

ALERT

Biden Administration Announces Significant New Initiatives to Support Clean U.S. Manufacturing

February 16, 2022

On February 15, 2022, the Biden Administration announced significant new initiatives to advance cleaner manufacturing sectors in the United States. These actions will support U.S. climate goals, competitiveness in the industrial base, and the overall economy through a wide range of programs, including energy, government procurement, international trade, environmental, and industrial policies.

The White House notes that the industrial sector is “central to tackling the climate crisis,” and characterizes its new initiatives as supporting “American leadership on clean manufacturing—including low-carbon production of the steel and aluminum we need for electric vehicles, wind turbines, and solar panels, and the clean concrete we need to upgrade our transportation infrastructure.” By helping manufacturers use clean energy, efficiency upgrades, and innovative technologies to reduce emissions, the Administration seeks to promote a cleaner industry that can produce next-generation products for a net-zero economy. This announcement supplements the Administration’s ongoing initiatives that prioritize climate as a core element of national security.

Key elements of the newly-announced programs are summarized below:

Clean Hydrogen

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The U.S. Department of Energy (Energy Department) will launch significant clean hydrogen programs under the bipartisan Infrastructure Investment and Jobs Act. These initiatives include \$8 billion to develop regional clean hydrogen hubs to create jobs and expand the use of clean hydrogen in the industrial sector and elsewhere. Also announced are \$1 billion in funding for a clean hydrogen electrolysis program to reduce the cost of hydrogen produced from clean electricity and \$500 million for clean hydrogen manufacturing and recycling research programs to support manufacturers developing clean hydrogen equipment and technologies.

Separately, the Energy Department announced last week \$28 million in federal funding for clean hydrogen research programs aimed largely towards the manufacturing sector.

“Buy Clean” Procurement

The White House is establishing a Buy Clean Task Force, which will focus federal procurement on low-carbon, American-made materials. Members of the task force will include the Council on Environmental Quality, the White House Office of Domestic Climate Policy, the U.S. Departments of Defense, Energy, and Transportation, the Environmental Protection Agency, the General Services Administration, and the White House Office of Management and Budget. Following President Biden’s December 2021 executive order on federal sustainability, the Buy Clean Task Force will develop recommendations on (i) identifying materials, such as steel and concrete, and pollutants to prioritize when evaluating federal procurement and federally funded projects; (ii) increasing the transparency of embodied carbon emissions; and (iii) launching pilot programs to increase federal procurement of clean construction materials.

These Buy Clean initiatives are complemented by other efforts already underway through the General Services Administration and the U.S. Department of Transportation, which support the use of low carbon materials in various infrastructure projects.

At the Glasgow United Nations Climate Change Conference (COP26), President Biden also launched the First Movers Coalition, which is a coalition of 34 companies making clean purchasing commitments in steel, shipping, trucking, and aviation sectors. As part of its announcement on February 15, the Biden Administration is expanding the First Movers Coalition to cover the aluminum, cement, chemical, and carbon removal sectors.

Climate and Trade Agreement on Steel and Aluminum

The Biden Administration reiterates its commitment to using international trade policy to promote green domestic manufacturing. In October 2021, the United States and the European Union announced plans to negotiate an emissions-based sectoral arrangement on the steel and aluminum trade by 2024. Those negotiations are ongoing and seek to reduce the global excess capacity of steel and aluminum, restrict market access for dirty producers and countries that dump steel in both markets, and promote investment in green steel and aluminum manufacturers in the United States, Europe, and across the world. The U.S. government is working closely with domestic industry participants, and U.S. companies have opportunities to participate in this process.

Carbon Capture, Utilization, and Sequestration Technologies

The Council on Environmental Quality is issuing new guidance on responsible deployment of carbon capture, utilization, and sequestration (CCUS) technologies. These technologies are critical in reducing industrial emissions. The new guidance focuses on (i) conducting transparent environmental reviews of CCUS projects; (ii) incorporating environmental justice and equity considerations; (iii) ensuring meaningful public engagement and Tribal consultations; (iv) creating opportunities for union jobs and training programs; and (v) conducting life cycle analyses for carbon capture utilization and carbon dioxide removal projects. This guidance will direct more than \$12 billion in CCUS investments provided for by the bipartisan Infrastructure Investment and Jobs Act. Members of the public may submit comments on the guidance until March 18, 2022.

Equitable Decarbonization Innovation

The White Office of Science and Technology Policy is launching a new Initiative for Interdisciplinary Decarbonization Research. The initiative will focus on benefitting American workers and communities. The Energy Department will establish an Industrial Technology Innovation Advisory Committee, bringing together a diverse group of stakeholders—including social scientists, engineers and physical scientists, community groups, as well as industry and government officials—to create a comprehensive strategy for lowering U.S. industrial carbon emissions. The Energy Department will collect and share information on emerging technologies for the clean production of steel, cement, chemicals, and other industrial products. The Energy Department is also expanding its Industrial Assessment Centers program, and the Environmental Protection Agency is expanding its ENERGY STAR program by incorporating carbon intensity metrics for certain industries.

In addition to these newly announced initiatives from the Biden Administration, there have been several substantial pieces of legislation passed or introduced recently that affect U.S. climate, energy, and manufacturing policy. The bipartisan Infrastructure Investment and Jobs Act was signed into law in November 2021 and contains significant funding for a variety of clean energy and climate change initiatives, including many of the programs announced by the White House. The Biden Administration has also introduced its Build Back Better legislation, which includes more than \$550 billion in new spending for energy and climate initiatives.

The House passed the America COMPETES Act on February 4, 2022, which contains numerous provisions to strengthen U.S. trade, manufacturing, national security, and supply chain policy.^[1] This legislation will need to be reconciled with its companion U.S. Innovation and Competition Act, which passed the Senate with bipartisan support in June 2021.

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[1] The Wiley international trade team published a separate alert on important national security and supply chain provisions in the America COMPETES Act.