



May 26, 2022

The Honorable Charles E. Schumer
Majority Leader
United States Senate
Washington, DC 20515

The Honorable Mitch McConnell
Minority Leader
United States Senate
Washington, DC 20515

The Honorable Nancy Pelosi
Speaker
United States House of Representatives
Washington, DC 20510

The Honorable Kevin McCarthy
Minority Leader
United States House of Representatives
Washington, DC 20510

Dear Majority Leader Schumer, Speaker Pelosi, Minority Leader McConnell, and Minority Leader McCarthy:

On behalf of American industry, we write to you today as supporters of the National Critical Capabilities Defense Act (NCCDA), a provision that has passed the House in the COMPETES Act legislative package and was filed as an amendment to the Senate's USICA. Despite the strong bipartisan and bicameral support, however, we are concerned this provision will be excluded in the conference process. Keeping this legislation intact is of critical importance to protect American interests, American national security, American economic prosperity, and long-term assurances for American global leadership.

This bill is incredibly important for domestic producers and manufacturers but even more important for our country's national security interests. If enacted, this bill will require companies to disclose proposed offshoring of critical supply chains and capabilities to foreign adversaries, such as China and Russia. It establishes a whole-of-government process to screen outbound investments and the offshoring of critical capacities and will result in bolstering the resiliency of critical supply chains. The provision will ensure the U.S. has greater visibility of supply chain vulnerabilities and that we can respond to the needs of our nation and those who may call on us in times of crisis.

The interagency committee established by NCCDA will oversee the review process for capacities deemed "critical" to the U.S. The committee would focus on outbound investment or offshoring of critical capacities, supply chains, domestic production, and manufacturing to foreign adversaries. That is, the committee would not review outbound investments and supply chains to allied countries. Specific provisions ensure multilateral engagement, supply chain

resiliency, and the free and fair flow of commerce to nations and sectors that abide by a rules-based trading system. The proposal would also establish a process to conduct ongoing evaluation of critical supply chains. The review process could produce recommendations for the President to take remedial actions under existing authority—such as supporting domestic industry through increased research and development investment and utilization of manufacturing institutes—and could provide authority, under limited circumstances, to mitigate or halt outbound investments. Detractors and critics of this legislation, however, wrongfully claim that this new process is duplicative and would be confusing and burdensome. These claims are false cries for protecting short term financial gains over establishing a transparency mechanism to safeguard American critical capabilities and those of our manufacturers, innovators, and national defenders. There are policies for inbound reviews of technology procurement and investment in the U.S. We must make sure that our outbound processes—what America gives away to the world—are held to high and rigorous standards.

Opponents wrongfully claim that policymakers have yet to “identify those gaps to facilitate a robust public debate with stakeholders to develop an effective and efficient mechanism to review uncovered transactions, investments, or transfers.” It is precisely because these gaps have been identified that this legislation exists and was put forward as an amendment to both the USICA and the COMPETES Acts. Original sponsors of the legislation in the House include Reps. Bill Pascrell, Jr. (D-NJ-09), Rosa DeLauro (D-CT-03), Victoria Spartz (R-IN-05), and Brian Fitzpatrick (R-PA-01). In the Senate, the lead sponsors are Senator’s Bob Casey (D-PA) and John Cornyn (R-TX).

The original authors intend for the legislation to lay the groundwork to repair America’s frayed supply chains and staunch the bleeding of American industrial might to foreign adversaries. In particular, the screening process for outbound investments and the offshoring of critical capacities and supply chains will help ensure that the United States can quickly detect supply chain vulnerabilities and be sure that such crises as the PPE shortages we saw at the start of the pandemic do not happen again. While some argue that the bill must require a more narrowly defined national security threat to justify this outbound review process, to do so would undermine the spirit and intent of the legislation itself. It is nearly impossible to narrowly define the next national security threat. If that could be done, such catastrophes as the COVID-19 pandemic would have been mitigated or better-prepared for. The U.S. lacks a proper maintenance and assurance program for our critical capabilities and if broad approaches are not taken, the U.S. will never be ready to withstand the next pandemic, world war, food security crisis, or worse.

America must not be reliant on foreign adversaries for items that are critical to our national security, and we must not share our capabilities with those who cannot be trusted. This does not preclude coordination with partners and allies but rather ensures America can be a more reliable partner for the future. Opponents of this legislation care about the “collective security” of the global commons more than that of our own nation. But as the old airplane safety announcements

saying goes, you must put your oxygen mask on first before assisting those around you. If America is not secure, how can we then ensure global security? We must act boldly by preserving this bipartisan legislation in the final Bipartisan Innovation Act and demand that American interests supersede global interests in critical capabilities production.

Sincerely,

Coalition for a Prosperous America
Main Street Alliance
National Council of Textile Organizations