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6 THE FISCAL YEAR 2025 DEPARTMENT OF COMMERCE BUDGET

7 WEDNESDAY, JUNE 26, 2024

8 House of Representatives,

9 Subcommittee on Innovation, Data, and Commerce,

10 Committee on Energy and Commerce,

11 Washington, D.C.

12

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15 The subcommittee met, pursuant to call, at 10:07 a.m. in

16 2123 of the Rayburn House Office Building, Hon. Gus

17 Bilirakis, [chairman of the subcommittee] presiding.

18

19 Present: Representatives Bilirakis, Bucshon, Walberg,

20 Duncan, Lesko, Fulcher, Harshbarger, Obernolte, James,

21 Rodgers (ex officio); Schakowsky, Castor, Dingell, Kelly,

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22 Soto, Trahan, Clarke, and Pallone (ex officio).

23

24 Also present: Representatives Carter, Griffith, Joyce,
25 and Tonko.

26

27 Staff Present: Sarah Burke, Deputy Staff Director; Nick
28 Crocker, Senior Advisor and Director of Coalitions; Nate
29 Hodson, Staff Director; Tara Hupman, Chief Counsel; Sean
30 Kelly, Press Secretary; Alex Khlopin, Clerk; Emily King,
31 Member Services Director; Tim Kurth, Chief Counsel; Brannon
32 Rains, Professional Staff Member; Lacy Strahm, Professional
33 Staff Member; Teddy Tanzer, Senior Counsel; Hannah Anton,
34 Minority Policy Analyst; Keegan Cardman, Minority Staff
35 Assistant; Daniel Greene, Minority Professional Staff Member;
36 Tiana Hicks, Minority Intern; Lisa Hone, Minority Chief
37 Counsel; Caroline Oliver, Minority Intern; Joe Orlando,
38 Minority Junior Professional Staff Member; and Grace
39 Schneider, Minority Intern.

40

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41 *Mr. Bilirakis. The subcommittee will come to order.

42 The chair recognizes himself for an opening statement.

43 Good morning, everyone.

44 *Secretary Raimondo. Good morning.

45 *Mr. Bilirakis. Good morning, Madam Secretary. We
46 appreciate you being here. Thank you so much.

47 I would like to welcome everyone to today's hearing,
48 where we will be examining and discussing the Department of
49 Commerce's Fiscal Year 2025 budget request. I want to thank
50 Secretary Raimondo for appearing before us. I look forward
51 to conducting important congressional oversight of this
52 agency as we look to find ways to strengthen our economy and
53 compete on the global stage.

54 This committee has been active on both fronts. Last
55 month the House passed H.R. 6571, the Promoting Resilience
56 Supply Chain Act, led by Representatives Bucshon and Blunt
57 Rochester, which would establish a mapping program at the
58 Department of Commerce to examine our supply chains to better
59 prepare our economy for any future shocks that we may see.
60 Monitoring these trends will help protect us from reliance on
61 our nation's enemies, and instead help industries to adapt

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62 quickly.

63 The Department would also be tasked with partnering with
64 the private sector to better understand the vulnerabilities
65 in our supply chains, including supply chains for emerging
66 technologies, and provide recommendations for promoting
67 emerging technologies and making critical supply chains more
68 resilient and closer to home.

69 Secretary Raimondo, again, thank you for being here
70 before us to discuss these issues. I am interested to hear
71 from you on these supply chain issues, as well as the state
72 of our country's global competition with China and the status
73 of our travel and tourism sector.

74 Last Congress we worked on a bipartisan basis with
75 Representative Schakowsky, our ranking member, to pass the
76 Restoring Brand USA Act and the Visit America Act to ensure
77 the U.S. remains a top destination for visitors around the
78 globe, and that we have oversight mechanisms and a plan in
79 place at Commerce to prepare the nation for the next decade
80 in travel and tourism trends.

81 I am concerned that the U.S. is starting to lag behind
82 other top nations in the travel sector, unfortunately, and I

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83 look forward to discussing ways to modernize and advance our
84 nation's tourism priorities through your Department by
85 reducing red tape and bureaucratic barriers, and instead
86 embrace the power of our private sector and our greater --
87 our great local economies.

88 Lastly, I hope to be able to discuss the continued
89 importance of American leadership in emerging technologies
90 such as blockchain, AI, and quantum computing. Our
91 subcommittee has again conducted bipartisan work on these
92 topics, including passing H.R. 6571, the Deploying American
93 Blockchains Act, in May, which will direct the Department of
94 Commerce to take action in promoting U.S. competitiveness in
95 the deployment and use of blockchain technologies. We cannot
96 cede American leadership in these fields -- I know you know
97 that -- and it is critical that we continue to employ new
98 strategies that let innovators thrive here in the United
99 States.

100 That also includes the critical infrastructure
101 manufacturing necessary to develop these emerging
102 technologies. Representative Miller-Meeks's bill that we
103 passed would do just that by finding pathways to increase our

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104 capacity for domestic manufacturing, reducing barriers to
105 entry, and becoming less reliant on countries like China for
106 critical components necessary for these innovations to
107 continue.

108 With all of these pieces of legislation, I hope we can
109 get those passed -- we have got to get it past the Senate and
110 across the finish line to the President's desk. Secretary
111 Raimondo, I look forward to hearing from you about how we can
112 align these goals, secure American leadership, reduce red
113 tape for industry stakeholders. We cannot let a top-down
114 approach get in the way, and I hope that we can instead let
115 the American innovative economy thrive. The budget needs to
116 reflect these key priorities without breaking the bank, and I
117 am interested to hear from your perspective.

118 [The prepared statement of Mr. Bilirakis follows:]

119

120 *****COMMITTEE INSERT*****

121

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122 *Mr. Bilirakis. So with that I will yield back, and I
123 will recognize the gentlelady from Illinois, the ranking
124 member of the subcommittee, Ms. Schakowsky, for her five
125 minutes, her opening statement.

126 You are recognized.

127 *Ms. Schakowsky. Thank you, Mr. Chairman, and it is
128 really an honor and a pleasure for me to welcome Secretary
129 Raimondo to our subcommittee today.

130 I really look forward to hearing what you have to say.
131 I want to start with just a thank you. You have been to my
132 district and to the Chicago area a number of times, and I
133 know you are traveling, as well, to hear from people, from
134 workers, from manufacturers about what needs to be done. And
135 the fact that you are out there is so very, very important.
136 I appreciate it so much. And I also just want to compliment
137 you on the incredible work that I think the Department of
138 Commerce is doing right now. Let me just list a couple of
139 the things that are so, so incredibly important.

140 We are looking at the issues of -- let me get my list
141 here -- we are talking about tourism. We are all interested
142 in being promoted, and the work that you are doing there. In

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143 the supply chain, which you have done great work in making
144 sure that it is more resilient. The artificial intelligence,
145 making it safer and more reliable. And high-speed Internet
146 for all, which is certainly a priority of all of ours. So I
147 want to thank you so much for those important things. I
148 think that it will lower the cost for consumers and be good
149 for our economy.

150 And then, of course, I want to mention the 800,000
151 manufacturing jobs. This is such a remarkable advance, and
152 that is probably one of the most important things that I want
153 to highlight.

154 I did want to -- let's see, what is that? I wanted to
155 say I am very disappointed that the Republicans have
156 suggested that, in the light of all the success, that they
157 actually want to diminish your budget. And we are looking at
158 a recommendation of a nine percent decrease in the budget.
159 We really can't afford to do that, and I am disappointed that
160 that is on the table, especially since they are asking you to
161 do more and more and more. You can't do it without the money
162 that is so desperately needed to make it happen.

163 I did want to mention one issue that has been raised to

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164 me by some of my friends -- and your friends also -- in
165 labor, who have been concerned that, when it comes to the
166 chips workers -- and I want to -- I will ask you a question
167 about that -- that they are not getting what they need right
168 now, they say, in the way of safety, in the way of wages, in
169 the way of the hours that they are asked to spend in
170 dangerous situations. So I will want to talk a bit about
171 that when we get to the Q and A.

172 But overall, I just want to thank you for all of your
173 tireless efforts to make sure that we are advancing our
174 economy and doing the kinds of things that we need to create
175 the jobs that we need in our country right now, and I want to
176 thank you so much for that.

177 [The prepared statement of Ms. Schakowsky follows:]

178

179 *****COMMITTEE INSERT*****

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181 *Ms. Schakowsky. And with that I am just going to yield
182 back.

183 *Mr. Bilirakis. I thank the ranking member, and now I
184 will recognize the chair of the full committee, Mrs. Rodgers,
185 for five minutes for her opening statement.

186 *The Chair. Thank you, Chair Bilirakis. I appreciate
187 your continued leadership on so many issues important to this
188 committee, many of which touch the Department of Commerce,
189 like tourism and travel.

190 And welcome back, Secretary Raimondo. We appreciate you
191 being here, and your cooperation with the committee as we
192 work to ensure America's continued economic and technological
193 leadership.

