety compared to relevant comparators.*

In line with the HTA Regulation’s staggered approach, from 2025 to 2027, the scope of JCAs for medicinal products is focused on new active substances for the treatment of cancer and advanced therapy medicinal products (ATMPs). As of 2026, JCAs for certain medical devices and in vitro diagnostic medical devices will start.

Notably, the Coordination Group started 13 JCAs, comprising ten new oncology products and three advanced therapy medicinal products. Among these, six products have orphan designation, such that nearly half of the ongoing JCAs concern medicinal products for rare diseases.

- Identification of emerging health technologies: The Coordination Group is also tasked with identifying emerging health technologies that are expected to have a significant impact on patients, public health or healthcare systems.

Notably, on 9 January 2026, the Coordination Group published a separate report on emerging health technologies that identifies technologies likely to become relevant for future JCAs (e.g., 61 medicinal products with unique therapeutic indications for oncology; and 25 ATMPs with unique therapeutic indications) and supports forward planning at EU level (see [here](#)).

- Knowledge exchange and stakeholder engagement: The Annual Report also highlighted significant efforts in knowledge exchange and dissemination, including stakeholder events and webinars for health technology developers and engagement with patients, clinicians and other stakeholders.

For further details on the HTA Coordination Group, see the Commission’s dedicated [HTA](#) website.

* JCAs are conducted in parallel with the centralized marketing authorization procedure before the European Medicines Agency (EMA), ensuring alignment in timelines between regulatory approval and EU-level clinical assessment. The list of ongoing JCAs is also publicly available on the Commission’s [HTA](#) website.

EMA and FDA publish common principles for AI in drug development (see [here](#))

On 14 January 2026, the European Medicines Agency (EMA) and the U.S. Food and Drug Administration (FDA) jointly issued guiding principles of good AI (artificial intelligence) practice in drug development.

These principles articulate a shared regulatory vision for the responsible use of AI across the full medicinal product life cycle — from early research and clinical development to manufacturing and post-marketing safety monitoring.

The principles provide high-level, technology-neutral voluntary guidance for developers and marketing authorization holders, emphasizing core expectations such as:

- Development and use of AI technologies consistent with ethical and human-centric values;
- A risk-based approach, including risk mitigation and oversight, as well as risk-based performance assessment;
- Adherence of AI technologies to relevant standards (legal/regulatory, ethical, technical, scientific, cybersecurity);
- Strong data governance and documentation;
- Multidisciplinary oversight over AI technology and clearly defined contexts of use; and
- Transparent communication about AI systems to the intended audience, including users and patients.

Outlook. The joint principles reflect a concrete outcome of renewed EU-U.S. cooperation on emerging health technologies. This transatlantic regulatory cooperation is particularly important in view of promoting international harmonization, supporting innovation, and reducing regulatory fragmentation.

The EMA also stated that, over time, these principles will be supplemented by additional EU guidance taking into account the applicable legal requirements and relevant new EU legislation in the area of medicines.

For more information, see also [Jones Day Alert EMA and FDA Align on Good AI Practice in Drug Development](#), January 2026.

CYBERSECURITY, PRIVACY & DATA PROTECTION

EU Cyber Resilience Act - European Commission publishes draft guidance (see [here](#))

On 3 March 2026, the European Commission published draft guidance on the application of the EU Cyber Resilience Act (“CRA”),* intended to assist organizations in complying with the obligations set out in the Act.

Backdrop. The CRA is a first-of-its-kind regulation that establishes a wide range of cybersecurity requirements for economic operators placing products with digital elements** on the EU market.

It aims at strengthening the cybersecurity of digital products by addressing inadequate cybersecurity in many products and lack of timely security updates for products and software. The CRA also introduces new requirements to better enable consumers and businesses to select and use cybersecure products.

It imposes significant obligations on manufacturers, including the requirement to ensure “cybersecurity by design” for such products, as well as extensive incident reporting duties. In particular, manufacturers must notify any actively exploited vulnerability within 24 hours of becoming aware of it. Importers and distributors of products with digital elements are also subject to more limited obligations under the CRA. (see also [EU Geopolitical Risk Update No. 119 of 31 December 2024](#)).

Draft guidance. The draft guidance does not seek to address the CRA in its entirety, but rather focuses on clarifying the definitions, scope, and rationale behind certain key provisions and how they may be implemented in practice, such as with respect to:

- Definition of “products with digital elements,” or “remote data processing solution,” and the meaning of “placing on the market;”
- Circumstances in which “free and open-source software” may fall outside the CRA.
- Concept of the “support period” (i.e., the timeframe during which manufacturers are required to manage vulnerabilities in accordance with the essential cybersecurity requirements) and how such period should be determined.
- Distinction between “important” or “critical” products (generally requiring third-party conformity assessments), and “regular” products with digital elements (self-certification is permitted).
- Reporting obligations and the handling of vulnerabilities.

