



Global Trade Advisory Alert

US President Biden issues Executive Order directing review of US supply chain risks

On 24 February 2021, US President Biden issued an Executive Order (EO) outlining the Biden Administration's policy on supply chain resilience, diversity, and security. The EO stated that the Administration's goals include increasing the resiliency of the US's manufacturing base and mitigating the effects of future trade disruptions. The Administration described these actions as being part of a broader strategy to promote investment in domestic manufacturing capacity aimed at raising wages and standards of living.

The EO directs various departments and federal agencies to engage in a review of supply chain risks around specific critical commodities and provide a report to the Administration within 100 days (by 4 June 2021).

The four commodities identified in the EO are:

- Semi-conductors and advanced packaging (directed by the Department of Commerce);
- Large capacity batteries, such as those used in electric vehicles, and related raw materials like lithium (directed by the Department of Energy);

- Pharmaceuticals and active pharmaceutical ingredients (directed by the Department of Health and Human Services); and
- Strategic minerals used in defense and high-tech manufacturing processes, including rare earth minerals (directed by the Department of Defense).

According to the EO, over the course of the next year, an in-depth review of supply chain vulnerabilities in the following sectors will take place: defense, public health, energy, transportation, agriculture and food production; and information and communications technology.

In their reports, relevant agencies have been directed to identify inputs and facilities critical to the functioning of these supply chains and describe potential risks to their viability. In parallel, these agencies are to outline recommendations to address these potential threats through legislation, further executive action, or internal regulatory changes.

The Biden Administration envisions that these reviews will take into consideration the impacts and concerns raised by external stakeholders. Further, in order to sustain focus on supply chain security, the Administration expects quadrennial reviews will take place as well.

Finally, the Administration has directed the affected agencies to seek input from industry and other outside stakeholders. To this end, companies involved in these industries should consider being prepared for outreach from the federal government to provide feedback and input.

How we can help

Deloitte's Global Trade Advisory specialists are part of a global network of professionals who can provide specialized assistance to companies in global trade matters. Our professionals can help companies seeking to manage the impacts and potential impacts of the developments described above by:

- Helping prepare comments and other specific input to the relevant agencies;
- Assisting in reviewing trade compliance strategies to adapt supply chain management to changing circumstances;
- Helping companies to assess different business scenarios and customize strategies based on new federal guidance to improve trade compliance program performance;
- Supporting the process of reviewing, revising, or updating trade processes and automation solution in accordance with regulatory updates; and
- Examining supply chains and imported products to determine opportunities to manage risks.

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