



September 18, 2023

TO: Members, Subcommittee on Innovation, Data, and Commerce
FROM: Committee Majority Staff
RE: Hearing Entitled “Mapping America’s Supply Chains: Solutions to Unleash Innovation, Boost Economic Resilience, and Beat China.”

I. INTRODUCTION

The Subcommittee on Innovation, Data, and Commerce will hold a hearing on Wednesday, September 20, 2023, at 10:30 a.m. in 2322 Rayburn House Office Building. The hearing is entitled “Mapping America’s Supply Chains: Solutions to Unleash Innovation, Boost Economic Resilience, and Beat China.”

II. WITNESSES

- Witness 1 – Chris Griswold, Policy Director, American Compass
- Witness 2 – Deena Ghazarian, Founder and Chief Executive Officer, Austere
- Witness 3 – Justin Slaughter, Policy Director, Paradigm
- Witness 4 – Scott Paul, President, Alliance for American Manufacturing

III. BACKGROUND

In 2020, the COVID-19 pandemic brought the United States, and its supply chains to a standstill. Many countries throughout the world were unable to produce goods that companies relied upon as critical components or materials of consumer products; labor shortages caused delivery services to shut down leaving Americans separated from food and other critical goods; and bottlenecks at American ports exacerbated these issues. However, the pandemic is not the root cause for why America’s supply chains became crippled, rather it brought visibility to and accelerated preexisting issues.¹

¹ Sean Harapko, *How COVID-19 impacted supply chains and what comes next*, EARNST YOUNG (Jan. 6, 2023), https://www.ey.com/en_us/supply-chain/how-covid-19-impacted-supply-chains-and-what-comes-next.

The pandemic highlighted America's reliance on the Chinese Communist Party (CCP), which continues today,² and the dangers this overreliance will cause for the future of America's economic and national security. The COVID-19 pandemic also revealed how many companies lack transparency into their supply chains – especially within the deeper tiers – and how heavily many companies relied upon single source points and single region suppliers, which can be cost effective but resulted in devastation during emergencies.³

The Department of Commerce can play a crucial role in working with the private sector to map and monitor supply chains, and partner with businesses to devise remedies to make America's supply chains more resilient and secure. An important focus should be on the supply chains needed for the production and deployment of emerging technologies, and an examination of how emerging technologies like AI and blockchains can assist and apply in these efforts.

As indicated in the 2020 China Task Force report, “AI, semiconductors, quantum, 5G, and robotics are only a few of the industries the CCP aims to monopolize. Plans such as Made in China 2025 are being implemented using what Assistant Attorney General for National Security John Demers calls the CCP's ‘rob, replicate, and replace’ policy.”⁴ Failing to bolster American supply chains will result in the U.S. ceding leadership to the CCP in key emerging technology areas including AI, and its many applications like self-driving vehicles, blockchain technologies, quantum computing, advanced semiconductor fabrication, nanorobotics, and more.

The U.S. must maintain its competitive advantage in innovation and ingenuity to secure American leadership in next generation technologies, and bolstering supply chains. This will help supply chain innovation⁵ small businesses, and startups. During the pandemic, we also saw the workforce freeze, with millions of Americans leaving their jobs⁶ which resulted in goods unable to reach Americans. This upending of employment in the U.S. was filled in part by gig economy workers, which increased by 15 percent from 2014 to 2020⁷ Congress must enact legislation to support and encourage growth in these areas.

This hearing is an opportunity for members to examine legislation to map, monitor, and secure U.S. supply chains, including supply chains for emerging technologies, encourage growth and opportunities for key economic sectors – including the gig economy and technology startups – and determine pathways to onshore critical manufacturing industries in the U.S.

² Matthew Boesler, Bloomberg, *China Remains Embedded in US Supply Chains: Jackson Hole Paper*, (August 26, 2023) <https://www.bloomberg.com/news/articles/2023-08-26/china-remains-embedded-in-us-supply-chains-jackson-hole-paper>.

³ U.S. Cybersecurity and Infrastructure Security Agency, *Building a More Resilient ICT Supply Chain Lessons Learned During the COVID-19 Pandemic* (November, 2020), https://www.cisa.gov/sites/default/files/publications/lessons-learned-during-covid-19-pandemic_508_0.pdf.