194 This committee plays a vital role in preserving and
195 bolstering that leadership, which is currently being
196 threatened by countries like China. It is critical that we
197 work together to ensure that America is setting the rules of
198 the road for the technologies of tomorrow. In part, that
199 requires that we make sure these technologies are developed
200 here in the U.S. in an ecosystem that promotes America's
201 values.

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202 As you know, this committee has a rich history of
203 bipartisanship, and we have worked this Congress and past
204 Congresses to advance U.S. priorities domestically and
205 internationally. Your Department plays a key role in
206 implementing the policies we advance, from improving data
207 privacy to strengthening supply chains to helping build
208 emerging technologies. Those efforts are essential as we
209 work towards our shared goals of winning the future and
210 beating China.

211 Tomorrow this committee will mark up the American
212 Privacy Rights Act. This bipartisan legislation will not
213 only give Americans the right to privacy and control over
214 their data, but it will also benefit the Department of
215 Commerce when representing American business interests on the
216 world stage.

217 According to the most recent data from the International
218 Association of Privacy Professionals, almost 80 percent of
219 developed countries have some form of comprehensive data
220 privacy on the books, with one very notable exception: the
221 U.S. This lack of comprehensive privacy protections puts us
222 at a competitive disadvantage, and prevents us from clearly

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223 articulating how to balance personal rights with promoting
224 innovation. That is especially true when dealing with allies
225 in the European Union, who can disproportionately influence
226 outcomes through GDPR and other laws. These overly
227 burdensome foreign regulations hamper innovation at the
228 expense of Americans.

229 Passing APRA will send a clear message to the world that
230 we are serious about protecting our data, and provides the
231 opportunity to put our imprint on future international laws
232 like rules on cross-border data flow. If we fail to do this,
233 adversaries will fill the void and weaken our leadership
234 ability, as well as leave Americans' information open to
235 exploitation from them.

236 Getting APRA across the finish line is also essential to
237 our shared goal of cementing U.S. leadership in artificial
238 intelligence. Your goals to promote cutting-edge
239 semiconductor technology through the CHIPS program, as well
240 as your efforts to promote AI safety are not mutually
241 exclusive. We need to ensure America is leading both in
242 semiconductor and AI technology development, and that means
243 bolstering -- fostering a healthy business environment,

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244 securing our supply chains, and streamlining rather than
245 restricting permitting to secure the domestic supply chain of
246 critical materials necessary for these technologies.
247 Otherwise, we will cede our leadership in AI and other
248 technologies of the future to China and others.

249 Money and mandates are not enough. We must have an
250 approach that fosters the culture of ingenuity and
251 entrepreneurship America needs to move our country forward.
252 This subcommittee has worked on several important solutions
253 this past Congress that Chair Bilirakis alluded to, and I
254 hope that we can continue to move these priorities forward to
255 improve the deployment of emerging technologies, encourage
256 foreign investment into American companies, streamline
257 permitting for our critical supply chains, and enhance our
258 nation's cybersecurity.

259 We look forward to working with you on these efforts and
260 continuing to build on the economic legacy that has made this
261 country great. I look forward to hearing your testimony,
262 Madam Secretary.

263 [The prepared statement of The Chair follows:]

264

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265 *****COMMITTEE INSERT*****

266

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267 *The Chair. And I yield back.

268 *Mr. Bilirakis. I thank the chair and now recognize the
269 gentleman from New Jersey, Mr. Pallone, for five minutes for
270 his opening statement.

271 *Mr. Pallone. Thank you, Mr. Chairman. I would like to
272 welcome Secretary Raimondo back to the committee and commend
273 her on her tremendous leadership in growing the American
274 economy for the future and implementing the Historic CHIPS
275 and Science Act.

276 And I really believe that, you know, I see you as the
277 main person in this Administration trying to improve our
278 supply chain and, you know, leading the competitive battle
279 against Beijing, if you will.

280 And this law, of course, the CHIPS and Science Act, was
281 enacted last Congress by President Biden and a Democratic
282 Congress to bolster our economy, lower costs for consumers,
283 create good-paying American jobs, and end our dangerous
284 dependance on foreign manufacturers of critical goods. And I
285 know how hard you fought to get this bill signed into law and
286 past the Congress.

287 So the CHIPS and Science Act strengthens the American

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288 manufacturing supply chain to national security by investing
289 in research and development, science and technology, and the
290 workforce of the future. Congress allocated \$52.7 billion to
291 the Department of Commerce to spur American semiconductor
292 research, development, and fabrication in the United States.

293 For almost two years now, Commerce has been busy
294 implementing this law. To date, the Secretary and the
295 Department have announced more than \$29 billion in grant
296 awards and more than \$25 billion in loans and loan guarantees
297 to 19 projects in 12 states, and these projects are projected
298 to catalyze \$348 billion of total investment and create more
299 than 100,000 good-paying jobs -- manufacturing and
300 construction jobs, I should say -- and that is what success
301 looks like.

302 So thank you, really, I want to thank you.

303 And this surge of investment in American semiconductor
304 research and fabrication is going to help restore American
305 technological leadership in chip production and strengthen
306 this vital supply chain. It will ensure more semiconductors
307 are produced here in the United States and not China. But
308 only one Republican, I should point out, on this committee

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309 supported this legislation, unfortunately.

310 When the COVID-19 public health emergency exposed
311 serious vulnerabilities in our critical manufacturing supply
312 chains, Commerce spearheaded the national response to the
313 crisis. The agency launched a first-of-its-kind supply chain
314 center that serves as the analytic engine for supply chain
315 resilience within the Federal Government. Bipartisan supply
316 chain legislation led by Representatives Blunt Rochester,
317 Kelly, Dingell, Wild, and Bucshon that passed the House in
318 May out of this committee, too, would further supplement
319 Commerce's supply chain efforts.

320 And the Biden Administration has also strengthened
321 export controls on key technologies that could potentially
322 support the military of countries of concern to our national
323 security. The Department is tasked with administering a so-
324 called entity list, which imposes export restrictions on
325 entities that can harm our national security. And since
326 President Biden took office, the Department has added 318
327 entities from the People's Republic of China to this list,
328 more than any other administration.

329 So the Commerce Department is also championing efforts

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330 to strengthen America's travel and tourism industry. I care
331 a lot about it, because I am at the Jersey shore. Commerce
332 has released a National Travel and Tourism Strategy, which
333 sets a 5-year goal of attracting 90 million international
334 visitors who would spend an estimated \$279 billion annually
335 by 2027. The beaches in my congressional district are going
336 to benefit from that, and I am confident that Commerce will
337 meet this ambitious goal.

338 The Department is also playing a crucial role in our
339 continued efforts to ensure every American has access to
340 high-speed, affordable Internet. President Biden and
341 congressional Democrats delivered with the Bipartisan
342 Infrastructure Law, and that allocated nearly \$60 billion to
343 broadband programs operated by NTIA within the Commerce
344 Department. And the agency is working closely with all 50
345 states and the territories to get affordable, high-speed
346 Internet to all Americans.

347 I also wanted to mention the Department is helping build
348 our nation's capacity to evaluate and mitigate the risks of
349 AI, and this is going to help ensure safety, security, and
350 trust while promoting an innovative, competitive AI

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351 ecosystem.

352 Now, all of this work has -- needs money. It has
353 already been mentioned by my colleague from Illinois that,
354 unfortunately, Republican House appropriators have publicly
355 pledged to cut non-defense programs by six percent. The
356 initial allocation for Commerce, Justice, and related
357 appropriations bill is over \$4 billion less than funding
358 levels enacted for this current fiscal year.

359 So if House Republicans were really more serious about
360 being tough on China, they would be increasing Commerce's
361 budget, not slashing it, because that is going to put on the
362 chopping block, you know, policies that foster economic
363 development and create a lot of jobs. So we should be
364 building on the successful policies of the Biden
365 Administration and the Secretary, not undermining them
366 because our competitiveness, our national security, and our
367 economic vitality depends on it.

368 And again, thank you for all the things you have been
369 doing to push all these initiatives that I mentioned.

370 [The prepared statement of Mr. Pallone follows:]

371

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372 *****COMMITTEE INSERT*****

373

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374 *Mr. Pallone. And I yield back, Mr. Chairman.

375 *Mr. Bilirakis. I thank the ranking member.

376 Our witness today is Gina Raimondo, the Secretary of
377 Commerce.

378 Welcome, Madam Secretary. You are recognized for five
379 minutes for your testimony.

380

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381 STATEMENT OF THE HON. GINA RAIMONDO, SECRETARY, U.S.

382 DEPARTMENT OF COMMERCE

383

384 *Secretary Raimondo. Thank you, all of you, thank you.
385 Good morning. It is nice to be here. I have had the
386 opportunity to get to know, I think, almost all of you, and
387 work with you, and I appreciate that.

388 One of the best parts of being Commerce Secretary is it
389 is really bipartisan, right? Working together on
390 manufacturing, competitiveness, countering China, it is all
391 bipartisan. And so it is really my pleasure to be here and
392 to continue to work with you, you know, in the weeks and
393 months ahead, and I want to thank you for your time. Thank
394 you to the chair and to the ranking member and to all of you.

