

## EU Sanctions Halt MCC Deliveries – Consequences for European Industry and Supply Chains

We would like to draw your attention to a situation that may have significant consequences for European industry and clearly highlights both Europe's dependencies and the impact of the current geopolitical and security environment.

The U.S. semiconductor company MCC (Micro Commercial Components Corp.) has halted all deliveries to the EU after its Chinese parent company, Yangzhou Yangjie, was placed on the EU sanctions list on April 23. The decision affects several sectors, particularly the automotive industry, where some MCC components currently lack qualified short-term alternatives.

*“The halt in deliveries from MCC demonstrates how quickly a sanctions decision can impact European industry. When a parent company is placed on the EU sanctions list, the effects extend throughout the entire supply chain. Companies therefore need to rapidly review alternative solutions and ensure compliance with applicable sanctions and regulations.”*

### Background to the Sanctions Decision

According to the European Commission, Yangzhou Yangjie has supplied dual-use technology to Russia following the invasion of Ukraine, and products from the company have been identified in Russian military equipment. Since Yangzhou Yangjie has owned MCC since 2015, MCC is also subject to EU sanctions regulations.

MCC initially stated that its operations would not be affected. However, following legal reviews in both the United States and Europe, the company has decided to temporarily suspend all deliveries and business transactions with European customers pending further regulatory clarification.

### Consequences for Supply Chains

- For many companies, MCC has been an alternative supplier to Nexperia.
- Other suppliers such as Panjit, Toshiba, and Diotec still have inventory available. However, redesign and development work are required to replace existing components, while available volumes remain limited.
- Price increases and longer lead times cannot be ruled out.

**Government Dialogue and National Coordination**

The Swedish government is actively working on the issue through The Swedish Agency for Economic and Regional Growth (Tillväxtverket). The agency is working closely with the European Commission's DG Connect to coordinate information and response measures.

Svensk Elektronik is continuously monitoring developments and maintaining close dialogue with both authorities and industry stakeholders at national and EU level. We will continue to keep our members and industry partners informed about new regulatory developments, market impacts, and potential supply chain risks as the situation evolves.

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