



FACT SHEET

Trade and Manufacturing

As the U.S. economy recovers from the pandemic-induced recession, it is imperative that we address the failures of not making significant investments here at home and in securing domestic supply chains. To that end, both the House and Senate have attempted to address these pressing issues with the House *America Creating Opportunities for Manufacturing, Pre-Eminence in Technology, and Economic Strength (COMPETES) Act of 2022* and the Senate *United States Innovation and Competition Act (USICA) of 2021*. For example, funding for the CHIPS Act is critical to sustaining U.S. leadership in semiconductors and addressing the current chip shortage that continues to adversely impact production in the automotive sector and elsewhere.

However, there are key trade provisions in the House *COMPETES Act* that will help curb China's aggressive non-market trade distortions that have put downward pressure on U.S. production, employment and wages. These provisions will provide critical and overdue enhancements to America's global competitive capabilities, support workers whose jobs are lost to trade, and protect and expand the tools to fight foreign unfair trade.

- **Trade Adjustment Assistance (TAA).** Unfortunately, TAA reverted at the end of June 2021 to an insufficient program with limited funding and coverage that does not help workers whose jobs are outsourced to countries with which the U.S. does not have a Free Trade Agreement, such as China. Renewing TAA with robust funding and support is critical to American workers and families who lose their jobs to trade.
- **The Sewell-Johnson Level the Playing Field Act 2.0** (similar legislation was introduced by Senators Brown and Portman in the Senate) is critically needed to update the rules against unfair trade. Inclusion will update U.S. trade laws and help ensure that the unique circumstances relating to economic recovery from the pandemic do not limit the ability of workers, farmers, and businesses to address the injury caused by illegally dumped and subsidized imports.
- **The National Critical Capabilities Defense Act**, a bipartisan bill introduced by Representatives DeLauro, Pascrell, Spartz and Fitzpatrick. This companion to Senate legislation authored by Senators Casey and Cornyn creates a new review process to protect our supply chains by screening outbound investment and guarding against offshoring of critical capabilities to adversaries like China and Russia. It is a common-

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sense approach that finally recognizes how important our supply chains are to our national, health and economic security. From semiconductors to pharmaceutical ingredients, it will provide a needed review mechanism to advance U.S. production and employment. The approach was recommended as part of the most recent unanimously-approved report of the bipartisan U.S.-China Economic & Security Review Commission.

- **H.R. 3975, the “Generalized System of Preferences and Miscellaneous Tariff Bill Modernization Act of 2021.”** This bill would reauthorize and strengthen the Generalized System of Preferences (GSP) program. Importantly, the bill would be the first significant update of the labor eligibility criteria and enforcement process since 1984, when these standards were first included.
- **A Miscellaneous Tariff Bill (MTB)** that allows for exemptions of product components if they are not available in the United States: but unlike the Senate provisions will not expand longstanding policy by allowing tariff-free exemptions for finished products. Historically, the MTB has been drafted only to allow components into the U.S. tariff-free if they were unavailable domestically but necessary for the production of final products manufactured here.
- **Removal of a Senate provision that would shift more jobs and production to China and undermine enforcement actions designed to address that country’s predatory and protectionist practices.** The Senate provisions on Section 301 would tie the President’s hands in responding to unfair and illegal foreign trade practices like intellectual property theft. It puts new, unnecessary burdens on USTR and Customs & Border Protection. Touted as “oversight,” these provisions’ purpose is to roll back China tariffs and would grease the skids for more imports from China. It should not have been included in legislation dealing with the competitive challenges we face from China.
- **A provision to halt exploitation of “de minimis.”** Currently, individual shipments into the U.S. are exempt from duties and tariffs so long as they are valued below the “de minimis” threshold of \$800 USD. This threshold is far too high and has allowed a new model of direct-to-consumer imports, particularly from China, with significant negative impact on many U.S. sectors, including textiles and apparel. By comparison, China’s de minimis is under \$10 USD. Inclusion of the Import Security and Fairness Act would prohibit goods from countries that are both Non-Market Economies (NME) and on the U.S. Trade Representative’s (USTR) Priority Watch List (e.g. China) from avoiding tariffs and abuse of de minimis. In addition, “de minimis” packages arriving from China are not screened by CBP and may contain goods made with forced labor, particularly from the Xinjiang region.
- **Elimination of troublesome 301 Digital Trade language** that would overwhelmingly benefit large digital corporations (Google, Facebook/Meta, Uber) at the expense of countries’ right to reasonably regulate global digital platforms.

Boilermakers' Message to Senators and Representatives:

As the Senate and House proceed with the conference process to reconcile *USICA* and *COMPETES*, it is critical that these key provisions from the House *COMPETES* bill be included in the final legislation. Please urge your respective conferees to fight for these priorities, to level the playing field against unfair trade practices and to improve opportunities for America's hard-working families.