⁴ U.S. House of Representatives, *China Task Force Report*, (September, 2020), <https://foreignaffairs.house.gov/wp-content/uploads/2020/09/CHINA-TASK-FORCE-REPORT-FINAL-9.30.20.pdf>.

⁵ Suketu Gandhi, *Leveraging New Tech to Boost Supply Chain Resilience*, (October 26, 2022) <https://hbr.org/2022/10/leveraging-new-tech-to-boost-supply-chain-resilience>.

⁶ U.S. Bureau of Labor Statistics, *Labor Force Statistics from the Current Population Survey*, (November 2, 2022) <https://www.bls.gov/cps/effects-of-the-coronavirus-covid-19-pandemic.htm>.

⁷ Rebecca Henderson, Forbes, *How COVID-19 Has Transformed The Gig Economy*, (December 10, 2020) <https://www.forbes.com/sites/rebeccahenderson/2020/12/10/how-covid-19-has-transformed-the-gig-economy>.

IV. LEGISLATION

H.R. XXX, To establish a supply chain resiliency and crisis response program in the Department of Commerce, and for other purposes – Rep. Bucshon (R-IN)

This bill would establish a supply chain resiliency program within the Department of Commerce (DOC) to promote U.S. leadership in critical industries and emerging technologies; to encourage private-public partnerships to promote resilient supply chains and respond to critical industry and emerging technology supply chains shocks; and encourage the development and competitiveness of U.S. productive capacities and manufacturing in the U.S.

The bill would also establish the “National Blockchain Promotion and Deployment Program” at the DOC. The bill would designate the Secretary of Commerce as the principal advisor to the President of the U.S. for policy pertaining to the deployment, use, application, and competitiveness of blockchain and other distributed ledger technologies; and authorize the Secretary to act through the program as necessary and appropriate to promote and assist the deployment, use, application, and competitiveness of blockchain and other distributed ledger technologies.

H.R. 5390, the Critical Infrastructure Manufacturing Feasibility Act – Rep. Miller-Meeks (R-IA), Rep. Bucshon (R-IN), Rep. Johnson (R-OH), Rep. Kuster (D-NH), Rep. Schrier (D-WA), Rep. Spanberger (D-VA)

This bill would require the DOC to study and report on products that are in high demand across the critical infrastructure sectors. Critical infrastructure sectors are those whose assets, systems, and networks are vital to national security, the economy, public health or safety, or any combination of those matters.

The study must (1) identify the products in high demand across those sectors that are being imported due to manufacturing, material, or supply chain constraints; and (2) analyze the costs, benefits, and feasibility of manufacturing those products in the United States.

H.R. 5398, the Advancing Tech Startups Act – Rep. Johnson (R-OH) and Rep. Phillips (D-MN)

This bill would require the DOC to study and report on the impact of technology startup companies on the U.S. economy.

The study must involve, among other things, (1) describing the activities of identified locations that are dedicated to the creation, development, and growth of technology startup companies; (2) establishing a list of federal agencies asserting jurisdiction over entities and industry sectors dedicated to technology startup companies; and (3) assessing risks and trends in relevant marketplaces and supply chains that impact technology startup companies in the United States.

DOC would have to report to Congress the results of such study and any recommendations to promote the creation, development, and growth of technology startup companies.

H.R. 5146, the Advancing Gig Economy Act – Rep. Joyce (R-PA) and Rep. Pence (R-IN)

This bill would require the DOC to study and report on the impact of the gig economy on U.S. businesses conducting interstate commerce.

The study must involve, among other things, (1) outreach to participating entities to establish a list of industry sectors that take part in the gig economy, (2) surveying federal activity on the gig economy to develop a list of agencies asserting jurisdiction over entities in and sectors of the gig economy, and (3) surveying state laws regulating the gig economy to determine their impact on both the gig economy and the U.S. economy.

DOC would have to report to Congress the results of such study and any recommendations to promote the growth of the gig economy.

VI. ISSUES

- What is the first step to understanding how American supply chains were crippled during the pandemic?
- What are the consequences of not mapping and monitoring supply chains?
- What are the dangers of enacting government spending programs without understanding the root cause of issues?
- What value can the gig economy and technology startups provide to the American economy and supply chain resiliency?

VII. STAFF CONTACTS

- Tim Kurth, Chief Counsel
- Teddy Tanzer, Senior Counsel
- Brannon Rains, Professional Staff Member
- Michael Cameron, Professional Staff Member
- Jessica Herron, Clerk