



MEMORANDUM

October 11, 2021

To: Subcommittee on Consumer Protection and Commerce Members and Staff

Fr: Committee on Energy and Commerce Staff

Re: Legislative Hearing on “Investing in American Jobs: Legislation to Strengthen Manufacturing and Competitiveness.”

On **Thursday, October 14, 2021, at 12 p.m. (EDT), in the John D. Dingell Room, 2123 of the Rayburn House Office Building, and via Cisco Webex online video conferencing**, the Subcommittee on Consumer Protection and Commerce will hold a legislative hearing entitled, “Investing in American Jobs: Legislation to Strengthen Manufacturing and Competitiveness.”

I. BACKGROUND

A. Manufacturing and Supply Chains

The coronavirus disease of 2019 (COVID-19) pandemic has exposed gaps in domestic manufacturing capacity in the United States and vulnerabilities in global supply chains. Volatile demand, manufacturing disruptions, the lack of surge capacity, and insufficient domestic production capacity contributed to shortages of critical medical equipment, products, and drugs needed to combat the COVID-19 pandemic.¹ A critical shortage in semiconductors—chips needed for the fabrication of electronic devices—has forced several automobile and other manufactures to idle or significantly reduce production.²

The United States is the world’s largest source and recipient of Foreign Direct Investment

¹ Johns Hopkins Bloomberg School of Public Health, *The Pandemic and The Supply Chain: Addressing Gaps in Pharmaceutical Production and Distribution* (Nov. 2020) (www.jhsph.edu/research/affiliated-programs/johns-hopkins-drug-access-and-affordability-initiative/publications/Pandemic_Supply_Chain.pdf); Healthcare Anchor Network, *Reimagining Personal Protective Equipment (PPE) Supply Chains* (Nov. 2020) (democracycollaborative.org/sites/default/files/2020-11/HAN%20Reimagining%20PPE.pdf).

² *A Tiny Part’s Big Ripple: Global Chip Shortage Hobbles the Auto Industry*, New York Times (Apr. 23, 2021).

(FDI), which is investment in the United States from individuals or companies overseas.³ In 2019, FDI in the United States reached \$10.5 trillion and has doubled since 2005.⁴

B. Counterfeit Online Goods

Between 2019 and 2024, e-commerce sales are projected to increase by 64 percent, amounting to nearly \$600 billion of transactions.⁵ In 2018, as part of a review of intellectual property rights enforcement at U.S. ports of entry, the Government Accountability Office (GAO) found that 20 of 47 items, such as travel mugs and cosmetics, it purchased from third-party sellers on popular consumer websites were counterfeit.⁶ According to the U.S. Customs and Border Protection, 16 percent of counterfeit products seized in Fiscal Year 2018 posed a direct risk to health, safety, and security.⁷

Nearly eight in ten Americans prefer purchasing American-made products over imports, with over 60 percent of consumers even willing to pay ten percent more for American-made goods.⁸ The Federal Trade Commission (FTC) has the authority to require “Made in the U.S.A.,” “Made in America,” and any equivalent label indicates that the product was in whole or substantially part of domestic origin.⁹ Existing law does not prohibit states from setting their own domestic content labeling standards.¹⁰

C. Technology Companies

Technology-based industries comprise approximately four percent of all business but contribute approximately 70 percent of business investment in research and development, 59 percent of research and development jobs, 27 percent of exports, and eight percent of wages.¹¹

³ Congressional Research Service, *Foreign Direct Investment: Overview and Issues* (Jan. 4, 2021) (IF10636).

⁴ *Id.*

⁵ Congressional Research Service, *International Trade and E-commerce* (July 23, 2020) (IF11194).

⁶ Government Accountability Office, *Intellectual Property: Agencies Can Improve Efforts to Address Risks Posed by Changing Counterfeits Market* (Jan. 2018) (GAO-18-216).

⁷ Customs and Border Protection, *Intellectual Property Rights Fiscal Year 2018 Seizure Statistics* (Aug. 9, 2019) (www.cbp.gov/sites/default/files/assets/documents/2019-Aug/IPR_Annual-Report-FY-2018.pdf).

⁸ Consumer Reports, *Made in America* (May 21, 2015) (www.consumerreports.org/cro/magazine/2015/05/made-in-america/index.htm).

⁹ 15 U.S.C. § 45a.

¹⁰ *Id.*

¹¹ Information Technology & Innovation Foundation, *How Technology-Based Start-Ups Support U.S. Economic Growth* (Nov. 28, 2017) (itif.org/publications/2017/11/28/how-technology-based-start-ups-support-us-economic-growth).

Further, the gig economy, which generally refers to independent contract and temporary work facilitated by online and app-based services, has grown rapidly over the past decade, accounting for six million workers.¹²

D. Tourism

Travel spending decreased by 42 percent from 2019 to 2020, amounting to \$492 billion in cumulative losses for the American travel economy.¹³ Workers employed in the travel, tourism, and outdoor recreation experienced earnings losses as high as 40 percent during the second quarter of 2020.¹⁴

II. LEGISLATION

A. H.R. 2907, the “Global Investment in American Jobs Act”

H.R. 2907, the “Global Investment in American Jobs Act,” introduced by Reps. Pence (R-IN) and Rush (D-IL) requires the Department of Commerce (DOC) to conduct an interagency review of the global competitiveness of the United States in attracting FDI and addressing trade barriers affecting firms in advanced technology sectors.

