THE PRESIDENT'S EXPORT COUNCIL
WASHINGTON, D.C. 20230

November 29, 2023

President of the United States of America
The White House
Washington, DC 20500

Dear Mr. President,

The members of the President's Export Council are proud to serve your Administration's efforts to identify opportunities to promote export expansion and continue to reinvigorate American manufacturing. We understand that manufacturing is the backbone of the American economy, and industry must continue to work collaboratively with government stakeholders to promote policies that benefit the sector. For this reason, we have collectively developed the following set of recommendations to help ensure that the future is built in America. This letter contains four main recommendations: 1) enhance U.S. leadership in addressing global trade barriers; 2) support resilient supply chains; 3) leverage existing trade agreements; and 4) build a workforce for the future.

U.S. Global Leadership in Addressing Trade Barriers

In order to ensure that U.S. manufacturers and exporters can continue to access global markets, we encourage continued leadership in addressing global trade barriers. Non-tariff barriers, including standards, regulation, and nontransparent customs clearances are on the rise around the world. Many manufacturers, particularly small and medium-sized companies, do not have the capacity to manufacture to several different types of standards and regulations, thus locking them out of key export opportunities. We therefore recommend an enhanced focus on U.S. commercial diplomacy, both through enhanced presence of U.S. commercial service officers and standards attaches around the globe, as well as robust U.S. participation at forums like the WP.29 as the rules and standards for life cycle assessment of critical technologies are being developed. Competition outside of the United States has a deep understanding of the value of commercial diplomacy. While U.S. commercial diplomacy spending has remained flat in this area over the past decade, our foreign competitors have increased their presence, offering technical expertise to their domestic companies and opening up export opportunities. As American manufacturers bring more innovative products online, it is essential that the assistance in navigating export markets is in place.

In addition, innovative and agile U.S. agencies such as the U.S. Trade and Development Agency (USTDA), the Export-Import Bank of the United States, and the U.S. International Development Finance Corporation have fine-tuned their expertise in enabling the export of world-class U.S. products and solutions. The USTDA's continued focus on the Indo-Pacific region may help exporters reach a growing market while ensuring that U.S. infrastructure providers are competing on a level playing field. In particular, USTDA's Global Procurement Initiative (GPI), which levels the playing field for U.S. companies in global infrastructure tenders, should be expanded throughout the region to countries that demonstrate significant progress towards upholding basic human values, such as those expressed in the International Labour Organization's Fundamental

Principles and Rights at Work. Projects funded under these agencies should advance labor rights, human rights, environmental rights, and work to eradicate forced and child labor in each country.

Resilient Supply Chains

Mr. President, manufacturers are moving quickly to implement your vision for a clean economy, launched by your historic legislative achievements, including the Inflation Reduction Act (IRA), the Infrastructure Investment and Jobs Act (IIJA), and the Creating Helpful Incentives to Produce Semiconductors Act (CHIPS). As we accelerate the manufacturing of clean technologies at home, we need to build and maintain resilient supply chains of key materials, including the inputs needed for critical infrastructure, to achieve this transition.

Critical Minerals

We have a unique opportunity to harness the power of the IRA to globally advance commitments from our allies and partners in the areas of labor and the environment. Thus, we encourage the conclusion of critical minerals agreements (CMA) like the U.S.-EU and U.S.-UK CMA. We also welcome the joint statement issued by the United States and Indonesia to work together to develop a critical minerals action plan. We believe that working together, the U.S. and Indonesia can ensure the safety of workers and the environment in the pursuit of our global clean energy agenda, while expanding opportunities for U.S. exporters through deeper cooperation on critical minerals. The United States is in a unique position to promote high-standard labor and environmental commitments around the world, while simultaneously opening the door for U.S. manufacturers to export.

