AMENDMENT TO RULES COMMITTEE PRINT 115–23

OFFERED BY MR. THORNBERRY OF TEXAS

At the end of subtitle F of title X, add the following:

SEC. 1073. ADEQUACY OF THE REPORT ON THE VULNERABILITIES OF THE DEFENSE INDUSTRIAL BASE.

(a) COMPREHENSIVE REPORT ON VULNERABILITIES OF, AND CONCENTRATION OF PURCHASES IN, THE DEFENSE INDUSTRIAL BASE.—

(1) REPORT.—Not later than 180 days after the date of the enactment of this Act, and at least annually until September 30, 2023, before March 31, thereafter the President shall issue to the appropriate congressional committees a comprehensive report combining all of the elements of the reports described in paragraph (4) and any other relevant reports on the adequacy of, vulnerabilities of, and concentration of purchases in the defense industrial sector.

(2) CONSULTATION.—In preparing a report under paragraph (1), the President shall consult with the Secretary of State, the Secretary of the
Treasury, the Secretary of Defense, the Attorney General, the Secretary of Homeland Security, the Director of National Intelligence, the Director of the National Security Agency and such other cabinet officials and heads of Federal departments and agencies as the President determines to be appropriate.

(3) **Form of Report.**—Each report issued under paragraph (1) shall be in unclassified form, but may contain a classified annex.

(4) **List of Reports.**—Each report issued under paragraph (1) shall contain all relevant information and analysis from the following reports, as well as such other relevant information as the President determines to be appropriate:

(A) The report described under section 721(m) of the Defense Production Act of 1950 (50 U.S.C. 4565(m)), relating to concentrations of purchases of the defense industrial base.

(B) The report described under section 723(a) of the Defense Production Act of 1950 (50 U.S.C. 4568(a)), relating to offsets in defense production.

(C) The report described under section 2504 of title 10, United States Code, relating to annual industrial capabilities.


(I) The “Report on Solid Rocket Motor Industrial Base” described under section 1050 of


(K) The report related to “Monitoring and Enforcement of Mitigation Agreements Related to Foreign Investment in the United States” described under House Report 113-102.

(L) The additive manufacturing recommendation described in House Report 113-446.

(M) The “Assessment of the directed energy industrial base” described in House Report 114-102.

(b) Comprehensive Database of Proposed Transactions or Purchases in the Defense Industrial Base Involving a Foreign Person.—

(1) Establishment and Maintenance of Database.—

(A) In general.—The President shall establish and keep current a database of proposed transactions that would result in all of, a substantial part of, or a controlling interest in, a
U. S. corporation, or the U. S. assets of a foreign corporation, being owned or controlled by a foreign person, in the defense industrial base and any manufacturing or intellectual property related to the defense industrial base.

(B) Confidentiality of Information.—Except as provided under subparagraph (C), the President shall ensure that the information contained in the database is kept confidential.

(C) Access to Database.—The President shall—

(i) ensure that access to information in the database is strictly controlled;

(ii) make the database available to the Secretary of State, the Secretary of the Treasury, the Secretary of Defense, the Attorney General, the Secretary of Homeland Security, the Director of National Intelligence, and the National Security Agency, with such limitations as the President may determine appropriate;

(iii) require that records are kept each time a person accesses information in the database; and
(iv) require that any person receiving information from the database continues to preserve the confidentiality of the information.

(2) MANDATORY FILING REQUIREMENT.—

(A) IN GENERAL.—With respect to any proposed transaction described under paragraph (1)(A), the proposed purchaser and proposed seller in such proposed transaction shall file, and keep current, a report with the database containing a description of the proposed transaction.

(B) ADDITIONAL INFORMATION FOR PROPOSED TRANSACTIONS INVOLVING A FOREIGN GOVERNMENT-CONTROLLED CORPORATION.—If, with respect to proposed transaction described in subparagraph (A), any foreign person is a foreign government-controlled corporation, the report required under subparagraph (A) shall also disclose whether such foreign government-controlled corporation is—

(i) a Chinese corporation;

(ii) a Russian corporation;

(iii) an Iranian corporation; or

(iv) a North Korean corporation.
(C) CIVIL PENALTY.—Any person who willfully violates a provision of this paragraph shall be fined not more than $100,000 per violation.

(e) DEFENSE INDUSTRIAL BASE TECHNOLOGIES CONTROLLED.—

(1) SENSE OF CONGRESS.—It is the sense of Congress that statutes and mechanisms to control the export of critical technologies or related intellectual property must be kept up-to-date, reflecting changes in the defense industrial base, technology, and the global market, in order to adequately protect United States national security.

(2) REPORT.—Annually, until September 30, 2023, before March 31, the President shall deliver to the appropriate congressional committees a report describing any need for reforms of policies governing the export of technology or related intellectual property, along with any proposed legislative changes the President believes are necessary.

(d) SEPARATE REPORTS REQUIRED.—The reports required under subsections (a)(1) and (c)(2) may be issued concurrently, but shall be issued as separate reports.

(e) DEFINITIONS.—For purposes of this section:
(1) APPROPRIATE CONGRESSIONAL COMMITTEES.—The term “appropriate congressional committees” means the Committee on Armed Services, the Committee on Financial Services, the Committee on Foreign Affairs, and the Permanent Select Committee on Intelligence of the House of Representatives and the Committee on Armed Services, the Committee on Banking, Housing, and Urban Affairs, the Committee on Foreign Relations, and the Select Committee on Intelligence of the Senate.

(2) DATABASE.—The term “database” means the database established pursuant to subsection (b)(1)(A).

(3) DEFENSE INDUSTRIAL BASE.—The term “defense industrial base” shall have the meaning given the term “national technology and industrial base” within the context of section 2503 of title 10, United States Code.

(4) DEFINITIONS RELATED TO CORPORATIONS.—

(A) CORPORATION.—The term “corporation” means a corporation, partnership, or other organization.
(B) FOREIGN CORPORATION.—The term “foreign corporation” means a corporation organized under the laws of a foreign country.

(C) U.S. CORPORATION.—The term “U.S. corporation” means a corporation organized under the laws of the United States.