

Center for Strategic and International Studies

TRANSCRIPT
Event

**“Partnership for Prosperity: U.S. Leadership in the
Global Economy”**

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LOCATION
CSIS Headquarters, Washington, D.C.

FEATURING
Don Graves
Deputy Secretary of Commerce

CSIS EXPERTS
James Andrew Lewis
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Transcript By
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James Andrew
Lewis:

Good morning to everyone. Good morning to those on the online audience.

We are very fortunate today at CSIS to have Deputy Secretary Don Graves from the Department of Commerce. Don is the 19th deputy secretary, and he has years of experience in both government and the private sector. He was a counselor to President Biden during the 2020 campaign. Before that, he was executive vice president and head of corporate responsibility and community relations at KeyBank. And in the Obama-Biden administration, counselor and economic – domestic and economic policy advisor for Vice President Biden, executive director on the President's Council of Jobs and Competitiveness, and deputy assistant – and the deputy assistant secretary of Treasury. And I left out Business Roundtable, which I didn't know. It's not on your bio. So a long experience of commercial activity in Washington.

Today we're going to talk about all the challenges that Commerce and the United States face today in the world. And really things have changed a lot, where Commerce now has a central role in a way it hadn't before in both economic policy, national security, and international relations. So with that, Don, please.

Don Graves:

Well, good morning, everyone. Jim, thank you so much for that kind introduction. And thank you to the Center for Strategic and International Studies for hosting us today. I really want to thank all of you for being here for this conversation. Thank you to – also to all of those who are joining us online. It's really wonderful to be here.

Earlier this year Dutch semiconductor equipment manufacturer ASML announced a \$200 million expansion of their facility in Wilton, Connecticut. This expansion is expected to create a thousand new jobs and it will support ASML's work in developing the machines necessary to create advanced chips.

So I was thrilled to join ASML's CEO in Amsterdam for the announcement, not just because our international partners are creating high-quality, family-sustaining jobs in the U.S. but also because of the recognition that American manufacturing is back.

At a time when our semiconductor supply chain is facing serious challenges and the global demand for chips is increasing almost exponentially, attracting this type of investment to the U.S. is central to our work at the Commerce Department.

ASML is just one member of an ecosystem of private sector companies from around the globe who are choosing to invest in the United States as

their home for semiconductors, and I mention this example because it's part of a much larger story about America's reengagement with the world.

These types of investments, which are crucial to improving our competitiveness and creating jobs, they don't happen automatically. They require a concerted effort on the part of the federal government in coordination and cooperation with the private sector.

I want to take a little bit of time today to discuss how the U.S. Department of Commerce is delivering on President Biden's international economic engagement and how it's critical to meeting what he's called the defining challenge of our time, ensuring that our democratic institutions deliver real material gains for the American people.

Throughout our history and especially since the end of World War II, we've recognized that the foundations of a prosperous, inclusive, and stable world economic order are free and democratic societies that value the rule of law and foster inclusion, engage in fair and mutually beneficial trade, offer choice, affordability, and availability of goods and services for consumers, ensure opportunities and protections for the middle class and those seeking to enter the middle class, and enable and protect innovation and entrepreneurship with creative and inclusive capital markets.

So this work doesn't just reflect our highest ideals. When we, as a country, have adhered to those principles it's been the source of our economic competitiveness, our geostrategic advantage as a country, and our global leadership.

And, yet, when President Biden took office, here at home we were grappling, you all remember, with decades of underinvestment in our infrastructure, our workers, small businesses, rural economies, and communities of color. Supply chain vulnerabilities and labor shortages undermined U.S. competitiveness, exacerbated inequality, and threatened long-term innovation and productivity.

Foreign competitors continued to use unfair subsidies and dumping, harming U.S. producers. Our nondemocratic adversaries and competitors are ever more aggressive in their efforts to control supply chains that we rely on.

They expropriate critical technologies while exporting authoritarianism and conflict, and undermining the rules-based international order. They're also getting more aggressive at stealing our intellectual property.

In recent years, we haven't always stood up to these challenges and engaged meaningfully with our allies. That has allowed our adversaries to make up ground, sometimes forcing countries around the world into unfair trade arrangements because they lack alternatives when we don't show up. And all the while, the world has been changing in ways that demand more, not less, U.S. leadership, more, not less cooperation and coordination amongst free and democratic peoples and societies.

