

**Opening Statement of Chair Cathy McMorris Rodgers
As Prepared for Delivery
Committee on Energy and Commerce
Subcommittee on Innovation, Data, and Commerce
Hearing entitled “Building Blockchains: Exploring Web3 And Other
Applications For Distributed Ledger Technologies”
June 7, 2023**

Good morning and welcome to today’s hearing.

This committee plays a vital role in advancing American competitiveness and global technological leadership.

Blockchains, web3, and other applications of distributed ledger technologies represent a new technological shift comparable to the breakthrough of the internet.

We need to ensure that America -- not China or Europe -- is charting our path to lead in the deployment and standard setting of these technologies.

Our mission on Energy and Commerce is to help foster and promote innovation and American technological leadership.

We led on passing the Telecommunications Act of 1996....

...which was foundational to the evolution of the internet.

The innovation and entrepreneurship that followed represented some of the greatest accomplishments in American history, and the world.

We must ensure we can lead the next era of American innovation and entrepreneurship with a regulatory environment that keeps pace with the constantly evolving tech sector.

That’s especially true with blockchains.

For this reason, in 2016, the Energy and Commerce Committee held one of the first Congressional hearings on blockchains.

In the years since, the technology has continued to advance as entrepreneurs have found new and exciting applications.

Additionally, at the end of 2020, my legislation, the American COMPETE Act, was signed into law...

...which required the Department of Commerce to study ways the U.S. can advance several emerging technologies.

Part of the legislation in the package, led by Representatives Guthrie and Soto....

requires a study on blockchains and ways the Federal government could promote American leadership and adoption.

We continue to wait for this forthcoming report from the Biden Administration to provide the Committee with pro-innovation recommendations.

Unfortunately, the report is now far beyond its statutory deadline, as well as the requested extension we allowed.

As with any new technology, it is vital that we move quickly.

While the U.S. led in the creation of the internet, we could easily fall behind with web3, the next generation of the internet.

According to public filing data, less than 40 percent of blockchain companies are headquartered in the U.S., and that number continues to decline.

As we saw with Huawei and 5G, when we don't lead, our adversaries fill the void.

It is critical that America leads, especially given the implications of these new technologies.

Big Tech has developed tools that interact to track Americans both online and offline.

Technologies like distributed ledgers can align with the goals of comprehensive data privacy legislation...

... by enabling people to reclaim control over their personal online data...

...and limiting any one company's ability to control and collect the information that we share online.

As these technologies are deployed, and the U.S. develops standards to regulate them, we also have a responsibility to ensure entrepreneurs and small businesses can continue to thrive.

While larger companies can navigate complicated regulations, like GDPR in Europe or a patchwork of state laws...

...smaller businesses cannot afford the high compliance costs.

Embracing innovation, entrepreneurship, and free markets is what's made America a global technological leader... not overly prescriptive regulations...

While securities and commodities are just one of the many use cases of blockchain technologies, there is a reason the Gramm Leach Bliley Act doesn't regulate, nor should it, the use of Americans' personal information outside of the financial sector.

Congress needs to have a conversation about what blockchains are, and are not, to ensure the heavy hand of government regulation doesn't force blockchain startups to re-evaluate if America is the best location to begin their business.

When this committee worked on the Telecom Act, we never could have predicted the power of the internet.

Now, as then, we do not know how powerful blockchain technologies will be, but we should ensure that America is leading the way.

I look forward to an informative discussion today.

I yield back.