

117TH CONGRESS
1ST SESSION

H. R. 6309

To establish a United States strategy to counter threats to supply chains for critical goods, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

DECEMBER 16, 2021

Mr. KINZINGER introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To establish a United States strategy to counter threats to supply chains for critical goods, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Trade Encourages Al-
5 lied Manufacturing and Security Act” or the “TEAMS
6 Act”.

7 **SEC. 2. SENSE OF CONGRESS.**

8 It is the sense of Congress that—

9 (1) resilient supply chains are paramount to our
10 national security and economic security;

1 (2) a coordinated and whole-of-Government ap-
2 proach to safeguarding supply chains will benefit all
3 Americans and ensure disruptions are avoided or
4 mitigated; and

5 (3) the United States Trade Representative, in
6 coordination with other appropriate interagency
7 stakeholders, should incentivize the manufacturing
8 of critical goods to increase manufacturing capacity
9 of the United States, and of an ally or key inter-
10 national partner country, including by seeking new
11 and revised trade agreements.

12 **SEC. 3. UNITED STATES STRATEGY TO COUNTER THREATS**
13 **TO SUPPLY CHAINS FOR CRITICAL GOODS.**

14 (a) IN GENERAL.—In accordance with Executive
15 Order 14017 (86 Fed. Reg. 11849; relating to America’s
16 supply chains), the United States Trade Representative,
17 not later than 1 year after enactment of this Act, shall
18 develop and implement a strategy taking a government-
19 wide approach to support the resilience, diversity, security,
20 and strength of supply chains.

21 (b) ELEMENTS.—The strategy required by subsection
22 (a) shall include a plan to do the following:

23 (1) Support a unified national effort to reduce
24 reliance on concentrated supply chains and protect

1 against threats from countries of concern relating to
2 supply chains.

3 (2) Support sufficient access to critical goods
4 by mitigating supply chain vulnerabilities, including
5 supply chains concentrated in countries of concern.

6 (3) Collaborate with other relevant Federal
7 agencies to assist allies or key international partners
8 build capacity for manufacturing critical goods.

9 (4) Incentivize through trade preferences, and
10 identify tax incentives, loans and loan guarantees,
11 equity investment, and other means, as appropriate—
12

13 (A) for domestic manufacturers that man-
14 ufacture critical goods to—

15 (i) relocate manufacturing facilities,
16 industrial equipment, or operations related
17 to the production of critical goods from
18 countries of concern to the United States
19 or to other allies or key international part-
20 ners; and

21 (ii) support manufacturing facilities,
22 industrial equipment, or operations to in-
23 crease the production of critical goods and
24 meet demand for such goods; and

1 (B) for domestic manufacturers that do
2 not manufacture critical goods to make nec-
3 essary or appropriate modifications to existing
4 manufacturing facilities, industrial equipment,
5 manufacturing technology or operations in
6 order to manufacture 1 or more critical good.

7 (5) Strengthen and increase trade and other
8 forms of engagement between the United States and
9 allies or key international partners in order to miti-
10 gate—

11 (A) supply chain vulnerabilities; and

12 (B) the effects of supply chain shocks.

13 (6) Identify, in coordination with other relevant
14 Federal agencies, actions relating to supply chains
15 with which the United States might—

16 (A) raise living standards;

17 (B) increase employment opportunities;

18 (C) address the underlying causes of irreg-
19 ular migration; and

20 (D) improve critical industry supply chain
21 response to supply chain shocks.

22 (7) Protect against supply chain shocks from
23 countries of concern relating to supply chains.

24 (8) Provide recommendations to effectuate the
25 strategy under this section.

1 (c) SUBMISSION OF STRATEGY.—

2 (1) IN GENERAL.—Not later than 450 days
3 after the date of the enactment of this Act, the
4 United States Trade Representative shall submit to
5 the Committee on Ways and Means of the House of
6 Representatives and the Committee on Finance of
7 the Senate, and publish on the website of the Office
8 of the United States Trade Representative, a report
9 containing the strategy developed under this section.

10 (2) UPDATE.—Not less than once every 4 years
11 after the date on which the strategy is submitted
12 under paragraph (1), the United States Trade Rep-
13 resentative shall submit to Congress an update to
14 such strategy.

15 (3) FORM.—The report submitted under para-
16 graph (1), and any update submitted under para-
17 graph (2), shall be submitted in unclassified form
18 and may include a classified annex.