The pandemic, the climate crisis, Russia's unjustified invasion of Ukraine, and global inflation are compounding these threats to stability, prosperity, and democracy.

At home, the Biden administration is responding to these challenges by investing in infrastructure, promoting equity, and supporting underserved communities, and building long-term resiliency through stronger supply chains and climate action.

But we also know that we need to foster opportunities abroad in order to create opportunities for success here at home. During his campaign, President Biden pledged that he would renew U.S. democracy and alliances, protect the United States' economic future, and once more have America lead the world.

So, today, I'd like to focus on three areas where the Commerce Department, under the Biden/Harris administration, is doing just that: revitalizing our economic alliances, protecting our national economic security, and promoting the U.S. private sector as the international partner of choice.

First, it's imperative that the U.S. revives strategic alliances in countries that share our democratic values and where our economic interests are intertwined. I know that there are some who question the value of trying to forge these types of alliances who would suggest that it's best to go it alone, but we believe that these alliances present tremendous opportunities for growth and shared prosperity. From Europe to the Indo-Pacific and everywhere in between, we're developing new forms of economic engagement that are fit for purpose to our most pressing challenges, from the energy transition to supply-chain resilience, from combating corruption to charting the future for the digital economy.

Only a year and a half into the administration, our alliance-building efforts are exceeding expectations. We stood up the U.S.-EU Trade and Technology Council, or TTC. We've deepened our commitments through the Quad. And the president has launched the ambitious 14-country Indo-Pacific Economic Framework for Prosperity and announced our intention to forge an Americas Partnership for Economic Prosperity.

We also continue to promote trade and investment between the U.S. and Africa via Prosper Africa, the President's Advisory Council on Doing Business in Africa, and the U.S.-Africa Leaders Summit, which President Biden will host in December.

Across these efforts, we reject the notion that attracting private-sector investment requires an endless race to the bottom, harming American workers and American businesses alike. Instead, the new economic alliances are about developing shared rules of the road and aligning to high standards and building our shared capabilities.

We're also relying on joint partnerships between businesses and government to support joint research and knowledge sharing, upscaling and workforce development, innovation ecosystems, and to promote investments that create export opportunities for U.S. companies and workers.

These efforts are already making a difference. Let's just take steel as an example. For too long, China was able to flood the global market with cheap steel, making it more difficult for American workers to compete on a level playing field. As a result, the previous administration imposed tariffs on steel from the EU, U.K., and Japan. This action had real-world consequences for American companies and American workers.

Late last year, Pennsylvania-based American Keg, the only keg manufacturer in the U.S., was having trouble securing stainless steel, putting jobs and production at serious risk. The Commerce Department, through our International Trade Administration, helped American Keg secure 3 million pounds of U.S. steel, avoiding closure of its manufacturing facility in 2022, and preserving jobs.

And since then we've secured new agreements with the EU, U.K. and Japan on steel that are protecting American jobs, including in the steel industry, avoiding retaliatory tariffs, reducing inflationary pressures, and alleviating a major supply-chain crunch. This work was facilitated by the relationships and goodwill we have developed through the TTC.

So by revitalizing our economic alliances through these kinds of agreements, we're rebuilding relationships, fighting unfair and abusive trade practices, and creating a more competitive global economy for America's workers and businesses.

The second area of focus for our international economic agenda is the protection of our national and economic security. To meet this need, the Department of Commerce deploys a number of tools. Through our Bureau

of Industry and Security, we employ and enforce controls on sensitive goods, software, and technology to ensure our products are not used by bad actors.

In the Biden administration we've broken new ground in our export-control partnerships. Nowhere is this better illustrated than the measures we imposed against Russia for invading Ukraine. In record time, we built a coalition of 37 likeminded partners from Europe to the Indo-Pacific, all of whom agreed that Russia's actions represent a global security threat that can't go unanswered.

This momentous and unprecedented collaboration is having exactly the desired effect. Russia is struggling to access vital technological inputs. Its semiconductor imports – really the lifeblood of Russia's weaponry, its systems, its military – have dropped by 74 percent since we took action. The aerospace controls we put in place are restricting Russia's ability to generate revenue, resupply and support its military-aviation sector. In fact, Russia may be forced to ground between half and two thirds of its commercial aircraft in the next two years in order to use them for spare parts. That's having a real effect.

