

# THE PRESIDENT'S EXPORT COUNCIL

WASHINGTON, D.C. 20230

June 29, 2023

The President of the United States of America  
The White House  
Washington, DC 20500

Dear Mr. President,

We applaud your Administration for taking historic action to support investments in technology, innovation, and R&D. With the passage of landmark legislation,<sup>1</sup> we have a once-in-a-generation opportunity to enhance U.S. competitiveness, revitalize domestic manufacturing, and advance science and innovation as central components to our national identity. To build on the current investments and further strengthen U.S. competitiveness in innovation and technology, the PEC recommends the following:

## **Align Export Promotion and Development Programs with Place-Based Investments and Competitiveness Initiatives**

Place-based initiatives and strategic actions taken by the Administration<sup>2</sup> have the potential to transform local economies through innovation and energize America's export engine, further supporting job growth and local economic development. The PEC recommends that the Department of Commerce align export promotion programs with these place-based investments and competitiveness initiatives, which can connect American production with global demand for these goods and services. Potential opportunities include the following:

- Facilitate the ability for place-based programs to engage with the International Trade Administration's U.S. Foreign and Commercial Service representatives, and its established nationwide programs to support early-stage companies through the creation of localized steering committees;
- Connect regional initiatives to peers designing and implementing best practice strategies for export promotion;
- Provide support to the leadership of these regional initiatives to incorporate export promotion training and service, including by leveraging available International Trade Administration resources, in relevant business development, innovation and workforce programs;
- Link regions with a focus on specific critical technologies with relevant sector-based inbound trade missions and other relevant export initiatives; and
- Encourage regional innovation programs to explore how public-private partnerships focused on workforce development, such as training and registered apprenticeship

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<sup>1</sup> Recent legislation focused on innovation include the CHIPS and Science Act, the Infrastructure Investment and Jobs Act (IIJA), and the Inflation Reduction Act (IRA).

<sup>2</sup> For example, the Economic Development Administration's (EDA) Build Back Better Regional Challenge and Regional Innovation and Technology Hubs (Tech Hubs) and the National Science Foundation's Regional Innovation Engines program anchor the Administration's comprehensive strategy.

programs, supply chain revitalization, entrepreneurship and translational research can be adapted to strengthen regional export capacity.

Where applicable, place-based initiatives and export promotion efforts should also be linked to and require formal engagement and consultation with Native American Tribes, Tribal enterprises and colleges, Native American trade organizations, and Native American-owned businesses, working with various agencies as appropriate.

### **Increase Capacity in Manufacturing at the Technical Frontier and Address Standards Barriers**

For the United States to remain globally competitive, we must manufacture innovative products here in the United States that are in demand around the world. While we are ranked second on the UN's WIPO Global Innovation Index,<sup>3</sup> the PEC sees an opportunity for the United States to increase our capacity in manufacturing at the technical frontier, including in semiconductors, advanced communications, electric vehicles, advanced battery technologies, advanced composite technologies, metal additive manufacturing, and others.

We strongly encourage the Administration to work with public, private sector, and labor partners to incentivize and invest in innovation trajectories, standards, and design platforms that support U.S.-based manufacturing and reduce supply chain vulnerabilities. For example, robust, resilient, and secure semiconductor supply chains are necessary to guarantee long-term access to secure and reliable components. The U.S. is taking critical actions towards this end, including through legislation such as the CHIPS Act. In addition, however, it is critical the U.S. Department of Defense complement these positive efforts with supply chain illumination and the prioritization of the use of secure and reliable components.

Standards underpin economic prosperity and fortify U.S. leadership across industries. Industry led, global, open, and transparent standardization systems promote export growth, yet standards are often wielded as non-tariff trade barriers to U.S. goods and services. The lack of acceptance of U.S. standards is a major barrier to increasing U.S. exports. To promote export growth, the PEC recommends increased U.S. Government engagement with trading partners to address standards barriers and the lack of acceptance of U.S. standards, in key sectors that create U.S. manufacturing jobs.

### **Support and Expand Exports of Technology-Enabled Services**

The export of U.S. services to global markets is another innovation-driven opportunity to boost employment and drive the overall growth of the American economy. The United States provides roughly 30 percent of the world's services (more than any other country), which in 2022 totaled \$924.2 billion providing the U.S. economy with a trade surplus of \$243.7 billion.<sup>4</sup> The U.S. creative content industries are a leading example of U.S. services exports, with sales to overseas markets of U.S. motion pictures, television and music adding \$1.8 trillion to the U.S. economy in 2021. Innovation in distribution is further expanding the global export of U.S.-created services.

