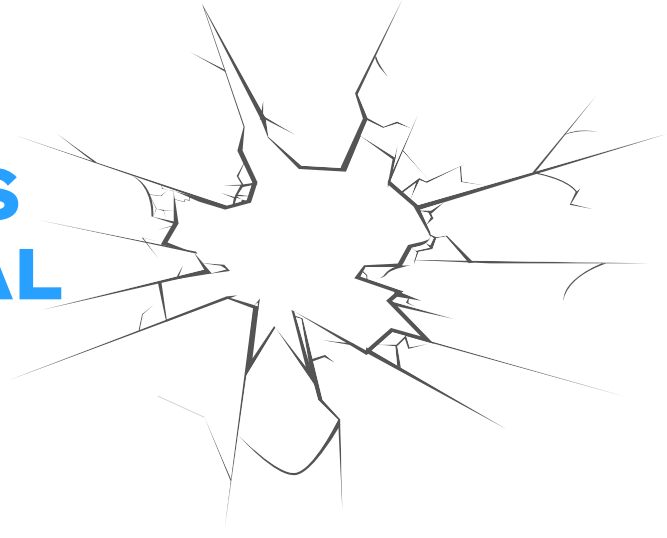


Senator Tillis, Experts:

AICOA RAISES SERIOUS CONCERNS FOR GLOBAL COMPETITIVENESS

(S. 2992 AND H.R. 3816)



Senators Klobuchar, Grassley, and other cosponsors recently introduced S. 2992, "The American Innovation and Choice Online Act" (AICOA) to the Senate Judiciary Committee for markup.

Senator Tillis expressed strong concerns:

"I have concerns with this specific bill as it's currently drafted. I believe the bill overreaches and it needs further refinement before it is considered by the full Senate."

"This bill is styled as an innovation and choice bill, yet it would disrupt the leading players in our digital economy at a time when we need all hands on deck. Big can be, and many times is bad. But big is not always bad. Anti-competitive behavior is bad. Hyper-competitive behavior in this landscape is good and we need to make sure that we distinguish the differences."

"We need to be focused on maintaining U.S. global technology leadership and supporting innovation. The bill as it is currently drafted risks stifling innovation, curbing investments that would stimulate our nation's leading research and development community."

Experts agree:

Robert O'Brien

Former White House National Security Advisor

"Cloaked in antiquated interpretations of U.S. antitrust law, these bills hand increased authority to bureaucrats at the Federal Trade Commission and lay the groundwork for dismantling America's most successful technology companies—the ones at the forefront of the race to retain U.S. dominance in fields such as quantum and AI. Chinese firms like Tencent, Bytedance, Alibaba, Huawei and Baidu are seeking to supplant U.S. companies and would have an open field world-wide and in America if these bills pass."

Keith Kratch

Former Under Secretary of State for Economic Growth, Energy, and the Environment

"The first thing we got to make sure is that we don't handcuff our businesses. And I know there is some legislation that says things like 'software companies have to always open up their interfaces'. That means the Chinese can always get the data. Or that you can't make an acquisition. We have to be careful."

H.R. McMaster
Former National Security Advisor

"We are in the midst of competition with countries that do not share our values and our principles, and so it's important for us to maintain our competitive advantages."

Jeffrey Westling and Juan Londoño
American Action Forum

"Further, as more third parties gain access to these stores and services, malicious actors could find new avenues to reach unsuspecting consumers, undermining their security and privacy. This in-turn would lower consumer trust in the marketplace or service, hurting smaller firms and sellers who rely on the authority derived from being in that marketplace or store. If, for example, a consumer can no longer value the reputability that comes with being admitted to a service, consumers would just go to large, well-known brands instead of smaller sellers and vendors with which the consumer has no existing relationship. While intending to help these businesses and services, the bill would instead make it harder for them to compete, leaving consumers with worse options at higher costs."

Wayne Brough
R Street Institute

"AICOA's restrictions lower the overall level of competition in the marketplace, leaving consumers worse off while reducing innovation. The legislation assumes that rival companies will step into the breach and fill new niches as markets evolve, but it must be remembered that the research and development (R&D) budgets of the covered platforms are significantly larger than the budgets of smaller firms. Restricting the ability of covered platforms to invest in changes to their products or in other lines of business on their platforms will have an adverse effect on innovation. At the same time, rules that fragment the existing online ecosystem can generate higher costs and reduce consumer welfare."

Karen Kerrigan
Small Business & Entrepreneurship Council

"The visible rush to move S.2992 out of committee despite numerous serious concerns expressed by Senators is a disturbing development. As noted by both Democrats and Republicans on the committee, the legislation did not receive a full hearing, which brought up various significant issues. These concerns include the bill's lack of clarity, confusion about what companies are covered, what triggers illegality, how provisions will benefit Chinese competitors, and how provisions will lead to the exposure of data and IP. Moreover, it was correctly noted that the bill is more about protecting competitors rather than consumers, and it will provide federal regulators with expansive new powers."

Matt Schruers

Computers & Communications Industry Association

"This bill still disregards the principles that have governed the U.S. market economy, and led to a successful tech industry. It tosses out previous consumer-focused considerations and instead jeopardizes popular products and services."

"Even as this legislation is being rushed to a markup, more experts are questioning the wisdom in hamstringing a few U.S. companies, forcing them to share data and other information with foreign rivals. That may work as a political strategy, but it is not a sound economic or security strategy."