

# **US, EU deepen alliance to boost 'underpin' of global economies: semiconductors**

U.S.-EU ties with Japan suggest an increased effort to distance themselves from China.

The U.S. and European Union pledged Wednesday to deepen its alliance for the sake of advancing common priorities like artificial intelligence, trade challenges and the "underpin" to global economies: semiconductors.

"Semiconductors are the material basis for integrated circuits that are essential to modern-day life and underpin our economies," U.S.-EU Trade and Technology Council said in a joint statement. "As such, semiconductors power virtually every sector of the economy, including energy, healthcare, agriculture, consumer electronics, manufacturing, defense, and transportation."

The council said the coronavirus pandemic highlighted the need to increase stable and reliable supply chains for the production of semiconductors.

## **CHINESE SWITCH TO FLASHLIGHTS, GENERATORS AMID POWER CUTS**

Chip shortages began under the Trump administration, when supply chains were affected by the trade war with China. But chip shortages were further exacerbated by an increased demand for electronics on everything from laptops to at-home health care during the pandemic.

"We recognize that the semiconductor supply chain, from raw materials, design and manufacturing to assembly, testing and incorporation into end products, is extremely complex and geographically dispersed," the council said. "The United States and European Union have some important respective strengths as well as ongoing, significant mutual dependencies, and common external dependencies."

Secretary of State Antony Blinken and Secretary of Commerce Gina Raimondo traveled to Pittsburgh to meet with European Commission Executive Vice Presidents Valdis Dombrovskis and Margrethe Vestager to bolster ties, as relations between the U.S. and Europe have become strained.

EU Internal Market Commissioner Thierry Breton warned last week that there is a growing sense that the U.S.-trans Atlantic relationship is “broken” and suggested it was time to “pause and reset” the partnership.

Breton’s comments came after France was sidelined in a U.S.-U.K. deal with Australia that effectively voided an existing submarine contract with the EU nation.

The commissioner was not present for Wednesday’s council meeting in Pittsburgh, but his social media suggested Breton was working to extend the EU’s reach into the global chip market.

On Wednesday Breton announced on Twitter he was in Japan facilitating an EU-Japan “cooperation” and preparing the “ground for our upcoming EU Chip Act.”

The U.S. similarly has looked to strengthen this alliance with Japan and bolster semiconductor production.

The joint U.S.-EU interest in Japan could signal an increased push to distance themselves from China.

### **GET FOX BUSINESS ON THE GO BY CLICKING HERE**

The council pledged to “stand together” against “unfair behavior of state-owned enterprises,” though the statement did not directly identify China.

“We intend to focus on reducing existing strategic dependencies throughout the supply chain, especially through a diversification of the supply chain and increased investment,” the council said, adding they will “work jointly so that any investment made on our territories is done in full respect of our respective security of supply.”

---

Source:

<https://www.foxbusiness.com/politics/us-eu-alliance-global-economies-semiconductors>

[Disclaimer]