WHITE PAPER

Europe first.

What European EMS outsourcing
economically, strategically and structurally brings

A data-driven analysis for OEM decision-makers

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Note on translation:

This white paper is a machine-translated version of the German original. Despite careful review, no guarantee is given for the correctness of the translation.

Executive Summary

This white paper poses a simple but rarely consistently answered question: What are the economic benefits for an OEM company of outsourcing its electronics manufacturing contracts to a European EMS provider rather than an Asian one? And what are the overall benefits of this decision for Europe as a manufacturing location?

The answer is clear, and it's backed by data. The benefits of intra-European EMS outsourcing outweigh a simple unit price comparison in virtually every relevant cost factor: delivery times, capital commitment, quality assurance, compliance, geopolitical risk, and IP protection. At the same time, every shift of a manufacturing order from Asia to Europe strengthens an ecosystem that grows, invests, and creates jobs.

The European EMS market is not a dying breed. With projected growth to between 70 and 98 billion US dollars by 2030, it is a dynamic, modernizing industry specifically geared towards the needs of Western European OEMs.

Key message of this white paper

When an OEM outsources its electronics manufacturing, the geographical location is a crucial factor. It determines supply chain stability, IP security, compliance effort, carbon footprint, and the total cost of ownership. This white paper uses robust data to demonstrate why intra-European EMS outsourcing is the superior choice across a wide range of product segments.

1. The European EMS market: Current situation and real potential

1.1 A market undergoing structural change

The European EMS market is larger and more dynamic than its reputation suggests. With a sales volume of approximately US$52 billion in 2025 (UNCTAD,*World Investment Report 2025*; Eurostat, *Structural Business Statistics 2025*With a projected growth of US$70 to US$98 billion by 2030, it is one of the world's most important manufacturing regions outside of Asia. Germany, with a share of approximately 22%, is the largest single market in Europe, followed by Poland, which, with a projected CAGR of over 8% by 2030, exhibits the strongest growth in the region. Central and Eastern Europe, particularly the DACH countries (Germany, Austria, and Switzerland), are among the fastest-growing EMS regions worldwide..

Contextualization within a global context

While the global mass EMS market is still dominated in terms of volume by the major manufacturing hubs in Asia-Pacific and the tech centers in North America, Europe (with a share of around 11–12% of the global market according to UNCTAD and Eurostat) has established itself as a crucial manufacturing region for high-quality, high-mix, low-volume production. For Western European OEMs, this European market share is a strategic lifeline, enabling them to break free from their one-sided dependence on Asia.

Source: UNCTAD, World Investment Report 2025; Eurostat, Structural Business Statistics 2025; ZVEI Position Paper 2025; EMS Strategy Group Assessment 2026.

1.2 The 2024/2025 downturn: Explainable, not structural

An honest market analysis must acknowledge the downturn in 2024 and 2025. After two exceptional years of growth in 2022 and 2023, triggered by pandemic-related supply bottlenecks and inventory build-up, a significant correction followed. According to the in-depth in4ma industry study, European EMS revenues experienced a drastic decline of 14% across Europe in 2024, with the German market being particularly hard hit by consolidation and radical inventory reduction by OEMs, falling by 18%. This decline is not a sign of structural weakness; it is the normalization following a cycle distorted by external shocks. The EMS Strategy Group anticipates a return to moderate growth in 2026, with up to 10% in Central and Eastern Europe. Anyone investing in a European EMS partnership now is doing so at a low point in capacity utilization – and therefore at the most favorable conditions.

Source: in4ma market analysis, cited from Elektroniknet.de (Dec. 2025); EMS Strategy Group forecast 2026.

2. The trend is measurable: EU buyers are shifting

2.1 What the data shows

Nearshoring and reshoring are no longer theoretical concepts. The trend is measurable — and it has arrived in the manufacturing industry.

The Bain & Company Operations Survey from November 2024 reveals the global dynamics: 81 percent of the CEOs and COOs surveyed worldwide plan to shift their manufacturing orders and supply chains closer to their core markets—an increase of 18 percentage points compared to 2022. Nearly two-thirds (64 percent) are already actively investing in these new structures. The proportion of companies actively relocating production from China rose significantly from 55 percent to 69 percent.