395 We are, as has been said -- and I appreciate all the
396 kind remarks, we are working hard and doing our best -- we
397 are, as you have said, implementing some of the most
398 significant initiatives passed by Congress in the past few
399 years, we at the Commerce Department through the
400 Infrastructure Investment and Jobs Act and through the CHIPS
401 and Science Act. And I want to say, thanks to these laws and

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402 the funding that Congress has provided, we are able to do the
403 work of the American people.

404 The budget that I have before you requests \$11.4 billion
405 in discretionary funding and \$4 billion in mandatory funding
406 for the Department in fiscal year 2025. I know you are not
407 an appropriations committee, but your leadership matters.
408 You have all demonstrated how passionate you are about these
409 issues, and your leadership matters. And so I am here to ask
410 you for your support of this funding.

411 I just want to take my remaining time to briefly step
412 through some of our top priorities.

413 First -- and this has been mentioned by almost all of
414 you -- this budget positions America to prevent China and
415 other countries from obtaining U.S. technology, U.S. capital,
416 and expertise for activities that threaten our national
417 security. As Representative Pallone said and McMorris
418 Rodgers, we have to beat China. That requires a strategy and
419 that requires investment.

420 The budget requests a total of \$223 million, a \$32
421 million increase, for BIS to expand export control
422 enforcement, as well as 5 million for ITA to address risks

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423 from outbound investments into technologies in China, which
424 we believe could enhance their military.

425 The budget promotes America's technological leadership
426 and responsible innovation in AI. It requests 61.6 million
427 for activities like research and development for AI safety.
428 And we want to develop AI, but also mitigate risks. These
429 funds will empower NIST to implement central components of
430 President Biden's AI executive order, including significant
431 investments in the AI Safety Institute, which we have already
432 stood up and -- working hard to develop AI guidance.

433 We also request 8.9 million to BIS to gather vital
434 information on bad actors who may be threatening our national
435 security by trying to develop frontier AI models using U.S.
436 cloud infrastructure. A number of you mentioned supply
437 chains. The budget supports prioritizing investments in
438 resilient supply chains. We need to go from being reactive
439 to proactive. We can't just react in the instance of a COVID
440 or a bridge collapse. We need to be proactive to building
441 and strengthening our supply chains. So it includes money
442 for the Manufacturing USA program, for the Manufacturing
443 Extension Partnership, and money for ITA to support building

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444 a supply chain resiliency office.

445 The budget provides resources to strengthen our
446 relationship with our allies, to advance our shared values,
447 and shape the strategic environment in which we operate vis a
448 vis China. We need to outcompete China, wake up every day
449 asking ourselves how do we outcompete China. That means we
450 have to show up in the rest of the world, and this budget
451 includes \$379 million for ITA to expand exports and services
452 so U.S. businesses can grow in foreign markets.

453 The budget also requests new investments for EDA to
454 build on tech hubs. A number of you have amazing tech hub
455 proposals before us. I wish I could fund them all. We don't
456 have the funds to do that, and I hope to work with you and
457 others in Congress to figure out ways, creative ways, to get
458 more funding to invest in tech hubs.

459 Finally, the budget invests in our fundamental science
460 infrastructure. It invests over \$400 million in fundamental
461 research infrastructure at NIST, and NOAA, and NTIA for
462 maintenance, renovations, and improvements at NIST campuses.

463 I just want to conclude by saying we need support from
464 Congress if we are -- we will be efficient with the taxpayer

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465 dollars, but we need your support to make these investments
466 so we can outcompete and support American workers and
467 businesses. And I look forward to working with all of you to
468 do that.

469 [The prepared statement of Secretary Raimondo follows:]

470

471 *****COMMITTEE INSERT*****

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473 *Mr. Bilirakis. Thank you, Madam Secretary. I
474 appreciate it very much. I will begin with questioning, and
475 I will recognize myself for five minutes.

476 Families are strapped, Madam Secretary -- I think you
477 know this -- for cash during this time of inflation and
478 economic uncertainty. One way they have been able to make
479 ends meet is by using their home for income as a short-term
480 rental, and welcoming travelers into the area. The gig
481 economy is increasingly benefitting rural areas, which in
482 turn brings new economic streams to these towns, and I have
483 seen it in my district. So the question is, what is the
484 Department doing to drive travel and tourism to rural areas
485 and these new forms of income for families?

486 *Secretary Raimondo. Yes. First of all, I want to
487 thank you for your leadership on travel and tourism. You
488 come from a state where it matters; so do I. I was the
489 governor of Rhode Island, the Ocean State. I am a huge
490 believer in the economic value of travel and tourism.

491 We are, within our budget, implementing the Visit
492 America Act. We have hired a terrific DAS for travel and
493 tourism. And we are, within our budget constraints, doing

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494 everything we can to work with states, including rural areas,
495 to promote travel and tourism.

496 I have a little bit of good news. As you know, the U.S.
497 is the number-one destination for foreign travelers. I
498 wanted to report to you that the National Travel and Tourism
499 Strategy had a goal of having 90 million international
500 visitors to the U.S. by 2027. We think we are going to beat
501 that goal. We think we will have that done by 2026.

502 To your point, I chair the Travel and Tourism Advisory
503 Board. We have representatives from rural America. We are
504 constantly listening to those stakeholders to figure out, you
505 know, what more can we do?

506 All of that being said, I would be happy to follow up
507 with you if you have ideas on what we could do more of,
508 because I agree with you. Rural America is beautiful, and if
509 we can get travelers to go experience it, we should.

510 *Mr. Bilirakis. Thank you, I appreciate it.

511 The National Travel and Tourism Strategy lays out a, as
512 you said, the 5-year goal of increasing American jobs by
513 attracting and welcoming 90 million visitors. And you say we
514 are going to reach it by 2026, which we appreciate so much.

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515 So who -- you estimate that we will spend about 279 billion
516 by 2027. Can you speak to progress on reaching this goal?
517 And you did, and maybe you want to elaborate a little bit.
518 Are there specific areas you are seeking to prioritize?

519 *Secretary Raimondo. Yes, so let me say this. I know
520 you are a leader in the Visit America Act, and I strongly
521 support having an assistant secretary. Most other countries
522 do, and I think we should, too. I know money doesn't solve
523 every problem, but we are severely budget constrained in this
524 respect. I am implementing it, but without the funds to hire
525 an assistant secretary and the office and the tools to do
526 that, it is very hard to do that.

527 Last year we took a \$2 million cut, and this year, you
528 know, if we have the House Appropriations Committee proposed
529 cut of another 9 percent for ITA, it will just make this work
530 that much harder. So I do want to put a marker down on that
531 for all of you who care about travel and tourism.

532 One of the things that we have done is really engage
533 with this Travel and Tourism Advisory Board. I have
534 personally met with them on numerous occasions. What I try
535 to do is listen to them, right? Like, what do you need?

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536 What can the -- what can we do? We did a lot, for example,
537 in COVID, helping the cruises to get people cruising again.
538 We have done a lot in coastal communities to help them with
539 workforce. You know, you can't operate your restaurant or
540 hotel if you can't find the workers. So usually, my approach
541 is listen to the people in the business of travel and tourism
542 and ask them, how can we help you? And we try to meet their
543 needs so they can do more business and hire more people.

544 *Mr. Bilirakis. Very good. Again, can you specifically
545 -- if you can, make any recommendations with regard to the
546 gig economy in rural areas because, you know, we have got a
547 lot of beautiful areas, hidden treasures, as you know,
548 throughout the United States. Any specific recommendations
549 you can make with regard to that?

550 *Secretary Raimondo. Permit me to come back to you on
551 that, or maybe we could have a discussion about it. You
552 know, with the rise of Uber and Airbnb and et cetera, you are
553 exactly right, that that is who is increasingly in that
554 economy. I think it is important that they have high-
555 quality, decent jobs, but I -- let me follow up with you on
556 that.

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557 *Mr. Bilirakis. Okay, very good. You know what? I am
558 going to go ahead and yield back and recognize the ranking
559 member from the great state of Illinois, Ms. Schakowsky, for
560 her five minutes of questioning. Thank you.

561 *Secretary Raimondo. Thank you.

562 *Ms. Schakowsky. Well, I am excited to raise this
563 issue. I understand that in Commerce that what you are doing
564 is requiring childcare for some workers, that it be provided
565 from companies that deal with semiconductors. Child care,
566 can you talk about that?

567 *Secretary Raimondo. Yes, thank you. So it is not --
568 we are not actually requiring companies to provide childcare.
569 But what we are doing is saying to companies: If you want
570 taxpayer money, you need to prove to us that you will be
571 successful, that you will be a good steward of taxpayer
572 money.

573 *Ms. Schakowsky. Okay.

