

January 30, 2023

Mr. Alan Estevez
Under Secretary of Commerce for Industry and Security
Bureau of Industry and Security
United States Department of Commerce
1401 Constitution Ave NW
Washington DC, 20230

Re: Implementation of Additional Export Controls: Certain Advanced Computing and Semiconductor Manufacturing Items; Supercomputer and Semiconductor End Use; Entity List Modification (87 FR 62186, 87 FR 74966, Docket No. 220930-0204)

Dear Under Secretary Estevez:

The Consumer Technology Association (CTA) appreciates the opportunity to comment on the Bureau of Industry and Security's (BIS) interim final rule (IFR) entitled Implementation of Additional Export Controls: Certain Advanced Computing and Semiconductor Manufacturing Items; Supercomputer and Semiconductor End Use; Entity List Modification, published on October 13, 2022.¹ We appreciate BIS' request for comment, as well as the deadline extension,² given the complexity and unprecedented nature of the IFR.

CTA represents the more than \$505 billion U.S. consumer technology industry, which supports more than 18 million U.S. jobs. Our members are comprised of over 1500 companies from every facet of the consumer technology industry, including manufacturers, distributors, developers, retailers, and integrators, with 80 percent of CTA members being start-ups or small and mid-sized companies. CTA also owns and produces CES®—the most influential technology event in the world—which showcases and serves as a forum for discussion of international policies concerning existing and new technologies, international technology trade and investment, and global opportunities and challenges facing the consumer technology industry.

The consumer technology industry sits downstream of the industries witnessing the direct impacts of the rules; however, we are not immune to its effects and precedent. We are paying close attention to the implementation of the IFR and future possible BIS export controls related to emerging technologies, such as quantum computing and artificial intelligence. As such, CTA would like to convey two important messages in our comments.

First, we underscore the importance of coordinating any new export controls with U.S. allies in advance of their implementation where possible. Of course, BIS understands that advance coordination with allies such as the European Union, Japan, and the Republic of Korea will aid U.S. efforts to multilateralize and implement the preferred U.S. global strategy on export controls on emerging technologies in a more timely manner. Advance coordination may also reduce potential harmful retaliation, such as tariffs on U.S. exports, if U.S. allies or other trading partners

¹ 87 Fed. Reg. 62,186 (Oct. 13, 2022).

² 87 Fed. Reg. 74,966 (Dec. 7, 2022).

disagree with the U.S. approach. It will also prevent suboptimal expenditure of scarce government and industry time and resources upon implementation.

CTA is not in a position to question the timing of the release and implementation of the IFR, but it caught our members and U.S. allies off guard. They are scrambling to understand and comply with the lengthy and impactful provisions and allocating unplanned time and resources towards compliance. Advance coordination and consultation with industry and allies could have resulted in more effective rollout and implementation of the IFR. Looking ahead, CTA urges BIS to continue to coordinate with industry and U.S. allies, as it has done on many prior occasions, in advance of any future export controls on emerging technologies and avoid imposing new export controls without pre-coordination.

Second, novel and broad export controls may have unintended consequences. After the initial imposition of the export controls on Russia and Belarus on February 24 and March 2, 2022, respectively, both of which took the form of a final rule, BIS engaged in a significant public awareness campaign and consulted with stakeholders. We applaud BIS for taking these steps. We imagine BIS learned about unintended consequences and obtained ideas for revising the export controls to make them more aligned with today's technology, less impactful on average Russians, and more effective in meeting stated objectives. BIS subsequently revised these export controls on September 16, 2022.

We encourage BIS to proactively reach out to stakeholders to understand the impact of the IFR on their industries, whether direct or indirect. For example, U.S. manufacturers operating in East Asia may now have less semiconductor supply for certain downstream consumer technologies. These manufacturers may also have problems shifting to alternate suppliers, who have not been able to ramp up as quickly to meet the new demand. These supply chain problems may impact the availability, and subsequently the cost, of products for U.S. consumers.

This request for comment is an important step which CTA supports. We hope that BIS will again continue to engage in public education and stakeholder consultation on a rolling basis for the IFR, particularly in advance of any revisions. CTA stands ready to serve as a resource for BIS as it implements the IFR and considers future export controls on emerging technologies.

Sincerely,



Michael Petricone
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Consumer Technology Association



Ed Brzytwa
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