

Cosponsor the National Critical Capabilities Defense Act
Legislation Safeguards Vital Supply Chains
Against Outsourcing to China and Other Potential Adversaries

The Alliance for American Manufacturing (AAM) urges you to cosponsor the *National Critical Capabilities Defense Act (S. 1854H., R. 6329)*. This bipartisan, bicameral bill – introduced by Senators Bob Casey (D-PA) and John Cornyn (R-TX), and Representatives Rosa DeLauro (D-CT), Victoria Spartz (R-IN), Bill Pascrell (D-NJ) and Brian Fitzpatrick (R-PA) – establishes an outbound investment review process designed to avert the offshoring of critical production capacity in the U.S. agriculture, health, homeland security, energy, infrastructure, and natural resources sectors to foreign adversaries like Russia and China. By creating additional visibility into supply chains, this legislation establishes mechanisms to ensure that our national security is not undermined by the outsourcing of these “national critical capabilities.”

The coronavirus pandemic has made all Americans painfully aware of the tragic inadequacy of our deteriorated industrial capabilities and broken supply chains. More recently, the pandemic’s aftershocks have exposed a dangerous reliance on global suppliers for many other consumer and commercial products, revealing that the United States is ill-equipped to produce enough semiconductors, automobiles and parts, building materials, and even consumer goods for everyday life. This raises serious concerns about our ability to respond to a future emergency.

This legislation would create a National Critical Capabilities Committee (NCCC), co-chaired by the Departments of Commerce and Defense, to review certain outsourcing investments of firms that provide systems, services, and assets vital to national security. The bill identifies products ranging from medical supplies to electrical grid and infrastructure materials. Additional critical capabilities in shipbuilding, water, and other industries may be added by an interagency rulemaking process.

If the NCCC finds that an outbound investment would result in a national security risk, it may then pursue a range of remedial actions, including suspension of the transaction, to maintain U.S. production. These decisions will consider various factors, including the target destination for the outbound investment. The bill would also increase transparency in government procurement, requiring contractors to disclose sourcing decisions that rely on foreign-made materials or components and the estimated impact on U.S. jobs. Additionally, the bill requires engagement with U.S. allies to establish protocols for sharing information.

This measured, strategic approach to enhance transparency into supply chains is necessary to reverse decades of policy that have led to a dangerous reliance on far flung supply chains, often in adversarial nations, that jeopardize our security. This is an essential step towards revitalizing domestic capabilities needed to keep Americans safe. We must have the ability to respond to natural or manmade disasters, public

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health emergencies, and other crises with reliable, secure domestic supply chains. AAM urges you to cosponsor this long overdue legislation that is vital to strengthening our industrial base, as well as our economic and national security.

We urge your support for this important legislation.

Sincerely,

A handwritten signature in black ink that reads "Scott N. Paul". The signature is fluid and cursive, with the first letters of each name being capitalized and prominent.

Scott N. Paul
President
Alliance for American Manufacturing