Russia's economy has slowed significantly due to multilateral sanctions and, in fact, could shrink by up to 15 percent this year. Overall imports could collapse by up to 40 percent.

So our tools don't end there. We're pushing back against unfair trade and investment practices by global competitors. That means continuing to rigorously enforce our antidumping and countervailing-duty laws to level the playing field for American companies and workers. We're also monitoring trade agreements to ensure foreign governments are complying with their obligations.

We remain vigilant in our review of inbound investments in the U.S. – into U.S. companies and operations for national security concerns under CFIUS, the Committee of Foreign Investment in the United States. We're working to prevent foreign adversaries from gaining a foothold with their technologies that threaten our national security, including the systems that underpin our critical infrastructure. We're taking action under President Biden's executive order to address the threat posed to our information and communications technology and services supply chain. So through all of these tools, both offensive and defensive, and importantly in partnership with our allies, we're protecting our national security and ensuring fundamental fairness for our workers and businesses.

The third area of focus is promoting the U.S. private sector as the partner of choice globally, including in developing countries. While direct foreign aid is important, we need strong contributions from U.S. businesses, relying on their historical strengths as long-lasting commercial partners, exporters of quality goods and services, and world-class investors. This is critical to differentiating ourselves from our geostrategic competitors, especially in the area of global infrastructure. The U.S., our international partners in the G-7, and our private sector have a long history of providing financing and technical support for high-quality infrastructure projects around the world. And yet for many years, we faced several challenges when competing for these projects – like lower cost, but lower quality, competition, more aggressive commercial diplomacy by our competitors, and risks to doing business in foreign markets coupled with market access barriers.

As a result, our businesses have missed out on opportunities to deliver infrastructure at scale around the world, while also creating jobs here in the U.S. And partner countries have missed out on infrastructure options that are not only responsive to their needs, but more impactful and sustainable relative to their national goals. The good thing is that's changing. Last month, the president and the G-7 leaders formally launched the Partnership for Global Infrastructure and Investment, or PGII. The partnership will boost U.S. efforts to offer high-quality, high-impact infrastructure options. So together the partners will bring to bear over \$600 billion in public and private investment, with the U.S. contributing a full \$200 billion over five years.

Through PGII and the longstanding work of our U.S. and Foreign Commercial Service, Commerce is redoubling its efforts to help U.S. companies offer developing countries better infrastructure options across strategic sectors. U.S. companies have already signed deals that reflect this high-quality, high-standard, and high-impact approach. I saw this firsthand in my visit to Côte d'Ivoire in June. The ABD Group, a Philadelphia-based project development company, was awarded a \$320 million health care infrastructure project to renovate or construct over 100 hospitals and clinics across Côte d'Ivoire. The prime minister told me that they want to do more of these kinds of projects with our companies, leveraging our ideas, our resources, goods, and services, and working closely with Ivoirians to create opportunities for both countries.

I've heard similar sentiments from governments and private sectors around the world. This is just one example, and it's, I think, an emblematic example of what the U.S. is doing globally, working with partner countries to improve the commercial enabling environment for our companies, improving financing options, growing the pipeline of high-quality bankable projects, and importantly positioning the United States business

at the front end of the deal pipeline rather than at the end of the deal pipeline.

Before I close, I also want to emphasize that equity – something the president talks about all the time – equity underpins all of our work. When we create new international commercial opportunities in infrastructure, clean tech, digital, health care, and so on, we want more of our small businesses, more of our women and minority-owned companies, to be able to compete on a level playing field. That will ensure that our success abroad – our commercial success – is also broadly shared here at home, especially for our small businesses, businesses in the heartland, women- and minority-owned companies, historically marginalized communities. Many of these companies, especially in diaspora communities, not only reflect the diversity of our nation but they're also best positioned to help us in many of these places around the globe.

