

**U.S. Department of Commerce**  
**Renewable Energy and Energy Efficiency Advisory Committee**  
Charter 7, 2022-2024 ● Recommendation Fact Sheet

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**Recommendation #3 (Approved January 25, 2024) on Clean Energy Supply Chain Resilience**

We recommend that the Secretary implement strategies to support a resilient global clean energy supply chain through diplomacy, trade agreements, public engagement, and targeted sectoral support with key U.S. allies, ultimately in order to improve U.S. export competitiveness.

Global economies, including key U.S. allies such as the G-7 countries, are acting to reverse decades of offshoring key raw materials, products, and technology innovation in the clean energy sector. Democratic economies are aiming to achieve cost competitiveness in a way that diversifies, optimizes cost efficiency and reliability, and de-risks the geographic or political concentration of supply chains, and also brings key manufacturing processes back to their shores to bolster energy security, while taking into account domestic sources which can and should be utilized.

U.S. government trade, investment, and climate policies will continue to influence how global trade flows adjust and where opportunities and challenges are created. We recommend that the Secretary coordinate closely with other U.S. government agencies on current and future initiatives to reduce U.S. overdependence on single countries for vital raw materials, finished good, technologies, and components while at the same time working to expand cooperation with countries considered allies with shared values and low political risks (sometimes referred to as “friend shoring”).

We further recommend that the Secretary focus on current gaps in accessing clean energy inputs and components as well as how climate and geopolitical projections might impact supply chain resilience. Such an analysis will enable U.S. business to understand the risks and opportunities, allowing them to prioritize investment in resilient supply chains for today and the future and increasing the export opportunities for domestic clean energy products and services with trading partners.

**Sub-Committee(s):**  
Clean Energy Supply Chains

**Background Information:**

There is a confluence of factors which make this recommendation particularly relevant for the coming years, including clean energy incentives in U.S. legislation along with U.S. government engagement with foreign governments who share U.S. goals for progress on climate issues.

1) Inflation Reduction Act

On August 16, 2022, President Biden signed the Inflation Reduction Act (IRA) into law, marking the most significant action the U.S. government has taken on clean energy and climate change in the nation’s history. The IRA is investing in programs for clean energy, climate mitigation and resilience, agriculture, manufacturing, and conservation which in turn is driving our domestic clean energy sector forward.

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2) Clean Energy Ministerial efforts

The Clean Energy Ministerial (CEM), a high-level global forum of which the United States is a partner with like-minded foreign governments, includes the world's leading economies working to accelerate the implementation of clean energy technologies. It supports a broad range of clean energy policy and technology activities that together improve energy efficiency, expand clean energy supply, support energy systems transformation, and enhance human capacity. The CEM facilitates political engagement among energy ministers at an annual Ministerial meeting with year-round technical initiatives and campaigns. Further, the CEM forum encourages partnerships and collaboration between the private sector, public sector, and non-governmental organizations to collaborate on clean energy policy and implementation.

3) Global carbon reduction goals of friendly trading partners

The Paris Agreement is a landmark international accord that was adopted by nearly every nation in 2015 to address climate change and its negative impacts. The agreement aims to substantially reduce global greenhouse gas emissions in an effort to limit the global temperature increase in this century to 2 degrees Celsius above preindustrial levels, while pursuing the means to limit the increase to 1.5 degrees. The agreement includes commitments from all major emitting countries, many of whom are key U.S. allies, to cut their climate pollution and to strengthen those commitments over time. The pact provides a pathway for developed nations to assist developing nations in their climate mitigation and adaptation efforts, and it creates a framework for the transparent monitoring, reporting, and ratcheting up of countries' individual and collective climate goals.

**Expected Effect on U.S. Export Competitiveness:**

Driven by the generous government incentives in the IRA, the United States is likely to experience dramatically increased investment in clean energy manufacturing. The goal for these investors will be to not only meet U.S. domestic needs for clean energy products and services, but to become global exporters of such products and services.

**Specific Agencies Responsible for Implementation:**

U.S. Department of Commerce, U.S. Department of Energy, U.S. Department of State, U.S. Department of Defense, U.S. International Development Finance Corporation, Ex-Im Bank of the United States

**Measures of Success:**

- Publication, on or before Q1 2025, of a trade flow/gap analysis of critical raw materials (including critical minerals), technologies, products, and components required to meet the Administration's carbon reduction goals for each segment of the clean energy industry, taking into consideration both announcements related to the IRA and actual deployment of the IRA. Publication to include an analysis of supply chain vulnerabilities, risks and areas for strengthening resilience.
- Develop objective criteria for evaluating the potential contribution of allied nations (as defined by the USG) to fill gaps in domestic availability of clean energy raw materials, technologies, products, and components. Include in the assessment opportunities to align industrial policies

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- for those sectors with such nations, including through existing trade agreements, trade preferences programs, and ongoing economic dialogues, such as the Indo-Pacific Economic Framework and the U.S.- EU Trade and Technology Council.
- Based on DOC's critical materials gap analysis, provide recommendations to DOE for targeted use of the Defense Production Act.
  - Work with USAID, U.S. International Development Financing Corporation and Millennium Challenge Corporation to identify how these entities can help strengthen U.S. supply chain resilience through their programs which involve assessment of investment opportunities in foreign markets.
  - DOC prioritizes critical raw material, product, and component gaps within all existing programs, e.g., Select USA, ITA, etc.
  - DOC continues to provide domestic and export assistance for the REEE sector, including through trade missions, reverse trade missions, trade agreement negotiations, and other Department of Commerce support.
  - DOC to coordinate programs/forums for business-to-business and public-private sector engagement in connection with allied trading partners, with such programs hosted/convened by Department of State, Department of Energy, and the National Security Council.
  - Solicit industry input regarding specific countries capable of providing vital raw materials, finished goods, and components while at the same time working to expand cooperation with countries considered allies with shared values and low political risks. Solicitation of such input should include a public comment period and stakeholder workshops.
  - Prioritize strategic supply chain inputs/components for trade while also supporting US REEE sector exports to Canada and Mexico, with our European partners, and key strategic partners in the Indo-Pacific such as Japan, Australia, India, Taiwan, South Korea, Singapore, and New Zealand and any others that the Department of Commerce deems appropriate.
  - Identify key critical clean energy inputs that could be negatively impacted by use/shortage created by demand outside of the clean energy sector.