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Biden Signs Executive Order Targeting America's Supply Chains

Today, President Biden signed an Executive Order to review the global supply chains used by four key industries in an effort to avoid the shortages in medical equipment, semiconductors and other goods seen as critical during the pandemic.

The Executive Order launches a review of U.S. supply chains and directs federal Departments and Agencies to identify ways to secure U.S. supply chains against a wide range of risks and vulnerabilities. Biden's review could lead to financial incentives, tariffs or changes in procurement policies, among other options, according to officials.

First, the order directs an **immediate 100-day review across federal agencies to address vulnerabilities in the supply chains of four key products:**

1. Computer chips used in consumer products;
2. Large-capacity batteries for electric vehicles;
3. Pharmaceuticals and their active pharmaceutical ingredients (API's); and
4. Critical minerals used in electronics.

The 100-day review will identify near term steps the administration can take, including with Congress, to address vulnerabilities in the supply chains for these critical goods.

Second, the order also **calls for a more in-depth one-year review of a broader set of U.S. supply chains.** The one-year review will include:

- **A focus on six key sectors:**
- Defense industrial base;
- Public health and biological preparedness industrial base;

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- Information and communications technology (ICT) industrial base;
- Energy sector industrial base;
- Transportation industrial base; and
- Supply chains for agricultural commodities and food production.
- **A set of risks for agencies to consider in their assessment of supply chain vulnerabilities:** Agencies and Departments are directed to review a variety of risks to supply chains and industrial bases. For example, these reviews must identify critical goods and materials within supply chains, the manufacturing or other capabilities needed to produce those materials, as well as a variety of vulnerabilities created by failure to develop domestic capabilities. Agencies and Departments are also directed to identify locations of key manufacturing and production assets, the availability of substitutes or alternative sources for critical goods, the state of workforce skills and identified gaps for all sectors, and the role of transportation systems in supporting supply chains and industrial bases.
- **Recommendations on actions that should be taken to improve resiliency:** Agencies are directed to make specific policy recommendations to address risks, as well as proposals for new research and development activities.
- **A sustained commitment to supply chain resiliency:** The government will commit to a regular, ongoing process of reviewing supply chain resilience, including a quadrennial review process.
- **Consultation with external stakeholders:** The EO directs the Administration to consult widely with outside stakeholders, such as those in industry, academia, non-governmental organizations, communities, labor unions, and State, local, territorial, and Tribal governments.
- If risks are identified in the supply chains for critical sectors, the administration will aim to push those companies to move their suppliers out of countries like China and back to the U.S. mainland or allied nations. How the administration will aim to push companies out of other countries is not known at this point.

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