We're at a critical moment. If we act decisively along the lines I've described, we can continue to shake the international economic order in ways that reflect our values and expand opportunities for Americans for years to come. With our middle class and its prosperity as our beacons, we have an opportunity to revive economic relationships that play to our strengths and fit the specific challenges of this time. We can foster opportunities abroad and also create opportunities right here at home. In the last 18 months, the Biden administration has laid the foundation for a new approach to economic engagement. Through these actions, we'll create, as I said before, high-quality, high-paying jobs of the future. We'll boost export opportunities for companies. We'll unleash innovation so that we can address the problems of today and the future, like climate change, and if we do this right, we'll uplift women, people of color, and underserved communities across the country.

Under the president's leadership and with the Commerce Department taking a central role, America is back on the world stage. By revitalizing alliances, protecting our security, and focusing on being a partner of choice, we can usher in a new era of common peace and prosperity, meeting pressing needs and securing American leadership in the 21st century. I am truly honored to be doing that work. Thank you very much. (Applause.)

Dr. Lewis:

Well, thank you, Don. I have a few questions. Great speech. And then I think we have time – do we? – we have a couple – you should get a card and write out your question. We can take a couple questions both from the audience here and from the online audience. So if – Georgia, if you can hold up your hand for people who might need a card. Thank you.

Let me start by asking you – you mentioned a couple things. You covered a lot of ground in that speech.

Mr. Graves (Laughs.)

Dr. Lewis: (Laughs.) When you mentioned the Partnership for Global Infrastructure and Investment in the G-7, and its competitor, the Belt and Road Initiative, what's it going to take for G-7 countries to be competitive? What are our partners looking for?

Mr. Graves It's a great question and it's something that we spent a lot of time thinking about. Obviously, the Belt and Road has been around a little while, it's had some impact, but I think what the world is seeing is that Belt and Road investments aren't all that they're cracked up to be. The numbers sound big, but at the end of the day, you have debt, heavy burdens of debt laid on countries that really can't afford it. You have infrastructure projects which aren't always anywhere close to the quality of standards that you get from – certainly from U.S. companies but from G-7 countries. It also means that you're getting the type of development in these countries that doesn't come with the training, the workforce development, that our types of investments do.

So our approach to this with the PGI is really focused on those issues, making sure that it's high-quality infrastructure projects, where we're bringing the right type of investment that doesn't produce a huge debt burden on the countries that are receiving this infrastructure investment, and perhaps most importantly, we're doing it in a way that is built off of the desire of the countries with whom we're working with. This is having those conversations directly. It's why I've been traveling the world – just in Brazil, Côte d'Ivoire, Ghana – talking with leaders, asking them what it is that they want. What are the types of infrastructure investments that they're looking for, and then making the connections, making the investment, bringing U.S. businesses to the table to help build those projects.

And then, as I said, it's the high labor standards. Part of making sure that we're doing this in a way that helps build opportunities for U.S. companies and especially for U.S. workers is also helping those other countries develop high standards of and protections for their own workers. Training: make sure that they have the type of developments so that it's sustainable. It's not that we're going in building roads or bridges or ports or what have you and then walking away and leaving them without the capability of sustaining those projects and, at its core, making sure that all of these projects are resilient and sustainable.

Dr. Lewis: What are some of the challenges with working with our European and Asian allies? I mean, the – you’re inheriting a somewhat messy situation from the previous administration. What are the challenges that you face in getting them to cooperate? (Laughs.)

Mr. Graves: It’s – (laughs) – you basically said that’s the biggest challenge. It’s reengaging in ways where you’re building the trust. There’s a lot of trust that was lost. The U.S. had always been seen as the partner of choice. Even when we disagreed with our partners and allies over the years, we always found ways to come back together. We always found ways to work towards a common goal. And what we’ve seen is that they didn’t have that trust coming out of the last administration, that everyone that we talked to believed that the U.S. was really only in it for themselves and didn’t understand that the only way to succeed broadly is if you build that – those common approaches around shared values.

And frankly, we had been working very hard to rebuild those relationships. It’s resulted in the U.S.-EU Trade and Technology Council. It’s resulted in the Indo-Pacific Economic Framework. But perhaps – unfortunately, perhaps the thing that has catalyzed the greatest amount of partnership has been our response to Russia. Because we worked very closely with our partners and allies around the world from the start – sharing intelligence, sharing our understanding of what was going on on the ground – we were very prepared as soon as Putin’s military started the invasion, and we were able to build those partnerships over time, show that what we saw was the reality on the ground so you could build that trust over time.

