

Congress of the United States
Washington, DC 20515

January 22, 2018

The Honorable David S. Johanson
Chairman
U.S. International Trade Commission
500 E Street, SW, Room 112-A
Washington, DC 20436

Dear Chairman Johanson:

We write to express our concerns surrounding the International Trade Commission's (ITC) consideration whether to grant Qualcomm Technologies Inc.'s exclusion request of Apple Inc.'s iPhones containing baseband chipsets supplied by Intel Corporation. The ITC's decision is crucial to ensuring that a competitive marketplace exists for baseband chipsets in the United States, especially as our nation strives to lead the way in developing innovative 5G cellular technologies and applications.

Continued U.S. leadership in 5G technology advancement represents significant possibilities for economic growth, but also raises critical national security risks, especially as countries like China seek to control 5G development. Currently, there are only two suppliers of premium baseband chipsets for smartphones in the U.S., Qualcomm and Intel. Companies must be able to source components from a competitive market of trusted suppliers. Allowing free-market principles to govern the baseband chipset market will encourage further development of innovative 5G technologies and further spur competitive pricing. However, allowing Qualcomm's exclusion order to take effect will only serve to remove Qualcomm's lone competitor in the baseband chipset marketplace and increase risks to our economic and national security.

As the Congressional Semiconductor Caucus stated in a December 2017 letter, "[s]emiconductors form the foundation of the digital infrastructure our country depends on for economic growth, productivity, and solutions to societal and governmental challenges."¹ Moreover, as officials in our defense department have stressed, semiconductors are "the backbone of the defense electronics industry" and "underlie much of America's modern military leadership technology."²

¹ December 6, 2017 letter from Pete Sessions and Zoe Lofgren, Co-Chairs of the Congressional Semiconductor Caucus, to Rodney Frelinghausen and Nita Lowey.

² *Electronics Industry Study Report: Semiconductors and Defense Electronics*, The Industrial College of the Armed Forces, National Defense University (2003); Defense Science Board Task Force, *High Performance Microchip Supply*, Office of the Under Secretary of Defense for Acquisition, Technology and Logistics (2005), at 1.

Furthermore, the Committee on Foreign Investment in the United States (CFIUS) recently blocked Broadcom Inc.'s attempt to acquire Qualcomm on national security grounds related to 5G development and its impact on our military. CFIUS concluded that any "[r]eduction in Qualcomm's long-term technological competitiveness and influence in standard setting would significantly impact U.S. national security" because it would "leave an opening for China to expand its influence on the 5G standard-setting process."³ Eliminating Intel from the U.S. baseband chipset marketplace poses similar concerns for our national security and competitive interests, which must be considered during the ITC's determination process.

The potential harms to competition and U.S. economic and national security interests should weigh heavily in the ITC's determination. As such, we respectfully urge the ITC to take full account of the public interest harms that an exclusion order present to the U.S. baseband chipset marketplace and our national security. We appreciate your attention to this matter and your timely response. Thank you.

Sincerely,



Ken Buck
Member of Congress



Lamar Smith
Member of Congress



Mark Meadows
Member of Congress



Doug Lamborn
Member of Congress



Matt Gaetz
Member of Congress



David Schweikert
Member of Congress



Roger Williams
Member of Congress

³ March 5, 2018 letter from Aimen Mir, Deputy Assistant Secretary of Investment Security to Mark Plotkin and Theodore Kassinger.