B. H.R. 3774, the “Advancing Gig Economy Act”

H.R. 3774, the “Advancing Gig Economy Act,” introduced by Rep. Joyce (R-PA), requires the DOC to study and report on the impact of the gig economy on U.S. businesses conducting interstate commerce.

C. H.R. 4594, the “Restoring Brand USA Act”

H.R. 4594, the “Restoring Brand USA Act,” introduced by Subcommittee Ranking Member Bilirakis (R-FL) and Rep. Welch (D-VT), requires the Secretary of the Treasury to make \$250 million available from unobligated balances collected by the Travel Promotion Fund before October 1, 2020, for use by the Corporation for Travel Promotion, commonly known as “Brand USA.”

D. H.R. 5474, the “Reinforcing American-Made Products Act”

H.R. 5474, the “Reinforcing American-Made Products Act,” introduced by Reps. Trahan (D-MA) and Curtis (R-UT), specifies that the FTC’s requirements for the labeling of products as “Made in the U.S.A.,” “Made in America,” and any equivalent label supersedes any conflicting

¹² *The Gig Economy Has Ballooned by 6 Million People Since 2010 . Financial Worries May Follow*, CNBC (Feb. 4, 2020).

¹³ U.S. Travel Association, *COVID-19 Travel Industry Research* (www.ustravel.org/toolkit/covid-19-travel-industry-research) (accessed Oct. 6, 2021).

¹⁴ *Id.*

state law.

E. H.R. 5476, the “Advancing Tech Startups Act”

H.R. 5476, the “Advancing Tech Startups Act,” introduced by Reps. Bill Johnson (R-OH), Rush, and Phillips (D-MN), requires the DOC to study and report on the effects of technology startup companies and small businesses on the U.S. economy.

F. H.R. 5479, the “Supply Chain Health and Integrity for the Nation Act”

H.R. 5479, the “Supply Chain Health and Integrity for the Nation Act,” introduced by Reps. Bourdeaux (D-GA), (R-IL), and Kelly (D-IL), creates an office in the DOC to map and monitor supply chains, identify supply chain gaps and vulnerabilities, and identify opportunities to reduce supply chain risk. The bill authorizes \$500 million of funding to the Office for FY 2022 through 2027 to promote resilient supply chains and respond to the critical industry supply chain shocks.

G. H.R. 5492, the “Manufacturing Economy and National Security Act”

H.R. 5492, the “Manufacturing Economy and National Security Act,” introduced by Reps. Kinzinger, Malinowski (D-NJ), and Blunt Rochester (D-DE), creates a program within the DOC to provide \$35 billion of loans and loan guarantees for FY 2022 through 2027, to support the resilience of supply chains, including for activities that support flexible manufacturing and the relocation of manufacturing facilities from countries of concern into the United States and allied nations or key international partners of the United States.

H. H.R. 5495, the “Building Resilient Supply Chains Act”

H.R. 5495, the “Building Resilient Supply Chains Act,” introduced by Reps. Malinowski, Kinzinger, and Blunt Rochester, creates a financial assistance program within the DOC to improve the resilience of supply chains. The legislation authorizes \$41 billion of funding for FY 2022 through 2027 to support grants, loans, and loan guaranties that support the development, diversification, preservation, improvement, restoration, or expansion of supply chains and the domestic manufacturing of critical goods, industrial equipment, and manufacturing technology.

I. H.R. 5502, the “Integrity, Notification, and Fairness in Online Retail Marketplaces for Consumers Act”

H.R. 5502, the “Integrity, Notification, and Fairness in Online Retail Marketplaces for Consumers Act,” introduced by Subcommittee Chair Schakowsky (D-IL) and Subcommittee Ranking Member Bilirakis, directs online platforms that allow for third-party sellers of consumer products to verify the identity of high-volume third-party sellers, enabling consumers to identify basic identification and contact information for certain high-volume third-party sellers.

J. H.R. 5505, the “Supply Chain Security and Resilience Act”

H.R. 5505, the “Building Resilient Supply Chains Act,” introduced by Reps Wild (D-PA), Kinzinger, and Dingell (D-MI), authorizes \$500 million of funding for FY 2022 through 2027, to create a program in the DOC that facilitates and supports the development of standards, guidelines, best practices, management strategies, methodologies, procedures, and processes for domestic manufacturers and for entities manufacturing, purchasing, or using a critical good or service to measure resilience, evaluate the value of resilience, and address supply chain vulnerabilities.

III. WITNESSES

The following witnesses have been invited to testify:

Caoliann O'Connell, Ph.D.
Senior Physical Scientist
RAND Corporation

Mr. Scott Paul
President
Alliance for American Manufacturing

Mr. Eric Sills
CEO
Standard Motor Products

Scott Lincicome
Senior Fellow, Economic Studies
CATO Institute