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Statement on Principles for Supply Chain Resilience

October 31, 2021

Today (October 31, 2021) the United States, the European Union, Australia, Canada, Democratic Republic of the Congo, Germany, Indonesia, India, Italy, Japan, Mexico, Netherlands, Republic of Korea, Singapore, Spain, and the United Kingdom met to discuss near-term supply chain disruptions and paths to long-term resilience. Secure, sustainable, and resilient global supply chains are foundational to our economic prosperity, national security, and collective interests. Countries expressed intent for working together to strengthen the resilience of our supply chains: the global ecosystem of raw materials, intermediate goods, manufacturing, logistics, research and development that ensures our businesses and consumers get the products they need. Secure, sustainable, and resilient supply chains require that we work in partnership, not only as governments, but with industry, unions and workers, civil society, and international organizations alike. Whether in responding to acute shocks of the kind we are experiencing in global trade today or addressing the chronic long-term challenges in sectors critical to our security, more resilient global supply chains are fundamental to sustainable economic development for all.

We discussed strengthening four key pillars of global supply chain resilience:

- *Transparency:* Improving transparency and information sharing between countries will help all countries mitigate and respond to global supply chain shocks; this includes working with businesses to understand their own vulnerabilities. Transparency of supply chains with regard to of raw materials, intermediate and finished products should be a key industry value. Transparency in supply chains promotes awareness of risks and potential shortages, identifies bottlenecks, and assists organizations in determining whether alternative sources of critical inputs are needed. This kind of openness and communication can promote a swift response to disruptions to supply chains—like those that the globe is facing right now—and allow other players within a supply chain to take mitigating steps. Transparency also empowers consumers to make informed purchasing decisions and businesses to effectively serve their customers. It is also one condition for sustainable supply chain management.

Transparency at the governmental level contributes to sharing information and insights into supply chain challenges, as well as helps government envisage measures that could improve our collective supply chains. Fostering greater supply chain transparency, compatible standards and information-sharing—consistent with domestic laws—among countries can further mitigate and respond to global supply chain shocks. In recognizing these principles, our countries express intent to cooperating to identify additional transparency measures and working collaboratively with the private sector on such measures. We also underscore the importance of transparency regarding government measures to strengthen supply chain resilience.

- *Diversity, Openness, and Predictability:* Open global markets are fundamental in supporting resilient supply chains. Countries expressed intent to work together to ensure that we have multiple reliable sources of raw materials, intermediate goods, and finished goods that are underpinned by resilient supply channels. We recognize that diversity of supply fosters an enduring global marketplace, where everyone has a role to play in promoting a shared benefit.

Diverse global suppliers not only promote resilience, they also foster interconnectedness and shared prosperity. We should avoid any unnecessary trade restrictions and maintain free flow of goods and services, consistent with the principles and objectives of the rules-based multilateral system, and work together to address existing restrictions affecting our collective supply chains. We should also foster competitive and dynamic supply chains that resist monopolization and offer alternate choices for materials, goods, and production and distribution. Diversity of supply also guards against acute economic vulnerability arising from concentrated control of a single source and protects every country's ability to make its own sovereign decisions and enable governments, industry, and the community to make their own choices about the sources and supply of goods.

Predictability is important to reliable supply chains, and we will work together to promote predictability in our trading relations as they impact our supply chains. We will reinforce and foster our longstanding economic partnership and supply chain relationships.

- *Security:* Countries discussed that security needs to be recognized as a high priority for all players within supply chains, especially in technology supply chains, at critical infrastructure nodes, and other points within the supply chain that must not fail. Addressing security vulnerabilities can prevent damage or disruptions that interfere with critical systems or infrastructure or contribute to unnecessary costs, inefficient delivery schedules, loss of intellectual property and goods, or delivery of unauthorized or compromised products. It is important that governments work with industry to better understand and manage security risks to supply chains.

- *Sustainability:* Governments, industry, and civil society should work together to promote and accelerate global sustainability goals, including implementation of the Paris Agreement on climate change and international labor and worker conventions where applicable. Creating fair, sustainable labor conditions strengthens our supply chains, leading to more innovative, productive industry and greater shared prosperity. Harmful practices that violate international rules and norms should be eliminated from our supply chains and we urge implementation of business practices in line with the U.N. Guiding Principles for Business and Human Rights and other relevant international guidelines, where applicable. Similarly, investing in and mainstreaming climate and environmental sustainability, and developing clean energy supply chains is good business, as well as good policy, given that one major driver of supply chain disruptions is extreme weather events that have become worse and more frequent due to climate change, and the reliance of our economies on nature.

As partners in promoting secure and resilient supply chains, countries discussed working together and with the private sector to address critical supply chain challenges:

- *Improving information sharing and transparency:* Countries expressed intent to expand efforts to sharing information about potential, emerging, and systemic supply chains challenges bilaterally and multilaterally so that we can collectively work to address them, including mechanisms to improve early warning of disruption. We will endeavor to share best practices to address port congestion and current disruptions to supply chains. This work will be undertaken consistent with market principles.

- *Sustainable development:* Countries expressed intent to expand cooperation, information sharing, and consider co-investment for the responsible access and development of key raw materials and inputs, and we will foster and support the

sustainable manufacture and trade of products necessary for the fight against climate change and other international sustainability goals.

- *Security of supply:* Countries expressed intent to consult with one another to address potential shortages and to cooperate to address shortages that could potentially impact our countries, while maintaining open markets.

We welcome all economies that share these principles, companies, and non-governmental organizations to join us in pursuit of this shared vision for resilient supply chains, guided by these principles. Recognizing the need for the participation of industry, unions, workers and other stakeholders, we expressed interest in relevant ministers from our governments to convene an inclusive multistakeholder meeting on supply chain security and resilience in 2022.

NOTE: The statement was issued by the President in his capacity as Chair of the Global Summit on Supply Chain Resilience held on the margins of the Group of Twenty (G–20) nations summit in Rome, Italy.

Categories: Statements by the President : Supply chain resilience principles.

Subjects: Business and industry : Manufacturing industry :: Government and private sector, coordination efforts; Commerce, international : Free and fair trade; Commerce, international : Global supply chain disruptions, efforts to address; Environment : Climate change; Environment : Paris Agreement; Science and technology : Research and development.

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