

SecAg.Schedule

Subject: 100-Day Supply Chain Rollout Event

Start: Tue 6/8/2021 9:30 AM
End: Tue 6/8/2021 10:15 AM

Recurrence: (none)

Organizer: Baccam, Lanon - OSEC - Washington, DC

Location: White House Roosevelt Room

Agenda:

- 5-10 minute pool spray with topper public remarks from APNSA or NEC Deese
- Press leave
- 2.5 minutes: Sullivan and Deese thank Cabinet for their work, etc.
- 25 minutes: Presentations by cabinet on each of the 100 Day reports (DOD, DOE, HHS, DOC)
- 15 minutes: Open discussion (YOU may be asked to provide comments on the USDA announcement here)
- 5-10 minutes: Sullivan / Deese discuss next steps

Contact: Sanam Rastegar, (b) (6)

Staff: None
Briefing: Matt Herrick

WHITE HOUSE SUPPLY CHAIN DISRUPTIONS TASK FORCE PRINCIPALS' MEETING
TUESDAY, JUNE 8, 2021
9:30-10:15 AM ET

Brief: Matt Herrick, (b) (6), matt.herrick@usda.gov

Event Type: 100-Day Supply Chain Rollout Event

Press: OPEN for Camera Spray

Location: White House Roosevelt Room

Event Contact: Sanam Rastegar, (b) (6)

Addendum: USDA Press Release; White House Fact Sheet

Background: Principals' Meeting led by APNSA Jake Sullivan and NEC Director Brian Deese. The Biden-Harris Administration is announcing key findings from the reviews directed under Executive Order (E.O.) 14017 "America's Supply Chains," as well as immediate actions the Administration will take to strengthen American supply chains to promote economic security, national security, and good-paying, union jobs here at home. The White House will announce early actions on supply chains by the Administration in a fact sheet to be released to the media and public at 5 a.m. ET on Tuesday. USDA is included in the fact sheet and will also issue its own complementary announcement on Tuesday morning. YOU will be named a Co-Chair of the Supply Chain Disruption Task Force along with the Secretary of Commerce and Secretary of Transportation. YOU will speak for 3-5 minutes about the USDA contribution to the Supply Chain rollout, which is the \$4+ billion announcement devoted to making critical updates to strengthen the U.S. food system.

Run of Show:

- 5-10 minute pool spray with topper public remarks from APNSA or NEC Deese
- Press leave
- 2.5 minutes Sullivan and Deese thank Cabinet for their work, etc.
- 25 minutes: Presentations by cabinet on each of the 100 Day reports (DOD, DOE, HHS, DOC)
- 15 minutes: Open discussion (YOU may be asked to provide comments on the USDA announcement here)
- 5-10 minutes: Sullivan / Deese discuss next steps

USDA References in the White House Fact Sheet

Invest in sustainable supply chains at home and abroad

- USDA will commit more than \$4 billion in a new, robust suite of Build Back Better initiatives focused on rebuilding the U.S. food system and strengthening and diversifying supply chains for food production, food processing, food distribution and aggregation, and markets and consumers. Build Back Better efforts by USDA will help to ensure the food system of the future is fair, competitive, distributed, and resilient. These investments will help to build stronger food supply chain and a food system that supports health with access to healthy, affordable food; ensures growers and workers receive a greater share of the food dollar; and advances equity as well as climate resilience and mitigation.

Invest in sustainable domestic and international production and processing of critical minerals

- The Department of Interior (DOI), with the support of the White House Office of Science and Technology Policy—will establish a working group comprised of agencies such as the Department of Agriculture (USDA) and the Environmental Protection Agency (EPA) to identify sites where critical minerals could be produced and processed in the United States while adhering to the highest environmental, labor, and sustainability standards. This working group will collaborate with the private sector, states, Tribal Nations, and stakeholders—including representatives of labor, impacted communities, and environmental justice leaders—to expand sustainable, responsible critical minerals production and processing in the United States.
- The Administration will establish an interagency team comprised of staff from agencies including DOI, USDA, EPA, and others with expertise in mine permitting and environmental law. This team will identify gaps in statutes and regulations that may need to be updated to ensure: new production meets strong standards before mining begins, during the mining process, and after mining ends; meaningful community engagement and consultation with Tribal Nations, respecting the government-to-government relationship at all stages of the mining process; and opportunities to reduce time, cost, and risk of permitting without compromising strong environmental and consultation benchmarks are fully explored.

Guidance

- USDA is making a major commitment to rebuild our food system by building back better.
- The general state of our food system is affecting U.S. competitiveness in a variety of ways.
- We must build a fairer, more transparent food system rooted in local and regional production where small can compete against big because a greater share of the food dollar goes to those growing, harvesting, and preparing our food.