That this trend is a structural, long-term shift is confirmed by a comprehensive survey of industrial companies, reported in the trade magazine Beschaffung aktuell: More than 90 percent of the companies surveyed view nearshoring and reshoring as permanent structural changes—not as short-term reactions to crises. Two-thirds plan to restructure their supply chains within five years. Industrial companies in particular—67 percent—intend to increase regionalization to more politically stable regions. Eastern European countries (CEE) are cited as the most important option.

Strategic consequence: Even though the overall European EMS market is temporarily under pressure due to OEMs' current inventory reductions, the fundamental desire for regionalization among decision-makers remains unbroken. For OEMs, the combination of strategic relocation pressure and currently available capacity at Eastern European manufacturers represents the most economically efficient entry window of the last ten years.

Key figure	Value	Those
CEOs/COOs worldwide with relocation plans towards their home market	81 %	Bain & Company, November 2024
Companies that are already actively investing	64 %	Bain & Company, November 2024
Companies that are actively relocating production from China	69 % (vs. 55 % in 2022)	Bain & Company, November 2024
Industrial companies that view nearshoring/reshoring as a permanent structural change	> 90 %	Procurement Update, February 2026
Industrial companies with planned supply chain regionalization in 5 years	67 %	Procurement Update, February 2026

Source: Bain & Company, Biennial Operations Survey, November 2024. bain.com/about/media-center/press-releases/2024 — Procurement Today (February 2026): Nearshoring: Here to Stay? beschaffung-aktuell.industrie.de/artikel/nearshoring-gekommen-um-zu-bleiben.

3. The economic core: What European EMS really costs

3.1 Unit price is not the total price

The most common miscalculation in EMS outsourcing is equating unit price with total costs. The unit price of an Asian EMS partner is often lower. What this comparison fails to capture are the structural additional costs inherent in using an Asian manufacturing source: transportation, capital commitment, remote quality assurance, compliance, currency risks, and geopolitical premiums.

Bain & Company's nearshoring analysis shows that companies that correctly calculate and implement the switch to a European or nearby EMS partner can achieve gross margin improvements of up to 30 percent. This figure is not due to miracles, but to the consistent elimination of hidden costs.

Source: Bain & Company, Nearshoring: Overcoming the Obstacles, 2024.

The following overview shows the most important cost factors in a direct comparison between Asian and European EMS outsourcing.

TCO comparison: EMS outsourcing to Asia vs. within Europe

Cost factor	Asian EMS	European EMS
Unit price (direct)	●●● Low	●●○ Medium
Transport costs & risk	●●●●● High	● Very low
Capital tied up in inventory	●●●●○ High	●●○ Low
Delivery time (Lead Time)	●●●●● 8–16 weeks	●● 1–4 weeks
Quality assurance effort	●●●●○ High	●○ Low
Compliance (LkSG/CSDDD)	●●●●○ Elaborate	●○ Simple
Geopolitical risk	●●●●● Very high	● Very low
IP/Data Protection Risk	●●●●● High	● Low
CO_2 footprint (Scope 3)	●●●●○ High	●● Low
TOTAL TCO (realistic)	**●●●●○ Higher than visible**	**●●● Lower and predictable**

Source: Bain & Company, Nearshoring: Overcoming the Obstacles, 2024; EMS Strategy Group, operational assessment May 2026.

3.2 What the automotive industry has taught us

The most costly practical demonstration of the hidden costs of unilateral manufacturing dependence came between 2021 and 2022. The global semiconductor shortage cost the worldwide automotive industry approximately US$210 billion in lost revenue in 2021 alone, according to a September 2021 forecast by AlixPartners. S&P Global Mobility estimates that more than 9.5 million vehicle units worldwide were directly affected by the chip shortage in 2021, and another 3 million in 2022. Europe bore a disproportionate share of this loss, as the European automotive industry was more reliant on just-in-time supply chains from Asia than its North American competitors.

These figures don't represent abstract risks. They represent the real consequences of a manufacturing strategy that prioritized cost optimization over security of supply. Companies that could rely on broader, geographically diversified supply chains during this period

suffered significantly fewer losses. The lesson is clear: Geographic diversification with a European manufacturing partner is not an insurance premium. It is an active competitive advantage.

