

## THE AMERICAN PPE SUPPLY CHAIN INTEGRITY ACT

In the face of the generational crisis presented by COVID-19, America's frontline health care workers, patients, vulnerable populations, essential workers, and state and local governments confronted a severe lack of personal protective equipment (PPE) necessary to prevent the spread of the disease and keep our communities healthy. The major contributing factor to this shortage is the stark reality that in recent decades nearly all PPE manufacturing has moved offshore to China, the producer of an estimated 90 percent of all PPE used in the U.S. While the Chinese government downplayed the severity of the coronavirus earlier this year, it ramped up PPE production, purchased significant amounts of PPE in the global marketplace which led to shortages, and placed export controls on these life-saving products that it later sold to the world at inflated prices.<sup>1</sup>

The solution to this direct threat to our nation's health and security is to enact robust public policies that will successfully re-shore critical PPE manufacturing, and create the stable domestic demand required to build, maintain, and sustain our capacity to produce these items in America long term. Central to the success of this effort is creating a "Berry Amendment for PPE" and strengthening existing American procurement rules that better support our nation's manufacturers and workers. Both of these elements are key aspects of the American PPE Supply Chain Integrity Act from Rep. Patrick McHenry (R-NC) and Rep. Bill Pascrell (D-NJ).

### "Berry Amendment for PPE"

Our military leadership recognizes the importance of having a U.S. manufacturing base capable of servicing its mission critical needs. Otherwise, our national defense would be severely hampered in times of conflict by disrupted international supply chains and our military effectiveness beholden to the whims of potentially hostile regimes who control the production of essential resources through state-owned businesses. We cannot allow supply chains heavily dominated in China to determine the effectiveness of our response to this or a future pandemic. It is critical to our public health and national security that we have a strong industrial base that can make PPE in the United States.

The Berry Amendment, a domestic procurement law which ensures that we have U.S. industries capable of servicing our men and women in uniform, is the model America needs to follow to

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<sup>1</sup> See <https://crsreports.congress.gov/product/pdf/R/R46304> and Associated Press, "DHS report: China hid virus' severity to hoard supplies," May 4, 2020, <https://apnews.com/bf685dcf52125be54e030834ab7062a8>

safeguard our public health. Our taxpayer dollars should not go to China and other offshore PPE producers only to have those same producers withhold access to vital supplies and equipment in the face of global shortages. In fact, applying these strong U.S. procurement rules across our government purchases of PPE will unequivocally lead to significant and substantiated investments in American PPE manufacturing and accelerate the pace at which we onshore this industry.

The American PPE Supply Chain Integrity Act extends strong rules similar to those found in the Berry Amendment to purchases of PPE and crucial medical supplies by federal government agencies charged with protecting our public health, responding to emergencies, and ensuring our security—the Department of Health and Human Services, the Department of Homeland Security, and the Department of Veterans Affairs.

As with defense procurement, extending successful U.S. purchasing rules to all federal PPE purchases will create the stable demand for American-made PPE that will incentivize investment in and the viability of domestic PPE manufacturing, while reshoring jobs and safeguarding our public health.

### **Strengthening the Berry and Kissell Amendments**

Congress must take steps to correct the gradual erosion of federal U.S. purchasing requirements under the Berry Amendment and the Kissell Amendment. These laws, requiring certain purchases by the Defense Department and DHS be wholly produced in the U.S. from U.S. content, are critical drivers of investment and manufacturing while ensuring a stable, secure supply chain for mission critical gear, clothing, and other essential items.

Unfortunately, several detrimental changes have crept into domestic procurement policy in recent years that have weakened our industrial base and can prove even more destructive if left unchecked. The American PPE Supply Chain Integrity Act strengthens the Berry and Kissell Amendments by permanently re-setting the contracting threshold under these laws to \$150,000. Additionally, the bill eliminates unnecessary loopholes that would permit foreign-made products to displace U.S. goods purchased by our military.

### **NCTO Position**

American industry and manufacturing workers lead the world in innovation, productivity, and quality. We need to bring PPE manufacturing home and end our reliance on China for these integral items. The American PPE Supply Chain Integrity Act will build and strengthen our U.S. manufacturing capacity, create the stable demand necessary to sustain American PPE production, and drive capital investment and create jobs. NCTO strongly endorses this important measure.