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April 7, 2022

The Honorable Chuck Schumer  
Majority Leader  
U.S. Senate  
Washington, DC 20510

The Honorable Mitch McConnell  
Minority Leader  
U.S. Senate  
Washington, DC 20510

The Honorable Nancy Pelosi  
Speaker  
U.S. House of Representatives  
Washington, DC 20515

The Honorable Kevin McCarthy  
Minority Leader  
U.S. House of Representatives  
Washington, DC 20515

Dear Majority Leader Schumer, Speaker Pelosi, Minority Leader McConnell, and Minority Leader McCarthy:

I am writing to express TechNet's strong support for legislation designed to enhance our competitiveness and reclaim America's global leadership in innovation. During the 116th Congress, we were quick to endorse the *Endless Frontier Act* (EFA), and we were pleased to see this bill serve as the foundation for the *U.S. Innovation and Competition Act* (USICA) and the *America Creating Opportunities for Manufacturing, Pre-Eminence in Technology, and Economic Strength Act* (America COMPETES Act). We applaud your leadership in helping to secure a bicameral and bipartisan measure that will usher in an unprecedented era of growth in the United States.

TechNet is the national, bipartisan network of technology CEOs and senior executives that promotes the growth of the innovation economy by advocating a targeted policy agenda at the federal and 50-state level. Our diverse membership includes dynamic American businesses ranging from startups to the most iconic companies on the planet and represents over four million employees and countless customers in the fields of information technology, e-commerce, the sharing and gig economies, advanced energy, cybersecurity, venture capital, and finance.

Since the end of World War II, the United States has been the unequivocal global leader in scientific and technological ingenuity and innovation, and as a result, the American people have benefited through well-paying jobs, economic prosperity, and a higher quality of life. However, we are at risk of losing our competitive edge and leadership in innovation. When the Bloomberg Innovation Index debuted in 2013, the United States ranked first among 50 countries. In 2021, the U.S. sank to 11th place. Federal investment has led to many of the technologies we use every day. Bold action is needed to usher in a new era of exploration and invention.

As the Senate and House begin their work to reconcile the differences between USICA and the America COMPETES Act, TechNet wishes to draw your attention to several priorities for TechNet and our members.

**TechNet urges Congress to omit provisions that will undermine our global competitiveness and focus on the following priorities:**

**Maintain thriving online marketplaces**

- TechNet strongly calls for the omission of the *Stopping Harmful Offers on Platforms by Screening Against Fakes in E-commerce Act*, or SHOP SAFE Act, from the final bill. The SHOP SAFE Act would fundamentally alter online marketplaces to the detriment of small businesses and individuals operating online. Specifically, the bill's stringent disclosure requirements would saddle sellers with an unprecedented compliance burden that would be challenging, if not impossible, to meet, except for companies with significant resources. Forcing companies to share detailed data regarding the origin of their products would be prohibitively complex and introduces serious privacy concerns. Small firms and individual sellers, when faced with these disclosure requirements, compliance costs, and uncertainty, would be forced to leave online marketplaces and abandon their customers. Tipping the balance of online marketplaces in favor of large retailers is antithetical to the goal of enhancing competitiveness.

Instead, we ask that Congress pass the *Integrity, Notification, and Fairness in Online Retail Marketplaces for Consumers Act*, or the INFORM Act, which would address consumer safety concerns in online marketplaces by increasing transparency. The bill would establish a uniform national standard that sellers could follow to share information about their products, but is structured so as to not expose small sellers to compliance risk. States across the country are increasingly considering versions of the INFORM Act, but rather than allowing for a patchwork of online marketplace regulation to develop, we urge Congress to set practical, national standards for the benefit of online sellers of all sizes.

- We are also strongly opposed to the inclusion of a provision in USICA that would require online sellers to disclose the country of origin of their products when selling them online. The provision would create a new liability for sellers to not only post the required information, but to also certify the accuracy of the information provided by product vendors. However, the provision does not require manufacturers, rights owners, or distributors to provide the country of origin of their products to the sellers of the products. This complex and unnecessary process would introduce a tremendous burden for online sellers.

