

United States Innovation and Competition Act and Creating Opportunities for Manufacturing, Pre-Eminence in Technology and Economic Strength Act

Disclaimer: Information provided in this document reflects customs modernization initiatives up until March 2022; this is an ever changing and evolving topic that requires additional research to fully grasp it's concepts and goals.

On June 8, 2021, the United States Innovation and Competition Act (USICA) passed 68-32 in the Senate with bipartisan support. Less than a year later on February 4, 2022, the House passed the America Creating Opportunities for Manufacturing, Pre-Eminence in Technology and Economic Strength (COMPETES) Act. Both bills aim to address, among many other priorities, fund domestic semiconductor chip manufacturing and to dramatically increase scientific research ([Akin Gump, 2022](#))

The central goal of America COMPETES and USICA is to raise the United States' domestic and global competitiveness to counter China's growing global economic influence. Both bills aim to achieve this by imposing a broader federal role in industrial policy. While there is considerable bipartisan agreement on the need for a federal industrial policy, there is still substantial disagreement over what form, exactly, that policy should take. ([AAF, 2022](#))

Similarities

Creating Helpful Incentives to Produce Semiconductors (CHIPS) Act

- Would authorize \$52 billion for CHIPS for fiscal years 2022-2026 ([AAF, 2022](#))
 - \$39 billion for grants to U.S. firms that are attempting to build semiconductor fabrication plants
 - \$6 billion for loans and loan guarantees for the same purpose
 - Rest of the funding spent on semiconductor technology R&D and administrative tasks
- \$200 billion in future efforts to develop key technology areas ([NLR, 2022](#))

Differences

General

- COMPETES creates a new directorate at the NSF called the Directorate for Science and Engineering Solutions ([AAF, 2022](#))
- COMPETES modifies the Department of Homeland Security's activities, including by requiring domestic sources for certain procurements ([Congress COMPETES, 2021](#))
- COMPETES would create a new Supply Chain Resilience Program (SCRIP) that would cost \$45 billion for FYs 2022-2027 ([AAF, 2022](#))
- USICA requires the U.S. Trade Representative to take certain actions related to digital trade and censorship practices

- USICA authorizes various programs and policies related to space exploration ([Congress USICA, 2021](#))

Generalized System of Preferences (GPS)

- Renews GPS for different time spans
 - USICA until January 1, 2027
 - COMPETES until January 1, 2024

Allocation of Research Funds

- USICA would allocate to the National Science Foundation (NSF)
- COMPETES would allocate to the Department of Energy ([AAF, 2022](#))

Issues to overall bill

It takes many years to build a physical semiconductor production facility, so by the time CHIPS became law and its funds were spent on building production facilities in the United States, the COVID-19-induced global semiconductor shortage would (potentially) be over. The private sector is already making its own investments (with no federal funding) that are far larger than the funding in CHIPS.

The federal government is both far slower and less adept than private industry at responding to market demands. This policy likely to simply shift billions of taxpayer dollars to already profitable industries without realizing much economic gain ([AAF, 2022](#))

Key Takeaways

- USICA Focuses on trade transparency and expansion of all sciences
- COMPETES focuses on supply chains and expansion of hard sciences
- Both focus on innovation and expansion of American manufacturing, jobs, and creation through semiconductors as well as additional proposals to address supply chain issues and promote fair trade
- USICA had more support amongst both parties in the House than COMPETES did in the Senate

Current Progress

Over the Spring and Summer of 2022, leaders from the House and Senate will seek to negotiate a final bill that can meet approval of 60 Senators and a majority in the House. ([Akin Gump, 2022](#))

Discussion Questions

- How will current global tensions affect the passing and potential enacting of such legislation and clauses within the final bill?
- Does the legislation have a clear operational concept to deploy these resources effectively?
- Even if the bill is passed by both the House and the Senate in the coming months, what is the timeline for the allocation of resources and manufacturing of plants, practices, and programs?