

U.S. SUPPLY CHAIN SECURITY REVIEW ACT OF 2023

JULY 18, 2023.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. GRAVES of Missouri, from the Committee on Transportation and Infrastructure, submitted the following

R E P O R T

[To accompany H.R. 3395]

The Committee on Transportation and Infrastructure, to whom was referred the bill (H.R. 3395) to direct the Chairman of the Federal Maritime Commission to seek to enter into an agreement with a federally funded research and development center to evaluate foreign ownership of marine terminals at the 15 largest United States container ports, and for other purposes, having considered the same, reports favorably thereon with an amendment and recommends that the bill as amended do pass.

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The amendment is as follows:
Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the “U.S. Supply Chain Security Review Act of 2023”.

SEC. 2. STUDY ON FOREIGN PORTS.

(a) **IN GENERAL.**—Not later than 90 days after the date of enactment of this Act, the Chairman of the Federal Maritime Commission shall seek to enter into an agreement with a federally funded research and development center to evaluate how foreign ownership of marine terminals at the 15 largest United States container ports affects or could affect United States economic security.

(b) **CONTENTS.**—In carrying out the study under subsection (a), the center selected under such subsection shall—

(1) consider—

(A) changes in ownership of the 15 largest United States container ports over the past 10 years as well as announced ownership changes from 2023 and 2024;

(B) instances of ownership in individual marine terminals and cumulative ownership by Chinese or Russian entities or nationals;

(C) instances of ownership in individual marine terminals and cumulative ownership by any foreign entity;

(D) the amount of—

(i) Port Infrastructure Development Grant funds since fiscal year 2018 that have gone to ports and marine terminals that are owned wholly or partially foreign owned; and

(ii) Port Security Grant funds since fiscal year 2003 that have gone to ports and marine terminals that are owned wholly or partially foreign owned; and

(E) where ownership exists, a detailed description of foreign operational control including both affirmative and negative control; and

(2) offer recommendations on—

(A) policies by ports and marine terminal operators to prevent excessive foreign ownership that could threaten United States economic security;

(B) whether ownership affords the foreign owner access to operational technology and information unique to the United States and otherwise unavailable; and

(C) whether foreign ownership has or could affect the supply chain and policies related to the prioritization of certain cargoes.

(c) **REPORT.**—Not later than 1 year after the initiation of the evaluation under subsection (a), the Chairman of the Federal Maritime Commission shall submit to the Committee on Commerce, Science, and Transportation of the Senate and the Committee on Transportation and Infrastructure of the House of Representatives the results of such evaluation.

PURPOSE OF LEGISLATION

The purpose of H.R. 3395, as amended, is to direct the Chairman of the Federal Maritime Commission (FMC) to seek to enter into an agreement with a federally funded research and development center to evaluate foreign ownership of marine terminals at the 15 largest United States container ports, and for other purposes.

BACKGROUND AND NEED FOR LEGISLATION

The maritime transportation system (MTS) is a key contributor to commerce and is therefore essential to the economic health and prosperity of the United States. The past two years have demonstrated the fragility of not only the United States supply chain, but also the supply chain worldwide. Significant concerns exist over the ability of foreign adversaries to control or influence the commerce of the United States through investment or ownership of domestic assets. This legislation builds upon prior reports mandated under the *James M. Inhofe National Defense Authorization Act for Fiscal Year 2023* (P.L. 117–263) that required relevant agencies to

investigate the impact of foreign influence on United States shipping and commerce.¹ During hearings, the Committee on Transportation and Infrastructure found that understanding the scope of foreign influence on United States commerce better positions the United States to compete effectively in international trade. Therefore, this legislation requires the FMC to produce a report specifically assessing the risks that foreign influence could pose to marine terminals at United States ports and the ways in which Congress can address any identified vulnerabilities.

HEARINGS

For the purposes of rule XIII, clause 3(c)(6)(A) of the 118th Congress, the following hearings were used to develop or consider H.R. 3395:

On March 23, 2023, the Subcommittee on Coast Guard and Maritime Transportation of the Committee on Transportation and Infrastructure held a hearing entitled, “*Review of Fiscal Year 2024 Budget Request for Federal Maritime Transportation Programs, and Implementation of the Ocean Shipping Reform Act of 2022.*” The hearing examined the President’s Fiscal Year 2024 Budget Request for the FMC and the Maritime Administration (MARAD). The Subcommittee received testimony from Rear Admiral Ann C. Phillips (Ret.), Administrator, United States Maritime Administration, United States Department of Transportation; The Honorable Daniel B. Maffei, Chairman, United States Federal Maritime Commission; and Nancy Wallace, Director, Marine Debris Program, Office of Response and Restoration, National Ocean Service, National Oceanic and Atmospheric Administration, United States Department of Commerce.

Additionally, on March 28, 2023, the Subcommittee on Coast Guard and Maritime Transportation of the Committee on Transportation and Infrastructure held a hearing entitled, “*Maritime Transportation Supply Chain Issues.*” The hearing examined the implementation of the *Ocean Shipping Reform Act of 2022* (P.L. 117–146) and continuing supply chain issues from the stakeholder perspective. The Subcommittee received testimony from Bud Darr, Executive Vice President, MSC Group on behalf of the World Shipping Council; Matthew Leech, President and Chief Executive Officer, Ports America; William H. “Buddy” Allen, President and Chief Executive Officer, American Cotton Shippers Association; and Mario Cordero, Executive Director, Port of Long Beach, California.