19 **SEC. 4. ALLIES TRADE PREFERENCE PROGRAM.**

20 (a) AUTHORITY TO PROVIDE DUTY-FREE TREAT-
21 MENT.—Notwithstanding any other provision of law and
22 subject to subsection (b), the President, acting through
23 the United States Trade Representative, is authorized to
24 provide duty-free treatment for any eligible article from

1 any ally or key international partner in accordance with
2 the provisions of this section.

3 (b) DESIGNATION OF BENEFICIARY COUNTRIES.—

4 (1) AUTHORITY TO DESIGNATE.—The United
5 States Trade Representative shall engage in an
6 interagency process by which to designate an ally or
7 key international partner described in section 7 of
8 this Act as a beneficiary country for purposes of this
9 section.

10 (2) COUNTRIES INELIGIBLE FOR DESIGNA-
11 TION.—The United States Trade Representative
12 may not designate a country as a beneficiary coun-
13 try under this section if such country—

14 (A) does not have a democratically elected
15 government or a market economy;

16 (B) has nationalized, expropriated, or oth-
17 erwise seized ownership or control of property
18 owned by a United States citizen or by a cor-
19 poration, partnership, or association that is 50
20 percent or more beneficially owned by United
21 States citizens;

22 (C) affords preferential treatment to the
23 products of a developed country, other than the
24 United States, which has, or is likely to have,

1 a significant adverse effect on United States
2 commerce, unless—

3 (i) the United States Trade Rep-
4 resentative receives satisfactory assurances
5 that such preferential treatment will be
6 eliminated or that action will be taken to
7 assure that there will be no such signifi-
8 cant adverse effect; and

9 (ii) the United States Trade Rep-
10 resentative reports such assurances to Con-
11 gress;

12 (D) is not a signatory to a treaty, conven-
13 tion, protocol, or other agreement regarding the
14 extradition of United States citizens;

15 (E) does not afford and enforce in law and
16 practice internationally recognized worker
17 rights for workers in the country; or

18 (F) is a country of concern.

19 (c) ELIGIBLE ARTICLES.—

20 (1) IN GENERAL.—Subject to paragraphs (2)
21 and (3), the duty-free treatment provided under this
22 section shall apply to any critical good that is the
23 growth, product, or manufacture of a beneficiary
24 country.

1 (2) RULES OF ORIGIN.—The duty-free treat-
2 ment provided under this section shall apply to any
3 eligible article that is the growth, product, or manu-
4 facture of a beneficiary country if—

5 (A) such article is imported directly from
6 such country into the customs territory of the
7 United States; and

8 (B) the sum of—

9 (i) the cost or value of the materials
10 produced in the beneficiary country or any
11 two or more such countries that are mem-
12 bers of the same association of countries,
13 plus

14 (ii) the direct costs of processing oper-
15 ations performed in such beneficiary coun-
16 try or such member countries,

17 is not less than 35 percent of the appraised
18 value of such article at the time it is entered.

19 (3) INELIGIBLE ARTICLES.—An article may not
20 be treated as the growth, product, or manufacture of
21 a beneficiary country by virtue of having merely un-
22 dergone—

23 (A) simple combining or packaging oper-
24 ations; or

1 (B) mere dilution with water or another
2 substance that does not materially alter the
3 characteristics of the article.

4 (d) DEFINITIONS.—In this section, the terms “en-
5 tered” and “internationally recognized worker rights”
6 have the meanings given such terms in section 507 of the
7 Trade Act of 1974 (19 U.S.C. 2467).

8 (e) TERMINATION.—No duty-free treatment provided
9 under this section shall remain in effect after September
10 30, 2030.

11 **SEC. 5. TEMPORARY INCREASED EXPENSING FOR RELO-**
12 **CATING MANUFACTURING TO ALLY OR KEY**
13 **INTERNATIONAL PARTNER COUNTRIES.**

14 (a) IN GENERAL.—For purposes of section 168(k) of
15 the Internal Revenue Code of 1986, in the case of any
16 qualified United States manufacturing property which is
17 placed in service after December 31, 2020, and before
18 January 1, 2026—

19 (1) such property shall be treated as qualified
20 property (within the meaning of such section),

21 (2) the applicable percentage otherwise deter-
22 mined under section 168(k)(6) of such Code with re-
23 spect to such property shall be—

24 (A) if placed in the United States, 100
25 percent, and

1 (B) if placed within an ally or key inter-
2 national partner country, 60 percent, and
3 (3) paragraph (8) of such section shall not
4 apply.