574 *Secretary Raimondo. That means prove to us that you
575 are going to be able to hire the workers you need in the
576 timeline that you need them. And so we have asked every
577 company who wants money to give us a workforce plan. Show

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578 us. What are you going to do to train people to, you know,
579 hire people from high schools and community colleges and the
580 like, and how are you going to make sure you have women on
581 the job?

582 Every one of you knows in your districts we are at a
583 historically low unemployment rate. The unemployment rate in
584 the building trades right now is essentially zero. It is a
585 couple of percent. If you are building a fab, it will
586 require somewhere between 5,000 and 10,000 construction
587 workers to build that fab. You will not be successful unless
588 you find a way to get women into these jobs, and you will not
589 be successful at that unless you have a child care plan.

590 So what we are saying to companies is convince us you
591 will do a good job with taxpayer money, hiring and recruiting
592 women, and making sure that they have access to high-quality,
593 affordable child care. Otherwise, they are not going to get
594 the job done.

595 So, I feel strongly about this. This isn't social
596 policy. This is math. They have to get the job done with
597 taxpayer money. They have to have women engineers,
598 construction workers, scientists, technicians. And that

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599 means thinking about child care.

600 *Ms. Schakowsky. So though it may not be required, you
601 are mentioning child care --

602 *Secretary Raimondo. Absolutely.

603 *Ms. Schakowsky. -- as a way to get the women more
604 involved, right?

605 *Secretary Raimondo. Yes, absolutely.

606 *Ms. Schakowsky. Excellent. Let me ask you this or
607 discuss this. I think it is really important that we are
608 protecting abroad all the data and the privacy. We have been
609 working on privacy issues here in this subcommittee and in
610 this committee. So I am just wondering what Commerce is
611 doing to protect Americans' data internationally, especially
612 from China.

613 *Secretary Raimondo. Yes. So first of all, I want to
614 agree with you and Congresswoman McMorris Rodgers that we
615 absolutely need a Federal privacy legislation. And I applaud
616 the work of this committee for getting us there. It is -- we
617 are behind the rest of the world, so I support that.

618 On top of that, a couple of areas where I am very
619 focused -- you saw last week that the Commerce Department

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620 essentially banned Kaspersky, which is a Russian antivirus
621 software company. We say you can't do business in America
622 anymore because we think the Russians, the Russian
623 Government, are going to take Americans' data and put it back
624 to Russia.

625 I have recently launched an initiative around connected
626 vehicles. I literally shudder to think of the risks to
627 Americans' data and privacy of -- let's say we had a million
628 Chinese cars on the road, all connected, all collecting data
629 from Americans, all of it going back to Beijing.

630 *Ms. Schakowsky. Yes.

631 *Secretary Raimondo. So we are being very aggressive.
632 Commerce Department has just put out -- we are going through
633 a rulemaking process on that.

634 So I think I don't -- you know, I could go on and on
635 with AI. It is another risk. We are thinking hard about
636 cybersecurity and data protection as it relates to AI. I
637 think we have to move forward with technology, absolutely.
638 We have to lead the world. But more and more, we are getting
639 concerned about protecting American consumers and children
640 from making sure that our data doesn't get into the hands of

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641 the PRC.

642 *Ms. Schakowsky. Thank you. I want to just go back to
643 that issue that I had raised earlier about the workers who
644 are concerned that -- especially from the chips workers. I
645 have been hearing this from labor unions and the labor
646 caucus, and I just wondered if you had any comment on that --

647 *Secretary Raimondo. Yes.

648 *Ms. Schakowsky. -- in the few seconds we have.

649 *Secretary Raimondo. Look, it is concerning. It is
650 unacceptable. It is concerning. We are working hand in
651 glove with the Department of Labor. We have put out a set of
652 good jobs principles, which we developed in partnership with
653 the Department of Labor.

654 If we are going to provide taxpayer money to companies,
655 we expect the jobs that they create to be high-paying and
656 safe working conditions. So we expect workers in those fabs
657 to have the right to unionize, should they choose. So it is
658 a priority. President Biden obviously cares deeply about
659 this, and so we are working on it.

660 *Ms. Schakowsky. Thank you so much.

661 I yield back.

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662 *Secretary Raimondo. Thanks.

663 *Mr. Bilirakis. The gentlelady yields back. Now I will
664 recognize the chair of the full committee, Mrs. Rodgers, for
665 her five minutes of questioning.

666 *The Chair. Thank you, Mr. Chairman.

667 Madam Secretary, thank you again for appearing before
668 this committee. As you may know -- I think you have
669 referenced it -- Ranking Member Pallone, Senate Commerce
670 Chair Cantwell, and I have been working diligently to move
671 forward on a comprehensive data privacy and security
672 framework for the United States. In fact, our very first
673 hearing in this subcommittee this Congress was about the
674 importance of enacting a data privacy bill and promoting
675 emerging technologies in our economic competition with China.

676 The American Privacy Rights Act is going to provide
677 Americans new rights over their data, but will also secure
678 U.S. footing on the world stage on a number of tough topics.
679 Can you discuss the challenges and demonstrating leadership
680 abroad on cross-border data flows, trade agreements,
681 promoting U.S. commerce without the U.S. having such a
682 framework in place?

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683 *Secretary Raimondo. Yes. So Chairwoman, I just want
684 to applaud you for your work on this. I think it is
685 essential. I strongly support your work. I appreciate you
686 doing it in a bipartisan way, making progress towards data
687 privacy. And I would like to let you know I want to work
688 with you on that so that that can be successful. It is -- so
689 I just want to say a couple of quick things.

690 First, America right now has the best tech companies in
691 the world. That is a good thing. That is good for our
692 innovation, and we can outcompete China. However, they have
693 to follow privacy rules to protect our consumers. You know,
694 they have to have -- your bill and such, we have to set clear
695 limits on how companies can collect, use, share personal
696 data, and there have to be protections that are enforceable,
697 and I know that is exactly what you are trying to do.

698 I travel around the world. You know, I have been all
699 over Asia, Europe, just -- Latin America just this year.
700 When I go around the world I try to convince these other
701 countries to embrace our values, our values of, you know,
702 freedom, data protection, openness, reliability, security.
703 Well, how can we lead in the world if we are not doing it

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704 ourselves?

705 So once again, I think this is an incredibly important
706 -- long overdue, I will add -- piece of legislation, and I
707 think it matters here. But as you say, I think if we are
708 going to lead the world, and want to have open and secure and
709 reliable Internet and Cloud and AI, we need to have privacy
710 legislation here at home.

711 *The Chair. Thank you, thank you, yes. As a follow-up,
712 these big tech giants, technology companies, would you just
713 speak -- we do celebrate the innovation and leadership.
714 Would you speak to what privacy rules are currently in place?

715 You said, you know, that we need clear limits how they
716 collect, use, share, sell protections for enforcement. What
717 is currently in place to protect individuals' data in the
718 United States of America from being manipulated, used, sold?

719 *Secretary Raimondo. Yes. I mean, as you well know, it
720 is a hodgepodge of state regulations or other, you know,
721 regulations. But what we desperately need is a Federal piece
722 of legislation that sets out standards with -- that are
723 enforceable that every company and every state has to follow.

724 So I would say the current protections are inadequate,

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725 at best, and that is why we need a comprehensive piece of
726 Federal legislation.

727 *The Chair. Thank you, and it is so foundational. It
728 is a -- when we think about America's leadership, which I
729 believe really matters, we must balance the personal rights
730 while promoting innovation.

731 I also wanted, you know, to ask you, as we think about
732 emerging technologies, it certainly has been a priority of
733 mine for some time. I am excited about the future of
734 artificial intelligence. Semiconductor chips will certainly
735 play an important role in achieving the promise of emerging
736 technologies.

737 You also know my concerns related to permitting, and the
738 permitting that needs to take place takes way too long. I
739 read an article again, it could be permitted in Japan in a
740 year, it is taking three years in America, and we are not
741 getting it done. How can the Administration or when will the
742 Administration tackle the problems that can't just be solved
743 with money, but actually need to address the permitting and
744 the duplicative and burdensome regulatory hurdles?

745 *Secretary Raimondo. Yes. So, look, I face this every

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746 day in the work with semiconductor companies, but even more
747 so in the work we are doing on Internet, you know, the
748 labyrinth of permitting to lay a piece of fiber.

749 I will say one piece of good news which I haven't yet
750 shared with you. When I was here six months ago, I was
751 highly concerned about NEPA and the chips factories. I can
752 report to you today that we have made a ton of progress on
753 that, and we are on track to complete the environmental
754 review for all of these companies before we issue the award.
755 So I don't think that NEPA will be a hold-up in any of that.

756 Having said that, the President has called on Congress
757 to pass comprehensive permitting reform, and I think that
758 that is what is necessary. Obviously, we need to protect the
759 environment, endangered species. Clean water, clean air are
760 a priority. But I agree with you. You are correct. It is
761 too cumbersome, takes too long, is too confusing. And we
762 have -- if we are going to have -- not unlike what you are
763 doing with privacy, I think it is time for a bipartisan,
764 comprehensive piece of Federal permitting legislation if we
765 are going to, you know, improve the situation.

