

BUILDING ELECTRONICS BETTER REQUIRES STRONG TRADE RELATIONSHIPS

IPC is concerned about the negative impacts of ongoing tariff battles among the world's leading trade powers, which disrupt the electronics industry's highly complex supply chains and inject uncertainty into already narrow profit margins.

A 2019 IPC report revealed that almost 90 percent of U.S. electronics manufacturers were concerned about the impacts of higher tariffs, such as those imposed by the U.S. and China on the goods imported from each other. Companies have invested less in the United States and hired fewer workers due to the tariff ramifications.

IPC POLICY RECOMMENDATIONS

- **Revive multilateral trade pacts and dispute-resolution bodies.** IPC encourages a more strategic approach with China, underpinned by clear, values-based goals and strong partnerships with the world's other leading economies. We also are hopeful that the United States will rebuild trade relationships with its allies, including a possible revival of multilateral trade pacts with Europe and Asia. These relationships are critical to building trusted, resilient global supply chains.
- **Endorse and implement a North American Manufacturing Initiative:** IPC [supported](#) the U.S.-Mexico-Canada Agreement (USMCA), and we continue to call for a complementary [North American Manufacturing Initiative](#) to focus on COVID-19 response and the region's manufacturing competitiveness. In an era of increasingly localized supply chains, the U.S. should look to Mexico and Canada as economic partners in a bold endeavor to make North America a global hub for advanced manufacturing. On the heels of USMCA, the U.S. can lead the region in creating the ecosystem necessary to support high-volume manufacturing.
- **Modernize WTO agreement on GPA.** A 2016 Government Accountability Office (GAO) [report](#) found that the World Trade Organization's (WTO) Agreement on Government Procurement (GPA) and existing free trade agreements provide more market access for U.S. industries than the U.S. has been required to provide in exchange. IPC supports the leveraging of the GPA to promote partnership among allies and strategic trade partners to bolster resilient and connected industrial bases in the U.S. and allied countries.

- **Reevaluate Commerce final rule on ICTS supply chain.** IPC supports U.S. government efforts to achieve our common goal of safeguarding national security while strengthening the nation's economy and technological leadership. We also share a commitment to ensuring that information and communications technology services (ICTS) transactions do not pose undue risks to national security. However, we believe that the Department of Commerce's interim final rule (IFR) on securing the ICTS supply chain will not provide the level of security intended and may undercut U.S. competitiveness abroad. We urge U.S. President Joe Biden's administration to conduct a review to reevaluate the IFR and develop a coordinated strategy for managing legitimate national security risks related to ICTS.

IPC's ROLE

Like any industry, electronics manufacturing benefits from a stable, predictable business environment. The electronics industry is characterized by highly complex supply chains and narrow profit margins, and rising tariffs are causing considerable disruptions and uncertainties.

On behalf of electronics manufacturers, we look forward to helping cultivate a fair, open and rules-based international trading system.

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