SELECT COMMITTEE ON THE CCP
DEMOCRATS | RANKING MEMBER RO KHANNA

The Industrial Bank for American Manufacturing Act

Ranking Member Ro Khanna, Representative Dingell, and Representative Suozzi

An Industrial Base Under Threat

For decades, U.S. manufacturing has shifted overseas, particularly to the People's Republic of China (PRC). In what became known as the "China Shock," between 2001 and 2018, approximately 3.7 million Americans lost their jobs due to the PRC's nonmarket trading practices including state subsidies, wage suppression, forced labor, weak environmental standards, and overcapacity.[1] These practices have stifled fair competition, undercut economies that follow market principles, and made it difficult to maintain or restore domestic production even in strategic sectors.

Since 2018, administrations from both political parties have implemented or expanded Section 301 tariffs on the PRC to address this unfair competition and rebalance markets. These measures have generated significant revenue, with Section 301 tariffs on the PRC producing $38.26 billion in FY2024 alone. Yet these funds currently flow into the Treasury's General Fund where they do nothing to rebuild U.S. manufacturing and the associated family-supporting jobs, thriving communities, and economic security the industry provides. Moreover, tariffs are only one part of a policy ecosystem that supports a robust American manufacturing base and cannot by themselves fill financial gaps where the market has failed due to the nonmarket practices of U.S. competitors.

Policy Proposal

To level the playing field for U.S. industry in the face of the PRC's predatory policies, Congress should redirect a portion of Section 301 tariff revenue to a new fund designed to provide financial support to U.S. manufacturers in order to reduce our reliance on the PRC for critical goods, create jobs, and promote U.S. innovation. The Industrial Bank for American Manufacturing Act would advance these goals by tapping into an already-existing funding stream generated by the tariffs that were designed and implemented to level the playing field between the U.S. and the PRC.

The Industrial Bank for American Manufacturing Act would redirect 50 percent of collected Section 301 revenue to a new fund under the supervision of the Department of Commerce, where funding decisions would be guided by strong labor, governance, and economic development criteria. This fund would focus on three primary goals: 1) bringing U.S. manufacturing capacity back online where it has been idled, particularly due to unfair competition; 2) supporting manufacturers as they scale production of new technologies through capital-intensive stages; and 3) mitigating supply chain vulnerabilities that create economic risk, particularly in sectors where the PRC could exercise economic coercion against the United States. The fund would be empowered to issue flexible assistance to eligible U.S. manufacturers through low-cost loans, equity investments, or grants.

This bill would require a biannual review of U.S. supply chains to guide funding decisions and ensure maximum impact of invested funds. Fund recipients would be required to abide by good governance and wage provisions to ensure taxpayer investments are rebuilding local economies that have suffered from deindustrialization and unfair trade. This fund would also include a set-aside for small businesses to ensure every manufacturer is able to tap into its support. To ensure the fund's continued compliance with Congressional intent.

---

[1] https://www.epi.org/publication/growing-china-trade-deficits-costs-us-jobs/