White Paper

The sell-off of the future

How European short-term thinking and the greed for quick money are financing China's long-term high-tech sovereignty – using copper foil as an example

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Executive Summary

In January 2026, the planned takeover of the Luxembourg-based copper foil manufacturer Circuit Foil Luxembourg by the Chinese company Jiujiang Defu Technology fell through. This incident serves as a wake-up call for European industry, exemplifying the unequal clash of two economic cultures. While European owners often seek a quick exit and immediate liquidity for pragmatic reasons of succession planning or profitability, Chinese companies pursue a strategic acquisition and technology policy spanning decades. Ultimately, Europe risks gradually selling off its technological assets and being geopolitically overrun. While reactive government investment screening can intervene in specific instances, it cannot remedy the underlying structural short-term thinking of the West.

Introduction: The Asymmetry of Thinking

The Circuit Foil case raises a much larger question that goes far beyond Luxembourg and the copper foil industry: Why must Europe protect individual companies from takeovers after the fact when numerous European companies voluntarily change ownership, thereby also transferring technology, know-how and industrial capabilities?

Selling a company is by no means inherently problematic. Many companies need capital, a strategic partner, or a succession plan. The problem arises, however, when a company is viewed solely as a financial asset, even though it simultaneously possesses technologies, production processes, employees, and market knowledge whose strategic value extends far beyond the mere purchase price.

This is precisely where the real asymmetry lies. A European owner often makes an economically rational move for their individual company by selling. A strategically acting buyer, on the other hand, specifically acquires capabilities that have often taken decades to develop in the West and that are intended to secure them lasting global market dominance in the future. Europe thus gains capital in the short term but loses its industrial base in the long term. [4]

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1. Circuit Foil – more than just a single company sale

The Circuit Foil case began in the summer of 2025 with the agreement between Volta Energy Solutions and Jiujiang Defu Technology. Defu intended to acquire all shares of the Luxembourg-based copper foil manufacturer for approximately €174 million. [1] Circuit Foil specializes in high-quality electrolytic copper foils, which are of fundamental importance for demanding printed circuit board applications in telecommunications, high-frequency technology, and data centers, among others. [1][2]

The acquisition would have transferred an existing industrial platform into Chinese hands, encompassing not only production facilities but also skilled workers, manufacturing expertise, and patents. A significant part of the value of such specialized companies lies in the intangible process knowledge accumulated over years by their employees, which is difficult to reflect in the purchase price using traditional valuation methods. [4]

The Luxembourg Ministry of the Economy granted conditional approval for the transaction on January 8, 2026. [1][2] However, the associated conditions would not have allowed the buyer full operational control, due in part to restrictions on voting rights and access to intellectual property and trade secrets. As a result, Defu and Volta Energy Solutions terminated the transaction. [1][2] China's strategic focus on expanding its own copper foil production capacity remains unchanged. [1][2]

2. Two different perspectives on the value of a company

The fact that European entrepreneurs sell their companies is often not a rash decision, but rather the result of enormous structural pressure. Germany is facing a historic generational shift in its small and medium-sized enterprises (SMEs). According to current figures from KfW Research, around 109,000 SMEs are planning a succession arrangement annually until the end of 2029, while at the same time around 114,000 businesses face permanent closure each year because no successor is available. [3] In this succession situation, selling to an external investor can be an important way to secure the continuation of the company and thus also jobs. [3]

In contrast, China has a long-term, state-supported time horizon. Scientific studies by the German Economic Institute (IW Cologne) demonstrate that Chinese acquisitions of companies in the West are also being used as an instrument for technological catch-up. [4] The Bertelsmann Foundation also describes how access to key Western technologies, patents, established brands, and customer networks can play an important role for Chinese investors. [5]

While the European seller realizes a one-off liquidity gain, the strategic buyer secures capabilities that can generate significant economic and geopolitical benefits for decades to come. We are exchanging long-term technological substance for one-off, quick money – and risking being overrun by China's strategic industrial policy. [4][5]

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3. Implications for electronics manufacturing

The danger of this gradual erosion of core industrial competencies is already painfully evident at the next stage of the value chain for copper foil – the printed circuit board (PCB). It forms the physical nervous system of modern electronics, connecting semiconductors, components, and interfaces to create functional electronic systems. In this sector, Europe has already largely lost its sovereignty.

- **The dramatic decline:** In 2000, Europe/EMEA accounted for around 20 percent of global printed circuit board production. By 2022, according to the ZVEI, this figure had fallen to around 3 percent. At the same time, the number of European manufacturers decreased to approximately 160 companies. [6]

- **China's dominance:** China and Southeast Asia together now account for around 85 percent of the global PCB market. [6]

- **The high dependency:** In 2023, European domestic production, at around €1.374 billion, covered only about 17.5 percent of total European demand of €7.871 billion. [9]

This creeping loss of control reveals a massive deficit in European industrial policy. The multi-billion-euro *European Chips Act* is intended to strengthen the European semiconductor industry, promote investment in production capacities, and increase security of supply. [10] However, semiconductors alone do not constitute a functioning system. If we allow the physical platform – the printed circuit board – and its precursor materials, such as copper foils and substrates, to increasingly disappear from Europe, the European semiconductor strategy will remain incomplete and geopolitically vulnerable. [6][7]

Cutting-edge research projects for the development of future high-frequency and communication technologies can only fully realize their industrial impact in the long term if Europe also has a high-performance industrial base for their implementation. [8]

4. Conclusion

The Circuit Foil case demonstrates that government investment screening (FDI) is an important tool for pulling the emergency brake at the last minute. However, it is reactive and does not address the root causes of the gradual loss of expertise.

If we are serious about technological sovereignty, European industrial policy cannot be limited to spectacular individual rescue operations. We need to understand early on what core competencies lie dormant in unassuming medium-sized companies before they are put up for sale. [5] The aim is not to restrict the free capital market, but to **define strategic red lines for critical supply chains.** [6]

Europe must learn to think about capital structures in a long-term and patriotic way in order to fill succession gaps in the SME sector with European capital. [3][4] We must finally understand the real lesson of the Circuit Foil case! Not every sale is a loss. [4] But Europe should know very well what it simply can no longer afford to sell in the global power structure. [4]

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About the Author

Dirk Kaussen is Founder and Managing Director of EMS Strategy Group. With around 40 years of experience in the electronics industry — including founding and managing his own electronics manufacturing company in Germany — he brings deep expertise in manufacturing processes, EMS partner selection, supply chain stability, relocation projects, and risk management. His approach combines practical solutions with a direct connection to industrial reality.

About the EMS Strategy Group

EMS Strategy Group supports industrial enterprises in the strategic and operational advancement of their electronics manufacturing. Our core expertise lies in the strategic relocation of manufacturing volumes, the selection of qualified EMS partners, the establishment of new production capacities, and the expansion of existing manufacturing structures.

Furthermore, we design resilient supply chain frameworks, conduct comprehensive risk assessments, and guide dual-sourcing strategies, with operational support through to a successful series production ramp-up.

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