766 *The Chair. Yes, thank you. Thank you for that, I

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767 completely agree.

768 I will just note for the record that TSMC -- this was
769 the article I was reading -- the CEO was talking about
770 building two fabs, one in Phoenix, one in Japan. They did
771 the Japanese factory in one year. In the U.S. they have
772 been under construction for three years and the factory is
773 still not finished.

774 *Secretary Raimondo. Yes.

775 *The Chair. More to be done.

776 I yield back.

777 *Secretary Raimondo. Agree.

778 *The Chair. Sorry I got --

779 *Secretary Raimondo. I agree.

780 *The Chair. Yes.

781 *Secretary Raimondo. I agree.

782 *The Chair. Very good, thank you.

783 *Mr. Bilirakis. Thank you. The gentlelady yields back.

784 We will now take a brief recess for floor votes. We will
785 reconvene promptly 10 minutes after the last vote is called.

786 [Recess.]

787 *Mr. Walberg. [Presiding] The subcommittee will come

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788 back to order.

789 And I now recognize the ranking member of the full
790 committee, Mr. Pallone, for your five minutes of questioning.

791 *Mr. Pallone. Mr. Chairman, I know it is not your
792 fault, but I do have to say that in the future, based on this
793 last vote, where the vote was closed with 92 members not
794 being there and approaching the floor, we can no longer
795 assume that just because a certain number of members haven't
796 voted that we can stay here and ask questions or continue our
797 hearing. Again, it is a little ridiculous, but when I left
798 we had a discussion with Mr. Bilirakis about how there were
799 250 people that hadn't voted, but the speaker doesn't care.
800 I am not saying our particular speaker.

801 So when we got to the floor there were almost 100
802 members who hadn't voted, and they closed the vote anyway.
803 So what I am saying is from now on I think, once the gavel --
804 the vote is called, one has to assume that you have to leave
805 the committee and go vote. You can't look and say, oh, there
806 is 200 or 100 or 300 that haven't voted yet. That doesn't
807 mean anything. They are telling me now that they are going
808 to close the vote when the time runs out. They are literally

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809 going to close the vote when the time runs out.

810 *Ms. Schakowsky. Not a first vote.

811 *Mr. Pallone. Yes. In other words, what -- they will
812 call the vote, and when the 15 minutes or the 5 minutes is
813 over, the vote is closed. And so we have to assume that it
814 is going to take us whatever time it does to get there, and
815 that we can't look at how many people have yet to vote. It
816 doesn't mean anything. They are essentially saying when the
817 time runs out, the board could be closed. So I am not -- I
818 am just saying in future --

819 *Mr. Duncan. Will the gentleman yield?

820 *Mr. Pallone. Yes, sure.

821 *Mr. Duncan. I agree with you. I watched it happen
822 today, and I saw that several of our committee members that
823 were here missed the vote. So I agree with you.

824 And I ask unanimous consent for the gentleman's time to
825 be restored to five minutes.

826 *Mr. Pallone. Thank you. All right, thank you, Mr.
827 Chairman. I wanted to ask Secretary Raimondo.

828 I wanted to take this opportunity to ask you about the
829 important role of NTIA in helping to make sure Americans have

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830 access to affordable, high-speed Internet service. For
831 millions of Americans, the cost of Internet service is too
832 high, and that is why we included a broadband affordability
833 provision in the Bipartisan Infrastructure Law. Providers
834 that receive grant funds from NTIA to build out broadband
835 infrastructure must offer a low-cost option to certain
836 households in the build-out areas, and the statute allows
837 states to determine what that low-cost figure will be. And
838 it also sets out a process for the NTIA to approve or
839 disapprove of that number.

840 Now, some Republicans have this -- have criticized this
841 policy, and characterize it as rate regulation, which -- I
842 don't think that is true. So can you please tell us whether
843 NTIA is engaged in rate regulation, if you would?

844 *Secretary Raimondo. Yes, thank you for asking the
845 question. I do want to testify here on the record that we
846 are not engaged in rate regulation. The statute does not
847 permit us to engage in rate regulation. And I am following
848 the law.

849 The statute does require us, though, to make sure that
850 every state gives a low-cost option. And that is because, in

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851 this day and age, the Internet isn't a luxury. It is not a
852 luxury, it is a necessity, as you well know: go to school,
853 get go online, file for benefits, get a job, go to see your
854 doctor. So we are going to hold states' feet to the fire to
855 follow the law. They have to have a low-cost option. You
856 know, 200 bucks a month, 100 bucks a month is not low cost.
857 And it is not rate regulation, but we are going to comply
858 with the statute.

859 By the way, I should tell you we have already approved
860 almost 20 states' plans, and we will have the rest of them
861 approved in the coming months. So we are on path. All the
862 money will be obligated by the end of the year.

863 And I firmly dispute the allegation of rate regulation.

864 *Mr. Pallone. All right, thank you. Now I wanted to
865 turn to the supply chain issue again.

866 In response to the supply chain crisis, the Department
867 of Commerce launched a first-of-its-kind Supply Chain Center
868 that serves as an analytic engine for supply chain resilience
869 within the Federal Government to help identify and mitigate
870 supply chain risks and drive down the prices for critical
871 consumer goods. So Madam Secretary, how does this Supply

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872 Chain Center identify and address supply chain challenges and
873 specifically help drive down the cost of critical consumer
874 goods, if you will?

875 *Secretary Raimondo. Yes, thank you. Look, we all
876 learned the hard lesson in COVID. When supply chains get
877 disrupted, prices go through the roof. And by the way, it
878 could be COVID, we just saw the bridge collapse in Maryland,
879 weather, floods, semiconductors.

880 So what we are doing is we have built in the Department
881 of Commerce, NITA [sic], a supply chain office. We have
882 built an amazing analytical tool -- which I would be happy to
883 show any of you, welcome you to the office or I will come to
884 you -- that allows us to analyze the supply chain and predict
885 ahead of time where we see vulnerabilities.

886 So, for example, if in a supply chain 100 percent of the
887 goods come from one country, that is a vulnerability. And we
888 say to ourselves -- and it could be critical minerals, it
889 could be chips, anything. And then we want to be more
890 proactive, saying, okay, if 100 percent of this comes from
891 Malaysia, that is a risk. You know, if there is a typhoon in
892 Malaysia that goes out, that is a risk. And we are trying to

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893 get ahead of the problem. It will bring down costs. You
894 know, it will bring down -- exactly as you have said.

895 I mean, I am looking at Representative Dingell. I mean,
896 10,000 workers were put out of work in Michigan for want of a
897 single semiconductor chip that operated the windshield
898 wipers. And we saw during COVID, car prices and used car
899 prices and rental car prices went through the roof, all
900 because of supply chain disruption.

901 So in any event, I think we are doing a good job. We
902 are not out of the woods. It is a continuous thing, and we
903 have to continue to do more. I am asking for money in this
904 budget to build out that Supply Chain Office, and I do want
905 to say we need the money to do the job.

906 *Mr. Pallone. Well, I think you -- well, there is 45
907 seconds left, but I was going to ask you how, if the budget
908 was cut the way the Republicans have proposed, you know, how
909 is that going to affect your effort to reduce the cost of
910 goods?

911 *Secretary Raimondo. Yes, we won't be able to do it.
912 Listen, I was a governor. I watch every penny. I am not
913 here to say more -- money solves every problem. But if you

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914 want us to do this work, we do need money to hire the people,
915 buy the software, do the analysis, reach out to companies.
916 And we won't be able to do the work. You know, that is a
917 fact.

918 By the way, the money I am asking for for artificial
919 intelligence, semiconductors, workforce, supply chain,
920 countering China, it is all bipartisan and it is not fat. It
921 is necessary. And it will be devastating.

922 *Mr. Pallone. All right, thank you.

923 Thank you, Mr. Chairman.

924 *Mr. Walberg. I thank the gentleman. Now I recognize
925 the gentleman from Indiana, Mr. Bucshon.

926 *Secretary Raimondo. Good morning.

927 *Mr. Bucshon. Thanks to Chair Bilirakis for calling
928 today's hearing, and thank you, Secretary, for being here and
929 taking your time today to answer our questions.

930 I think it is critical that Congress and the Department
931 of Commerce do everything in their power to ensure that the
932 United States remains the world's leader in innovation, and
933 that companies of all sizes are able to compete globally.
934 That is why I am pleased that this committee and the House of

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935 Representatives have recently passed the Promoting Resilient
936 Supply Chains Act and the Deploying American Blockchains Act,
937 both of which I co-led with Representative Blunt Rochester.

938 Secretary, the supply chain exposure tool highlighted in
939 your testimony is exactly the kind of work that promoting --
940 the Promoting Resilient Supply Chains Act is meant to promote
941 and codify. How do you ensure small and medium-sized
942 businesses are aware of supply chain vulnerabilities and
943 solutions? Because it is critical to utilize all the players
944 in the American economy to strengthen our supply chains, not
945 just the largest companies --

946 *Secretary Raimondo. Yes.

