



June 19, 2024

The Honorable Tom Cole, Chairman
House Committee on Appropriations
Washington, D.C. 20515

The Honorable Rosa DeLauro, Ranking Member
House Committee on Appropriations
Washington, DC 20515

The Honorable Harold Rogers, Chairman
Subcommittee on Commerce, Justice, Science, and Related Agencies
House Committee on Appropriations
Washington, D.C. 20515

The Honorable Matt Cartwright, Ranking Member
Subcommittee on Commerce, Justice, Science, and Related Agencies
House Committee on Appropriations
Washington, D.C. 20515

Dear Chairman Cole, Ranking Member DeLauro, Chairman Rogers, and Ranking Member Cartwright:

As you finalize your work on the Commerce, Justice, Science, and Related Agencies Appropriations Act for Fiscal Year 2025, we urge you to prioritize the Department of Commerce Bureau of Industry and Security's (BIS) request for \$31.4 million in additional funding to safeguard U.S. national security and technological dominance through robust export controls and technology security programs.¹

¹ U.S. Department of Commerce | Bureau of Industry and Security, Budget Submission to Congress, Fiscal Year 2025

Fully funding BIS’s request is critical to maintaining our strategic advantage over the Chinese Communist Party (CCP) in artificial intelligence (AI) through the control of dual-use and enabling technologies – especially advanced semiconductors and the equipment needed to manufacture them.²

With the 21st century rise of technology-driven strategic competition, export controls have once again emerged as an essential strategic instrument of national security – particularly since the passing of the Export Controls Reform Act in 2018.³ Their importance in securing U.S. technological leadership and weakening potential adversaries’ military capabilities is routinely lauded by members of Congress from both parties,⁴ as well as administration officials.⁵

Increased reliance on export controls has significantly increased BIS’s purview and responsibilities without any concomitant budget increases in over a decade. For example, BIS issues 40,000 licenses per year – twice as many as it did in 2012.⁶ The total amount of goods subject to BIS coverage has also increased dramatically, with exports subject to BIS license requirements growing by approximately 126 percent since 2014. This increase is more than double the growth in total U.S. exports, which have risen by approximately 62 percent since 2010.⁷ Despite this expansion in responsibility, BIS’ funding has remained effectively flat since 2010, when controlling for inflation.⁸ This underinvestment has resulted in the agency

² *Id.*

³ Export Control Reform Act (ECRA), enacted as §1741 et seq. of P.L. 115-232 (Aug. 13, 2018), codified as amended at 50 U.S.C. §4801

⁴ U.S. Senate Homeland Security & Governmental Affairs Committee Hearing on “Strengthening Export Controls Enforcement” (Apr. 10, 2024); Senate Banking Housing, and Urban Affairs Committee hearing on “National Security Challenges: Outpacing China in Emerging Technology” (Jan. 18, 2024)

⁵ Peter Martin, *Raimondo Says Commerce Needs More Money to Halt China Chip Drive*, Bloomberg (Dec. 2, 2023)

⁶ Estevez, Alan. *Testimony of Alan Estevez, Under Secretary of Commerce for Industry and Security, before the House Committee on Foreign Affairs on “Countering China on the World Stage: Empowering American Businesses and Denying Chinese Military Our Technology.”* (Mar. 21, 2024)

⁷ *Id.*

⁸ *Id.*

relying on an outdated technical infrastructure⁹ and a suboptimal global presence for export administration and enforcement.

Adequate funding will empower BIS to meet this crucial moment of global technology competition across several vectors, including:

- Enabling more informed development and robust enforcement of semiconductor controls – especially in crucial geographies like Taiwan – by expanding the agency’s international presence.
- Modernizing mission critical technical infrastructure, replacing decades old applications with commercial Cloud capabilities.
- Analyzing the technical AI landscape as a basis for new restrictions on foreign use of U.S. Infrastructure as a Service (IaaS) to develop dangerous AI models, and detecting and deterring non-compliance with those regulations.¹⁰

BIS has crafted industry-wide export restrictions on semiconductors and the equipment to manufacture them, convinced key countries like Japan and the Netherlands to establish congruent controls, and curtailed other countries’ ability to export relevant technology to China that uses U.S. equipment.¹¹ This supply chain-wide approach has attracted the ire of President Xi Jinping, speaking to its effectiveness.¹² However, without adequate resourcing to update these controls and enforce them, loopholes and circumventions like chip smuggling¹³ will allow China to modernize their military, economy, and semiconductor industry on the foundation of U.S. technology.

As global technology competition continues to accelerate, ensuring BIS has the resources it needs to safeguard our technology is essential to maintaining our

⁹ Gregory Allen, Emily Benson, & William Alan Reinsch, *Improved Export Controls Enforcement Technology Needed for U.S. National Security*, CSIS (Nov. 30, 2022)

¹⁰ U.S. Department of Commerce | Bureau of Industry and Security, Budget Submission to Congress, Fiscal Year 2025

¹¹ Michael Schuman, *China Is Losing the Chip War*, The Atlantic (Jun. 6, 2024)

¹² *Id.*

¹³ Tim Fist & Erich Grunewald, *Preventing AI Chip Smuggling to China*, CNAS (Oct. 24, 2023)

economic advantage and our national security. With this in mind, we urge you to fully support the agency's \$31.4 million additional funding request.

Thank you for your consideration of this request.

Sincerely,
Americans for Responsible Innovation

Signed:

A handwritten signature in blue ink, appearing to read "Carson", with a stylized flourish extending to the right.

Brad Carson, President

A handwritten signature in blue ink, appearing to read "Eric Gastfriend", written in a cursive style.

Eric Gastfriend, Executive Director