

Division G of the *America COMPETES Act* versus the *U.S. Innovation and Competition Act*

Overview

The general themes seen in Division G of the America Creating Opportunities to Meaningfully Promote Excellence in Technology, Education and Science (COMPETES) Act, such as countering China, ensuring supply chains, increasing authority under the Defense Production Act, etc., can be seen throughout the U.S. Innovation and Competition Act (USICA) in different provisions. For example, elements of Title VII – China Financial Threat Mitigation in the COMPETES Act are woven throughout USICA in various sections, such as Subtitle D – Countering Chinese Communist Party Malign Influence. However, as described in a Committee [press release](#) on January 25, 2022, the Titles (except Title IV) provided for under Division G were specifically authored by Democrats on the House Financial Services Committee. Of the 10 titles under Division G, only Title VIII – Support for Debt Relief for Developing Countries has a nearly identical section within USICA – Sec. 3405 (Debt relief for countries eligible for assistance from the International Development Association).

While there are no identical provisions between the two, similar provisions to Division G exist in USICA. For example, Title I – U.S. Policy on World Bank Group and Asian Development Bank Loans to China of the COMPETES Act is similar to Sec. 3219D of USICA, which offers much of the same policy positions as its House counterpart. In some cases, the House provisions go further than their Senate counterparts do. For example, Title V – Study on Chinese Support for Afghan Illicit Finance is relatively similar to USICA Sec. 3262 – Strategy to Enhance Cooperation with South and Central China, which requires a report that includes a detailed description of U.S. diplomatic efforts to work with the government of Afghanistan on addressing the challenges posed by PRC investment, specifically in the Afghan mineral sector. Another example can be found in Division G’s Title IV – Combating Wildlife Trafficking Financing and Proceeds Study Act when compared to USICA’s Sec. 3271 – Assessment of Political, Economic, and Security Activity of the People’s Republic of China in Africa, which as a part of a report from the Secretary of State requires an assessment of the methods, tools and tactics used to facilitate illegal and corrupt activity, including trade in counterfeit and illicit goods, to include smuggled extractive resources and wildlife products, from Africa to the People’s Republic of China. Elements of the one Title of Division G not explicitly authored by House Financial

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Services Committee Democrats, Title IX – Securing America’s Vaccines for Emergencies (Securing America’s Vaccines for Emergencies Act of 2022 or the SAVE Act of 2022), such as the utilization of the Defense Production Act, can be found in USICA, but are not explicitly enumerated in the bill text as they are in America COMPETES.

	HOUSE: America COMPETES Act	SENATE: USICA
U.S. Policy on World Bank Group and Asian Development Bank Loans to China	✓	✓
Findings and Prohibitions or Conditions on Certain Transmittals of Funds	✓	✓
U.S. Stock Exchange Trading Prohibition for 2 Consecutive Auditor Non-Inspection Years	✓	✗
Combating Wildlife Trafficking Financing and Proceeds Study Act	✓	✗
Study on Chinese Support for Afghan Illicit Finance	✓	✗
U.S. Policy on Cofinancing Arrangements at the Multilateral Development Banks	✓	✓
China Financial Threat Mitigation	✓	✗
Support for International Initiatives to Provide Debt Relief to Developing Countries with Unsustainable Levels of Debt	✓	✓
Securing America’s Vaccines for Emergencies	✓	✗
COVID-19 Emergency Medical Supplies Enhancement Act of 2022	✓	✗

	HOUSE: America COMPETES Act	SENATE: USICA
U.S. Policy on World Bank Group and Asian Development Bank Loans to China	Section directs the Secretary of the Treasury to instruct the United States Executive Directors at the World Bank Group and the Asian Development Bank to vote against any assistance to the People’s Republic of China unless the Secretary has certified that the PRC and lenders owned and controlled by the PRC participate in debt relief initiatives on terms comparable to other G-20 governments, allow borrowing countries to seek a restructuring of China loans in multilateral debt workout forums, allow for the public disclosure of the terms and conditions of its loans to other countries and that such assistance contributes significantly to the provision of a global public good that serves the national interest of the United States, such as limiting the negative impacts of climate change. (Sec. 60101)	USICA contains a similar “voice and vote” statement of policy. Sec. 3219D – <i>Opposition to Provision of Assistance to People’s Republic of China by Asian Development Bank.</i>
Findings and Prohibitions or Conditions on Certain Transmittals of Funds	In addition to outlining congressional findings related to the Financial Crimes Enforcement Network (FinCEN), financial crimes, ransomware and China, this title allows FinCEN to more easily implement “special measures” towards combatting money laundering. Under these measures, the Secretary, in consultation with relevant Department heads, may prohibit or impose conditions upon certain transmittals of funds to or from any domestic financial institution or domestic financial agency if such transmittal of funds involves any such jurisdiction, institution, type of account or class of transaction. (Secs. 60201 and 60202)	Sec. 5101 outlines similar money laundering findings compared to the House bill. However, USICA does not make any changes to special measures related to the Treasury or FinCEN concerning money laundering activities or enforcement. Secs. 5101 and 5103 offer more of a recognition of the issue at hand as it relates to Chinese money laundering.
U.S. Stock Exchange Trading Prohibition	Amends the Sarbanes-Oxley Act of 2002 to shorten the grace period U.S. stock exchange-	No corresponding provision.