- Today, we will announce a new, dedicated effort focused on building back a better U.S. food system. We will begin by investing more than \$4 billion in new funding in four major categories: food production, food processing, food distribution and aggregation, and for markets and consumers.
- Last week, we kicked off the Build Back Better efforts with \$1 billion effort to improve emergency food assistance by supporting purchases of healthy food, providing resources to improve infrastructure in food banks and strengthen cooperative agreements with more diverse growers and community organizations. Altogether, we have committed more than \$5 billion to this effort and expect it to leverage billions more from the private sector and other investors.
- Funding is provided by the American Rescue Plan Act and the Consolidated Appropriations Act of 2021.

Look No Further Than Last Week's JBS Cyber Issue

- The cyberattack on JBS USA underscores the risks of a consolidated food system. If there are lessons to be learned from the COVID-19 pandemic and this latest incident, it is that we need to invest in a food system that is durable, distributed and better equipped to withstand 21st century challenges, including cybersecurity threats and other disruptions.
- Our daily market data shows a strong rebound in cattle and hog slaughter, ending with normalization by the end of the week. We expect that to continue through this week and for JBS USA to have caught up by early next week. We don't expect this incident to have lasting effects on wholesale and retail prices. But things could have been worse.

What the Pandemic Exposed

- The food system didn't break, but it did break down and we must work to prevent that from happening again.
 - Grocery store shelves were suddenly bare where the flour, pasta and other staples should have been.
 - Dairy farmers forced to dump nearly 4 million gallons a day.
 - Other farmers forced to smash eggs and euthanize chickens and hogs.
 - Crops worth billions of dollars were wasted, some rotting in the field.
 - Foodservice traffic fell by more than 80% and other food service businesses, shuttered by lockdowns, stopped buying.
 - At the height of the pandemic, more than 50 million adults—and 1 in 5 of all Black and Hispanic adults—were food insecure.

The Build Back Initiative to Transform the Food System

- USDA will invest \$4+ billion in a new, robust suite of initiatives focused on building back a better U.S. food system.
- The new, robust efforts—the Build Back initiative—will focus on rebuilding a better U.S. food system for food production, food processing, food distribution and aggregation, and for markets and consumers.

- This announcement is in addition to the \$1 billion announced last week to purchase healthy food for food insecure Americans and build food bank capacity, putting the total announced thus far at more than \$5 billion.

Funding announcements under the Build Back initiative focused on rebuilding a better U.S. food system will fall into four main categories and could include such investments as:

1. **Food Production:** Food production relies on growers, including farmers and ranchers, workers, and critical inputs. But a diminishing share of the food dollar goes to these essential workers. USDA will invest in the current and future generation of food producers and workers throughout the food system with grants, training and technical assistance, and more.
2. **Food Processing:** The pandemic highlighted challenges with consolidated processing capacity. It created supply bottlenecks, which led to a drop in effective plant and slaughter capacity. Small and midsize farmers often struggled to compete for processing access. USDA will make investments to support new and expanded regional processing capacity.
3. **Food Distribution & Aggregation:** Food aggregation and distribution relies on people working together throughout the food system and having the right infrastructure to gather, move and hold the food where and when it is needed. This system was stressed during the pandemic due to long shipping distances and lack of investment in local and regional capacity. USDA will make investments in food system infrastructure that can remain resilient, flexible and responsive.
4. **Markets & Consumers:** The U.S. spends more on healthcare and less on food than any other high-income nation; yet the U.S. has higher rates of diet-related illness and a lower life expectancy than those nations. At the same time, many socially disadvantaged and small and mid-sized producers do not have equitable access to markets. USDA will support new and expanded access to markets for a diversity of growers while helping eaters access healthy foods.

Attachments (2):

- USDA Investments Announcement
- Draft Supply Chain Announcement

USDA to Invest More Than \$4 Billion to Strengthen Food System

Investments Will Support Biden Administration's Effort to Strengthen Critical Supply Chains

WASHINGTON, June 8, 2021 – Citing lessons learned from the COVID-19 pandemic and recent supply chain disruptions, the U.S. Department of Agriculture (USDA) today announced plans to invest more than \$4 billion through the Build Back Better initiative. The new efforts aim to strengthen the food system, create new market opportunities, tackle the climate crisis, create opportunity in underserved communities, and support good-paying jobs throughout the supply chain. The announcement supports the Biden Administration's broader work on strengthening the resilience of critical supply chains as directed by *Executive Order 14017 America's Supply Chains*. Funding is provided by the American Rescue Plan Act and earlier pandemic assistance such as the Consolidated Appropriations Act of 2021.

The new investments will support food production, improved processing, investments in distribution and aggregation, and market opportunities. Through the Build Back Better initiative, USDA will help to ensure the food system of the future is fair, competitive, distributed, and resilient; supports health with access to healthy, affordable food; ensures growers and workers receive a greater share of the food dollar; and advances equity as well as climate resilience and mitigation. While the Build Back Better initiative addresses near- and long-term issues, recent events have exposed the immediate need for action. With attention to competition and investments in additional small- and medium-sized meat processing capacity, the Build Back Better initiative will spur economic opportunity while increasing resilience and certainty for producers and consumers alike.