5 (b) QUALIFIED UNITED STATES MANUFACTURING
6 PROPERTY DEFINED.—In this section the term “qualified
7 United States manufacturing property” means a domestic
8 corporation that is engaged in the business of manufac-
9 turing critical goods with property outside an ally or key
10 international partner country that places in service tan-
11 gible property within an ally or key international partner
12 country.

13 (c) TERMINATION.—This section shall not apply to
14 any property placed in service after December 31, 2025.

15 **SEC. 6. AMERICAN SECURITY PRODUCT TAX CREDIT.**

16 (a) IN GENERAL.—Subpart D of part IV of sub-
17 chapter A of chapter 1 of the Internal Revenue Code of
18 1986 is amended by adding at the end the following new
19 section:

20 **“SEC. 45U. AMERICAN SECURITY PRODUCT TAX CREDIT.**

21 “(a) IN GENERAL.—For purposes of section 38, the
22 American security product tax credit for any taxable year
23 is an amount equal to—

1 “(1) 30 percent of the qualified costs of Amer-
2 ican security products manufactured in the United
3 States, or

4 “(2) 15 percent of the qualified costs of Amer-
5 ican security products manufactured in an ally or
6 key international partner country.

7 “(b) MAXIMUM CREDIT.—The aggregate credit de-
8 termined under subsection (a) for any taxable year with
9 respect to any taxpayer shall not exceed the excess (if any)
10 of the taxpayer’s net income tax over the greater of—

11 “(1) the tentative minimum tax for the taxable
12 year, or

13 “(2) 25 percent of so much of the taxpayer’s
14 net regular tax liability as exceeds \$25,000.

15 “(c) DEFINITIONS.—In this section:

16 “(1) AMERICAN SECURITY PRODUCT.—The
17 term ‘American security product’ means—

18 “(A) a critical good as such term is de-
19 fined in section 7 of the Trade Encourages Al-
20 lied Manufacturing and Security Act; and

21 “(B) at least 50 percent of the value of
22 which shall be derived from components manu-
23 factured in the United States.

1 “(2) QUALIFIED COSTS.—The term ‘qualified
2 costs’ means costs incurred in the production of an
3 American security product.

4 “(3) UNITED STATES.—The term ‘United
5 States’ shall include the Commonwealth of Puerto
6 Rico and the Commonwealth of the Northern Mar-
7 iana Islands.”.

8 (b) DENIAL OF DOUBLE BENEFIT.—Section 280C of
9 such Code is amended by adding at the end the following
10 new subsection:

11 “(i) CREDIT FOR AMERICAN SECURITY
12 PRODUCTS.—No deduction shall be allowed
13 for that portion of expenses otherwise al-
14 lowable as a deduction taken into account
15 in determining the credit under section
16 45U for the taxable”.

17 (c) CREDIT MADE PART OF GENERAL BUSINESS
18 CREDIT.—Section 38(b) of such Code is amended by strik-
19 ing “plus” at the end of paragraph (32), by striking the
20 period at the end of paragraph (33) and inserting “, plus”,
21 and by adding at the end the following new paragraph:

22 “(34) the American security product tax credit
23 determined under section 45U.”.

24 (d) CLERICAL AMENDMENT.—The table of sections
25 for subpart D of part IV of subchapter A of chapter 1

1 of such Code is amended by adding at the end the fol-
 2 lowing new item:

“45U. American security product tax credit.”.

3 (e) **EFFECTIVE DATE.**—The amendments made by
 4 this section shall apply to expenses made or incurred be-
 5 ginning on the first day of the first full calendar quarter
 6 after the date of enactment of this section.

7 **SEC. 7. DEFINITIONS.**

8 In this Act:

9 (1) **ALLY OR KEY INTERNATIONAL PARTNER.**—

10 (A) **IN GENERAL.**—The term “ally or key
 11 international partner” means a country des-
 12 ignated by the Federal Government, after an
 13 appropriate interagency consultation has taken
 14 place among relevant Federal agencies, and—

15 (i) is—

16 (I) a member state of the North
 17 Atlantic Treaty Organization
 18 (NATO);

19 (II) a country designated as a
 20 major non-NATO ally pursuant to
 21 section 517(a) of the Foreign Assist-
 22 ance Act of 1961 (22 U.S.C.
 23 2321k(a)); or

24 (III) a country that is located in
 25 the Western Hemisphere and included

1 on the list of countries described in
2 subparagraph (B); and
3 (ii) is not a country of concern.

