

April 5, 2021

BY ELECTRONIC SUBMISSION

Matthew S. Borman
Deputy Assistant Secretary for Export Administration
U.S. Department of Commerce
1401 Constitution Avenue, N.W.
Washington, DC 20230

Re: Comment on Risks in the Semiconductor Manufacturing and Advanced Packaging Supply Chain (Docket BIS-2021-0011)

Deputy Assistant Secretary Borman:

On behalf of Autos Drive America, we submit the following comments regarding President Biden's February 24, 2021 Executive Order on "America's Supply Chains." Autos Drive America's mission is to advance open trade and investment policies that expand employment opportunities for Americans, broaden consumer choice, and secure the industry's continued growth and success here in the United States. We represent international automakers that have made America their home, directly employing 136,000 Americans at nearly 500 facilities across 36 states, and in total support nearly 2.5 million American jobs. Our companies manufacture nearly half of all new cars, trucks, and SUVs made in America, account for 56 percent of all new U.S. vehicle registrations annually and are major exporters of American-made vehicles to the global market. Together, these companies have invested a combined \$92 billion into their U.S. operations to date.

International automakers are completely woven into the fabric of American communities and are a significant and integral part of the American economy. As a result, the American auto industry is stronger and more competitive in the global marketplace. It is this ongoing drive for competitiveness that has greatly contributed to the growth and innovation in the automotive sector. However, the industry is currently encountering significant challenges brought on by severe shortages of automotive-grade semiconductor chips.

Shortages of automotive-grade semiconductors have led to production cuts in 29 U.S. automotive assembly facilities in 13 different states that collectively employ over 100,000 American workers. The lack of available automotive-grade semiconductor chips has become an impediment to the progress made during the industry's stunning recovery from the economic fallout of COVID-19 last year. To date, there have been over 240,000 estimated lost units of production, a number likely to increase in April.¹ These long-term manufacturing disruptions may produce significant economic consequences in communities across the country.

¹ [AutoForecast Solutions Inc.](#) *Semiconductor Shortage Impact Analysis on the Global Automotive Industry*
March 30, 2021

The Administration's current proposal to address and increase domestic semiconductor chip capacity is a step in the right direction. To build on that progress, Autos Drive America urges that any semiconductor production incentives that may be put in place be implemented in a manner that allows U.S. chip manufacturers to access dedicated federal funding for capacity increases to automotive-grade chip production. Automotive-grade semiconductor chips have specific design requirements, one of the many factors contributing to the current shortage. Therefore, it is vital that production incentives support a diversified and secure supply chain that includes automotive-grade chip manufacturing.

Autos Drive America supports the Administration's goal of evaluating America's semiconductor supply chains. While increasing domestic chip production is important, it is also necessary to preserve sourcing from our international trade partners and to deepen our trading ties with allies. Maintaining a strategically diverse supply chain allows American manufacturers access to supplies of chips from multiple sources, thereby making them less susceptible to interruptions due to regional production problems. Any efforts to increase domestic semiconductor chip production should draw upon the lessons of our current experience: that supply chains must be diversified – with multiple sourcing options here and abroad – to ensure that U.S. manufacturers retain consistent and reliable access to suppliers to foster adaptiveness and resiliency in the face of rapid technological change.

Autos Drive America and our members are encouraged by the Administration's ongoing collaboration with industry leaders to find remedies to the current semiconductor shortage. We look forward to being a resource to the Department of Commerce as it works to both identify risks and recommendations to address the shortages in the semiconductor supply chains.

Sincerely,



Jennifer M. Safavian
President and CEO