“The COVID-19 pandemic led to massive disruption for growers and food workers. It exposed a food system that was rigid, consolidated, and fragile. Meanwhile, those growing, processing and preparing our food are earning less each year in a system that rewards size over all else,” said Agriculture Secretary Tom Vilsack. “The Build Back Better initiative will make meaningful investments to build a food system that is more resilient against shocks, delivers greater value to growers and workers, and offers consumers an affordable selection of healthy food produced and sourced locally and regionally by farmers and processors from diverse backgrounds. I am confident USDA's investments will spur billions more in leveraged funding from the private sector and others as this initiative gains traction across the country.”

The Build Back Better Initiative will strengthen and transform critical parts of the U.S. food system. As it makes investments through this initiative, USDA will also seek to increase transparency and competition with attention to how certain types of conduct in the livestock markets and the meat processing sector have resulted in thinly-traded markets and unfair treatment of some farmers, ranchers and small processors. Among other investments in the food system and food supply chain, Build Back Better will specifically address the shortage of small meat processing facilities across the country as well as the necessary local and regional food system infrastructure needed to support them.

Funding announcements under the Build Back Better initiative will include a mix of grants, loans, and innovative financing mechanisms for the priorities listed below. Creating opportunity in underserved communities as well as climate resilience and mitigation will be consistent themes throughout the following:

1. **Food Production:** Food production relies on growers, including farmers and ranchers, workers, and critical inputs. But a diminishing share of the food dollar goes to these essential workers. USDA will invest in the current and future generation of food producers and workers throughout the food system with grants, training and technical assistance, and more.
2. **Food Processing:** The pandemic highlighted challenges with consolidated processing capacity. It created supply bottlenecks, which led to a drop in effective plant and slaughter capacity. Small and midsize farmers often struggled to compete for processing access. USDA will make investments to support new and expanded regional processing capacity.
3. **Food Distribution & Aggregation:** Food aggregation and distribution relies on people working together throughout the food system and having the right infrastructure to gather, move and hold the food where and when it is needed. This system was stressed during the pandemic due to long shipping distances and lack of investment in local and regional capacity. USDA will make investments in food system infrastructure that can remain resilient, flexible and responsive.
4. **Markets & Consumers:** The U.S. spends more on healthcare and less on food than any other high-income nation; yet the U.S. has higher rates of diet-related illness and a lower life expectancy than those nations. At the same time, many socially disadvantaged and small and mid-sized producers do not have equitable access to markets. USDA will support new and expanded access to markets for a diversity of growers while helping eaters access healthy foods.

USDA will continue to make announcements through the Build Back Better initiative in the months to come. Today's announcement is in addition to the \$1 billion [announced last week](#) to purchase healthy food for food insecure Americans and build food bank capacity, putting the total announced thus far at more than \$5 billion.

Today, Secretary Vilsack was named co-chair of the Administration's new Supply Chain Disruptions Task Force. The Task Force will provide a whole of government response to address near-term supply chain challenges to the economic recovery. The Task Force will convene stakeholders to diagnose problems and surface solutions—large and small, public or private—that could help alleviate bottlenecks and supply constraints related to the economy's reopening after the Administration's historic vaccination and economic relief efforts.

USDA touches the lives of all Americans each day in so many positive ways. In the Biden-Harris Administration, USDA is transforming America's food system with a greater focus on more resilient local and regional food production, fairer markets for all producers, ensuring access to safe, healthy and nutritious food in all communities, building new markets and streams of income for farmers and producers using climate smart food and forestry practices, making historic investments in infrastructure and clean energy capabilities in rural America, and

committing to equity across the Department by removing systemic barriers and building a workforce more representative of America. To learn more, visit www.usda.gov.

###

Biden-Harris Administration Announces Supply Chain Disruptions Task Force to Address Short-Term Supply Chain Discontinuities

100-Day Review Outlines Steps to Strengthen Critical Supply Chains

Today, the Biden-Harris Administration is announcing key findings from the reviews directed under Executive Order (E.O.) 14017 “America’s Supply Chains,” as well as immediate actions the Administration will take to strengthen American supply chains to promote economic security, national security, and good-paying, union jobs here at home.