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for 2 Consecutive Auditor Non-Inspection Years	listed companies currently have, under Holding Foreign Company Accountable Act of 2020, to comply with Public Company Accounting Oversight Board (PCAOB) inspection requirements. (Sec. 60301)	
Combating Wildlife Trafficking Financing and Proceeds Study Act	In addition to outlining congressional findings related to wildlife trafficking and the illegal wildlife trade, this title directs the Secretaries of the Treasury and the Interior (U.S. Fish and Wildlife Service) to conduct a study within two years of enactment that looks at wildlife trafficking financing and proceeds. The section requires the study to solicit input from a wide variety of stakeholders, including law enforcement and wildlife advocates. The report will specifically look at criminal networks and complicit actors, types of wildlife trafficking, relationship to other types of trafficking, national security implications, etc. (Secs. 60401 and 60402)	Whereas COMPETES calls for a comprehensive wildlife trafficking study, USICA, under Sec. 3271, calls for a report from the State Department that assesses “the nature and impact of the People’s Republic of China’s political, economic, and security sector activity in Africa, and its impact on United States strategic interests.” This report will specifically include “the methods, tools, and tactics used to facilitate illegal and corrupt activity, including trade in counterfeit and illicit goods, to include smuggled extractive resources and wildlife products, from Africa to the People’s Republic of China.”
Study on Chinese Support for Afghan Illicit Finance	In addition to outlining congressional findings as they relate to China, Afghanistan, trafficking and money laundering, this section directs the Treasury to provide a report to Congress within one year of enactment detailing activities by China and Chinese companies to support illicit financial networks in Afghanistan, Chinese economic activities in Afghanistan that run counter to America’s strategic interests and legislative/regulatory recommendations on the matters described. (Sec. 60501)	Whereas COMPETES calls for a comprehensive study on Chinese support for Afghan illicit finance, USICA, under Sec. 3232, calls for the President to submit a strategy “for how the United States will engage with the countries of South and Central Asia, including through the C5+1 mechanism, with respect to the People’s Republic of China.” This strategy will specifically include “A detailed description of United States diplomatic efforts to work with the Government of Afghanistan on addressing the challenges posed by PRC investment in the Afghan mineral sector.”
U.S. Policy on Cofinancing Arrangements at the	Similar to Title I of this Division, this section directs the Treasury Secretary to instruct the United States Executive Director at each multilateral	Sec. 3259 of USICA is different than Sec. 60601 of the House bill in that it actively seeks partnerships and cofinancing alternatives based on

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Multilateral Development Banks	development bank to oppose any cofinancing arrangements with the China-led Asian Infrastructure Investment Bank (AIIB) unless the Secretary certifies that the AIIB has provided grants and concessional assistance to the world’s poorest countries (as defined by the International Development Association). (Sec. 60601)	environmental/climate impact rather than AIIB assistance to the “world’s poorest countries.” Additionally, the USICA provision is broader in that it generally discusses cofinancing as it relates to the Belt and Road Initiative, whereas the House provision focuses on the AIIB investments. The Senate title also focuses on alternatives to cofinancing rather than directing the relevant Executive Director to oppose investments.
China Financial Threat Mitigation	This section directs the Treasury Secretary to commission a study/report that includes a description and analysis of any risks posed by China to the financial stability of the United States and the global economy. The report, due to Congress December 31, 2022, will also include recommendations to the United States representatives at relevant international organizations to strengthen international cooperation to monitor and mitigate such financial stability risks. (Sec. 60701)	USICA broadly addresses the threats and risks posed by China throughout the bill through statements of policy (Sec. 5104), sanctions (Title II, Subtitle A), etc. However, USICA does not commission a specific study on mitigating Chinese financial threats like the House bill does.
Support for International Initiatives to Provide Debt Relief to Developing Countries with Unsustainable Levels of Debt	This Section directs the Secretaries of the Treasury and State to engage with international financial institutions and official/commercial creditors to advance support for the implementation of the Common Framework of the Group of 20 Nations through the establishment of clear procedures and a commitment to transparency and equitable burden sharing through broad participation. Similar to Title I and VI under Division D, the U.S. Executive Directors at the International Monetary Fund and World Bank are instructed to “use their voice and vote” to advance these efforts. (Sec. 60801)	Sec. 3045 of USICA is nearly identical to Sec. 60801 of the COMPETES Act. The main difference between the two is that report commissioned by USICA will include more comprehensive debt relief information as well as data regarding China’s loan repayment status. Whereas the House title directs the relevant Executive Directors to advance efforts using their voice and vote, USICA states that “it is the policy of the United States to coordinate with the international community to provide debt relief for debt that is held by countries eligible for assistance from the International Development Association that