So my expectation is, going forward, our partners now have that trust. They see that we understand that a multilateral approach isn’t just about the U.S. making opportunities for ourselves; it’s about making sure that we’re doing this recognizing that our friends and allies are going to be right there with us, and frankly that we understand we can’t make everything. We can’t do everything in the U.S. It’s physically impossible when you look at supply chains. So it’s best to friendshore or nearshore those things that we can’t do here in the U.S.

Dr. Lewis: So you have been really active. The administration has launched a whole set of initiatives for economic alliances – economic and security alliances. So you mentioned TTC. You’ve got the Quad. You’ve got AUKUS. You’ve got other stuff going on now in the Indo-Pacific. But one of the questions that we get relatively frequently is: None of these are trade agreements, so do they really make any difference? I mean, what would you say to that?

Mr. Graves: Well, you're exactly right, none of these are traditional market-access arrangements. Those are things that we can't do right now, given the state of politics particularly on the Hill. So what we are doing is building a new set of tools, a new set of mechanisms to allow us to build partnerships and alliances that will work to our mutual benefit.

What we're doing is creating opportunities to, as I said, build up standards in a range of different ways – standards around climate and resiliency and sustainability, standards around labor practices and worker rights, high standards on the quality of products and projects. So if we can get our partners and allies to agree on all of these things, then it makes us – makes our businesses much more competitive around the world. It makes it easier for American businesses to succeed, American workers to succeed. If we don't do this, then our competitors will make the rules – the international rules of the road, and we just can't allow that to happen. We have to make sure that we're part of the game, that we're engaging in these conversations.

You know, I think about what we're doing with IPEF and with the TTC. We're focusing on the digital economy. We're focusing on issues like tax and anticorruption. We're focusing on ways that we build resiliency and high environmental standards. Those are very tangible sets of things that we can do as we engage directly with our partners all around the world.

Dr. Lewis: In some ways you're the country's lead commercial diplomat. So when you show up in these places, what is it you say to them? What is the – what's the pitch? And is it different by region or by –

Mr. Graves: I mean, generally, it's those things that I talked about in the speech. We're leading with the power of our values – that we're talking about the core democratic principles that drive this country, that make us, I think, great – a great partner; that we're there for a mutually beneficial arrangement, oftentimes a bilateral relationship where we're not there to take out whatever resources we can for our benefit, we want to create these opportunities for them to grow their economy, to create long-term opportunities for their own workers. But we're also creating opportunities for us to invest in countries. That's what I say to every leader across the globe. And they believe it because they know who we are.

And the other part of this is bringing U.S. business to the table. Every one of the leaders that I've spoken to in Brazil, Côte d'Ivoire, Ghana, and other parts of the world, the thing that they value most about the United States is not just our resources or the name. It's that we're bringing the most innovative private sector in the world, the most – the best ideas to the – to

the table. And we're bringing the best quality products and workers all to the table at one time. So those leaders value us and would much rather use us as their partner of choice than other countries around the world.

Dr. Lewis: Maybe a follow up question that we got from the audience. It's a long question, so I'll read it: The U.S. has been clear on encouraging supply chain resiliency with U.S. manufacturers, particularly in respect to reliance on China as a critical supplier. What is the USG doing to encourage Europe and Asia to move in a similar direction? This is just – this is company investment – company investment has increased in China, which provides some market opportunities not available to U.S. companies.

So I think that just to the question, which I mangled, so I apologize to the author, is we're building resiliency. We want our partners to build resiliency. But where does China fit into the supply chain? Because it is a huge market. And American companies have told me that, you know, 50-60 percent of their revenues might come, in some cases, from China. So what would you say to that? How do we balance China will resiliency?

Mr. Graves: I think it's having direct engagement with our partners and allies through things like the TTC and the IPEF. But it's also a recognition that China is going to be a partner – a commercial partner of U.S. businesses. To your point, it is a huge market. And so that means it's a market opportunity. But just as importantly, we have to focus on those areas of criticality for us, the choke points, if you will, in our supply chain and the supply chains of our allies and partners, making sure that when push comes to shove, if we face another pandemic, if we face – when we face the types of impacts as a result of climate change, if there are more geopolitical clashes like we're seeing in Ukraine with Russia.