The United States is dependent on many critical minerals and strategic materials in the manufacturing of consumer products, such as phones, computers, cars, as well as military platforms and equipment. The Administration is cognizant of the challenges associated with developing and maintaining a domestic supply of these essential inputs, and we recommend four courses of action. First, we recommend a coordinated interagency approach, including the Office of the United States Trade Representative and the Departments of Commerce, State, and Defense, to provide incentives for U.S. allies and partners to align investment strategies for critical mineral supply chains to increase overall critical mineral production capacity. In addition, we recommend stronger U.S. domestic strategies for onshoring solutions for sourcing critical minerals. Both the international and domestic strategies should focus on the entire process, from mining to end product manufacturing. The U.S. government and industry should work together to continue to explore new manufacturing approaches, including additive manufacturing, to reduce costs and to enable novel production techniques to appropriately address current barriers to diversifying and expanding supply chains. Also, the Administration should continue to prioritize investment in research of advanced materials and recycling technologies to reduce U.S. dependency on critical minerals. Finally, the Administration should take steps to ensure that the production of these and other materials – that are also essential for the manufacturing of related products – is retained in the United States, including the alignment of regulatory policies and actions.

Balancing Transmission Requirements to Meet Manufacturing Energy Demands

Transmission build-out is vital for supporting the growth of domestic manufacturing in industries such as semiconductors, data farms, and electric vehicles. The increasing demand for electricity and the introduction of various manufacturing operations require our transmission capacity to meet these power requirements to avoid blackouts.

In recent years, the manufacturing and sourcing of critical minerals have predominantly been centralized or place-based, often relying on foreign suppliers. However, as the push for domestic manufacturing and processing of critical minerals gains momentum, it becomes increasingly important to invest in the grid system to support this transition. By strategically pairing efficient and geographically advantageous locations with access to energy resources, we can optimize the manufacturing process and effectively meet the growing demand for critical minerals with U.S. processing capabilities.

This approach supports the production of a range of technologies, including semiconductors, data farms and electric vehicles, which heavily rely on these processed minerals. By embracing this shift towards domestic manufacturing and investing in the grid system, we can foster a more sustainable and resilient supply chain for critical minerals while meeting the evolving electrical needs of our society.

Permitting Reform

The PEC applauds the actions taken by the Biden Administration to promote a domestic supply chain that supports accelerating the development of breakthrough clean technologies. This includes new measures in the Fiscal Responsibility Act (FRA) to help with streamlining the permitting and regulatory process for the extraction of domestic critical mineral resources. While incremental progress has continued, there is still much to be done as we work together to overhaul the industry's supply chain. We welcome and encourage efforts to add certainty to and streamline the permitting process while maintaining robust environmental safeguards, protecting communities, and supporting high quality job creation with strong health and safety protections for workers. These safeguards are particularly important when it comes to tribal lands, given the proximity of U.S. critical mineral sites to these communities. We recommend further efforts to streamline and enhance the coordination of agency leads, as well as integrating reasonable page and time limits in the environmental review process. Finally, we support early and regular community engagement in the environmental review process to foster trust, support project success, and empower communities to play a pivotal role in decision-making processes during project development. All of these efforts will support a domestic supply chain for critical minerals including domestic mining, processing, and manufacturing for export.

Semiconductors

The CHIPS Act was an historic achievement which can support the restoration of critical supply chains, help lower costs for clean technologies for Americans, and create thousands of good-paying jobs. Even as the Administration continues to implement the CHIPS Act, including partnering with American manufacturers, companies are committing billions to U.S. manufacturing of semiconductors. While much of the semiconductor industry focus is on cutting-edge semiconductors and associated advanced packaging, many U.S. manufacturers rely heavily on "legacy chips." The strategic significance of legacy chips is evident from their

necessity in production of most aircraft, autos, manufacturing, home appliances, broadband, consumer electronics, military systems, and medical devices. The forecast is for demand for these legacy chips to continue to grow over the next few years. As manufacturers continue to innovate and compete on a global scale, the CHIPS Act should be implemented in a way that ensures a secure domestic supply of mature, legacy node technology.