4 (B) LIST OF COUNTRIES DESCRIBED.—

5 The list of countries described in subclause
6 (A)(i)(III) are the following: Anguilla, Antigua
7 and Barbuda, Argentina, Aruba, The Bahamas,
8 Barbados, Belize, Bermuda, Bolivia, Brazil,
9 The British Virgin Islands, Canada, Chile, Co-
10 lombia, Costa Rica, Dominica, Dominican Re-
11 public, Ecuador, El Salvador, Grenada, Guate-
12 mala, Guyana, Haiti, Honduras, Jamaica, Mex-
13 ico, Montserrat, Netherlands Antilles, Panama,
14 Paraguay, Peru, Saint Kitts and Nevis, Saint
15 Lucia, Saint Vincent and the Grenadines,
16 Suriname, Trinidad and Tobago, Turks and
17 Caicos Islands, Uruguay, and the sovereign gov-
18 ernment recognized by the United States in
19 Venezuela.

20 (2) CONCENTRATED.—With respect to a supply
21 chain, the term “concentrated” means a supply
22 chain that is—

23 (A) under a level of control or influence by
24 the government of a country of concern that

1 presents an unreasonable risk to national secu-
2 rity or economic security; and

3 (B) subject to undue manipulation by the
4 government of a country of concern.

5 (3) COUNTRY OF CONCERN.—The term “coun-
6 try of concern” means a country in which a con-
7 centrated supply chain is located and—

8 (A) that poses a significant national secu-
9 rity or economic security threat to the United
10 States; and

11 (B) whose government, or elements of such
12 government, has proven, or has been credibly
13 alleged to have, committed crimes against hu-
14 manity or genocide.

15 (4) CRITICAL GOOD.—

16 (A) IN GENERAL.—The term “critical
17 good” means any raw, in process, or manufac-
18 tured material (including any mineral, metal, or
19 advanced processed material), article, com-
20 modity, supply, product, or item of supply
21 that—

22 (i) the absence of which would have a
23 significant effect on—

1 (I) the national security or eco-
2 nomic security of the United States;
3 and

4 (II) critical infrastructure; and
5 (ii) is designated as a critical good in
6 accordance with the requirements of sub-
7 paragraph (B).

8 (B) DESIGNATION REQUIREMENTS.—Not
9 later than 270 days after the date of the enact-
10 ment of this Act, the President shall—

11 (i) designate critical goods for pur-
12 poses of this Act;

13 (ii) provide for a period of public com-
14 ment and review in carrying out clause (i);
15 and

16 (iii) update the designations made
17 under clause (i) not less frequently than
18 once every four years.

19 (5) CRITICAL INFRASTRUCTURE.—The term
20 “critical infrastructure” has the meaning given to
21 that term in the Critical Infrastructures Protection
22 Act of 2001 (42 U.S.C. 5195c(e)).

23 (6) MANUFACTURE.—The term “manufacture”
24 means any activity that is necessary for or incidental
25 to the development, production, processing, distribu-

1 tion, or delivery of any raw, in process, or manufac-
2 tured material (including minerals, metals, and ad-
3 vanced processed materials), article, commodity, sup-
4 ply, product, critical good, or item of supply.

5 (7) SUPPLY CHAIN.—The term “supply chain”
6 means a supply chain for a critical good.

7 (8) SUPPLY CHAIN SHOCK.—The term “supply
8 chain shock” includes the following:

9 (A) A natural disaster or extreme weather
10 event.

11 (B) An accidental or human-caused event.

12 (C) An economic disruption.

13 (D) A pandemic.

14 (E) A biological threat.

15 (F) A cyberattack.

16 (G) A great power conflict.

17 (H) A terrorist or geopolitical attack.

18 (I) A public health emergency declared by
19 the Secretary of Health and Human Services
20 pursuant to section 319 of the Public Health
21 Service Act (42 U.S.C. 247d).

22 (J) An event for which the President de-
23 clares a major disaster or an emergency under
24 section 401 or 501, respectively, of the Robert

1 T. Stafford Disaster Relief and Emergency As-
2 sistance Act (42 U.S.C. 5170 and 5191).

3 (K) A national emergency declared by the
4 President under the National Emergencies Act
5 (50 U.S.C. 1601 et seq.).

6 (L) Any other supply chain disruption or
7 threat that affects the national security or eco-
8 nomic security of the United States.

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