The draft guidance complements other practical implementation materials published by the European Commission since late 2025, including [FAQs on the CRA](#), and implementing and delegated acts.***

Looking ahead. The draft guidance is [open for feedback](#) to the European Commission until 13 April 2026. The feedback received will be taken into account in finalizing the guidance, which is expected to be adopted before 11 September 2026, when the CRA’s vulnerability and incident reporting obligations will begin to apply. The CRA’s remaining obligations will become applicable on 11 December 2027.

* [Regulation \(EU\) 2024/2847 on horizontal cybersecurity requirements for products with digital elements](#)

** A “product with digital elements” is defined by the CRA as software or hardware product and its remote data processing solutions, including software or hardware components being placed on the market separately, the intended purpose or reasonably foreseeable use of which includes a direct or indirect logical or physical data connection to a device or network.

*** Notably, the [Implementing Regulation on the technical description of important and critical product categories](#), and the [Delegated Regulation on delayed dissemination of notifications](#) of actively exploited vulnerability or severe incident having an impact on the security of a product with digital elements.

EU AI Act - Recent developments

The EU AI Act* 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](#), February 2025).

Recent developments. Since our previous update (see [Jones Day EU Geopolitical Risk Update No. 125 of 18 February 2026](#)), new developments on the EU AI Act notably include:

- On 13 March 2026, the Council of the European Union agreed its position on the proposed Digital Omnibus on AI, which aims to streamline and partially delay certain elements of the EU AI Act (see also [Jones Day Commentary, EU Digital Omnibus: How EU Data, Cyber, and AI Rules Will Shift, December 2025](#)). The Council treated the proposal as a priority and largely maintained the European Commission's core approach, in particular as concerns postponing obligations applicable to high-risk AI systems in sensitive areas to 2 December 2027 for Annex III AI systems (concerning employment and law enforcement) and to 2 August 2028 for Annex I AI systems (concerning products like medical devices).

However, the Council also introduced a key amendment, proposing the addition of a new prohibited AI practice under the EU AI Act relating to the generation of non-consensual sexual or intimate content, as well as child sexual abuse material.

On 26 March 2026, the European Parliament adopted its position on the Digital Omnibus on AI, which broadly aligns with the Council's position, including with respect to the delayed application of rules governing high-risk AI systems.

Next steps. Interinstitutional negotiations between the European Parliament and the Council can now commence with a view to agreeing on the final text. Given the broad alignment between the two institutions, negotiations are expected to progress swiftly, with the objective of reaching a political agreement by end-April 2026.

- On 5 March 2026, the European Commission published a second draft of the Code of Practice on Marking and Labelling of AI-Generated Content. The Code is intended to assist providers** and deployers*** in meeting the marking and labeling requirements for AI-generated content under the EU AI Act (see also [Jones Day Commentary, European Commission Publishes Draft Code of Practice on AI Labelling and Transparency, January 2026](#)).

This second draft incorporates extensive feedback from a wide range of stakeholders – including industry, academia, civil society, Member States, and Members of the European Parliament – collected through surveys, meetings, and workshops in early 2026.

While retaining the original proposed structure (including separate sections addressing the obligations of providers and deployers), the second draft streamlines and simplifies the discussion. It offers greater flexibility to signatories, reduces compliance burdens, and seeks to enhance legal clarity through additional technical guidance.

Next steps. Feedback on the second draft closed on 30 March 2026. A final version of the Code is expected in early June 2026, in advance of the transparency rules for AI-generated content taking effect on 2 August 2026.

* [Regulation \(EU\) 2024/1689 laying down harmonized rules on artificial intelligence](#) (entered into force on 1 August 2024).

** "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*

European Commission proposes new Cybersecurity Package (see [here](#))

On 20 January 2026, the EU Commission presented a new Cybersecurity Package (“Package”) that includes a proposal for a [revised Cybersecurity Act](#) and proposed [targeted amendments to the NIS 2 Directive](#)^{*}, which both aim at strengthening the EU’s cyber resilience in response to an increasingly complex and sophisticated threat landscape (see also [Jones Day Alert, EU Commission Proposes Revised Cybersecurity Act to Bolster EU Cyber Resilience, January 2026](#)).

