

December 20, 2024

The Honorable Jeffrey Zients
Chief of Staff
The White House
1600 Pennsylvania Avenue, NW
Washington, DC 20500

The Honorable Jake Sullivan
National Security Advisor
The White House
1600 Pennsylvania Ave, NW
Washington, DC 200500

RE: Proposed Export Controls on Advanced AI Chips and Compute Framework

Dear Mr. Zients and Mr. Sullivan,

On behalf of our members, who represent the nation's leading technology companies, we are writing to express profound concern regarding reports of a forthcoming Interim Final Rule (IFR) from the Bureau of Industry and Security (BIS) that seeks to implement stringent export controls on advanced artificial intelligence (AI) chips and computing systems used in data centers.

AI chips and computing systems are not just essential to national security but also to global economic growth and U.S. leadership in the innovation economy. Curtailing their availability risks alienating our partners, stymieing growth in emerging economies, and opening the door for the Chinese government to deepen its influence in regions with growing demand for computing power.

While we share the Biden Administration's objective of safeguarding U.S. national security and understand the important role that export controls play in keeping technology out of the wrong hands, the proposed framework would cede the market for important global digital infrastructure to U.S. adversaries. Implementing strict country caps on the sale of advanced chips would undermine America's AI and semiconductor dominance, accelerating the development of and forcing the world to rely on alternative technology and introducing substantial uncertainty for our global trading partners.

As we understand it, the scope of this rule would impose significant compute caps across a range of countries, including some of America's most valued trading partners. Countries in Asia, Latin America, and the Middle East could perceive these restrictions as a signal that the U.S. is thwarting their technological advancement, potentially driving them towards alternative suppliers, including Chinese state-linked companies eager to fill the void.

Beyond geopolitical concerns, the enforceability of this framework raises serious questions. Monitoring compliance with the proposed caps would require exporters to aggregate global sales data, including from foreign competitors—an effort that is both costly and impractical. In addition, the extensive, untested, and, in some cases, unclear requirements for securing authorizations and export licenses make it

likely that American companies would have to delay or potentially abandon plans for growth in many parts of the world. Compounding this is our deep concern that BIS lacks the capacity to implement and monitor a global licensing and monitoring regime with its current resources.

Moreover, we are deeply troubled by the lack of meaningful and substantive stakeholder engagement in this rulemaking process. Publishing an IFR without transparent stakeholder consultation undermines the necessary alignment between regulatory actions and national security objectives and lacks a good faith effort to work with American companies to minimize regulatory burdens and unintended negative consequences. We likewise understand that this IFR has been designated as “not economically significant,” even though the AI industry is easily valued at many multiples of the \$200 million threshold for qualifying as a significant regulatory action, which would necessitate public participation in the rulemaking process.¹ A standard and robust rulemaking process would allow for the necessary dialogue to ensure industry feedback informs policies aimed at enhancing security without stifling innovation.

We urge the Biden administration to reconsider the path forward for these draft controls. A collaborative approach with industry is essential to advancing shared security and economic interests without inadvertently empowering adversaries or stifling American innovation.

We appreciate your attention to this matter and stand ready to work with you and your team to achieve balanced, effective policies that bolster U.S. leadership in emerging technologies while protecting our national security.

Sincerely,

TechNet
Computer & Communications Industry Association (CCIA)
Information Technology Industry Council (ITI)
Semiconductor Industry Association (SIA)
Software & Information Industry Association (SIIA)

Cc:

The Honorable Antony Blinken, U.S. Secretary of State
The Honorable Gina M. Raimondo, U.S. Secretary of Commerce
The Honorable Shalanda Young, Director of the U.S. Office of Management and Budget
U.S. Senate Committee on Banking, Housing, and Urban Affairs
U.S. House Committee on Foreign Affairs

¹ E.O. 14094 “Modernizing Regulatory Review” April 6, 2023