<sup>3</sup> [https://www.wipo.int/global\\_innovation\\_index/en/2022/](https://www.wipo.int/global_innovation_index/en/2022/)

<sup>4</sup> <https://www.bea.gov/news/2023/us-international-trade-goods-and-services-december-and-annual-2022>

This is underscored by the fact that most of the subscriber growth for video streaming services is taking place outside the United States. This is driving increased uptake of high-speed mobile and fixed-line broadband around the world while simultaneously supporting economic growth in the United States.

Creating a policy environment conducive for services exports will allow the United States to leverage these growing opportunities. The PEC notes that countries around the world with policy frameworks supporting market entry, proper regulation, cross-border data flows, and strong intellectual property protections attract more services exports from the United States. Past U.S.-negotiated trade agreements, including labor enforcement provisions, have helped ensconce these principles in major markets.

The PEC, therefore, recommends the Administration consider opportunities to promote U.S. services exports as part of both existing and future trade negotiations and provisions. This should include how best to promote the safe and secure flow of data. It is of particular importance that cross-border data transfer arrangements be established that ensure companies can compete in the global economy effectively while also protecting personal data. To that end, continued engagement in bilateral initiatives such as the U.S.-EU Trade and Technology Council are of utmost importance in aligning international business operating environments to provide U.S. companies with a clear set of rules when conducting business abroad. It is also critical that we engage in these initiatives while also protecting and promoting the economic security of domestic jobs, including strong protections of workers' rights.

### **Strengthen U.S. Leadership in Data, Privacy, and Emerging Technology Regulation and Governance**

Increasing our exports of technology-enabled services will also require that we strengthen U.S. leadership in data, privacy, and emerging technology regulation and governance, including strong protections for personal data.

In areas of emerging technology, private companies often led in standards development and best practices. At the same time, federal policymakers often have access to sensitive information regarding the national security implications of emerging technology. Therefore, when establishing regulatory frameworks, policymakers should work with industry and labor to prioritize plurilateral cooperation with trading partners and effectively protect sensitive technology while supporting the responsible acceleration of the deployment of use cases for emerging technologies across various industry sectors. In doing so, we should create a policy environment that promotes global competitiveness, incentivizes domestic innovation and grows quality domestic jobs. The Administration should also consider reinstating the President's Export Council Subcommittee on Export Administration (PECSEA) to understand the potential unintended consequences of export control actions on U.S. exports and identify options for improving cooperation with our partners to strengthen the defense industrial base. Through the PECSEA, the Administration should seek advice on whether evolving next generation defense capabilities and technologies require changes to current U.S. policy, export control licensing requirements, or any other potential barriers that may preclude U.S. companies from fully maximizing working with Allies and Partners.

In the burgeoning field of Artificial Intelligence (AI), the U.S. is once again presented with an opportunity to establish itself as a leader in technology development, global governance and standard setting. We commend the information-gathering actions<sup>5</sup> taken to support the development of AI accountability mechanisms and enhance trust and safety in AI systems. We recommend that the Administration take a proactive and collaborative stance, working together with researchers, developers, companies, labor, and users to craft sensible, workable, risk-based, and enforceable rules around AI that ensure its responsible and ethical use. By being the first to establish tangible mechanisms for AI governance, the U.S. can lead with allies and partners and ensure U.S.-based exporters have the most conducive environment in which to do business.

### **Establish Innovation and Manufacturing Coordinator to Oversee and Ensure a Whole of Government Approach to Promote Innovation and Manufacturing**

Finally, the PEC recognizes that as the technology, innovation and manufacturing landscape continues to shift, it is critical that the Federal government ensure alignment between innovation and/or industrial policy initiatives and current or forthcoming regulations. This is essential to the development, scale-up, and domestic production of these technologies and solutions, and will ensure the resultant export opportunities are fully realized and maximized. As such, the PEC recommends the establishment of an Innovation and Manufacturing Coordinator to oversee and ensure a whole-of-government approach to innovation and manufacturing policy, planning, and budgeting, including the alignment and implementation of all related industrial policies and regulatory initiatives.

Thank you for your consideration of these recommendations.<sup>6</sup> We look forward to working with you on leveraging the unique opportunities that exist to strengthen U.S. competitiveness in technology and innovation.

Sincerely,



Mark Ein, Chair

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<sup>5</sup> These actions include the White House Office of Science and Technology Policy Blueprint for an AI Bill of Rights, the National Institute of Standards and Technology AI Risk Management Framework, and other activities from the U.S. Department of Commerce and others.

<sup>6</sup> This letter was prepared by the Presidentially-appointed members of the PEC.