Finally, we recognize the role of digital technologies to track supply chains and increase resiliency. We would be remiss if we did not emphasize the importance of digital trade and high-standard digital trade rules' effects on the manufacturing sector. Manufacturers of all sizes rely on data flows and benefit from the free movement of data across borders, reduced data localization requirements, and the elimination of obligations to disclose source code and algorithms. Manufacturers use data in transactions, advertising, research and development, customer service, and manufacturing, among other areas. Furthermore, digital solutions will be key to achieving progress on environmental sustainability goals in the manufacturing sector. We recommend that the Administration take steps to seek binding data flows commitments in all international venues.

Leveraging Existing Agreements and Tools to Meet Today's Challenges

Since its passage in 2000, the African Growth and Opportunity Act (AGOA) has served as a core U.S. economic and commercial engagement tool for engagement with Africa. The reauthorization of AGOA before it expires in 2025, and maintaining South Africa in the program, will help to strengthen U.S. economic relations in a strategic region, while also helping U.S. manufacturers who depend on intermediate imports from the region. Furthermore, the reauthorization of AGOA is also an opportunity to shape U.S. trade with Africa in a strategic way. We previously noted the importance that standards play in global competitiveness. The renewal of AGOA should include language that African countries who qualify and or remain eligible for AGOA must accept U.S. standards, including automotive standards, and recognize the U.S. automotive certification system. The European Union has taken a similar approach, successfully advocating for the primacy of European automotive standards across Africa. Chinese companies are also rapidly making inroads into African markets. If we do not make efforts to bolster our economic cooperation with this region and shape it in a way that allows American manufacturers to compete, we will continue to cede the potential benefits of more U.S. exports to other foreign competitors in the new frontier for manufacturing export growth.

Finally, the United States-Mexico-Canada Agreement (USMCA) requires a joint review between the parties six years after its entry into force. We encourage leveraging the review process of this FTA by looking back on the past six years since the entry into force of the USMCA and ensuring that the benefits promised by the agreement are attainable by U.S. manufacturers. Clear, consistent, and attainable rules allow U.S. manufacturers and suppliers the runway they need to make planning and sourcing decisions as they grow their footprint in America. The parties should therefore ensure that through this review, measures are not taken that render the agreement's conditions inadvertently too restrictive for U.S. manufacturers, including its rules of origin. In addition, we are seeing that manufacturers are facing many new challenges, including frequent bottlenecks at the border that harm exports and imports of components vital to the U.S. economy. We encourage early and close cooperation with industry, particularly manufacturers

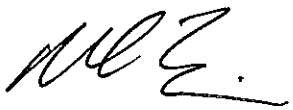
and workers, as we seek to achieve a cleaner and even more competitive economy with our North American partners. Finally, we support the digital trade chapter provisions in the USMCA and encourage the U.S. government to further strengthen them in future agreements.

A U.S. Workforce for the Future

In the wake of historic investments in the American economy, employers need a workforce prepared to build and advance innovative products and solutions. Millions of Americans without postsecondary education or credentials would benefit from additional skills training, especially workers in low-wage jobs. The levels of federal public funding for workforce training are low when compared to other industrialized countries. We, therefore, welcome the Biden Administration's initiatives to bridge this gap in supply and demand for a highly trained workforce, including efforts to increase skills for the jobs of the future, such as those related to artificial intelligence and sustainability. Furthermore, the Administration's creation of an "American Climate Corps" serves as an example of how to upskill Americans for the green economy, while enhancing U.S. competitiveness and increasing U.S. manufacturing's capacity to hire people with the necessary green skills. Finally, an expansion of public-private partnerships can help ensure that U.S. employers have access to a diverse and skilled workforce that will meet the demand for labor driven by the investments of the Biden Administration.

Thank you for your consideration of these recommendations, and we look forward to working with you to ensure that the future of global manufacturing is built in America.

Sincerely,



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