

IPC Priorities for the TTC Working Group 3 – Secure Supply Chains

IPC strongly supports the establishment of the EU-US Trade and Technology Council to strengthen bilateral co-operation between like-minded partners on critical trade and economic issues. We welcome the opportunities ahead to facilitate bilateral trade, promote innovation, spur the digital transition and crucially, to ensure secure and resilient supply chains.

On behalf of its European and U.S. members, IPC urges the TTC to give special focus to bolstering electronics manufacturing.

Today, electronics are everywhere—from our personal devices to our electric cars, from industrial robots to spacecraft. Electronics, in fact, are foundational to almost all modern technology. As such, electronics manufacturing is crucial to economic competitiveness, industrial resiliency and technological innovation and is a key enabler for the digital and green transitions across all sectors.

Yet, despite its strategic importance, electronics manufacturing in both Europe and North America has alarming yet underappreciated capability and capacity gaps that need to be addressed. To this end, IPC supports the investments the EU and U.S. are making to strengthen semiconductor fabrication, but we urge policymakers to adopt a more holistic, silicon-to-systems approach to strengthening the industry. Anything short of such an approach is self-defeating, undercutting government-led goals related to innovation, resiliency, security, and economic competitiveness.

Our regions, linked by similar values, also face similar challenges and an urgent need to explore new opportunities to foster robust, innovative electronics ecosystems to meet technological, economic and security needs.

In a time of geopolitical developments, a COVID pandemic, supply chain pressures and increasing energy prices, it becomes essential to have strategic partnerships and integral economic cooperation. Moreover, environmental concerns require immediate global cooperation on joint objectives to use innovation as a source of sustainable growth.

With this context, IPC offers the following priorities.

Invest across the electronics industrial ecosystem – silicon to systems

Supply chain disruptions have shown the need for greater global re-balancing of supply chains to ensure security of supply of semiconductor chips both for current and future markets. In this light we welcome the shared objectives of both the EU and the US to increase respective chip manufacturing capacities going forward, but policymakers should

couple these investments with investments in the larger electronics manufacturing ecosystem.

Indeed, electronics is a multi-layered industrial ecosystem requiring a robust supply chain for raw materials, connectors, electronic and microelectronic components and printed circuit boards, as well as the manufacturers that assemble these parts and components into electronic systems that are incorporated into the final product.

The TTC should affirm the strategic importance of robust electronics manufacturing ecosystems and work together to address capacity and capability gaps across the ecosystem. This work should necessarily include:

1. A mechanism for regular analysis of the global electronics supply chain for electronics with special focus on strengthening transatlantic supply chain resiliency.
2. Development of transatlantic trusted supplier programmes that promote sourcing of electronics for sensitive technologies from U.S. and European manufacturers that have demonstrated a commitment to high security and quality standards.
3. Greater opportunities for joint research and development with particular focus on segments of the electronics manufacturing industry that have highly constrained resources for research.
4. Promote EU-U.S. partnerships through government funding to strengthen semiconductor advanced packaging capabilities. Without greater investment in advanced packaging, EU investments in semiconductor technology are likely to lengthen the supply chain, not shorten it.

We face similar challenges as well as opportunities in both regions. Co-operating to identify and address strategic gaps and vulnerabilities across the electronics chain is what will ultimately build resiliency sustainably.

Invest in the Factory of the Future

Creating more robust electronics manufacturing means investing in the factory of the future—a suite of technologies, processes, and people that collectively improves the productivity and quality of the electronics manufactured. Europe and the U.S. are behind Asia in the modernization of factories. The TTC should focus on how to help companies migrate to the factory of the future, understanding that the factory of the future offers dramatic benefits to meet future market needs in terms of production scale and sustainability outcomes.

Support International, Industry-led Standards Development Activity

Given the speed of technological advancements, government and industry need to work closely together to support industry-led standards development activities. Transatlantic investment in these standards also makes it easier for companies in both regions to work more closely together.



*IPC European Affairs Office
Square de Meeus 37
B-1000 Brussels
Belgium*

IPC welcomes continued dialogue with Industry in the context of Working Group 3 and the broader TTC and stands ready to play our role in identifying critical gaps and areas for EU/US collaboration for secure and resilient supply chains.