



OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

[Docket Number USTR-2024-0002]

Request for Comments on Promoting Supply Chain Resilience

AGENCY: Office of the United States Trade Representative.

ACTION: Request for comments and notice of public hearing.

SUMMARY: The Office of the United States Trade Representative (USTR) requests comments and will hold a public hearing to inform objectives and strategies that advance U.S. supply chain resilience in trade negotiations, enforcement, and other initiatives.

DATES: You must submit comments and responses in accordance with the following schedule:

April 12, 2024: Due date for filing requests to appear and a summary of expected testimony at the public hearing.

[INSERT DATE 45 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*]: Due date for submission of written comments.

May 2, 2024: USTR will convene a public hearing in the main hearing room of the U.S. International Trade Commission, 500 E Street SW, Washington, DC 20436 beginning at 10:00 AM.

May 16, 2024: Due date for submission of post-hearing written comments from persons who testified at the public hearing.

ADDRESSES: USTR strongly prefers electronic submissions made through the Federal eRulemaking Portal: <https://www.regulations.gov> (Regulations.gov). The instructions for submitting comments are in sections IV and V below. The docket number is USTR-2024-0002. For alternatives to on-line submissions, please contact Sandy McKinzy at (202) 395-9483 in advance of the deadline.

FOR FURTHER INFORMATION CONTACT: Special Counsel Victor Ban at (202)

395-5962 or supplychain@ustr.eop.gov.

SUPPLEMENTARY INFORMATION:

I. Background

Strengthening our supply chains is a critical component of the Biden-Harris Administration's efforts to advance our worker-centered trade policy, create sustainable economic growth, ensure that our economy is more resilient in the face of supply shocks, and enhance U.S. economic security. From the COVID-19 pandemic to Russia's full-scale invasion of Ukraine, Americans have felt first-hand the impacts of supply chain disruptions, which include volatile prices for critical consumer goods and medical products and widespread product shortages that contribute to inflationary dynamics. Further, global supply chains have been designed to maximize short-term efficiency and minimize costs, leading to greater vulnerability and unsustainable dependencies, and furthermore have promoted trade that may not reflect our core values, like labor standards and environmental protection.

This is why the Administration is undertaking a whole-of-government effort to proactively strengthen domestic manufacturing and to secure trusted supply chains through strategic arrangements with trusted partners (friend-shoring) and with regional partners (near-shoring). The President is using all the tools at his disposal, including new authorities under the CHIPS and Science Act, Inflation Reduction Act, and Bipartisan Infrastructure Law, to incentivize the re-shoring and domestic expansion of critical supply chains. Enduring resilience will require new investments in infrastructure, new incentives to increase the supply of key inputs, and new forms of cooperation with allies and trading partners to prevent and withstand supply chain disruptions and mitigate risks of price spikes and volatility that could contribute to inflationary dynamics.

To advance these policy priorities on behalf of the American people, USTR has been crafting a new approach to trade and investment policy that promotes supply chain resilience. Resilient supply chains provide a range of sources for critical inputs; adapt, rebound, and recover with agility when faced with economic shocks; uphold labor rights and environmental protections; and strengthen the domestic manufacturing base and workforce that drive economic growth and world-class American innovation.

Over the last several decades, however, U.S. trade and investment policy—including rules related to supply chains—were designed to incentivize short-term cost-efficiency and drive tariff liberalization, with the goal of creating an unfettered global marketplace. This approach helped shape producers’ decision-making that, in many cases, fostered geographically concentrated and operationally complex supply chains. For instance, natural disasters overseas in 2011 disrupted “just-in-time” supply chains with significant negative impacts for U.S. automakers. In geopolitically fraught regions, the challenges are frequently even greater; when low cost is the driver of sourcing decisions, and absent incentives for improving standards over time, production becomes increasingly consolidated in economies with lower labor standards, weaker environmental protections, and transparency and governance challenges.¹ This is the race to the bottom. It leaves critical sectors vulnerable to non-market policies and practices, economic coercion, and other unfair trade practices, and deprives consumers of goods whose production reflects our core values. It has also contributed to the hollowing out of the American industrial base and vital U.S. jobs, and harmed many of our communities and working families, undermining support for democracy itself.

¹ The original Bretton Woods vision for trade, embodied in the Charter of the International Trade Organization, included labor standards and exemptions from certain trade rules for conservation agreements. However, the rules never entered into force because certain American trade associations, in conjunction with Members of Congress who supported weakening domestic labor rights, opposed U.S. ratification of the Charter.