That we're going to be prepared to deal with the supply chain challenges going forward so that we can protect against the types of things that we've seen over the last two years, where we didn't have enough semiconductors for our phones, our computers, our cars, our business equipment. We have to protect against and mitigate against those types of supply chain constraints going forward. So that's why it's so important for us to work with our partners and allies in Europe, in the Indo-Pacific, in the Americas and elsewhere to make sure that we're building a much more resilient supply chain, both here and also with our allies. We can't – as I said – we can't produce everything. We don't have all the resources that we need. So that's why it's absolutely vital for us to build these relationships and strengthen them right now.

Dr. Lewis: So maybe the flipside of resiliency, which is your ability to depend on yourself, is your ability to protect your own technology. And you brought

that up in the speech. It's going to be a big topic. And I know in preparing for this we talked about export controls. We talked about foreign investment. What's the future hold in these areas? I have to tell you, when I started doing this stuff, I thought export controls were sort of ancient history. And now they're front and center. What are you doing?

Mr. Graves: Well, you know this very well, having been one of the architects of the Wassenaar Arrangement. We have really strong export control systems in place around the globe. The problem is that when you have nondemocratic countries that are part of these arrangements, when you have countries that don't share our values that are part of the arrangements, they can hold these types of tools hostage.

So out of the three of the four major export control arrangements in the world, Russia is a member. That poses real problems in being able to develop and utilize this tool in an effective way when you need to use it against the type of unwarranted aggression such as from Russia.

So the key for us is building new arrangements or new structures, whether that's a – the type of arrangement that we've seen with Wassenaar or creating virtual arrangements like we've done as it relates to the response to Russian in Ukraine, building these alliances where, again, you're leading with your values and your principles, and you can use that to ensure that not only are you able to respond in a timely fashion to aggression; it also is a bit of a warning to countries that might seek to engage in these types of things, whether it's economic coercion or some type of military action. They know that we've built partnerships that will stand the test of time and that we will be prepared to use them if we have to.

Dr. Lewis: Were you surprised at how quickly people came together on the Ukraine? I don't – I think the Russians were surprised.

Mr. Graves: I know that the Russians were surprised, as were other folks around the world. But this took a lot of work. We began talking to our allies and partners late last fall about what was going on. So it took months and months and months of coordination, late-night calls. My team and I were – you know, spent our weekends, late nights, middle of the night, getting in secure facilities, doing video calls, doing conference calls, sharing intelligence, sharing the mechanisms that we had in place to compare with the mechanisms that they had in place, because not every country has the same set of laws and rules and opportunities to use these export controls.

So we built that coalition. We built that structure over a matter of many, many months so that, as soon as Putin moved in, we were ready to deploy

these tools effectively from the start. And as I said, it's having a huge impact.

The key, though, is recognition that we couldn't do it alone. Russia's imports of goods and services, especially the technology that they need, doesn't necessarily come from the U.S. In fact, 40 percent of all of their imports came from our partners in Europe. That's a huge percentage of their imports.

So in order for us to have maximum impact, we needed to build that multilateral approach, that coalition of partners, that could deliver on the export-control tool and make sure that it had biting effect. And I think, as time goes on, it will continue to have an even more, I think, significant impact on Putin, his war machine, and the Russian economy.

Dr. Lewis: Is Ukraine a precedent for tech transfer in the future?

Mr. Graves: I think it has shown us a very good example of the way that we can build a framework of likeminded countries to really stick it to countries that engage in physical intimidation or in military action or economic coercion.

Dr. Lewis: One of the questions that's come up is resolve – not American resolve, but we've got a lot of partners in this effort. And they're under some pressure. We all know the gas story in Europe. What are the prospects here, do you think, for people holding the course, for holding the line? What do we need to do to make sure that happens?

Mr. Graves: Well, it's a balance. So you use the tool of export controls as the hammer, if you will. But you also have to find ways to make things easier for your partners and allies. And frankly, we tailored our export-control effort as it relates to Russia specifically to have the maximum impact on Russia and the least impact on our economy and our workers and those of our allies and partners.

Obviously, as you point out, they are dealing with some real energy concerns. That's why we're also doing everything that we can to reduce the challenges to that supply chain in particular, making sure that we're moving as quickly as we can to provide support around clean-energy production, to make sure that we're also providing additional support with U.S. liquid natural gas, also working with our allies and partners all around the world to make up some of the energy needs that Europeans were relying on Russia for, getting it from Asia, getting it from the Middle East and elsewhere.