**Strengthen the startup ecosystem**

- The America COMPETES Act contains a provision (Sec. 61301) that would impose an unprecedented reporting burden on startups, and we strongly urge that it be omitted from a final competitiveness package. The provision would require private companies to make a series of disclosures to the Securities and Exchange Commission when they reach a certain growth threshold. These private startups do not expose public market investors to risk and have limited resources compared to larger, public companies. These overly broad and unnecessary disclosure requirements could expose company-specific information to risk and divert critical resources startups need away from research, development, job creation, discovery,

and growth. Our thriving startup ecosystem, which is critical to our competitiveness, would be significantly disrupted by this measure.

### **Increase competitiveness through trade**

- TechNet appreciates the efforts of both chambers to include robust trade provisions as key pieces of their respective competitiveness measures. As the conference process advances, we are hopeful that provisions enjoying bipartisan support are included in the final measure. In particular, we support the provisions in USICA that would provide relief to U.S. businesses importing goods from China that are subject to additional tariffs under Section 301 of the *Trade Act of 1974*. Since 2018, U.S. firms have paid nearly \$130 billion in extra taxes, which has impacted their ability to plan new business, hire new workers, and innovate. Congress should act as soon as possible to compel the U.S. Trade Representative (USTR) to provide meaningful relief to businesses, consumers, and the economy.
- The U.S. is a global leader in developing and deploying innovative digital technologies, and it is imperative that our trade laws and policies help drive economic growth, create jobs, and strengthen U.S. competitiveness. We are concerned by several provisions that will have the reverse effect.
  - TechNet strongly calls for the omission of the *National Critical Capabilities Defense Act*, which was included in the America COMPETES Act but was not thoroughly vetted through regular order. The requirement for new outbound investment review could have serious implications for U.S. investment activity globally and negatively impact U.S. companies. Additionally, the new interagency review process would be duplicative of existing requirements and authorities in both the *Foreign Investment Risk Review Modernization Act* (FIRRMA) and the *Export Control Reform Act* (ECRA) and would create a redundant process at USTR, which would create profound uncertainty for U.S. businesses.
  - Export controls on e-waste products should also be omitted from the final bill. Section 30612 of the America COMPETES Act would place significant burdens on manufacturers and recyclers in the U.S., many of whom have developed best practices for supply-chain security to prevent parts from leaving recycling streams. The export restrictions would undermine our global engagement on climate change and may violate international trade rules. Energies would be better spent ensuring that *imports* of e-waste, especially from China, do not pose counterfeit or national security risks.
  - Finally, we are opposed to the *Import Security and Fairness Act* (Division K, Title 3 of the America COMPETES Act), which would eliminate the de minimis threshold for imports from certain non-market economies. De minimis disproportionately benefits small- and medium-sized businesses through simplified processes at the border that minimize red tape for low-value imports, including inputs for subsequent manufacture and sale. Eliminating the threshold for goods imported from certain countries will cause even the simplest imports to become too costly for these businesses, taking away savings that could be used elsewhere like increasing wages or investing in

R&D. It is estimated that a \$50 imported good, currently subject to de minimis, could cost as much as \$110, should this measure pass.

### **Remove Barriers to Broadband Deployment and Upgrades**

- The final bill should refrain from enacting “Buy American” sourcing provisions set forth in USICA for infrastructure projects financed with federal assistance, which would impose domestic content requirements on the purchase of certain fiber optic network components. Such requirements were not included in the America COMPETES Act. The pandemic has demonstrated the critical importance of broadband to the U.S. economy and the day-to-day lives of all Americans, which has been underscored by the establishment of unprecedented Congressional and agency funding programs designed to spur broadband deployment to unserved areas. With a global supply chain crisis creating shortages of key inputs for a wide range of products, including broadband, now is not the time to impose new restrictions on the sourcing of components necessary for broadband network deployment and upgrade activity, particularly since broadband providers receiving federal assistance are already subject to a pre-existing set of domestic sourcing. In some cases, there are either no domestic production sources for the relevant components or insufficient ones to support the spike in deployment the funding programs seek to spur.

