




CALL TO ACTION FOR A EUROPEAN SILICON TO SYSTEMS ELECTRONICS MANUFACTURING STRATEGY

The electronics manufacturing sector calls for a European Competitiveness Deal to revitalise the resiliency and competitiveness of Europe's industries and enhance our region's security.

A robust industrial policy is a prerequisite to addressing strategic dependencies and building capacities and capabilities needed for our future prosperity and well-being. It is key to put electronics manufacturing at the centre of that effort to strengthen a resilient microelectronics ecosystem.

Among the conclusions of its special meeting on 17 and 18th April 2024, the European Council stated: "In the face of a new geopolitical reality and increasingly complex challenges, the European Union is committed to acting decisively to ensure its long-term competitiveness, prosperity and leadership on the global stage and to strengthen its strategic sovereignty... A new European competitiveness deal is needed, anchored in a fully integrated Single Market." The European Council added that Europe "needs to reduce its strategic dependencies in sensitive sectors identified in Versailles – energy, critical raw materials, semi-conductors, health, digital, food and critical technologies – and in other sectors such as chemicals, biotechnology and space."

It is imperative that any new industrial policy arising from a European competitiveness deal recognises that electronics manufacturers are at the heart of Europe's industrial engine, for sensitive sectors identified and far beyond. **Our new industry report confirms that the electronics ecosystem is not only a vertical integrated industry with many segments comprising thousands of companies; it is also a horizontal industry enabling innovation and manufacturing across every sector of Europe's economy.** Electronics, in particular, power Europe's global leadership in industrial electronics, and they are essential to secure reliable defence and aerospace systems, medical technologies, and communications infrastructure. Moreover, electronics are crucial for the digital and green transitions and a necessity for a great majority of products to sustain modern daily life. Our new industry report identifies strategic dependencies and weaknesses within the electronics ecosystem. Most notably the lack of production of PCB, advanced packaging and IC substrates.



The EU has an historic opportunity to make the region a hub for innovation and manufacturing with a thriving electronics sector capable of meeting Europe's industrial and regional security needs during a period of increasing geopolitical tensions. However, the creation of a vibrant, cross-sectoral industrial base does not happen overnight. It requires diligent planning, decisive action, and intense cooperation between the private and public sectors.

In order to address the aforementioned challenges, the undersigned call on the in-coming European Commission, the European Parliament and Member State Governments to:

1. Establish an Electronics Manufacturing Strategy as part of a New Competitiveness Deal

The competitiveness, resilience and strategic autonomy of European strategic sectors and their supply chains must become the top priority for the 2024-2029 mandate. The industry, therefore, calls on the next European Commission to establish an electronics manufacturing strategy as part of a new *Competitiveness Deal*.

Electronics manufacturing is a key supplier to and enabler for all strategically-important industries. Ensuring a resilient and globally competitive European electronics manufacturing industrial base including printed circuit board (PCB), IC Substrates, advanced packaging, electronic manufacturing services (EMS) and equipment suppliers for pcb and pcba manufacturers is therefore crucial. The [2023 Structured Dialogue on Electronics Manufacturing](#) highlighted capacity and capability gaps in these areas which indicate the key priorities for Europe's Electronics Manufacturing strategy.

The industry calls for specific EU targets for electronics manufacturing to be set for both 2030 and 2035. While working with trusted trading partners remains a key element, *the introduction of a European Minimum Autonomy Threshold (EMAT) for strategically critical electronics supply and manufacturing for Europe* as a means to measure and achieve these industrial objectives is necessary. An important consequence of a EMAT is to create demand which will lead to economies of scale which will lead to an improved competitive position.

2. Introduce a Strategic Electronics Manufacturing Act (SEMA)

Under the umbrella of this Competitiveness Deal, building upon the model of the European Chips Act and expanding its approach to the broader electronics manufacturing value chain, we call on the European Commission to introduce a European *Strategic Electronics Manufacturing Act*. *The SEMA would strengthen key links of the electronics value chain from chip and component manufacturing to finished products and devices. The objective would be to reduce strategic dependencies* and ensure they can compete with global competitors benefiting from an uneven playing field.

The SEMA would establish a new *Strategic Manufacturing Fund* to provide direct EU funding and allow Member State support to boost European electronics manufacturing projects critical for EU sovereignty. This fund would make public-private cooperation feasible and effective with a particular focus *on strategic enablers such as printed circuit boards, IC substrates, advanced packaging and electronics assembly*. Support should be provided to new factory investments as well as existing factory modernization.

3. Levelling the playing field through the regulatory and tax environment

European electronics manufacturers are disadvantaged in the global marketplace. International competitors benefit from more relaxed regulatory regimes and government subsidies that support more robust supply chains and lower prices.

The industry calls on the European Commission to work with Member States to introduce a duty suspension on imported base materials used in electronics manufacturing. The European production of these base materials is woefully insufficient to meet demand, but the duties on their import increase the cost of PCB fabrication, undercutting the competitiveness of European PCB manufacturers.

With respect to regulation, European companies are very supportive of the green deal objectives, but they are bearing the financial burden of implementing environmental practices and uses that their international competitors often are not. Reducing administrative burden by implementing the 25% reduction in reporting as a first step will be key to the future of European competitiveness.

The effective enforcement, and ensuring coherence, of existing rules and regulations are elementary to create a level playing field. The application of existing regulations should be more efficient e.g. providing better access to trade defence instruments for SME's. For new rules and regulations a competitiveness check should apply while using robust data and scientific evidence for effective policymaking. Moreover, an integral and cumulative impact assessment of legislation should be made.

For environmental purposes it is highly recommendable to avoid blanket bans of necessary chemical substances and materials needed for strategic uses. To provide sufficient lead-in time and funding for the innovation needed to phase out uses and develop greener processes.

Finally, it is important to level the international playing field by increasing the availability of competitive international energy prices. This is fundamental to make Europe an attractive and more competitive location for electronics manufacturing.

4. Collaborate for a future-proof skilled workforce

Last but not least, while the EU has demonstrated a commitment to address the skills gap, by designating 2023-2024 as the European Year of Skills, much more work needs to be done to build a well-compensated workforce, to accelerate the industry's partnership with digital and green industries of the future powered by electronics.

The industry encourages policymakers to build on the work already underway to address Europe's existing skill gap by providing dedicated EU funding and more coordination across Member States to

- Increase the visibility and attractiveness of electronics manufacturing through new education programmes and apprenticeship opportunities;
- Support the industry's ongoing efforts to build lifelong training, up-skilling and reskilling of the workforce in order to provide clear career pathways and lower worker turnover.

The importance of protecting skills and capabilities cannot be underestimated also to ensure that the EU is not only a region for R&D but for production as well.

The undersigned companies and organisations are committed to playing their role in a resilient and competitive Europe. We look forward to engaging with the European Commission, the European Parliament, Member States, Industry stakeholders and partners to this end.



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