Sources: AlixPartners, press release, September 23, 2021: alixpartners.com — S&P Global Mobility, July 2023: spglobal.com/mobility.

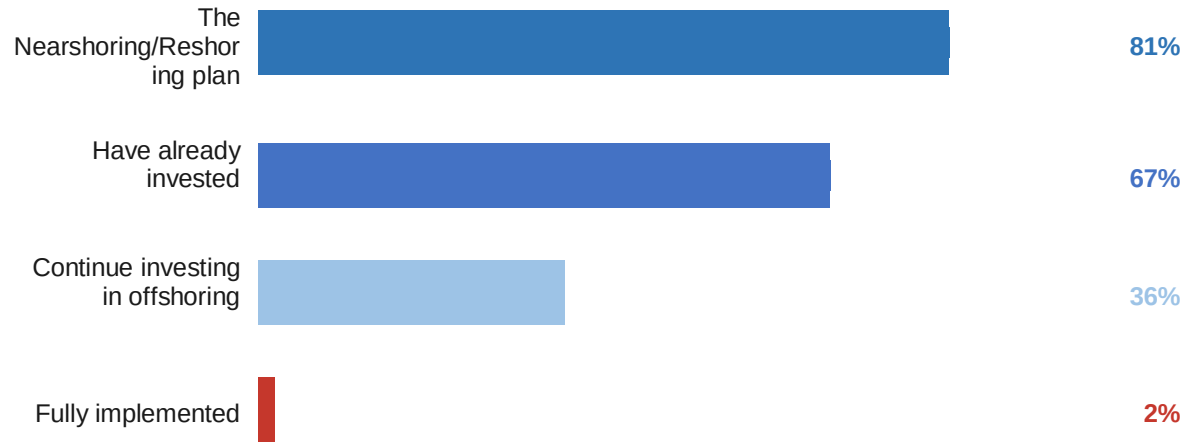
4. The implementation gap: Why the will is there, but the implementation is lacking

4.1 81 percent plan, 2 percent have implemented

Perhaps the most revealing figure from current industry research comes from the Bain & Company Biennial Operations Survey from November 2024: 81 percent of the 166 CEOs and COOs surveyed worldwide plan to shift their manufacturing orders and supply chains closer to their core markets. At the same time, only 2 percent of these companies report having fully implemented their plans.

Source: Bain & Company, Biennial Operations Survey, November 2024 (n=166 CEOs/COOs).

The implementation gap: Reshoring intention vs. actual implementation (global, 2024)



Source: Bain & Company, Biennial Operations Survey, November 2024 (n=166 CEOs/COOs).

4.2 What the implementation gap means

This gap between intention and implementation is not a sign of a lack of will. It is a structural problem: companies know what they want, but they don't know how. They lack analysis, the right partner, internal expertise, and methodological support.

For European EMS providers and OEMs who act now, this gap represents a direct market opportunity. The demand is real and documented. Implementation is just waiting for structured support.

5. The overall economic benefits: What intra-European EMS outsourcing means for Europe

5.1 Jobs and added value

Every electronics manufacturing order that goes to a European EMS provider instead of to Asia creates or maintains direct jobs in Europe. According to the EMS Strategy Group, the European EMS sector comprises around 2,250 companies with a market volume of approximately US$52 billion and directly employs hundreds of thousands of skilled workers, as well as many more in the upstream supply chain. Central and Eastern Europe benefit disproportionately. Poland, the Czech Republic, Romania, Hungary, and the Baltic states have built high-performing EMS ecosystems over the past 15 years that now operate on a level playing field with Western European providers. Every new order from Western Europe strengthens these regions and deepens the economic integration of the European single market.

Source: EMS Strategy Group assessment based on market observations 2025/26.

5.2 Technological sovereignty

The relocation of electronics manufacturing orders to Europe strengthens the continent's technological sovereignty in a sensitive industry. Electronic assemblies are the backbone of modern infrastructure, from energy and defense to medical technology. In its position paper of April 2025, the ZVEI (German Electrical and Electronic Manufacturers' Association) explicitly warned that the increasing concentration of manufacturing in the Far East poses a direct threat to critical infrastructure.