Under the Biden-Harris Administration, USTR endeavors to empower American workers and businesses, large and small, that are recalibrating and rebuilding secure and trusted supply chains for resilience, through a new approach to trade and investment policy—one that is supported by innovative strategies, tools, and mechanisms, and also integrated with domestic economic policy to position U.S. manufacturing and services for continued leadership and competitiveness. This approach also entails collaborating with trading partners and allies to incentivize a race to the top through stronger coordination and alignment on labor and environmental protections within trusted networks, and to build our middle classes together, rather than pitting them against each other.

Through trade negotiations, efforts to enforce fair trade, and other engagement with trading partners, USTR seeks to advance and implement these principles of supply chain resilience—transparency, diversity, security, and sustainability. To promote transparency, USTR confronts supply chain risks arising from unfair trade and competition practices among our trading partners. To enhance diversity, USTR creates opportunities for businesses of all sizes to increase sourcing options, including those located domestically and in underserved communities.² To bolster security, USTR takes trade action to facilitate the strengthening of agile supply chains with trusted networks sharing our values, including through friend-shoring and near-shoring in furtherance of high-quality economic growth. And to support sustainability, USTR works to promote respect for labor standards and environmental protections governing global supply chains and to strengthen those standards and protections.

By strengthening resilient supply chains, trade and investment policy can help ensure the prosperity of American workers, businesses, and communities, foster a broad American industrial base, and fortify our partnerships with trusted partners and allies.

² The term “underserved communities” refers to those populations, as well as geographic communities, that have been systematically denied the opportunity to participate fully in aspects of economic, social, and civic life, as defined in Executive Orders 13985 and 14020.

II. Public Comments

USTR invites comments to inform the development of trade and investment policy initiatives that promote supply chain resilience, as outlined above. Responses should:

- Be written in clear, concise, and plain language.
- Include the name and a brief description of the individual or organization submitting the comment.
- If applicable, identify the specific question(s) the comment addresses.

Commenters should submit information related to one or more of the following questions:

1. How can U.S. trade and investment policy, in conjunction with relevant domestic incentive measures, better support growth and investment in domestic manufacturing and services?
2. What existing or new tools could help ensure that growth in domestic manufacturing and services does not undergo the same offshoring that we have experienced over the past few decades?
3. How can U.S. trade and investment policy promote a virtuous cycle and “race to the top” through stronger coordination and alignment on labor and environmental protections within trusted networks among regional and like-minded trading partners and allies?
4. What are examples of trade and investment policy tools that potentially could be deployed in the following sectors to enhance supply chain resilience? In these sectors, what features of the current policy landscape are working well, or less well, to advance resilience?
 - Aerospace and aerospace components.
 - Agriculture, forestry, and fisheries.

- Automobiles and automotive parts.
 - Call centers, business processing operations, and related services.
 - Critical minerals, including for electric vehicle and large-scale energy storage batteries, and related recycling.
 - Metals.
 - Pharmaceutical and medical goods.
 - Semiconductors, microelectronics, and inputs thereto.
 - Renewable energy generation, transmission, and storage, including solar and wind technology and inputs thereto.
 - Textiles, such as yarns, fabrics, apparel, and other finished goods.
5. What additional sectors may need dedicated trade and investment policy approaches to advance supply chain resilience? What should such approaches entail? With respect to those sectors, what features of the current policy landscape are working well, or less well, to advance resilience?
 6. Across sectors, how does access to capital equipment, manufacturing equipment, and technology support supply chain resilience for U.S. producers, and is there a role for trade and investment policy?
 7. How can the development of technical standards and regulations support supply chain resilience?
 8. There is concern that preferential rules of origin in free trade agreements can operate as a “backdoor” benefiting goods and/or firms from countries that are not party to the agreements and are not bound by labor and environmental commitments. What actions could be taken to mitigate these risks and maximize production in the parties? What policies could support strong rules of origin and adherence to rules of origin?
 9. What factors are driving supply chain and sourcing decisions, and how does trade and investment policy impact them? How do companies factor geopolitical risk into their

- global and domestic manufacturing and sourcing decisions? How do companies take into account traceability and transparency considerations in supply chain and sourcing decisions?
10. To what extent is supply chain resilience shaping capital allocation decisions among industry and investors?
 11. How can supply chain resilience be measured, including the costs of insufficient resilience, and the impacts of trade and investment policy on resilience? What are appropriate quantitative or qualitative data to consider?
 12. How can U.S. trade and investment policy support supply chains that are inclusive of small disadvantaged businesses and underserved businesses, including minority-owned and women-owned businesses, veteran-owned businesses, service-disabled veteran owned small businesses, and HUBZone businesses, and promote trade opportunities in underserved communities?

