

## Report on Supply Chain Compliance Volume 3, Number 7. April 02, 2020

### The US federal government has the tools it needs for production ramp-up

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The United States government has a tool to help drive production in times of national emergency—the Defense Production Act<sup>[1]</sup>—but as of March 25, it is unclear whether the Trump administration is using it. Statements from President Trump and the Federal Emergency Management Agency have contradicted each other, leading to even more confusion as private companies seek to retool their supply chains while also awaiting regulatory pressure to shift production according to demand in the U.S.

The act permits the federal government to impose some control over private-sector industry to ensure the production of materials that are deemed necessary for national defense. In this case, the government could order companies to manufacture ventilators, masks and other needed equipment to help health care workers in the United States treat patients, as opposed to fulfilling orders based solely on profit margin and business considerations.

It is yet unclear how the act will affect current industry, as the federal government has not yet stipulated if, when and how it will use the act to meet the needs of health care workers in the U.S. Manufacturing companies with supply chains that may be affected by an order to produce medical devices or other goods should study the act and review their supply chain to prepare for sudden changes.

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