On February 24, 2021, the President signed E.O. 14017, directing a whole-of-government approach to assessing vulnerabilities in, and strengthening the resilience of, critical supply chains. Stemming from that effort, the Biden-Harris Administration has already begun to take steps to address supply chain vulnerabilities:

- The Administration’s COVID-19 Response Team has drastically expanded the manufacture of vaccines and other essential supplies, enabling more than 137 million Americans to get fully vaccinated.
- The Administration has also worked with companies that manufacture and use semiconductor chips to identify improvements in supply chain management practices that can strengthen the semiconductor supply chain over time.
- The Department of Defense (DOD) has announced an investment in the expansion of the largest rare earth element mining and processing company outside of China to provide the raw materials necessary to help combat the climate crisis.
- And the Biden-Harris Administration is working to address critical cyber vulnerabilities to U.S. supply chains and critical infrastructure, including issuing E.O. 14028 on “Improving the Nation’s Cyber Security” just last month.

Today, building on these efforts, the Administration released findings from the comprehensive 100-day supply chain assessments for four critical products: semiconductor manufacturing and advanced packaging; large capacity batteries, like those for electric vehicles; critical minerals and materials; and pharmaceuticals and active pharmaceutical ingredients (APIs). The Administration is taking immediate action to address vulnerabilities and strengthen resilience with the launch of a new effort aimed at addressing near-term supply chain disruptions. And, pursuant to E.O. 14017, it is crafting strategies for six industrial bases that underpin America’s economic and national security, which will be completed within a year.

These efforts are critical because, as the COVID-19 pandemic and resulting economic crisis have shown, structural weaknesses in both domestic and international supply chains threaten America’s economic and national security. While amplified by the public health and economic crisis, decades of underinvestment and public policy choices led to fragile supply chains across a range of sectors and products. Unfair trade practices by competitor nations and private sector and public policy prioritization of low-cost labor, just-in-time production, consolidation, and private sector focus on short-term returns over long-term investment have hollowed out the U.S. industrial base, siphoned innovation from the United States, and stifled wage and productivity growth.

At the same time, the reviews find that the United States is well-positioned to maintain and strengthen our innovative leadership and rebuild our productive capacity in key sectors and value-chains. Our unparalleled university and research systems, skilled and diverse workforce, ecosystem of entrepreneurs and small businesses, and position as a global leader with strong relationships with allies and partners are the building blocks to revitalizing domestic competitiveness and strengthening supply chains. Working together, industry, labor, the

government, and other stakeholders can chart a new path forward that emphasizes resilience and security, as well as broad-based growth and sustainability.

Taking Action to Address Vulnerabilities in Critical Product Supply Chains

The actions the Biden-Harris Administration announced today are the first step in a whole-of-government effort to strengthen domestic competitiveness and supply chain resilience. To address vulnerabilities in the supply chains of the four critical products identified by E.O. 14017, the Biden-Harris Administration will immediately:

Support domestic production of critical medicines

- The Department of Health and Human Services (HHS), under their Defense Production Act (DPA) authorities and building on current public-private partnerships, will establish a public-private consortium for advanced manufacturing and onshoring of domestic essential medicines production. The consortium's first task will be to select 50-100 critical drugs, drawn from the Food and Drug Administration's [essential medicines list](#), to be the focus of an enhanced onshoring effort.
- HHS will make an initial commitment of \$60 million in funding from the American Rescue Plan to develop novel platform technologies to increase domestic manufacturing capacity for APIs. Greater API production domestically will help reduce reliance on global supply chains for medications that are in shortage, particularly during times of crisis.

Secure an end-to-end domestic supply chain for advanced batteries

- The Department of Energy (DOE) will release a National Blueprint for Lithium Batteries. This Blueprint will codify the findings of the battery supply chain review in a 10-year, whole-of-government plan to urgently develop a domestic lithium battery supply chain that combats the climate crisis by creating good-paying clean energy jobs across America. Later this month, the Department of Energy will host a Battery Roundtable, including representatives from each segment of the battery supply chain, to discuss the Blueprint.
- DOE's Loan Programs Office (LPO) will immediately leverage the approximately \$17 billion in loan authority in the Advanced Technology Vehicles Manufacturing Loan Program (ATVM) to support the domestic battery supply chain. LPO will leverage full statutory authority to finance key strategic areas of development and fill deficits in the domestic supply chain capacity. This will include the ATVM program making loans to manufacturers of advanced technology vehicle battery cells and packs for re-equipping, expanding or establishing such manufacturing facilities in the United States. In addition, ATVM will catalyze projects involving sustainable refining, processing, and recycling of critical minerals and rare earths for use in electric vehicles.
- DOE's Federal Energy Management Program (FEMP) will launch a new effort to support deployment of energy storage projects by federal agencies. It will begin with a federal government-wide energy storage review that will evaluate the current opportunity for deploying battery storage at federal sites. FEMP will also launch a call for projects from federal sites interested in deploying energy storage projects, and provide the necessary technical assistance to get those projects built. These actions build on steps taken earlier

this year to leverage \$13 million in FEMP’s Assisting Federal Facilities with Energy Conservation Technologies grants to unlock an estimated \$260 million or more in project investments, including battery storage projects.