	HOUSE: America COMPETES Act	SENATE: USICA
		request forbearance to respond to the COVID-19 pandemic.”
Securing America’s Vaccines for Emergencies	Amends the Defense Production Act of 1950 to provide the President with increased authority when appropriate to ensure the availability of medical materials essential to national defense, including through measures designed to secure the drug supply chain, and taking into consideration the importance of United States competitiveness, scientific leadership and cooperation, and innovative capacity. The underlying law is further amended to include medical materials such as drugs, devices and biological products that are essential to national defense to diagnose, cure, mitigate, treat or prevent diseases as “essential materials.” This section also directs the President, in consultation with the Secretaries of Commerce, Homeland Security, and Defense, to develop a strategy to use the increased authorities under the Defense Production Act (as provided for in the section, an analysis of the vulnerabilities in the medical supply chain, measures to diversify the medical supply chain, prognostication of the resulting effects under the plan and its measures, a timeline to ensure the medical supply chain, etc.). The report will be submitted annually until September 30, 2025. (Sec. 60902). Further amends the Defense Production Act of 1950 to provide the President with increased authority to make payments to eligible entities (defined as a domestic company that produces one or more critical components, critical technology or one or more products or raw materials for the security of supply chains or supply chain activities) to increase	No corresponding provisions.

	HOUSE: America COMPETES Act	SENATE: USICA
	the security of supply chains and supply chain activities. (Sec. 60903)	
COVID-19 Emergency Medical Supplies Enhancement Act of 2022	<p>Section provides a list of materials scarce and critical materials essential to national defense during the COVID-19 emergency period. These include in vitro diagnostic products, facemasks, personal protective equipment, drugs, devices, biological products, etc. This section expands on the activity authorities provided for in the Defense Production Act to include public health emergency preparedness and response activities. (Sec. 61002). This section would give the President the power to exercise the prioritization or allocation authority provided in Title I to exclude any materials described in section 61002 ordered by a state, local, or tribal governments. (Sec. 61003). Directs the Administrator of the Federal Emergency Management Agency, in consultation with the Secretary of Health and Human Services, to appoint or designate an “Outreach Representative” for the COVID–19 emergency period. With regards to the distribution of medical supplies and equipment, the outreach representative will act as the governmentwide single point of contact during the COVID–19 emergency for outreach to manufacturing companies and their suppliers who may be interested in producing medical supplies or equipment (including those in Sec. 61002). The Outreach Representative will develop partnerships between companies. (Sec. 61004). This section ensures that the President, using their authorities granted by this section, will provide support to companies that comprise the supply chains for reagents, components, raw materials and other</p>	No corresponding provisions.

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	<p>materials and items related to Sec. 61002 during the COVID-19 emergency period. (Sec. 61005). The section directs the President, in consultation with the Administrator of the Federal Emergency Management Agency, the Secretary of Defense, and the Secretary of Health and Human Services, to submit a report to Congress on the exercise of their authorities under Titles I, III, and IV of the Defense Production Act. (Sec. 61006). Amends the reporting requirements in the Defense Production Act for fiscal years 2023 and 2024 to include the percentage of contracts awarded using funds to carry out the Defense Production Act of 1950 to include “small business concerns.” (Sec. 61007). Among defining other terms in the COVID-19 Emergency Medical Supplies Enhancement Act of 2022, this section defines the end of the COVID-19 emergency period as either the end of the President’s emergency declaration or December 31, 2025, whichever is earlier. (Sec. 61008)</p>	

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