

October 17, 2023

Jessica Herron
Legislative Clerk
Subcommittee on Innovation, Data, and Commerce
House Committee on Energy and Commerce
2125 Rayburn House Office Building
Washington, DC 20515-6115

Re: Scott Paul's Responses to Additional Questions for the Record

Dear Ms. Herron:

Thank you for the opportunity to appear before the Subcommittee at the September 20, 2023, hearing, entitled, "Mapping America's Supply Chains: Solutions to Unleash Innovation, Boost Economic Resilience, and Beat China."

Pursuant to the Rules of the Committee on Energy and Commerce, I am attaching my answers to additional questions for the record, in the required format.

Thank you and please let me know if you have any questions.

Sincerely,

A handwritten signature in black ink that reads "Scott N. Paul". The signature is written in a cursive style with a large, stylized "S" and "P".

Scott N. Paul
President
Alliance for American Manufacturing

Attachment—Additional Questions for the Record

The Honorable Debbie Dingell

We must address supply chain vulnerabilities before they become full-blown crises. Ideally, we would have done so before crippling shortages of personal protective equipment impeded our ability to respond to the worst public health crisis in a century. Before the federal government had to invest tens of billions of dollars to rebuild our nation's capacity to produce semiconductors – critical computer chips instrumental to the production of automobiles, consumer electronics, and defense systems. Before other nations, including some adversarial nations, came to dominate the production of large-capacity electric batteries and threaten our automobile industry's innovative and manufacturing edge.

And while the federal government has a duty to protect supply chains instrumental to our national security and economic vitality, I believe that government intervention should be the option of last resort. The private sector should proactively identify and address supply chain risk, long before government assistance is needed.

The Supply CHAINS Act, legislation that I'm proud to co-lead and which enjoys the support of over 160 stakeholders, includes my provision establishing voluntary standards and practices that the private sector can adopt to better identify and address supply chain risks before government intervention is necessary.

1. Mr. Paul, do you believe that such voluntary standards and practices could help improve our nation's supply chain resilience?

Response: AAM agrees that the federal government should provide coordination for the private sector by creating voluntary standards and best practices that can be used to address supply chain vulnerabilities. With better public-private coordination, the private sector can proactively identify and address supply chain vulnerabilities before government intervention is necessary.

The Supply CHAINS Act is a comprehensive legislative package that includes my legislation, the Manufacturing Economy and National Security (MEANS) Act, which would establish an Office of Manufacturing Security and Resilience at the Department of Commerce to support domestic manufacturing and the security and expansion of our supply chains.

2. Mr. Paul, can you explain the importance of establishing a dedicated office to coordinate and address supply chain vulnerabilities nationwide?

Response: AAM agrees that it is important for the federal government to establish a dedicated Office charged with leading a whole-of-government approach to identifying and addressing supply chain vulnerabilities. It is important for this office to have the

necessary clout to direct supply chain efforts and to implement a comprehensive and coordinated supply chains strategy with participation of private sector stakeholders and other key departments and agencies. We cannot predict when the next emergency will occur. It is common sense to establish a permanent Office with senior leadership in place at all times and without the threat of lapses in continuity as we move from one administration to the next.

Finally, according to an analysis by McKinsey & Company, even large firms have only a murky view of the supply chain resilience of their suppliers.

3. Mr. Paul, why do some private companies struggle to map their supply chains and identify vulnerabilities? Is the private sector appropriately internalizing supply chain risk?

Response: Private sector companies, particularly those with a global footprint, have limited lines of sight for identifying, analyzing, and internalizing supply chain risk. When it comes to tier three and four suppliers, many companies are less aware of existing or emerging bottlenecks, vulnerabilities, or political risk. This is why AAM supports mapping and monitoring, developing voluntary standards, and creating a dedicated office for supply chain coordination at the Department of Commerce. Even larger firms would benefit from this public-private coordination. Having more tools to proactively recognize the scale of potential supply chain disruptions would be valuable for their own bottom line and for the country.