947 *Mr. Bucshon. -- and participants.

948 *Secretary Raimondo. First of all, thank you for your
949 leadership, sincerely, on both of those issues, supply chain
950 and blockchain, both important, and I appreciate your
951 leadership.

952 This is a challenge. Like, there is no quick answer to
953 this one, and I worry about it a lot. The biggest companies
954 have the resources. It is actually the little companies who
955 struggle the most. I will tell you what -- a couple of

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956 things we are doing, but I would also look forward to working
957 with you on this.

958 We run the Manufacturing Extension Partnership program
959 at the Commerce Department, MEP. We have made sure that in -
960 - and all they do is work with small manufacturers. Your
961 state has one, every state has one. We have put a supply
962 chain person in every MEP. So if you are a little
963 manufacturing company in Indiana and you are going to the
964 MEP, there is a supply chain representative who will help you
965 think through your supply chain.

966 We have the Manufacturing USA Institute, same thing,
967 focused on supply chains.

968 The Commerce Department also has in every state a local
969 representative, a business agent. That person we are
970 equipping with our supply chain resources. So I will tell
971 you, of all the things I do, reaching small companies is the
972 hardest.

973 *Mr. Bucshon. Yes.

974 *Secretary Raimondo. It is a real concern, and that is
975 what we are doing. But of course, if you have any other
976 ideas --

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977 *Mr. Bucshon. Sure.

978 *Secretary Raimondo. -- I would like to work with you.

979 *Mr. Bucshon. Well, thanks for that response, and I was
980 -- it was important, I think, to get that on the record out
981 there so small and medium-sized companies understand there
982 are resources available to help them assess the supply chain
983 vulnerabilities that they may have.

984 *Secretary Raimondo. Yes.

985 *Mr. Bucshon. We can always do more, of course, but, as
986 you outlined, there are resources for that to happen.

987 I am also deeply concerned by the trend of blockchain
988 developers leaving the United States or forming in
989 adversarial nations like China, which is why we introduced
990 the Deploying American Blockchains Act. Are you aware of any
991 efforts to help the private sector deploy and implement
992 various distributed ledger technologies throughout the U.S.
993 economy that you are doing at the Department of Commerce? Is
994 there things we can do?

995 *Secretary Raimondo. As you may know or others may
996 know, NIST, which reports up to me, a couple of years ago put
997 out a report on blockchain on exactly this issue --

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998 *Mr. Bucshon. Yes.

999 *Secretary Raimondo. -- what are the standards? How
1000 does it work?

1001 They do a lot of work with small companies, by the way,
1002 NIST, and so it is a tool, the blockchain report, to help
1003 companies learn how to implement blockchain.

1004 *Mr. Bucshon. Yes.

1005 *Secretary Raimondo. Which is, as you know, distributed
1006 ledger technologies, obviously very important.

1007 *Mr. Bucshon. Yes.

1008 *Secretary Raimondo. For things other than just crypto.

1009 *Mr. Bucshon. Sure, that is exactly right.

1010 *Secretary Raimondo. You know, I think when people hear
1011 blockchain, they think crypto. Don't think that. Think
1012 blockchain -- think industrial, manufacturing.

1013 *Mr. Bucshon. I agree. In fact, that was a challenge
1014 when we did the legislation, to --

1015 *Secretary Raimondo. Correct.

1016 *Mr. Bucshon. -- to change that.

1017 Another issue that we share concern with is around the
1018 possible cyber and security threats to consumers. In April

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1019 the Department of Commerce issued an advance notice of
1020 proposed rulemaking to investigate possible security risks
1021 associated with information and communications technology and
1022 services from countries of concern like China. I think it is
1023 important that -- and critical that the government work
1024 alongside industry to help ensure that we do not stifle
1025 innovation.

1026 Starting out, have we had any instances our foreign
1027 adversaries are attempting to, for example, hack a connected
1028 vehicle out there? Because the concern is, you know, a broad
1029 attack on connected vehicles in the United States could be a
1030 pretty serious national security risk.

1031 *Secretary Raimondo. Huge. Fortunately, truthfully,
1032 fortunately, right now China doesn't sell many vehicles in
1033 the U.S. And that is why we want to get on top of this, you
1034 know, before they do.

1035 The new cars -- not autonomous vehicles, but a new
1036 electric vehicle -- has thousands of sensors. It will blow
1037 your mind --

1038 *Mr. Bucshon. Okay.

1039 *Secretary Raimondo. -- as it did mine. They listen to

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1040 what you say in the car. They track where you go, they track
1041 your patterns. It is run by software. All the data can get
1042 back to Beijing. So what we are doing, we are in the process
1043 right now, we hope to put the rule out later this year to
1044 make sure that that data can't be collected and go back to
1045 the Chinese.

1046 *Mr. Bucshon. Okay. I am out of time, but I just want
1047 to --

1048 *Secretary Raimondo. Okay.

1049 *Mr. Bucshon. -- with your indulgence, Mr. Chairman, I
1050 wanted to just say this.

1051 I hope that you will -- you can commit to following the
1052 formal rulemaking process and collect industry feedback on
1053 the proposed rule before it is finalized.

1054 *Secretary Raimondo. Yes.

1055 *Mr. Bucshon. Thank you very much.

1056 *Secretary Raimondo. I will do that.

1057 *Mr. Bucshon. I yield back.

1058 *Mr. Walberg. I thank the gentleman. Now I recognize
1059 the gentlelady from Florida, Representative Castor.

1060 *Ms. Castor. Thank you, Mr. Chairman.

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1061 Welcome, Madam Secretary.

1062 *Secretary Raimondo. Thank you.

1063 *Ms. Castor. You are a champion for American
1064 businesses, American workers, American competitiveness. You
1065 are a strong and effective leader for the Commerce
1066 Department, and it is appreciated.

1067 *Secretary Raimondo. Thank you.

1068 *Ms. Castor. Some of the economic development grants
1069 that come out of Commerce have paid such huge dividends for
1070 my booming Tampa Bay area. Many of the -- just the simple
1071 EDA grants to help our tech accelerators have turned the
1072 Tampa Bay area into what was an economy relying on tourism
1073 and real estate and some -- and we have a good, active port,
1074 but now we are a tech start-up community. We are a community
1075 -- we don't have a lot of big, Fortune 500 companies and big
1076 corporations. We rely on the entrepreneurial spirit, and it
1077 has paid huge dividends. We have small businesses growing
1078 and thriving. The wages are higher, and the Tampa Bay Wave
1079 is our -- is one of our leading accelerators in the area.
1080 And I just want to thank your entire team for what they have
1081 done over the years in targeting those investments to our

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1082 accelerators.

1083 Most recently, Tampa Bay Wave has received a grant from
1084 NOAA under the Ocean-Based Climate Resilience Accelerators
1085 Initiative, funded by the landmark Inflation Reduction Act.
1086 What they are telling me is that they now are bringing
1087 together new start-up companies across the State of Florida.
1088 They heard the message that the agency put out to do more
1089 partnering, so they are partnering with South Florida
1090 Accelerator. They are taking your design and development
1091 funds, and now are going for the next round of funding to
1092 support start-ups and entrepreneurs working on ocean-based
1093 climate resilience, attracting capital, maturing their
1094 technologies, scaling business models for climate challenges
1095 and economic developments.

1096 But I have -- I am a little bit worried now, looking
1097 ahead, looking at the proposed budget, the fiscal year budget
1098 proposed by the Republicans that -- their partisan bill would
1099 cut Commerce economic development assistance for local
1100 communities by a large amount, it looks like almost maybe
1101 more than 10 percent.

1102 What will this do to our ability to grow these small

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1103 businesses and entrepreneurs, if they -- if you have to
1104 suffer through significant cuts like this?

1105 *Secretary Raimondo. Yes, thank you for your question.
1106 You know, the work that I do that gets all of the attention,
1107 of course, is the CHIPS Act, you know, \$6 billion to intel,
1108 \$8 billion to TSMC. The reality is that is a small number of
1109 companies. Most Americans, the vast majority of Americans,
1110 work for small businesses, entrepreneurial businesses,
1111 family-owned businesses.

1112 And that is the work of EDA, like, small grants, one
1113 community at a time, rural, coastal, urban. And a cut to EDA
1114 will hurt every community in America. Like, literally, red
1115 states, blue states, rural, urban, because these are small
1116 amounts of money for workforce training, building facilities,
1117 incubators. And sometimes it is the only money that these
1118 partnerships are really eligible for. You know, they are not
1119 going to get venture capital money. These aren't going to be
1120 -- it is not -- your companies aren't -- it is not the next
1121 Google necessarily, but it is a nice business.

1122 So I think it would be deeply unfortunate. This is
1123 bipartisan work. It helps support communities all over

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1124 America. It doesn't get a lot of attention, but people in
1125 your community and all of your communities will feel it if it
1126 gets cut.

1127 *Ms. Castor. It gets a lot of attention across the
1128 Tampa Bay area because of the small investment from Commerce
1129 and EDA now is attracting 10, 20 times the amount in private
1130 investment and capital.

