

Oral Testimony of Scott N. Paul – President, Alliance for American Manufacturing
Mapping America’s Supply Chains:
Solutions to Unleash Innovation, Boost Economic Resilience, and Beat China
September 20, 2023

(Madame/Mr Chair and subcommittee members) Thank you for inviting us to testify today.

Supply chains are taken for granted when they work perfectly. However, when they break down, supply chains can cause widespread damage to our economy, jobs, and national security.

While the acute supply chain crisis that hit hard over the past three years is mostly in the rear-view mirror, we must understand three things as we look ahead.

First, there is certain to be another disruption, although we cannot predict how, where, and when it may arrive.

Second, many of our supply chains are still incredibly frail and not yet de-risked, decoupled, localized, or sufficiently resilient.

Third, while some progress has been made in identifying assets and vulnerabilities through this administration’s Supply Chain Review efforts, the federal government still does not currently have the complete set of tools and authorities to identify, prevent, and mitigate supply chain vulnerabilities before they spiral out-of-control.

The United States’ continued reliance on China for critical supply chains is a significant danger for our economic and national security. We should no longer question whether China will weaponize its supply chains and our reliance upon them to its advantage. The CCP has already demonstrated an ability and willingness to do just that.

Our vulnerabilities reflect an outdated notion of the benefits of hyper-globalization, which has caused damage to consumers, workers, domestic businesses, and our national security. We must break the vicious cycle of implementing policies that reward imports over domestic production. But the idea is not to build a wall around America or seek autarky. Rather, we must build more domestic capacity in critical manufacturing sectors and consider localization of supply chains a best practice.

Holding this hearing and examining this legislation is, by itself, an acknowledgement that supply chain resiliency is not a challenge that the private sector alone can fix. There is an appropriate role for government to provide leadership, coordination, a supportive policy framework, and, if necessary, grants, loans, and other forms of federal assistance directed to expand domestic production where the vulnerabilities are most critical. This policy idea is as old as our nation. Washington and Hamilton, Lincoln, FDR, Reagan, and others all recognized this and proposed action. It is worth noting that this American idea of policy support for domestic industry is about as far as one can get from the state control we see in China.

The supply chain bill before us today is an important starting point for legislation that can be made more effective by adding commonsense improvements to fully address the challenges facing our nation.

On that note we wish to direct your attention to several important policy provisions found in *H.R. 763 The Supply CHAINS Act (Rep. Blunt Rochester, D-DE)* which deserve the attention of this subcommittee. These enhancements would be particularly valuable for small- and mid-sized manufacturers, which make up the bulk of the industry.

- The federal government needs a dedicated Office with the necessary clout to direct supply chain efforts and to implement a comprehensive and coordinated supply chain strategy.
- The federal government should provide coordination for the private sector by creating voluntary standards and best practices that can be used to address supply chain vulnerabilities.
- Capitalizing a robust supply chain resiliency fund can provide financial assistance where there is a demonstrated need. At a minimum, Congress should commission an independent study to determine whether grant and loan making authority is warranted.

We are deeply concerned that the pending legislation eliminates government consultation activities with America's workers. The Alliance for American Manufacturing is a labor-management partnership, and I can speak with firsthand knowledge that giving both companies and workers a voice greatly enhances the work of building a

policy framework to revitalize American manufacturing. Some of the best ideas come straight from the workers on the shop floor.

We look forward to working with you to enact policies to make our supply chains more resilient, localized, and de-risked. I'm bullish on the future of American manufacturing, particularly with the proper policy support from Congress. Thank you.