Invest in sustainable domestic and international production and processing of critical minerals

- The Department of Interior (DOI), with the support of the White House Office of Science and Technology Policy—will establish a working group comprised of agencies such as the Department of Agriculture (USDA) and the Environmental Protection Agency (EPA) to identify sites where critical minerals could be produced and processed in the United States while adhering to the highest environmental, labor, and sustainability standards. This working group will collaborate with the private sector, states, Tribal Nations, and stakeholders—including representatives of labor, impacted communities, and environmental justice leaders—to expand sustainable, responsible critical minerals production and processing in the United States.
- The Administration will establish an interagency team comprised of staff from agencies including DOI, USDA, EPA, and others with expertise in mine permitting and environmental law. This team will identify gaps in statutes and regulations that may need to be updated to ensure: new production meets strong standards before mining begins, during the mining process, and after mining ends; meaningful community engagement and consultation with Tribal Nations, respecting the government-to-government relationship at all stages of the mining process; and opportunities to reduce time, cost, and risk of permitting without compromising strong environmental and consultation benchmarks are fully explored.
- DOD will deploy DPA Title III incentives—including grants, loans, loan guarantees, and offtake agreements—to support sustainably-produced strategic and critical materials, including scaling proven research and development (R&D) concepts and emerging technologies from other programs such as the Small Business Innovation Research awardees.
- The DOE LPO, through its Title 17 Renewable Energy and Efficiency Energy Projects solicitation, has more than \$3 billion in loan guarantees available to support efficient end-use energy technologies, such as mining, extraction, processing, recovery, or recycling technologies, of critical materials projects that satisfy Title 17 requirements.
- The U.S. Development Finance Corporation will expand international investments in projects that will increase production capacity for critical products, including critical minerals and other products identified pursuant to the E.O. 14017 process, ensuring that investments that support supply chain resilience and uphold international standards of environmental and social performance.

Partner with industry, allies, and partners to address semiconductor shortages

- Through strategic engagement with industry, the Department of Commerce (DOC) has supported nearly \$75 billion in direct investments from the private sector in domestic semiconductor manufacturing and R&D. DOC will bolster its partnership with industry to

facilitate information flow between semiconductor producers and suppliers and end-users. Leveraging the Department's convening power, including through its advisory committees, DOC will bring stakeholders together to promote improved transparency and data sharing.

- Building on the success of recent engagements with Japan and Korea, including the announcement of more than \$17 billion in U.S. semiconductor investments by Korean firms, the Administration will strengthen engagement with allies and partners to promote fair semiconductor chip allocations, increase production, and promote increased investment.

Building Fair and Sustainable Industrial Bases

In addition to the immediate actions taken in the supply chains of the critical products identified in E.O. 14017, the Administration is also announcing a series of actions to be taken across the Federal government to support supply chain resilience, workforce development, production and innovation, and strong sustainability and labor standards at home and abroad.

The Administration will:

Support American workers and innovation

- The Department of Labor (DOL) will announce later this month more than \$100 million in grants to support state-led apprenticeship expansion efforts as well as establish national Registered Apprenticeship Technical Assistance Centers of Excellence. The Apprenticeship Occupations and Standards Center of Excellence will provide support and technical assistance to employers and industry to build out model registered apprenticeship programs in critical supply chains.
- The Department of Energy (DOE) will announce a new policy to ensure that all innovations that are developed with taxpayer dollars through DOE's Science and Energy Programs require awardees to substantially manufacture those products in the United States, creating good-paying domestic jobs. This change will cover more than \$8 billion in clean energy and climate innovation funding requested in the President's Budget for Fiscal Year 2022, as well as future fiscal year spending. DOE will implement these actions through a Determination of Exceptional Circumstances under the Bayh-Dole Act. Additionally, the Administration will establish an interagency working group to identify best practices to develop and implement further improvements across the government.

Invest in sustainable supply chains at home and abroad

- The Federal Acquisition Regulatory Council, in connection with the implementation of Executive Order 14005, "Ensuring the Future is Made in America with All of America's Workers," plans to issue a proposed rule to develop a new process for preferencing critical products that are in manufactured productors or component parts, under the Buy American Act. This will leverage the buying power of the nearly \$600 billion in federal contracting to strengthen domestic supply chains for critical products.

- USDA will commit more than \$4 billion in a new, robust suite of Build Back Better initiatives focused on rebuilding the U.S. food system and strengthening and diversifying supply chains for food production, food processing, food distribution and aggregation, and markets and consumers. Build Back Better efforts by USDA will help to ensure the food system of the future is fair, competitive, distributed, and resilient. These investments will help to build stronger food supply chain and a food system that supports health with access to healthy, affordable food; ensures growers and workers receive a greater share of the food dollar; and advances equity as well as climate resilience and mitigation.
- The President will convene a global forum on supply chain resilience that will bring together key government officials and private sector stakeholders from across key U.S. allies and partners to collectively assess vulnerabilities, develop common approaches to supply chain challenges, and work to build strength through diversity and shared prosperity.

