

Before the
EXPORT-IMPORT BANK OF THE UNITED STATES
Washington, DC 20571

In the Matter of

Information Request on U.S. and Foreign)
Content in Transformational Exports) Docket No. EIB-2021-0001

**COMMENTS OF THE
TELECOMMUNICATIONS INDUSTRY ASSOCIATION**

The Telecommunications Industry Association (“TIA”)¹ welcomes this opportunity to provide comments to the Export Import Bank (“EXIM”) of the United States in response to the Request for Information (“RFI”) seeking further feedback regarding the implementation of the “Program on China and Transformational Exports” program.² TIA represents trusted, global manufacturers and vendors of ICT equipment and services that empower communications networks worldwide. Our members have diverse global supply chains – including substantial R&D and manufacturing in the United States – and sell around the world in key areas related to the focus of EXIM’s program including artificial intelligence, high performance computing, semiconductor design and fabrication, and wireless communications equipment. TIA’s comments in this docket will focus on this last area, wireless telecommunications equipment, as all TIA members are connected in some way to this sector, and the security and the global

¹ TIA is the leading trade association for the information and communications technology (“ICT”) industry, representing companies that manufacture or supply the products and services used in global communications across all technology platforms. TIA represents its members on the full range of policy issues affecting the ICT industry and forges consensus on voluntary, industry-based standards.

² Export-Import Bank of the United States, Information Request on U.S. and Foreign Content in Transformational Exports; 86 Fed. Reg. 21,732 (April 23, 2021) (available at <https://www.federalregister.gov/documents/2021/04/23/2021-08418/information-request-on-us-and-foreign-content-in-transformational-exports>).

competitive concerns of the industry merit differentiated treatment from an export credit perspective.

Given the diverse nature of TIA's membership, we are not able to provide a comprehensive perspective on data-focused questions raised in the RFI. Instead, we will provide some recommendations with respect to the scope of implementation of EXIM's transformational export area principles. **TIA believes that EXIM should promote an ambitious and expansive implementation of the bank's export area principles for the wireless communications sector because of the compelling need to support global security and U.S. competitiveness.** TIA members have noted that – despite the best efforts of EXIM staff – many companies remain persistently unable to access export credit from the bank. In contrast, untrusted and government-affiliated competitors in this sector from the People's Republic of China have access to near-infinite state funds, allowing them to sell equipment at or under cost. In their reporting on the topic, the *Wall Street Journal* found that China's Huawei has benefited from \$75 billion in subsidies from the Chinese government over the year, \$46 billion of which came from subsidized loans, credit lines, and other support from state lenders.³ Based on this reporting and EXIM's FY2021 budget request, the credit provided by China's policy banks and export credit agencies to Huawei alone over the years is more than 455 times the entire budget of EXIM.⁴

The primary issue with the program as scoped is that many trusted manufacturers operating in the United States are unable to satisfy the content requirements as outlined in the program requirements because of the narrow scope of the current definitions. TIA proposes that

³ Chuin-Wei Yap, *State Support Helped Fuel Huawei's Global Rise*, The Wall Street Journal (Dec. 25, 2019), (available at <https://www.wsj.com/articles/state-support-helped-fuel-huaweis-global-rise-11577280736>).

⁴ Export-Import Bank of the United States, Congressional Budget Justification for Fiscal Year 2021 (February, 2020), (available at <https://www.EXIM.gov/sites/default/files/congressional-resources/budet-justification/EXIM%20FY%202021%20Congressional%20Budget%20Justification%20February%202020.pdf>).

EXIM update its content policy to value aspects other than manufacturing and assembly including areas such as management, training, deployment, design, quality control, intellectual property, software, and other intangible assets.

Outside of content concerns, TIA supports the RFI's suggestion of more expansive implementation principles that would allow EXIM to support goods in a U.S. exporter's contract that ship directly from a third country to a foreign buyer.⁵ This revised interpretation of the program's rules would support trusted vendors as they leverage global supply chains to compete in this price-sensitive sector, while at the same time supporting high-value U.S. jobs that are integral to the ICT supply chain. Ensuring that these export credits are competitive with those offered by China is also essential to designing a useful credit. To that end, TIA supports the proposition, articulated in the National Strategy to Secure 5G Implementation Plan, of the Program on China and Transformational Exports "matching a Chinese competitor's financial terms to help level the playing field for U.S. exports."⁶ Finally, TIA applauds the efforts by EXIM to create collaborative relationships with other global export credit agencies and hopes that this can be further accelerated to support trusted manufacturers. We anticipate that bilateral and multilateral convenings such as the Quad Technology Strategy Group, the G7, the EU-US Trade, and Technology Council will further enhance integrated support for trusted vendors in concert with America's partners and allies.

⁵ Export-Import Bank of the United States, Information Request on U.S. and Foreign Content in Transformational Exports; 86 Fed. Reg. 21,732 (April 23, 2021) (available at <https://www.federalregister.gov/documents/2021/04/23/2021-08418/information-request-on-us-and-foreign-content-in-transformational-exports>).

⁶ National Telecommunications and Information Administration, National Strategy to Secure 5G Implementation Plan (January 19, 2021), (available at: https://www.ntia.gov/files/ntia/publications/2021-1-12_115445_national_strategy_to_secure_5g_implementation_plan_and_annexes_a_f_final.pdf).

TIA appreciates the continued hard work by staff at the Export Import Bank and other involved agencies as they continue to work to ensure that these credits can support U.S. competitiveness. We stand ready to work with the Bank to support American leadership in wireless communications exports where opportunities arise, and we look forward to engaging with the Bank on this topic in the future.

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Filed: May 14, 2021