So it's continuing to find ways to mitigate supply-chain issues while at the same time continuing to use that export control tool as a hammer.

Dr. Lewis: Continuing on the protect theme for a little bit longer, you mentioned ICTS in your speech. It's a topic that's relatively new. It wasn't as big a deal some years ago and, of course, I track it simply by judging the number of calls I get asking me what's happening with TikTok.

But where do you see us going on – you can talk about TikTok if you want. In fact, we can put this on TikTok. (Laughter.) But where – (laughs) – we won't. Where do you see ICTS going as we move to protect ourselves?

Mr. Graves: Well, ICTS is one of several tools that we have at our disposal to look at the challenges of technology and communications, the opportunity to also use CFIUS – the Committee on Foreign Investment in the U.S. – and some of the work that we're doing in partnership with Congress that we expect will come out of the CHIPS Act, making sure that we're able to fully investigate and understand the challenges that companies, that adversaries, pose to the U.S., not just our economic security but our national security.

We saw, as it related to Huawei, that that posed a real and present danger to U.S. systems, to our infrastructure, because the Chinese government – the PRC – was going to use that as a means of getting access to our systems.

That's going on on a daily basis around the world with a variety of adversaries. So we need to use our ICTS tools, including through the executive order that the president signed earlier, or last year. It includes working with CFIUS. It includes some of our regulatory mechanisms as well, working with the SEC to make sure that the SEC has all of the relevant information it needs as it's investigating companies that are seeking to buy other companies or technologies.

Coordination is the key, though, and it's not just the U.S. It's also working with our partners and allies around the world because, frankly, there are back doors that our adversaries are likely using by going through our partners that don't have the same strength of their tools that we do.

And so the more that we can do to share information, to partner and collaborate, the more effective we're going to be. But make no mistake, the U.S. is going to be very vigilant and we're going to push very hard on any adversary that seeks to try and find ways to undermine our national security.

Dr. Lewis: Another question we got is to ask you about the president's announcement. I know you're going to Saudi Arabia, but he announced when he was in Saudi Arabia that we would help develop 5G networks using open radio access – ORAN.

And what can you tell us about that? What can you tell us about the future of economic partnerships in that region of the world?

Mr. Graves: Well, I've made a couple of trips to the region and this was one of the leading issues in my conversation with leaders there. It's the value of ORAN – open radio access networks – the value of 5G that is open and allows for innovation, that allows for a range of businesses, especially U.S. businesses, but a range of businesses to utilize spectrum in a way that can provide value to those countries.

Most of them get that but it's, again, continuing to engage in those conversations to share information because there's a lot of disinformation out there about how the U.S. – the big bad U.S. is using ORAN as a means to dominate the technology of the future – the systems of the future.

We may dominate but that's because we have the best companies, the best innovators, in the world. But it's not because we're doing so trying to coercively take over other countries' systems. We can also do it in ways that help to lift up other countries' businesses and that's the other part of this is engaging with countries in regions all around the world to help them recognize that we want to be partners.

Our businesses want to partner with their businesses. We want to find ways to lift up their small and mid-size enterprises just like we're lifting up ours, and that brings together that mutually beneficial relationship.

Dr. Lewis: We have a little bit of time left. We've got three more questions.

Mr. Graves: Sure.

Dr. Lewis: I promise I'll get to two of them.

Mr. Graves: OK.

Dr. Lewis: All right. So the first is, what do you think the benefits – what are the outcomes you want from these alliances, since they don't involve market access? What will you get from TTC and Quad and the Indo-Pacific agreements?

Mr. Graves: It goes back to what I was saying. We recognize that if we are not at the table, if we aren't building a framework that works for us, others are

going to set the rules of the road and will dominate the new world economic order. We need to make sure that we're at the table for our businesses. But as I said before, it's not about the U.S. doing this for – just for our own interests. It's helping other countries understand that we can do this in a way that helps our businesses and helps their businesses at the same time.

