

## Geopolitics and Competitiveness Shaping a New EU Term

John Mitchell, IPC president and CEO, recently caught up with Alison James, IPC senior director of European government relations, to discuss the big changes taking



place in Brussels. Their conversation focused on the last year's EU elections and what a new political cycle and leadership transitions mean for the electronics industry. Alison makes clear that, during tremendous change, the industry needs to continue to prioritize strategic dialogue with government to ensure the region's competitiveness in the global marketplace.

**JM:** Alison, this is a time of political change and I know a lot has been happening in the EU with leadership transitions. Where are we now and what are the most recent developments?

**AJ:** Thanks John. Indeed, as of December we now have a new European Commission. This is a change that takes place every 5 years. It marks the start of a new mandate.

**JM:** And new political leaders have come in across the EU. Globally, we see this continuing move towards regionalisation and efforts to shore up critical industries in response to geopolitical change. What are we seeing in the EU in response to that?

**AJ:** We do have new political leaders across the EU and at National level. At EU level we had elections to the new European Parliament over the Summer and the new Members took up their roles at that time. The most recent step now is the confirmation of the new appointees at the highest levels of the European Commission, the administrative body of the EU. Across the board there are new leaders and many new people to meet. To come to your question, significantly, at Commission level there are some completely new roles and portfolios that reflect the growing response to geopolitical changes. For example, we have for the first time an Executive Vice President for Technological Sovereignty. We also have the first ever European Commissioner for Defence and we have an Executive Vice President for Prosperity and Industrial Strategy. The European Commission is organising itself in a way that speaks to many of the Industry's priorities and that can be helpful for IPC's initiated Call to Action for a resilient electronics manufacturing ecosystem for critical electronics supply and manufacturing.

**JM:** The IPC's initiated Call to Action has garnered broad Industry support in the last months. How is it being received in the new EU environment?

**AJ:** It has gathered a lot of support from electronics manufacturers as well as their representative associations across the EU. We have presented our policy recommendations along with the findings of our study "Securing the European Union's electronics ecosystem" to a broad spectrum of EU decision-makers over the past months. The good news is that it was very well received so far. With many new

faces in town, we will continue to engage the new EU leadership. Importantly, our study and recommendations speak to the zeitgeist. This is about making sure that, in Europe, we have what we need in the long term to meet critical needs at a time of high geopolitical change and increasing risks of escalation. At EU level, policy responses are still very much in formation in a region where we have 27 Member States and multiple political parties who need to find agreements. Finding common ground on issues including an approach to economic security for example become more complex.

**JM:** It is certainly a complex equation given the mix of competencies between National and EU level. There seems to be a high focus now on competitiveness. What would you say are the main differences this time around with the EU's priorities?

**AJ:** The overarching political focus now is indeed competitiveness. There is a realisation that the EU has fallen behind other regions on productivity. At the same time, other regions are subsidising their industries. They are also often subject to less and less stringent regulations. Couple that with security concerns and we have the three pillar focus of the new European Commission: innovation, decarbonisation and security. A clear priority for the new mandate is also reducing administrative and reporting burdens for companies. There has been a realisation that companies in Europe are hit with a high regulatory burden including but not limited to reporting requirements.

**JM:** The EU has always been a frontrunner in setting the standard for environmental and sustainability policies. How do you think this will change in the new three pillar approach and will it practically mean that the European objectives will be less ambitious?

**AJ:** There is still an imperative to reach the same overall objectives but they do want to see how they can streamline and simplify requirements overall. The European Commission has taken a commitment to reduce the administrative burden associated with reporting requirements by 25%. The approach is in line with what we have always argued. The electronics industry players are responsible businesses but the requirements must be workable. We will certainly continue to engage in this exercise for our companies. Overall, the goal remains focused on finding the balance and enabling our companies to be competitive while being sustainable. That's the difference. The overarching theme of the last 5 year mandate was the Green Deal. Now the new mandate is competitiveness, a clear shift of the gravity point.

**JM:** It sounds very ambitious but certainly an encouraging direction for industry. As always, the challenge and the opportunity in all of this is to make sure that the entire electronics ecosystem – from silicon to systems – is recognised as strategically essential.

**AJ:** That is certainly the case, and with supportive policies to enable its growth for the long term. That is the focus of our industry Call to Action. We know there is no silver bullet and it will require a mix of policies to stimulate demand and well as supply. It starts with an understanding of the complexities of the ecosystem and the

unique needs of each segment, and that is something IPC's experts and our member companies will continue to bring the new mandate.

**JM:** Thank you Alison for highlighting the new direction of the European Commission and what the opportunities are for industry.