



UNITED STATES DEPARTMENT OF COMMERCE
Bureau of Industry and Security
1401 Constitution Avenue, Suite 6622
Washington, DC 20230

September 9 2021

MEMORANDUM FOR: Sharon Block
Acting Administrator, Office of Information and Regulatory Affairs Office of Management and Budget

FROM: Matthew S. Borman
Acting Assistant Secretary for Export Administration

SUBJECT: Request for OMB Emergency Review and Approval of Information Collections for Public Comments on Risks in the Semiconductor Supply Chain

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Date: 2021.09.09 18:25:55 -04'00'

On behalf of the Bureau of Industry and Security (BIS), I am seeking approval for emergency Paperwork Reduction Act (PRA) clearances to allow the Department of Commerce (DOC), as represented by BIS, to publish a Federal Register Notice (FRN) announcing the request for Public Comments on Risks in the Semiconductor Supply Chain.

BACKGROUND

The Department of Commerce (Bureau of Industry and Security) led the 100 Day Supply Chain Review of Semiconductors and Advanced Packaging that was mandated by Presidential Executive Order 14017. On February 24, 2021, President Biden issued Executive Order 14017 (E.O. 14017) on “America’s Supply Chains,” which directs several federal agency actions to secure and strengthen America’s supply chains.

This review, included in the White House Report “Building Resilient Supply Chains, Revitalizing Domestic Manufacturing, and Fostering Broad-Based Growth (100-day-supply-chain-review-report.pdf (whitehouse.gov)), identified numerous areas of supply chain vulnerabilities. In addition to the longer-term goals such as strengthening the domestic semiconductor manufacturing ecosystem and promoting U.S. leadership, this report called upon the Department of Commerce to partner with industry to facilitate information flow between semiconductor producers and suppliers and end-users to address the current semiconductor shortage. The ongoing widespread shortage of semiconductors is having an adverse impact on a wide range of industry sectors.

With the goal of accelerating the information flow across various segments of the supply chain and identifying data gaps and bottlenecks in the supply chain, the Department is seeking input

from interested parties (including domestic and foreign semiconductor design firms, semiconductor manufacturers, materials and equipment suppliers, as well as semiconductor intermediate and end-users).

JUSTIFICATION

The collection of information is needed prior to the expiration of the time period normally associated with a routine submission for review under the provisions of the Paperwork Reduction Act due to the ongoing global shortage of semiconductors, which is having a negative impact on a wide range of industry sectors. The current semiconductor shortage is the result of multiple factors, including unexpected shifts in global demand related to the COVID-19 crisis and events that disrupted specific major semiconductor manufacturing centers, such as the early 2021 storms in Texas that caused a shutdown of several semiconductor manufacturing plants. The shortage continues to negatively impact U.S. workers and consumers and is a persistent headwind to the U.S. economic outlook. According to Goldman Sachs, the disruption of the global chip supply chain has affected as many as 169 industries and is having a negative impact on the U.S. economy, impacting American businesses and workers across the country.

The shortage has impacted several auto factories in the United States. Automakers are idling plants and furloughing workers as they are unable to maintain production lines as they wait for parts. The shortage has also impacted other sectors, including telecommunications, consumer electronics, and home appliances. Prices for consumer electronics and home appliances impacted by the shortage continue to rise and are impacting American families throughout the country.

Semiconductors power virtually every sector of the economy—including energy, healthcare, agriculture, consumer electronics, manufacturing, defense, and transportation. Semiconductors also enable the development and fielding of advanced weapons systems and control the operation of the nation’s critical infrastructure. They are fundamental to the operation of virtually every military system, including communications and navigations systems and complex weapons systems such as those found in the F-35 Joint Strike Fighter. The two semiconductor industry-related NAICS categories (334413 and 333242) directly employed 207,400 workers in 2019, accounting for 1.6 percent of total U.S. manufacturing employment. These are high-quality, well-paying jobs: the semiconductor manufacturing workforce earned an average of \$163,871 per person in 2019, more than twice the average for all U.S. manufacturing workers (\$69,928).

To help address the shortage, the Department of Commerce launched an initiative to convene industry stakeholders along the supply chain to facilitate information flow between semiconductor producers and suppliers and end-users with the goal of increasing communication and transparency. Through these meetings, industry has recognized that government can play a useful role and supportive role in accelerating information flow and identifying data gaps and bottlenecks in the supply chain. This collection is critical to that effort. BIS will need OMB’s

clearances to collect the information that would be required for parties submit their public comments. This will allow BIS to publish a *Federal Register* notice informing the public how to submit public comments as soon as possible, allowing the U.S. Government and industry to better understand bottlenecks in the supply chain and to evaluate actions to address or alleviate the impact of the ongoing global shortage of semiconductors.

Attachment: Draft Federal Register Notice related to Public Comments on Risks in the Semiconductor Supply Chain