Combat unfair trade practices

- The Administration will establish a trade strike force led by the U.S. Trade Representative to propose unilateral and multilateral enforcement actions against unfair foreign trade practices that have eroded critical supply chains. The trade strike force will also identify opportunities to use trade agreements to strengthen collective approaches to supply chain resilience with U.S. partners and allies.
- DOC will evaluate whether to initiate an investigation into neodymium magnets, which are critical inputs in motors and other devices, and are important to both defense and civilian industrial uses, under Section 232 of the Trade Expansion Act of 1962.

Tackling near-term supply chain disruptions as the economy reopens

The Administration's historic vaccination and economic relief efforts have spurred a rapid return of economic activity. As the United States and the broader global economy emerge from the pandemic, we have seen signs of new pressures on supply chains due to changes in demand. While these short-term supply chain disruptions are temporary, the President has directed his Administration to closely monitor these developments and take actions to minimize the impacts on workers, consumers, and businesses in order to bolster a strong economic recovery. To address these challenges, the Administration will:

Establish a whole-of-government effort to monitor and address transitory supply chain challenges

- The Administration will establish new Supply Chain Disruptions Task Force to provide a whole-of-government response to address near-term supply chain challenges to the economic recovery. The Task Force will be led by the Secretaries of Commerce, Transportation, and Agriculture and will focus on areas where a mismatch between supply and demand has been evident: homebuilding and construction, semiconductors, transportation, and agriculture and food. The Task Force will bring the full capacity of the federal government to address near-term supply/demand mismatches. It will convene stakeholders to diagnose problems and surface solutions—large and small, public or

private—that could help alleviate bottlenecks and supply constraints.

- DOC will lead a coordinated effort to bring together data from across the federal government to improve the federal government’s ability to track supply and demand disruptions and facilitate information sharing between federal agencies and the private sector to more effectively identify near term risks and vulnerabilities.

Charting a new course: Toward a long-term strategy for strengthening U.S. supply chain resilience

President Biden believes this is the moment to reimagine and rebuild a new American economy, not go back to the way things used to be. The report delivered to the President offers six sets of recommendations that, collectively, will not only strengthen the four prioritized supply chains, but will rebuild the U.S. industrial base and restart our innovation engine.

The supply chain reviews reinforce the need for transformative investments in the President’s American Jobs Plan. The American Jobs Plan will make a once-in-a-generation capital investment to create millions of good-paying jobs, rebuild our country’s infrastructure, and position the U.S. to compete globally in key industries. This agenda aligns with and reinforces the Administration’s strategy outlined above to invest in US supply chain resilience.

Key Recommendations Include:

Rebuild America’s production and innovation capabilities. Long-term competitiveness will require an ecosystem of production, innovation, skilled workers, and diverse small and medium-sized suppliers. Those ecosystems are the infrastructure needed to spur private sector investment in manufacturing and innovation. But that infrastructure cannot be created or sustained without the support and leadership of the federal government. Specific recommendations to rebuild our industrial base for critical sectors include:

- *Provide dedicated funding for semiconductor manufacturing and R&D:* We recommend Congress support at least \$50 billion in investments to advance domestic manufacturing of critical semiconductors and promote semiconductor R&D.
- *Provide funding and financial incentives to spur consumer adoption of EVs and other EV incentives:* We recommend Congress enact consumer initiatives to spur consumer adoption of electric vehicles, which should include a preference for U.S.-made electric vehicles, combating the climate crisis and ensuring that the incentives will spur domestic production. In addition, we recommend Congress support \$5 billion in investments to electrify the federal fleet with U.S.-made EVs, and \$15 billion in infrastructure investment to build out a national charging infrastructure to facilitate the adoptions of EVs.
- *Provide financing to support advanced battery production:* DOE should use existing authorities and funding to support U.S. manufacturing of advanced technology vehicle battery cells.
- *Establish a new Supply Chain Resilience Program:* We recommend Congress enact a Supply Chain Resilience Program at DOC to create a focal point within the government to monitor and address supply chain challenges. This program should be backed with \$50 billion to make transformative investments in strengthening U.S. supply chains across a range of critical products.