### **TechNet urges Congress to maintain provisions that would reclaim our leadership in innovation and advance the following priorities:**

#### **Establish regional technology and innovation hubs to distribute our tech leadership**

- TechNet has supported the concept of regional tech hubs since their inception in the EFA and was pleased that the regional tech hubs were included and funded in both USICA and the America COMPETES Act. The creation of technology and innovation hubs beyond Silicon Valley would ensure that our technology leadership is equitably distributed throughout the entire country, enabling countless Americans to thrive in the global economy. The hubs would become global centers for R&D and incubators for company formation, job creation, and economic growth.

#### **Increase our domestic production of emerging and critical technologies**

- Semiconductors play a critical role in enabling the products and services that fuel our economy, contribute to American innovation, and enhance our national security. But the share of semiconductor manufacturing capacity located in the U.S. has eroded from 37% in 1990 to 12% today. Both USICA and the AMERICA COMPETES Act included upwards of \$50 billion to fund the *Creating Helpful Incentives to Produce Semiconductors for America Act*, or the CHIPS for America Act, which will strengthen the U.S. position in semiconductor research, design, and manufacturing and ensure the supply of this critical technology continues to meet the ever-growing global demand. We hope the robust funding is maintained in the final package.
- Similarly, telecommunication networks are now a vital and critical infrastructure required to conduct day-to-day activities. Both USICA and the America COMPETES Act included \$1.5 billion for the Public Wireless Supply Chain Innovation Fund to

support the development of next-generation mobile broadband technologies by supporting the deployment of 5G and next-generation network hardware and software utilizing Open RAN architecture and accelerating the adoption of open interface 5G equipment. This program represents a vital opportunity to increase diversity and competition in the marketplace that will allow for increased U.S. participation and new applications as 5G uses expand both in the public and private sectors.

### **Strengthen the U.S. workforce and support entrepreneurs**

- In December of 2021, TechNet released a report titled “Closing the Skills Gap — The Data Behind Talent Shortages, High-Skilled Immigration, and Economic Impact” which examined the severity of the skills gap in the U.S. If left unaddressed by Congress, the talent shortage will result in more than nine million job vacancies and \$1.2 trillion in lost production over the next decade. We strongly support the startups visa and exemptions from the green card caps for Ph.D. and Master’s degree candidates concentrating in the fields of science, technology, engineering, and math (STEM) included in the America COMPETES Act. These policies will help close the skills gap, create jobs, and grow the economy. The National Foundation for American Policy found that a startup visa could create between 1 and 3 million jobs over a decade. We cannot afford to deter entrepreneurs, innovators, and job creators from contributing their talents here, instead of elsewhere around the globe, such as the 25 countries, including Canada and the U.K., which have created their own startup visas. We must also invest in STEM education and skills training to prepare the workforce to compete globally and contribute to our national security and cyber resilience, and we support the provisions in both bills that would contribute to this goal.

### **Enhance our cybersecurity resilience**

- It is more critical than ever to strengthen our cybersecurity resilience, which is why the final bill should maintain provisions and investments aimed at enhancing cybersecurity across all sectors of the economy. For example, we recommend maintaining the requirement that the Cybersecurity and Infrastructure Agency (CISA) publish and promote recommendations annually to help small businesses, nonprofits, and local governments implement protections against cybersecurity threats and risks. We also share Congress’ interest in enhancing U.S. engagement and leadership in international regulatory bodies, such as the crucial United Nation’s International Telecommunication Union, and supporting the U.S. Department of State in mitigating foreign disinformation campaigns.

Enhancing our global competitiveness will require big and bold action from both the public and private sectors to catalyze innovation and solidify our technological leadership. Seizing on the historic investment made by this Congress to rebuild our nation’s infrastructure, it is now both an economic and national security imperative for the U.S. to pass a comprehensive strategy to reclaim America’s global leadership in innovation. We urge Congress to act to complete and advance a final product that will make critical investments in our nation’s workforce and technological research.

Thank you for your attention to our views on this matter. I stand ready to serve as a resource for you in your critical work on behalf of the American people.

Sincerely,

A handwritten signature in blue ink that reads "Linda Moore". The signature is written in a cursive, flowing style.

Linda Moore  
President and CEO