

117TH CONGRESS
1ST SESSION

S. 2208

To require the United States International Trade Commission to investigate tariff policies relating to foreign-trade zones.

IN THE SENATE OF THE UNITED STATES

JUNE 24, 2021

Mr. CORNYN (for himself, Mr. CARPER, Mr. TOOMEY, Mrs. FEINSTEIN, Mr. COONS, and Mr. LANKFORD) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To require the United States International Trade Commission to investigate tariff policies relating to foreign-trade zones.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “United States-Mexico-
5 Canada Agreement Foreign-Trade Zone Modernization
6 Act of 2021” or the “USMCA FTZ Modernization Act
7 of 2021”.

8 **SEC. 2. FINDINGS.**

9 Congress makes the following findings:

1 (1) Expanding benefits to United States work-
2 ers and businesses, reshoring critical supply chains,
3 and creating United States based manufacturing re-
4 quires analyzing tariff policies, assessing any nega-
5 tive impacts that tariffs may have on United States
6 businesses and workers, and identifying the most ef-
7 fective policy options to correct those impacts and to
8 revisit tariff treatment, if needed, particularly with
9 respect to manufactured products exported from
10 countries with which the United States has a free
11 trade agreement in effect.

12 (2) The North American Free Trade Agreement
13 Implementation Act (Public Law 103–182; 107
14 Stat. 2057) included a restriction, in section
15 202(a)(2)(A) of that Act, that prevented goods man-
16 ufactured in foreign-trade zones from receiving pref-
17 erential tariff treatment under the North American
18 Free Trade Agreement.

19 (3) Title VI of division O of the Consolidated
20 Appropriations Act, 2021 (Public Law 116–260)
21 made a set of “technical corrections” to the United
22 States-Mexico-Canada Agreement Implementation
23 Act (19 U.S.C. 4501 et seq.) and included the same
24 restriction described in paragraph (2).

1 (4) United States manufacturers operating in
2 foreign-trade zones believe that that restriction re-
3 moves parity with their counterparts in the equiva-
4 lent of foreign-trade zones under Mexico and Can-
5 ada's export-promotion programs, which do not have
6 a similar restriction in place.

7 (5) Canadian and Mexican manufacturers al-
8 ready enjoy advantages over United States manufac-
9 turers operating in the North American market as
10 a result of—

11 (A) Mexico and Canada's export-promotion
12 programs and extensive networks of free trade
13 agreements, including with the European Union
14 and Japan; and

15 (B) not being subject to restrictions com-
16 parable to the unilateral restrictions on United
17 States-based manufacturing in foreign-trade
18 zones under the United States-Mexico-Canada
19 Agreement Implementation Act, which were
20 carried over from the North American Free
21 Trade Agreement Implementation Act.

22 (6) Among other things, the advantages de-
23 scribed in paragraph (5) may encourage the location
24 of manufacturing in Canada and Mexico, rather
25 than the United States.

1 **SEC. 3. INVESTIGATION OF TARIFF POLICIES RELATING TO**
2 **FOREIGN-TRADE ZONES.**

3 (a) IN GENERAL.—The United States International
4 Trade Commission shall conduct an investigation to exam-
5 ine—

6 (1) policies, particularly differences in tariff
7 treatment by the United States and Canada and
8 Mexico, that create inequities between products
9 manufactured in the United States in foreign-trade
10 zones and products manufactured in the equivalent
11 of such zones in Canada and Mexico under the
12 USMCA (as defined in section 3 of the United
13 States-Mexico-Canada Agreement Implementation
14 Act (19 U.S.C. 4502));

15 (2) any effects those policies have on the cost-
16 competitiveness of products manufactured in the
17 United States for both the domestic and export mar-
18 kets compared to products manufactured in Canada
19 or Mexico under the USMCA, including an analysis
20 by sector and State; and

21 (3) how the foreign-trade zones in the United
22 States could be better employed to redress and miti-
23 gate those inequities.

24 (b) EXCLUSIONS FROM INVESTIGATION.—The Com-
25 mission shall exclude from the investigation required by
26 subsection (a) examination of duties imposed under—

1 (1) chapter 1 of title II the Trade Act of 1974
2 (19 U.S.C. 2251 et seq.);

3 (2) title III of that Act (19 U.S.C. 2411 et
4 seq.);

5 (3) section 232 of the Trade Expansion Act of
6 1962 (19 U.S.C. 1862); or

7 (4) any other trade remedy law of the United
8 States.

9 (c) ASSISTANCE FROM OTHER AGENCIES.—The Sec-
10 retary of Homeland Security and the Secretary of Com-
11 merce shall make available to the Commission such infor-
12 mation as is necessary for the Commission to conduct the
13 investigation required by subsection (a).

14 (d) REPORT REQUIRED.—Not later than 18 months
15 after the date of the enactment of this Act, the Commis-
16 sion shall submit to Congress a report on the investigation
17 required by subsection (a).

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