1131 And then, sticking with NOAA a little bit, it is an
1132 interesting part of Commerce, but it is an important one.
1133 You said you are going to focus on growing fundamental
1134 science research, and then combine it with a new outlook for
1135 supply chains. And that sounds like that would help us with
1136 the nascent offshore wind industry that we are trying to grow
1137 in America. It would pay great dividends if we can lower the
1138 cost of energy, use clean energy.

1139 And I would like to know, how is Department of Commerce
1140 and NOAA thinking about wind research, permitting,
1141 development, and how the new emphasis on supply chain focus
1142 could help lift this industry and the good-paying jobs it
1143 provides?

1144 *Secretary Raimondo. Yes, exactly. President Biden has

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1145 set a goal of 30 gigawatts by 2030 of offshore wind.

1146 I will say, as the governor of Rhode Island, I was -- we
1147 had the first offshore wind installation in North America. I
1148 know a lot about this. It created so many jobs, lowered the
1149 cost of energy and electricity, and got a lot of people in
1150 Rhode Island off of diesel and oil.

1151 Permitting still takes too long. I will be the first to
1152 say it. And so we are working very hard. I personally have
1153 been engaged in an effort to try to streamline the
1154 permitting. We have asked for money in the budget to help to
1155 do that, to streamline the permitting so we can go faster to
1156 hit the goal, and also create jobs.

1157 *Ms. Castor. Thank you very much.

1158 I yield back.

1159 *Mr. Walberg. The gentlelady's time has expired. I now
1160 recognize myself for questioning.

1161 Madam Secretary, thank you for being here today.

1162 *Secretary Raimondo. Thank you.

1163 *Mr. Walberg. We saw hundreds of billions of dollars
1164 spent by the Administration and Democrats in Congress through
1165 the IRA, IIJA, and other COVID-era packages. Unfortunately,

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1166 though, years have gone by since these funds were
1167 appropriated. Very few projects have been completed or even
1168 started. From broadband to semiconductors to EV chargers,
1169 our constituents are still waiting to see where their tax
1170 dollars are going.

1171 There are many excuses for why this is the case:
1172 Washington's bureaucracy, permitting delays that you just
1173 mentioned, and more. But one of the biggest issues I hear is
1174 workforce. The Biden Administration has made no secret of
1175 their intent to use the CHIPS Act to benefit labor special
1176 interests. The CHIPS Act was first passed as a national
1177 security imperative, not a bill to increase the union rolls.

1178 The data is clear across the country: fewer and fewer
1179 U.S. workers are members of unions. I have seen that in my
1180 Michigan district. At the same time, many of these
1181 semiconductor facilities are struggling to find qualified
1182 workers to build their facilities. It would then be
1183 reasonable to ask, why then is the Administration asking
1184 these companies to acquiesce to big labor and increase union
1185 workforce at their sites even in states where union workforce
1186 is at an all-time low, like Texas and Arizona?

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1187 So, Secretary Raimondo, why then add these regulations
1188 requiring unions' workforce conditions when doing business
1189 with the Federal Government?

1190 Does this not go against the intent of the law?

1191 And how does increased union participation in building
1192 chip facilities improve the national security imperative of
1193 establishing a secure and domestic semiconductor supply
1194 chain?

1195 *Secretary Raimondo. Yes, thank you for the question.

1196 Look, I want to be clear. It is a national security
1197 program. I say it all the time. There is no union
1198 requirement. There is no child care requirement, as we
1199 talked about earlier.

1200 My first phone call I took early this morning was with
1201 the CEO of TSMC to talk about workforce because, as you say,
1202 every one of these companies is struggling to find enough
1203 workers. We believe, if you are going to take taxpayer
1204 money, these people ought to have good jobs with decent
1205 wages, good working conditions, safe working conditions. And
1206 we believe, you know, if Americans in a facility want to
1207 unionize, they ought to be able to be given that opportunity.

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1208 There is no such requirement.

1209 But what we are requiring is a workforce plan, and I
1210 stand by that requirement. We require every company to tell
1211 us what you plan. How are you going to hire the workers?
1212 How are you going to attract women? How are you going to
1213 train people? And I think that that is just a taxpayer
1214 protection.

1215 But fundamentally, I work very hard to make sure this is
1216 a national security priority, and push back against any, you
1217 know, special interests, to use your words, to try to get us
1218 to veer from that national security objective.

1219 *Mr. Walberg. Well, I encourage you to then make it
1220 very clear, that position, to our President, as well. The
1221 incentive is there for unionization, especially using the
1222 CHIPS Act. And I think that is a great concern to us.

1223 Let me move on. Since I listed all the spending bills
1224 enacted, won't that cause inflation to rise and have a
1225 harmful effect on small and medium-sized businesses who are
1226 struggling not only in the area of workforce, but just
1227 staying alive?

1228 *Secretary Raimondo. I don't think so. I mean, look,

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1229 if anything, the fact that we don't make any semiconductor
1230 chips -- leading edge semiconductor chips in America, that is
1231 driving inflation. The fact that we buy them all from one
1232 company in Taiwan is a national security risk. And lack of
1233 supply drives inflation. These investments, whether it is in
1234 broadband, roads, bridges, water, they are investments. It
1235 is not profligate spending. I believe it will make America
1236 stronger, able to outcompete the world, able to compete with
1237 China.

1238 And you know, with respect to your issue, you know, I
1239 can't speak to EV chargers and such, but, you know, there are
1240 cranes all over Arizona and Texas because of chips plants.
1241 Could we go faster? I am sure we can. I am always trying to
1242 go faster, I drive my team crazy. But, you know, we had a
1243 middle mile ribbon cutting this past Monday, putting money
1244 out the door to connect people to the Internet.

1245 So I will work with you to do more, go faster, be more
1246 transparent, but I don't think these are inflationary. I
1247 think it is what America needs to thrive.

1248 *Mr. Walberg. Thank you. My time has expired. Now I
1249 recognize the gentlelady from Pure Michigan, Representative

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1250 Dingell.

1251 *Mrs. Dingell. Thank you, Mr. Chairman, and thanks to
1252 the committee for holding this important hearing, and
1253 Secretary Raimondo for being here.

1254 I have so much to ask. I am not going to do a lot of
1255 flowery language because this really does matter when -- you
1256 know, I am not old, but I am seasoned. And at one point we
1257 made 100 percent of the chips in this country. When I
1258 started in the industry we made 40 percent, and now we are
1259 down to 7 and 8 percent, and not even did the last -- as the
1260 Secretary pointed out, the lack of chips contribute to
1261 inflationary issues for the auto companies, but it is a
1262 national and economic security issue. And until we get them
1263 as fast as we can being built here by American workers and
1264 trained, we are going to continue to have economic and
1265 national security issues.

1266 So I want to thank you, Madam Secretary, for the
1267 proactive leadership you are taking to secure our automotive
1268 and information communication technology services supply
1269 chains from threats posed by foreign adversaries, which is
1270 something I am very worried about, particularly China. I

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1271 appreciate the efforts outlined in your advance notice of
1272 proposed rulemaking to inform regulations for securing and
1273 safeguarding supply chains for connected vehicles.

1274 Can you elaborate quickly on the action the Department
1275 of Commerce is taking as it relates to the risks associated
1276 with ICT components in connected vehicles that are made by
1277 foreign entities of concern?

1278 *Secretary Raimondo. Yes. So as you just said, we are
1279 in the middle of the process. We received a lot of comments.
1280 The comment period closed in April. We have to go through
1281 all of those comments. I hope to have the rule out, I don't
1282 know, later in the fall, certainly by the end of the year.
1283 And I don't know how -- we could go from everything from
1284 banning Chinese EVs on the roads in America to regulations,
1285 regulations on their software, maybe all the data has to be
1286 housed in America.

1287 I want to make one very important point, and I will be
1288 brief. USTR recently said they are going to put 100 percent
1289 tariffs on Chinese EVs. I support that. I think that is
1290 great. America can compete if the level -- playing field is
1291 level. That is an economic issue. What I am worried about,

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1292 what I am doing, is the national security issue of all this
1293 data making its way back to the Chinese military.

1294 So anyway, we are working on it. I will have the rule
1295 out by the end of the year. And we are working with industry
1296 to make sure we don't have unintended consequences.

1297 *Mrs. Dingell. It is very important that we do that.
1298 The fact of the matter is, as you know, and I have discussed
1299 it and I know my colleagues here agree, is that China is on
1300 our streets testing their vehicles, collecting data, and not
1301 letting us on their streets in China to collect --

1302 *Secretary Raimondo. Yes. You know, it is interesting.
1303 You can't drive your Tesla to the airport in Beijing or
1304 Shanghai. You can't do it. China doesn't allow it. You
1305 can't drive your American-made American electric vehicle near
1306 military bases, hospitals, airports in China.