- *Deploy the DPA to expand production capacity in critical industries:* A DPA Action Group should leverage the authorities of the DPA to strengthen supply chain resilience, building off work done to respond to the COVID-19 pandemic.
- *Invest in the development of next generation batteries:* Agencies should support technologies that will reduce the critical mineral requirements for next generation electric vehicle batteries and grid storage technologies, and that improve U.S. competitiveness in this critical sector.
- *Invest in the development of new pharmaceutical manufacturing processes:* Agencies should increase their funding of advanced manufacturing technologies to increase production of key pharmaceuticals and ingredients, including using both traditional manufacturing techniques and on-demand manufacturing capabilities for supportive care fluids, APIs, and finished dosage form drugs.
- *Work with industry and labor to create pathways to quality jobs, with a free and fair choice to join a union, through sector-based community college partnerships, apprenticeships and on-the-job training:* DOL's Employment and Training Administration should support sector-based pathways to jobs, for example in the semiconductor industry.
- *Invest in small, medium and disadvantaged businesses in critical supply chains:* The Small Business Innovation Research and Small Business Technology Transfer competitive programs should support a diverse portfolio of small businesses to meet R&D needs, and increase commercialization.
- *Examine the ability of the U.S. Export-Import Bank (EXIM) to use existing authorities to support U.S. manufacturing of products:* EXIM should develop a proposal for Board consideration regarding whether EXIM should establish a new Domestic Financing Program that would provide financing to support the establishment and/or expansion of U.S. manufacturing facilities and infrastructure projects in the United States that would facilitate U.S. exports.

Support the development of markets that invest in workers, value sustainability, and drive quality. These reports identify key areas where government could play a more active role in setting standards and incentivizing high-road business practices. By establishing strong domestic standards and advocating for the establishment of global standards, the United States can support the private sector's ability to create and adopt sustainable and resilient practices.

- *Create 21st century standards for the extraction and processing of critical minerals at home and abroad:* The government, working with private sector and non-governmental stakeholders, should encourage the development and adoption of comprehensive sustainability standards for essential minerals, such as lithium, cobalt, nickel, copper, rare earth elements, and other materials.

- *Identify potential sustainable production and processing locations for critical minerals:* The United States' non-fuel mineral resources are significantly under-mapped relative to those of other developed nations. Congress should fully resource programs like the U.S. Geological Survey's Mineral Resources Program at DOI to develop a comprehensive map of domestic critical mineral resources and reserves.
- *Improve transparency throughout the pharmaceuticals supply chain:* HHS should develop and make recommendations to Congress on new authorities that would allow HHS to track production by facility, track API sourcing, and require that API and finished dosage form sources be identified on labeling for all pharmaceuticals sold in the United States..

Leverage the government's role as a purchaser and investor in critical goods. As a significant customer and investor, the Federal Government has the capacity to shape the market for many critical products. The public sector can deploy this power in times of crisis, as in the case of Operation Warp Speed, or in normal times. The Administration should leverage this role to strengthen supply chain resilience and support national priorities.

- *Reform and strengthen U.S. stockpiles:* The Administration and Congress should take actions to recapitalize and restore the National Defense Stockpile of critical minerals and materials. In the private sector, industries that have faced shortages of critical goods should evaluate mechanisms to strengthen corporate stockpiles of select critical products to ensure greater resilience in times of disruption.
- *Ensure that new automotive battery production in the United States adheres to high labor standards:* Tax credits, lending and grants offered to businesses to produce batteries domestically should ensure the creation of quality jobs with the free and fair choice to organize and bargain collectively for workers.

Strengthen international trade rules, including trade enforcement mechanisms. While fair competition from abroad is welcome, too often unfair foreign subsidies and other trade practices have adversely impacted U.S. manufacturing and more broadly, U.S. competitiveness. The U.S. government must implement a comprehensive strategy to push back on unfair foreign competition that erodes the resilience of U.S. critical supply chains and industries.

- *Develop a comprehensive trade strategy to support fair and resilient supply chains:* The Administration should develop a comprehensive trade strategy to support supply chain resilience and U.S. competitiveness. Supply chain resilience should be incorporated into the U.S. trade policy approach towards China, including in the ongoing review of U.S.-China trade policy. The Administration should also examine existing U.S. trade agreements to identify ways to strengthen collective supply chain resilience.

Work with allies and partners to decrease vulnerabilities in the global supply chains. The United States cannot address its supply chain vulnerabilities alone. Even as the U.S. makes investments to expand domestic production capacity for some critical products, we must work with allies and partners to secure supplies of critical goods that we will not make in sufficient quantities at home. We must work with America's allies and partners to strengthen our collective

supply chain resilience, while ensuring high standards for labor and environmental practices are upheld.

- *Use diplomatic tools to encourage and facilitate resilient supply chains:* The U.S. should expand multilateral diplomatic engagement on supply chain vulnerabilities, particularly through groupings of like-minded allies such as the Quad and the G7.
- *Leverage financial tools to support sustainable and resilient international supply chains:* U.S. development and international finance tools offer a powerful avenue for working with allies and partners to strengthen supply chains for key products. The U.S. should explore initiatives and mechanisms for investing in projects to expand production in critical supply chains. Even as the U.S. expands the manufacture and mining of critical products domestically, it must take steps to ensure that the manufacturing and mining that takes place abroad supports supply chain resilience and meets high labor and environmental standards.