Source: ZVEI position paper, April 2025.

The European Chips Act, with a mobilization volume of €43 billion, underscores that the EU has recognized this threat and is actively countering it. Every OEM that places its manufacturing orders in Europe makes a direct contribution to this industrial policy objective and simultaneously benefits from an environment that is politically, regulatoryly, and infrastructurally geared towards European manufacturing.

Source: European Chips Act, ec.europa.eu.

5.3 Climate targets and ESG commitments

Scope 3 emissions from the supply chain are becoming increasingly relevant for European companies due to the CSDDD and rising investor expectations. Intra-European EMS outsourcing measurably reduces these emissions: shorter transport routes, a cleaner energy mix, and shorter reaction chains. For companies with binding climate targets, this is not a minor aspect, but a quantifiable contribution to achieving those targets.

6. Central and Eastern Europe: The underestimated EMS region

6.1 Competence on an equal footing, costs within a European framework

One of the most common misconceptions in OEM procurement is that European EMS manufacturing automatically means Western European labor costs. This is not true. Poland, the Czech Republic, Romania, Slovakia, and the Baltic states offer an EMS infrastructure that is technologically on par with Western Europe, with labor cost levels that are significantly closer to those of Asian competitors than to German or Austrian companies.

According to the EMS Strategy Group, Poland will be the fastest-growing EMS market in Europe by 2030, with a CAGR of over 8 percent. For the DACH cluster (Germany, Austria, and Switzerland with their Central and Eastern European neighbors), the book-to-bill ratio has been above 1.05 since 2025 – a clear indication of a recovering order situation.

Sources: EMS Strategy Group assessment, based on market observations 2025/26.

6.2 Proximity as a strategic advantage

An EMS partner in Poland or the Czech Republic is logistically closer for a German OEM than a partner in Shanghai. Delivery times of one to four weeks instead of eight to sixteen weeks enable a completely different planning logic: smaller safety stocks, faster response to design changes, short-term capacity adjustments, and direct communication without time zone issues. This is not a marginal improvement. It fundamentally changes a company's operational controllability.

7. Conclusion: The calculation works out – if it's set up correctly.

The question of whether intra-European EMS outsourcing makes economic sense can be answered clearly: Yes. Not for every product, not under every condition, but for a wide range of industrial electronics manufacturing orders, a European EMS partner is the economically superior choice when considering all costs.

Europe's EMS market is not a relic of the past. It is growing, investing, and being actively strengthened by political frameworks. Companies that set the course today are building supply chains that are more stable, transparent, and resilient than any Far Eastern procurement focused solely on cost optimization could ever be.

The data is clear. The trend is measurable. The gap between intention and implementation is real and significant. Whoever closes this gap will win.

Final assessment

The global EMS market will grow to over US$1.1 trillion by 2034. Europe's share of this market depends on how many OEMs consciously choose production locations based on full cost transparency. Every order that remains in Europe or returns to Europe strengthens an ecosystem from which the customer ultimately benefits.

List of sources

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About the author

Dirk Kaussen is the founder and CEO of EMS Strategy Group and has nearly 40 years of operational experience in the EMS industry. Having founded and managed his own electronics manufacturing company in Germany, he understands the requirements of electronics manufacturing not only from a consulting perspective but also from his own entrepreneurial experience. His expertise encompasses both operational manufacturing processes and strategic topics such as EMS partner selection, supply chain stability, production relocation, and risk management. His approach is based on practical solutions directly related to industrial realities.

About the EMS Strategy Group

The EMS Strategy Group supports industrial companies in the strategic and operational development of their electronics manufacturing. The focus is on transferring manufacturing orders to European EMS providers, building new production capacities, and expanding existing production structures. Furthermore, the EMS Strategy Group supports projects to secure supply chains through risk analyses, dual-sourcing strategies, and robust supply chain concepts. All projects are operationally supported and, if desired, managed through to full series production ramp-up. The focus is on practical solutions, direct implementation, and close alignment with the industrial realities of electronics manufacturing.

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