- **Proposed revision to Cybersecurity Act.** The Package’s key feature is the proposed revision of the original 2019 Cybersecurity Act^{**}, introducing several key changes, e.g.:
 - [Significantly broadening the mandate of the European Union Agency for Cybersecurity \(“ENISA”\)](#) to notably include issuing early warnings on cyber threats and incidents, supporting organizations in responding to and recovering from ransomware attacks, and contributing to developing EU cybersecurity certification schemes.
 - [Enhancing and simplifying the Cybersecurity Certification Framework](#) established under the 2019 Cybersecurity Act through a series of targeted measures, such as:
 - Extending the scope of the Framework beyond individual ICT products, services, and processes to also cover the overall cybersecurity posture of organizations, enabling certified entities to benefit from a presumption of conformity with the NIS 2 Directive and other relevant EU legislation.
 - Introducing clearer procedures and defined deadlines for the development of certification schemes.
 - Better aligning certification schemes with existing EU cybersecurity rules, allowing them to function as more practical compliance tool.
 - [Establishing a new horizontal framework to strengthen the security and resilience of ICT supply chains.](#) This framework would rely on coordinated EU-level risk assessments, in particular, to:
 - Identify vulnerabilities in specific supply chains; and
 - Determine which ICT assets should be considered critical.

On the basis of these assessments, the European Commission would be empowered to adopt targeted mitigation measures, which could include, for example, restrictions or prohibitions on the use (in critical assets) of ICT components supplied by suppliers deemed to pose a high “non-technical cybersecurity risk”.^{***}

On the issue of supplier restrictions, see also below-referred ongoing [Elisa Eesti](#) case before the Court of Justice of the European Union).

- **Proposed targeted amendments to NIS 2 Directive.** These proposed amendments would, in particular:
 - Clarify the scope of certain sectors listed in its annexes (such as electricity and chemicals);
 - Introduce a new category of “small mid-caps” entities (i.e., entities having under 750 employees and up to EUR 150 million in turnover or EUR 129 million in assets), which would generally be classified as important entities;
 - Establish more detailed reporting obligations and grant enhanced information-gathering powers to national authorities, particularly in the context of ransomware incidents; and
 - Reinforce coordinated EU-level oversight of cross-border entities, notably through an expanded role for ENISA.

Looking ahead. The Package is currently progressing through the ordinary legislative procedure, with review by the Council and European Parliament, and no specific timeline for its adoption has yet been set. Further discussions and amendments are therefore expected.

Notably, in shaping the final contours of a revised Cybersecurity Act, forthcoming case law of the Court of Justice of the European Union (CJEU) may play a role. Notably, in the pending [Elisa Eesti](#) case, Advocate General (AG) Ćapeta delivered her [Opinion](#) on 19 March 2026, addressing the limits of EU action in the field of national security. In particular, AG Ćapeta emphasized the need to conduct a comprehensive proportionality assessment before imposing restrictive measures on suppliers deemed to present a high non-technical cybersecurity risk (see also [Jones Day Alert: EU Court to Clarify EU Boundaries on National Security Measures Following Elisa Eesti Opinion, March 2026](#)). The CJEU’s judgment in the Elisa Eesti case is expected before end-2026.

* [Directive \(EU\) 2022/2555 on measures for a high common level of cybersecurity across the Union](#)

** [Regulation \(EU\) 2019/881 on ENISA \(the European Union Agency for Cybersecurity\) and on information and communications technology cybersecurity certification](#)

*** A “non-technical cybersecurity risk” is defined by the proposed revised Cybersecurity Act as the likelihood of a supplier being subject to influence by a third country with the potential to cause loss or disruption of the service provided or to compromise the product manufactured by an entity or to lead to exfiltration of data, including for the purposes of espionage or revenue generation.

LAWYER CONTACTS

Kaarli H. Eichhorn

Partner, Antitrust & Competition Law;
Government Regulation; Technology
Brussels

keichhorn@jonesday.com

+32.2.645.14.41

Dr. Jörg Hladjk

Partner, Cybersecurity, Privacy & Data
Protection; Government Regulation;
Technology
Brussels

jhladjk@jonesday.com

+32.2.645.15.30

Nadiya Nychay

Partner, Government Regulation; Antitrust &
Competition Law
Brussels

nnychay@jonesday.com

+32.2.645.14.46

Cristiana Spontoni

Partner, Health Care & Life Sciences;
Government Regulation
Brussels

cspontoni@jonesday.com

+32.2.645.14.48

Rick van 't Hullenaar

Partner, Government Regulation;
Investigations & White Collar Defense
Amsterdam

rvanhullenaar@jonesday.com

+31.20.305.4223

Dimitri Arsov (Associate), Margo Cornette (Associate), Cecelia Kye (Consultant), Justine Naessens (Associate), and Olivier Verhasselt (Associate) in the Brussels Office contributed to this Update.