LEGISLATIVE HISTORY AND CONSIDERATION

H.R. 3395, the “*U.S. Supply Chain Security Review Act of 2023,*” was introduced in the United States House of Representatives on May 17, 2023, by Mr. Auchincloss of Massachusetts and Mr. Webster of Florida, and referred to the Committee on Transportation and Infrastructure. Within the Committee on Transportation and Infrastructure, H.R. 3395 was referred to the Subcommittee on Coast Guard and Maritime Transportation. The Subcommittee on Coast Guard and Maritime Transportation was discharged from further consideration of H.R. 3395 on May 23, 2023.

¹*James M. Inhofe National Defense Authorization Act for Fiscal Year 2023*, Pub. L. No. 117–263 § 3527, 136 Stat 2395.

The Committee considered H.R. 3395 on May 23, 2023, and ordered the measure to be reported to the House with a favorable recommendation, as amended, by voice vote.

The following amendments were offered:

An Amendment in the Nature of a Substitute to H.R. 3395 offered by Mr. Auchincloss (#3A) was AGREED TO by voice vote.

COMMITTEE VOTES

Clause 3(b) of rule XIII of the Rules of the House of Representatives requires each committee report to include the total number of votes cast for and against on each record vote on a motion to report and on any amendment offered to the measure or matter, and the names of those members voting for and against.

No record votes were requested during consideration of H.R. 3395, as amended.

COMMITTEE OVERSIGHT FINDINGS AND RECOMMENDATIONS

With respect to the requirements of clause 3(c)(1) of rule XIII of the Rules of the House of Representatives, the Committee's oversight findings and recommendations are reflected in this report.

NEW BUDGET AUTHORITY AND TAX EXPENDITURES

With respect to the requirements of clause 3(c)(2) of rule XIII of the Rules of the House of Representatives and section 308(a) of the *Congressional Budget Act of 1974* and with respect to requirements of clause (3)(c)(3) of rule XIII of the Rules of the House of Representatives and section 402 of the *Congressional Budget Act of 1974*, the Committee has requested but not received a cost estimate for this bill from the Director of Congressional Budget Office. The Committee has requested but not received from the Director of the Congressional Budget Office a statement as to whether this bill contains any new budget authority, spending authority, credit authority, or an increase or decrease in revenues or tax expenditures. The Chairman of the Committee shall cause such estimate and statement to be printed in the *Congressional Record* upon its receipt by the Committee.

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

With respect to the requirement of clause 3(c)(3) of rule XIII of the Rules of the House of Representatives, a cost estimate provided by the Congressional Budget Office pursuant to section 402 of the *Congressional Budget Act of 1974* was not made available to the Committee in time for the filing of this report. The Chairman of the Committee shall cause such estimate to be printed in the *Congressional Record* upon its receipt by the Committee.

PERFORMANCE GOALS AND OBJECTIVES

With respect to the requirement of clause 3(c)(4) of rule XIII of the Rules of the House of Representatives, the performance goal and objective of this legislation is to provide to direct the Chairman of the Federal Maritime Commission to seek to enter into an agreement with a federally funded research and development center to evaluate foreign ownership of marine terminals at the 15 largest United States container ports.

DUPLICATION OF FEDERAL PROGRAMS

Pursuant to clause 3(c)(5) of rule XIII of the Rules of the House of Representatives, the Committee finds that no provision of H.R. 3395, as amended, establishes or reauthorizes a program of the Federal government known to be duplicative of another Federal program, a program that was included in any report from the Government Accountability Office to Congress pursuant to section 21 of Public Law 111–139, or a program related to a program identified in the most recent Catalog of Federal Domestic Assistance.

CONGRESSIONAL EARMARKS, LIMITED TAX BENEFITS, AND LIMITED
TARIFF BENEFITS

In compliance with clause 9 of rule XXI of the Rules of the House of Representatives, this bill, as reported, contains no congressional earmarks, limited tax benefits, or limited tariff benefits as defined in clause 9(e), 9(f), or 9(g) of the rule XXI.

FEDERAL MANDATES STATEMENT

An estimate of Federal mandates prepared by the Director of the Congressional Budget Office pursuant to section 423 of the *Unfunded Mandates Reform Act* was not made available to the Committee in time for the filing of this report. The Chairman of the Committee shall cause such estimate to be printed in the *Congressional Record* upon its receipt by the Committee.

PREEMPTION CLARIFICATION

Section 423 of the *Congressional Budget Act of 1974* requires the report of any Committee on a bill or joint resolution to include a statement on the extent to which the bill or joint resolution is intended to preempt state, local, or tribal law. The Committee finds that H.R. 3395, as amended, does not preempt any state, local, or tribal law.

ADVISORY COMMITTEE STATEMENT

No advisory committees within the definition of Section 5(b) of the appendix to Title 5, United States Code, are created by this legislation.

APPLICABILITY TO LEGISLATIVE BRANCH

The Committee finds that the legislation does not relate to the terms and conditions of employment or access to public services or accommodations within the meaning of section 102(b)(3) of the *Congressional Accountability Act* (Public Law 104–1).

SECTION-BY-SECTION ANALYSIS OF THE LEGISLATION

Section 1. Short title

This section provides the short title of the bill as the “*U.S. Supply Chain Security Review Act of 2023*.”

Section 2. Study on foreign ports

This section directs the Federal Maritime Commission to enter into an agreement with a Federally funded research and development center to evaluate how foreign ownership of marine terminals

at the 15 largest United States container ports affects or could affect United States economic security.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

As reported by the Committee, H.R. 3395, as amended, makes no changes in existing law.

