

ALERT

Senate Passes Sweeping Bill Aimed at Competition with China

June 10, 2021

On June 8, 2021, the U.S. Senate passed the United States Innovation and Competition Act of 2021 (USICA) in a bipartisan vote of 68 to 32. The 2,000-page bill is largely focused on addressing the challenges of U.S. competition with the People's Republic of China through investments in high-technology innovation, research and development (R&D), and manufacturing operations in the United States. The bill also calls for the enhancement of cooperation with allies and proactive efforts to counter predatory Chinese measures when such measures pose threats to the national security, foreign policy interests, and democratic values of the United States and its allies.

Based on the latest publicly available text of the bill, the USICA consists of six "divisions" that cover a broad array of priorities with respect to U.S. supply chains, national security, foreign policy, and other aspects of U.S.-China competition. Within these divisions, the bill combines legislation including:

- The CHIPS for America Act, which authorizes federal incentives of more than \$50 billion for U.S. semiconductor manufacturing and R&D;
- The Endless Frontier Act, which authorizes approximately \$120 billion in funding for R&D and commercialization in key technology areas;
- The Strategic Competition Act of 2021 and the Meeting the China Challenge Act of 2021, both of which focus on exposing and countering Chinese threats to U.S. values and national security, while enhancing cooperation with like-minded U.S. allies in a range of important economic and geopolitical areas; and

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- The Build America, Buy America Act, which expands and strengthens domestic preference requirements for federally funded U.S. infrastructure projects.

These initiatives are not only important to revitalize innovation and manufacturing in the United States, but are also key to driving job creation across the country to catalyze the COVID-19 economic recovery.

The Senate bill also reinstates key tariff reduction provisions, including renewal of the Generalized System of Preferences as well as a new Miscellaneous Tariff Bill, and the product exclusion process for certain imports from China subject to tariffs under Section 301 of the Trade Act of 1974, as amended.

Having passed the Senate, the bill will now move to the House of Representatives for consideration and, likely, further amendment.

Wiley's International Trade, National Security and Supply Chain experts are carefully monitoring developments with respect to the USICA as it moves through Congress.

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