III. Hearing Participation

USTR will convene a public hearing in the main hearing room of the U.S. International Trade Commission, 500 E Street SW, Washington, DC 20436, beginning at 10:00 AM on May 2, 2024. You must submit requests to appear at the hearing by April 12, 2024. The request to appear must include a summary of testimony, and may be accompanied by a pre-hearing submission. Remarks at the hearing will be limited to five minutes to allow for possible questions from USTR staff. USTR may arrange regional hearings or meetings subsequent to the public hearing noted above.

IV. Requirements for Submissions

To be assured of consideration, submit any request to appear at the hearing by the April 12, 2024 deadline, any written comments by the **[INSERT DATE 45 DAYS AFTER DATE OF PUBLICATION IN THE *FEDERAL REGISTER*]** deadline, and any post-hearing written comments by the May 16, 2024 deadline. All submissions must

be in English. USTR strongly encourages submissions via Regulations.gov. The docket number is USTR-2024-0002.

To submit via Regulations.gov, use Docket Number USTR-2024-0002 in the 'search for' field on the home page and click 'search.' The site will provide a search-results page listing all documents associated with this docket. Find a reference to this notice by selecting 'notice' under 'document type' in the 'refine documents results' section on the left side of the screen and click on the link entitled 'comment.'

Regulations.gov allows users to make submissions by filling in a 'type comment' field, or by attaching a document using the 'upload file' field. USTR prefers that you provide submissions in an attached document named according to the following protocol, as appropriate: Commenter Name or Organization_Supply Chain Resilience. If you provide submissions in an attached document, please type "see attached comments" in the 'comment' field on the online submission form.

Requests to appear at the hearing must include the name, address, email address, and telephone number of the person presenting the testimony in the 'type comment' field. Attach a summary of the testimony, and a pre-hearing submission if provided, by attaching a document using the 'upload file' field. The file name should include the name of the person who will be presenting the testimony. In addition, please submit a request to appear by email to Special Counsel Victor Ban, at supplychain@ustr.eop.gov. In the subject line of the email, please include the name of the person who will be presenting the testimony, followed by 'Request to Appear'. In the body of the email, include the name, address, email address, and telephone number of the person presenting testimony.

USTR prefers submissions in Microsoft Word (.doc) or Adobe Acrobat (.pdf). If you use an application other than those two, please indicate the name of the application in the 'type comment' field.

Please include any information that might appear in a cover letter, exhibits, annexes, or other attachments in the same file as the comment itself, rather than submitting them as separate files.

Please include the name, email address, and telephone number of an individual USTR can contact if there are issues or questions with the submission.

You will receive a tracking number upon completion of the submission procedure at Regulations.gov. The tracking number is confirmation that Regulations.gov received your submission. Keep the confirmation for your records. USTR is not able to provide technical assistance for Regulations.gov.

For further information on using Regulations.gov, please consult the resources provided on the website by clicking on 'How to Use Regulations.gov' on the bottom of the home page. You can contact the Regulations.gov help desk at regulationshelpdesk@gsa.gov or 1-866-498-2945 for help with technical questions on submitting comments on Regulations.gov.

If you are unable to submit through Regulations.gov after seeking assistance from the help desk, please contact Sandy McKinzy at (202) 395-9483 before transmitting your application and in advance of the deadline to arrange for an alternative method of transmission. USTR will not accept hand-delivered submissions. USTR may not consider submissions that you do not make in accordance with these instructions.

General information concerning USTR is available at <https://www.ustr.gov>.

V. Business Confidential Information (BCI) Submissions

If you ask USTR to treat information you submit as BCI, you must certify that the information is business confidential and that you would not customarily release it to the public. For any comments submitted electronically containing BCI, the file name of the business confidential version should begin with the characters 'BCI.' You must clearly mark any page containing BCI with 'BUSINESS CONFIDENTIAL' on the top of that

page. Filers of submissions containing BCI also must submit a public version that will be placed in the docket for public inspection. The file name of the public version should begin with the character `P.` Follow the `BCI` and `P` with the name of the individual or organization submitting the comments.

VI. Public Viewing of Review Submissions

USTR will post written submissions in the docket for public inspection, except properly designated BCI. You can view comments on Regulations.gov by entering Docket Number USTR-2024-0002 in the search field on the home page.

Juan Millan,
Acting General Counsel,
Office of the United States Trade Representative.

[FR Doc. 2024-04869 Filed: 3/6/2024 8:45 am; Publication Date: 3/7/2024]