Key Findings from 100-Day Critical Product Supply Chain Reviews

The reports being released today document a wide range of risks and vulnerabilities to U.S. supply chains for critical products. Over the course of the year, pursuant to E.O. 14017, the Departments of Transportation, Agriculture, Commerce, Homeland Security, Defense, Energy, and Health and Human Services, working with other Departments and Agencies across the U.S. government, will develop comprehensive strategies for revitalizing six industrial bases: defense, public health and biological preparedness, information and communications technology, energy, transportation, and agriculture and food production.

Highlights of these risks and vulnerabilities identified by the 100-day reports include:

Semiconductors

Semiconductors are essential to our national security, our economic competitiveness, and to our daily lives. These tiny chips are vital to virtually every sector of the economy—including energy, healthcare, agriculture, consumer electronics, manufacturing, defense, and transportation. Semiconductors power our cell phones and dishwashers; as well as our fighter jets and cybersecurity defenses. Once a global leader in semiconductor production with robust public support, the United States has outsourced and offshored too much semiconductor manufacturing in recent decades. The United States has fallen from 37 percent of global semiconductor production to just 12 percent over the last 20 years.

The United States also lacks production capability at the most advanced technology levels. For leading edge logic chips, the U.S. and U.S. allies rely primarily on facilities in Taiwan, which produces 92 percent of such chips. Our reliance on imported chips introduces new vulnerabilities into the critical semiconductor supply chain. The United States produces only six to nine percent of the more mature logic chips, which are severely impacted by the current shortage. The loss of production capacity threatens all segments of the semiconductor supply chain as well as our long-term economic competitiveness.

We must build resilient and competitive semiconductor supply chains for the long-term. Our strategy must include taking defensive actions to protect our technological advantages. But we must also proactively invest in domestic production and R&D. We must develop an ecosystem that includes growing our innovative small, medium, and disadvantaged businesses, along with building a pipeline of skilled workers who can benefit from well-paying semiconductor jobs. Finally, we must engage our partners and allies to promote global resilience.

Large capacity batteries

Advanced, high-capacity batteries play an integral role in 21st-century technologies that are critical to the clean energy transition and national security capabilities around the world—from electric vehicles, to stationary energy storage, to defense applications. Demand for these products is set to grow as supply chain constraints, geopolitical and economic competition, and other vulnerabilities continue to increase.

Today, America relies heavily on importing the inputs for fabricated advanced battery packs from abroad, exposing the nation to supply chain vulnerabilities that threaten to disrupt the availability and cost of the critical technologies that rely on them and the workforce that manufactures them. With the global lithium battery market expected to grow by a factor of five to ten by 2030, it is imperative that the United States invest immediately in scaling up a secure, diversified supply chain for high-capacity batteries here at home that supports good-paying, quality jobs with a free and fair choice to join a union and bargain collectively. That means seizing a critical opportunity to increase domestic battery manufacturing while investing to scale the full lithium battery supply chain, including the sourcing and processing of the critical minerals used in battery production all the way through to end-of-life battery collection and recycling.

Critical minerals and materials

A range of critical minerals and materials are the building blocks of the products we use every day. As demand for clean energy technology increases over the short- and medium-term, an increased supply of critical minerals and materials will be necessary to meet national and global climate goals. China, using state-led, non-market interventions, captured large portions of value chains in several critical minerals and materials necessary for national and economic security. China accounts for an outsized share of the world's refining capacity, meaning that even if the United States were to diversify our sources of critical minerals or increase domestic extraction, we would still be reliant on China for processing before use in end-product manufacturing.

To secure a reliable, sustainable supply of critical minerals and materials, the United States must work with allies and partners to diversify supply chains away from adversarial nations and sources with unacceptable environmental and labor standards. U.S. investments abroad must incentivize environmentally and socially responsible production. The United States must also invest in sustainable production, refining, and recycling capacity domestically, while ensuring strong environmental, environmental justice, and labor standards and meaningful community consultation, including with Tribal Nations through government-to-government collaboration.

Pharmaceuticals and APIs

The COVID-19 pandemic highlighted the critical importance of a resilient U.S. healthcare manufacturing sector. Private sector innovation and robust federal investment allowed the U.S. to rapidly develop and strengthen COVID-19 supply chains. But the United States remains critically dependent on imports for a range of key pharmaceutical products and APIs—the primary ingredients of generic drugs—which represent 90 percent of all prescription medications filled. About 87 percent of API facilities for generic drugs are located overseas which has left U.S. supply chains of essential medicines vulnerable.

China and India are estimated to control substantial parts of the supply chain where there have been issues with shortages due to a range of disruptions that have impacted supply as well as quality and safety. The drive toward lower costs as well as unfair trade practices have led to a hollowing out of domestic production. A new approach is needed to ensure more resilient supply chains that includes improving transparency, building emergency capacity, and investing in domestic production.