We know that there are folks, as I said, who – countries out there who want to dominate those markets and use economic coercion as the means of doing it. We can build high standards around sustainability and resiliency, high standards for labor, to make sure that our workers are playing on a level playing field. And that we're building the right type of standards around high-quality products and projects so that our businesses can compete. The worst thing in the world is if we let our competitors win using low-cost, low-quality products, low labor standards, and very low environmental practices. That just means that we aren't going to be able to compete. So we have to be at the table, and this is the mechanism that we have.

Dr. Lewis: Do you want to say a little more about standards? Because that's also a topic that didn't used to be one of top concern and now is almost center stage.

Mr. Graves: Standards is absolutely vital for the U.S. We have the companies that use the best standards in the world, frankly. What we need, though, is to make sure that other countries abide by, adhere to those standards, agree with those standards. The good thing is that through the relationships that we've built as it relates to export controls, and our work relating to Russia and Ukraine, they are also understanding the standards that we're building there are applicable to standards in other places as well.

If we're building a level playing field, if we create that environment that works for all of our businesses, then it means that the U.S. at least doesn't have to play catch up, like we've done over the last few decades. It means that we can ensure that – not only that we can compete, but also that we're not continuing to pollute the environment, we're not contributing to climate change, that we're also protecting our workers, but especially workers around the world, preventing human rights abuses. All those things are core to our values. It's who we are. So, again, leading with our values is perhaps the best way that we can engage the rest of the world, whether it's standards, whether it's trade relations, whether it's dealing with those countries that engage in unwarranted military incursions or economic coercion.

Dr. Lewis: So, last question. It's actually two, but I'm going to try and merge them. You knew it was coming, the CHIPS Act. And one of the questions

even said if/when the CHIP Act passed, which is a little pessimistic. I'm sure it's going to pass. I won't say when. What are the first steps? Because Congress will get a lot of new responsibilities and maybe some new funding. What are the first steps for implementing the CHIPS Act?

Mr. Graves: Well, it's not an if. It's when. We expect that the Senate will pass the CHIPS Act this week. The House will take action perhaps even by the end of the week, so we can get it to the president's desk at the end of the week or the beginning of next week. So the CHIPS Act is going to pass. What the CHIPS Act does, it gives us the resources that we need. Countries around the world – so, take China. They've spent \$150 billion in a matter of just a few years to advance their semiconductor capabilities. We're playing catch up. We used to lead the world in semiconductors. Now we produce 12 percent of the world's chips. And we don't produce any of the most advanced chips.

That's why we need the CHIPS Act passed right now. What we're going to see is that the CHIPS Act allows us to build the entire ecosystem. Sure, we want more fabs like the Intel fab that was announced earlier this year in Columbus, my home state. That's a great thing, not just for Ohio but for the entire country. But we have to make sure that the entire ecosystem is resilient. That includes the design phase. That includes the toolmakers. That certainly includes fabrication. It also includes packaging. So that entire ecosystem around semiconductors has to be more resilient than it's been and we can do that if we get – when we get the CHIPS Act so that it's those components, those parts of the ecosystem are still here and brought back to the U.S., not just allowing the rest of the world to – I won't say steal but to drive that economy. We can't be resilient if we don't have access to those critical supply of semiconductors, and that's what the CHIPS Act will do.

Dr. Lewis: Maybe a coda to that question that we got from the audience is, how does the CHIPS Act tie into what you're trying to do internationally, on the international economic front?

Mr. Graves: Well, again, it goes back to this multilateral approach. We know that we're not going to control the entire semiconductor industry. We don't control it now. Even when we get the CHIPS Act passed, that's not going to mean that we're going to dominate the entire semiconductor industry. Our partners in Japan and Taiwan and Korea and across the EU and in other parts of the globe, they control some parts of the semiconductor ecosystem. So the more that we can do to partner with them economically to build more resiliency in the semiconductor industry to make sure that we're gaining more access to the components, the critical minerals and elements that support growth of the semiconductor industry, the better it is for us and the better it is for our partners around the globe.

Dr. Lewis: Well, economic partnership is probably a good note to end on –

Mr. Graves: (Laughs.)

Dr. Lewis: So we covered a lot of ground. Thank you for being so flexible in taking these questions. Thanks to the people watching and in the audience for the questions you provided. And thank you very much for what you're doing.

Mr. Graves: Thanks so much, Jim.

Dr. Lewis: Everyone have a good day. (Applause.)

(END)