May 23, 2023

The Honorable Antony Blinken
Secretary
Department of State
2201 C Street NW
Washington, DC 20520

Dear Secretary Blinken:

The undersigned organizations write regarding the Department of State's ("Department") implementation of the International Technology Security and Innovation Fund ("ITSI Fund"). The ITSI Fund is instrumental in strengthening the international supply chain for semiconductor and telecommunications and information and communications technology ("ICT") networks. We applaud the Department's continued leadership in enhancing United States global competitiveness, securing supply chains, and bolstering national security.

Effective implementation of the ITSI Fund is crucial, considering the CHIPS and Science Act appropriated $500 million over five years to carry out this program. We believe that the Department could take the following actions to maximize the impact of the ITSI Fund and deliver immediate and tangible results.

First, the Department should identify projects and opportunities that are likely to generate high-profile and high value success stories aimed at ensuring technological innovation and resiliency to secure early wins with the ITSI Fund. This will provide an important signal to Congress about the value of the ITSI Fund to ensure the long-term viability and bipartisan support for the program.

Second, U.S. leadership and strong international cooperation are essential to maintaining a stable, reliable supply chain for semiconductors. Through the ITSI Fund, the Department should collaborate with allied and partner nations to diversify and secure upstream and downstream elements of the semiconductor supply chain. The Department should prioritize projects that enhance semiconductor supply chain resiliency and shore-up the broader ecosystem, such as ensuring the steady supply of critical minerals, encouraging regulatory reform to support foreign investments, and cultivating a robust talent pipeline.

Third, several federal grant programs pertaining to broadband and semiconductors include significant, and often detrimental, requirements and preferences unrelated to the objectives of the program. We strongly encourage the Department to ensure that the implementation of the ITSI Fund adheres closely to the

statutory text, congressional intent, and the broad national security and supply chain objectives of the Fund.

Finally, regarding the implementation of telecommunications grant projects, we have two specific recommendations. First, the Department should prioritize direct grants with the ITSI Fund instead of utilizing federal loan facilities, such as the Export-Import Bank or the Development Finance Corporation. Both of these facilities face challenges in effectively supporting projects with limited creditworthiness, which are the types of projects that other jurisdictions sometimes are able to pursue. Second, building on the National Strategy to Secure 5G, we are committed to an open, free, secure, reliable, interoperable Internet. The implementation of the ITSI Fund requires trustworthy supply chains for 5G and next-generation wireless networks, including through Open Radio Access Networks (Open RAN) and other international efforts to diversify the telecommunications supply chain. Consequently, the Department should prioritize funding for global deployments of Open RAN and trusted 5G networks instead of just testing, in order to catalyze and accelerate the adoption of open, interoperable, and standards-based technologies and networks.

The effective implementation of the ITSI Fund, especially in its early stages, is critical to American competitiveness and national security. Early program wins will also ensure Congressional support for the long-term durability of the ITSI program. We appreciate your consideration of our recommendations, and if you have any questions, please do not hesitate to reach out to the Matt Furlow, Policy Director of the U.S. Chamber Technology Engagement Center, at mfurlow@uschamber.com.

Sincerely,

Jordan Crenshaw
Senior Vice President, Chamber
Technology Engagement Center (C_TEC)
U.S. Chamber of Commerce

Katie McAuliffe
Senior Director, Telecommunications
Policy
Information Technology Industry Council