Truck & Engine Manufacturers Association®
Bringing Clean Power to the World™

333 West Wacker Drive, Suite 810
Chicago, Illinois, 60606
Tel: (312) 929-1970 | Fax: (312) 929-1975
www.truckandenginemanufacturers.org

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Bureau of Industry and Security
Office of Technology Evaluation
U.S. Department of Commerce

RE: Docket No. BIS-2021-0036

The Truck and Engine Manufacturers Association (EMA) hereby submits comments on the *Notice of Request for Public Comments on Risks in the Semiconductor Supply Chain* (Notice) that the Department of Commerce (DOC) Bureau of Industry and Security (BIS) recently had published in the Federal Register. See, 86 Fed. Reg. 53,031 (September 24, 2021). The Notice follows President Biden's February 24, 2021, Executive Order 14017, *America's Supply Chains*, and the E.O.'s mandated 100-day review titled *Building Resilient Supply Chains, Revitalizing American Manufacturing, and Fostering Board-Based Growth* that The White House released in June 2021 (100-Day Review).

EMA is a trade association that represents the world's leading manufacturers of commercial motor vehicles, internal combustion engines, and heavy-duty zero-emission powertrains. Among other things, EMA member companies manufacture engines and medium- and heavy-duty trucks that perform a wide variety of commercial functions including interstate trucking, regional freight shipping, intracity cargo pickup and delivery, local parcel delivery, refuse hauling, and construction. EMA member companies are experiencing severe shortages of semiconductors that are needed to manufacture medium- and heavy-duty trucks, engines, and component parts, and thus we have a direct and significant stake in the subject Notice.

We endorse the Biden Administration's policy stated in E.O. 14017 to "strengthen the resilience of America's supply chains." See, 86 Fed. Reg. 11,849 (March 1, 2021). We also strongly support the more specific goal of the Administration to achieve a "secure and resilient semiconductor supply chain." See, 100-Day Review at 74. Accordingly, we applaud DOC's efforts to achieve the goal of "accelerating information flow across the various segments of the [semiconductor] supply chain, identifying data gaps and bottlenecks in the supply chain, and potential inconsistent demand signals." See, 86 Fed. Reg. 53,031 (September 24, 2021).

From the onset of the COVID-19 pandemic, America's trucking companies have never slowed in delivering food, water, fuel, life-saving vaccines and medicine, household goods, manufacturing materials, business supplies, and other critical goods and services. To keep medium- and heavy-duty commercial trucks running during the pandemic, the Department of

Homeland Security's Cybersecurity and Infrastructure Security Agency (CISA) identified much of the trucking workforce as "essential critical infrastructure workers." See, *Advisory Memorandum on Ensuring Essential Critical Infrastructure Workers' Ability to Work During the COVID-19 Response*, Jen Easterly, Director, CISA (August 10, 2021). That trucking workforce supports the National Critical Function (NCF) that CISA has identified as "Transport Cargo and Passengers by Road." See, *National Critical Functions Status Update to the Critical Infrastructure Community*, CISA (July 2020). CISA further described the road transport NCF as "[p]rovide and operate roadway systems, assets, and facilities … to enable a system of securely and safely conveying goods and people from place to place by highway. See. *Id*. at 3. Keeping commercial trucks running without interruption has been imperative during the pandemic, and there is no doubt that the trucking industry is serving as the lifeblood of the Nation's post-pandemic economic recovery.

Medium- and heavy-duty truck manufacturers and their suppliers are experiencing severe shortages of semiconductors that are used in engines, transmissions, emissions control devices, active safety systems, and other critical electronic components. At a time when economic activity is driving trucking companies to request new, reliable trucks to meet freight shipping demands, the current semiconductor supply constraints are causing manufacturers to reduce truck production. With passage of the bipartisan infrastructure bill, still more trucks will be needed to fix and modernize America's highways, bridges, waterways, electric grid, and communications infrastructure. Yet production of new heavy trucks is approximately 20% below the levels forecast at the start of the year, despite increased demand. If a fleet orders a new truck today, they generally will have to wait until November of next year for the earliest scheduled delivery. Additionally, the semiconductor supply constraints are preventing manufacturers and suppliers from producing sufficient aftermarket parts to keep existing trucks on the road. At this time, fleets collectively have tens of thousands of trucks out of service waiting for service parts that are delayed due to the semiconductor shortage.

As the Administration considers immediate measures to address the semiconductor supply shortage and improve transparency across the supply chain, we urge a prioritization of semiconductors for medium- and heavy-duty trucks, engines, and aftermarket parts. Truck and engine manufacturers, and their component suppliers, are struggling to procure semiconductors against higher-volume, non-essential industries, and the lack of adequate supply is constricting the availability of new commercial vehicles and aftermarket repair parts.

EMA member companies are investing billions of dollars to develop and bring to market zero-emission technologies for commercial vehicles. While zero-emission vehicles will reduce the environmental impacts of the trucking industry, they will require significantly more semiconductors. Additionally, truck manufacturers are developing and deploying increasingly sophisticated automated driver assistance systems that show great promise in reducing heavy truck crashes, but those technologies also increase the demand for automotive grade semiconductors in heavy vehicles. The global semiconductor supply chain must not only be made more resilient, but it also must be scaled to meet the growing needs due to advancing truck technologies.

We urge immediate action to alleviate the current semiconductor supply crisis that threatens the ability of the commercial trucking industry to deliver critical goods and services –

and keep our economy moving -- and long-term measures to ensure the global semiconductor supply chain can meet the medium- and heavy-duty truck industry's future needs.

We appreciate the opportunity to provide this input and look forward to the working with the Administration, Congress, and other stakeholders on solutions to the severe semiconductor shortages. If there are any questions, or if we could provide any additional information, please do not hesitate to contact Timothy Blubaugh at (312) 929-1972, or tblubaugh@emamail.org.

Respectfully submitted,

TRUCK & ENGINE
MANUFACTURERS ASSOCIATION

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