1307 *Mrs. Dingell. So why are we doing that here? And what
1308 you are doing matters. As our vehicles become smarter,
1309 safer, and cleaner with emerging technologies, it is
1310 essential to fully understand the implications and the
1311 potential -- the real, not potential -- the real security
1312 risks, particularly when this technology comes out of

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1313 countries like China. What are they tracking? What are they
1314 putting?

1315 So let me ask you this, Madam Secretary. Should the
1316 Department of Commerce determine that vehicle-generated data
1317 from components of connected cars under the control of a
1318 country of concern present an unacceptable risk to national
1319 security?

1320 And if you do find that, what steps could the Department
1321 of Commerce take to protect the American people?

1322 *Secretary Raimondo. Yes. In the most extreme case we
1323 could say no Chinese-connected vehicles allowed in America.
1324 We could say the software has to be American-made. We could
1325 say the data has to reside in the U.S. Like, we have
1326 different -- and we haven't decided that yet. We are going
1327 through the comments.

1328 Fundamentally, I will tell you the more work I have done
1329 on this, the scarier it is.

1330 *Mrs. Dingell. Yes.

1331 *Secretary Raimondo. These connected vehicles are so
1332 sophisticated. The data that they can collect on you, your
1333 kids, your family -- U.S. military members drive around in

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1334 them. So I don't know precisely what we will do, but I will
1335 tell you we are going to be very, very, very serious and
1336 diligent, and do what we need to do to protect the American
1337 people.

1338 *Mrs. Dingell. Thank you. And I think it is imperative
1339 as we are doing this that we educate the American people.

1340 *Secretary Raimondo. Yes, absolutely.

1341 *Mrs. Dingell. Because I think too many people do not
1342 understand what the risk is.

1343 I am running out of time.

1344 *Secretary Raimondo. But no, no, that is a good point.
1345 That is a good point.

1346 *Mrs. Dingell. I am so off script, but I am going to
1347 ask you one other question, which is that you have seen
1348 Chinese companies like BYD citing manufacturing or assembly
1349 capabilities in Michigan to skirt the UMC rules.

1350 *Secretary Raimondo. Yes.

1351 *Mrs. Dingell. And that is something we have got to
1352 talk about in trade, as well.

1353 *Secretary Raimondo. Yes.

1354 *Mrs. Dingell. But as part of the rulemaking, are you

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1355 considering Chinese vehicles assembled in Mexico?

1356 *Secretary Raimondo. I believe that we are, yes, but
1357 that is an excellent question, and let me look into it.

1358 *Mrs. Dingell. Thank you. I have four seconds left, so
1359 I guess I better stop.

1360 Thank you, Mr. Chairman.

1361 *Mr. Bilirakis. [Presiding] The gentlelady yields back.
1362 Now we will recognize the gentleman from South Carolina, Mr.
1363 Duncan, for his five minutes of questioning.

1364 *Mr. Duncan. Thank you, Mr. Chairman.

1365 Madam Secretary, thanks for being with us today. Would
1366 you agree with me that we are in a new economic Cold War with
1367 China, and that economic policy is central to the great
1368 competition with China's -- the communist China, including
1369 section 301 tariffs against the Chinese products?

1370 *Secretary Raimondo. I agree we are in a great
1371 competition with China, and 301 tariffs help us, and I agree
1372 we have to win.

1373 *Mr. Duncan. So I believe in free trade. I think you
1374 do, as well. But I believe in fair trade.

1375 *Secretary Raimondo. Exactly.

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1376 *Mr. Duncan. The bottom line is China cheats.

1377 *Secretary Raimondo. Exactly.

1378 *Mr. Duncan. Unfortunately, the Chinese Communist Party
1379 is now seeking to circumvent section 301 by taking Chinese
1380 steel and Chinese parts to Thailand, and setting up shell
1381 companies that then dump cheap goods in the United States.
1382 This includes top-mount refrigerators.

1383 As you may know, Electrolux has been making Frigidaire
1384 refrigerators in the heart of my district, Anderson, South
1385 Carolina, for the past 25 years. Because of the entry of
1386 Chinese-dumped top-mount refrigerators into the American
1387 market, Frigidaire has seen its market share go down, while
1388 Chinese company Midea has grown its market share from 8
1389 percent in the third quarter of 2023 to 28 percent last
1390 quarter. They have done this with 40 pounds of Chinese steel
1391 in each unit, while advertising their no-tariff product at
1392 half the price of its U.S. competitors.

1393 The impact in my district has already cost 160 jobs and
1394 counting. That is why Electrolux has now filed an anti-
1395 dumping petition with your office against Midea, and I
1396 believe my staff has given your staff the details on that

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1397 petition. Madam Secretary, can you assure my constituents
1398 that you will give this situation the thorough investigation
1399 that it deserves in light of this second Cold War with China
1400 and the economic impacts that it is already having in my
1401 district?

1402 *Secretary Raimondo. Yes, absolutely. As you know,
1403 this is a quasi-judicial process, so I am limited in what I
1404 can say here. A hundred percent.

1405 Look, China cheats. You are right. China cheats. They
1406 subsidize their companies. They don't pay fair wages. They
1407 dump, they circumvent, whether it is Thailand, Malaysia,
1408 Vietnam, et cetera, and it is not fair.

1409 American workers can outcompete anyone if we have a fair
1410 fight. So if I can follow up with you, you know, in a
1411 private setting -- but as I said, 100 percent we will look
1412 into it, we will take it seriously. And if we assess that we
1413 need to, we will levy a duty to level that playing field.

1414 *Mr. Duncan. Level the playing field.

1415 Finally, I would be remiss in my duties as chair of the
1416 Energy Subcommittee if I didn't at least put a plug in for
1417 the application for recognition of the South Carolina Nexus

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1418 for Advanced Resilient Energy under the CHIPS and Science Act
1419 funding. It is critical to our energy future that we solve
1420 the problems of getting more power onto our grid and do it in
1421 an environmentally and ecologically sound way, and I hope you
1422 will consider our state's application to partner with you in
1423 that way.

1424 And with that, Mr. Chairman, I yield back.

1425 *Secretary Raimondo. Yes, we will.

1426 *Mr. Bilirakis. The gentleman yields back. Now we will
1427 recognize the gentleman from the great State of Florida, Mr.
1428 Soto, for his five minutes of questioning.

1429 *Mr. Soto. Thank you, Chairman, and welcome back, Madam
1430 Secretary.

1431 I remember it was the middle of 2021 in the height of
1432 the pandemic, and we saw that supply chain havoc hurting our
1433 economy, chip shortages that were especially affecting
1434 vehicles, computers, and appliances, increased costs, and
1435 that is when we all started talking about rebuilding our
1436 national capacity for microchips, and the CHIPS and Science
1437 Act started being the talk of the town. I just want to thank
1438 you, because I remember you convening Members of Congress,

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1439 industry leaders, defense leaders, and your leadership was
1440 critical as we worked on this issue.

1441 *Secretary Raimondo. Thank you.

1442 *Mr. Soto. And also, thank you for your support of
1443 NeoCity's aerospace and space microchip manufacturing. It
1444 has been a game-changer for central Florida. And we have
1445 great partners like Osceola County, SkyWater, IMEC, Plug and
1446 Play, Lockheed Martin, a lot, and it aligns with NASA and our
1447 local aerospace industry in east Orange County and Cape
1448 Canaveral just a few miles away. And this is a community
1449 where it has been transformational, especially being a
1450 majority Hispanic community. And we have seen our first
1451 technicians for microchip manufacturing, graduating from
1452 certification programs at Valencia College, as well as
1453 engineers coming out of UCF.

1454 How is the implementation of the CHIPS and Science Act
1455 going, and how is it affecting manufacturing and costs for
1456 the American people, both in Florida and across the nation?

1457 *Secretary Raimondo. Yes, thank you for what you said.
1458 I think it is going very well. You know, we always want to
1459 be better, but we were allocated \$39 billion to invest in

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1460 companies. We have already committed more than 30 of the 39
1461 billion. So we are moving, I think, at a pretty fast clip,
1462 and you will see, like, hundreds of thousands of jobs created
1463 in America because of that.

1464 We are now turning to the part of the work where we will
1465 invest in smaller companies and supply chain companies. We
1466 don't just want to have the big factories. We need the
1467 suppliers, the wafer companies, substrates, chemicals, et
1468 cetera.

1469 Importantly -- and I think -- I know this is important
1470 to you and all of us -- we are also standing up a workforce
1471 center of excellence because we need the workers. You know,
1472 we need the workers to build the fabs, work inside of the
1473 fabs. So we are collaborating with colleges, universities,
1474 community colleges, HSIs, all -- as many institutions of
1475 higher education that we can in this workforce center of
1476 excellence to make sure that every American has a shot to get
1477 one of these jobs, and they have the skills they need to be
1478 qualified for the jobs.

1479 *Mr. Soto. And we are seeing that in central Florida,
1480 private industry being empowered by the CHIPS Act, public

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1481 institutions like Valencia College training that new
1482 workforce. We literally have to work to stand up ecosystems.

1483 And we have seen a tripling of factory construction
1484 across the U.S. There are a lot of folks who, a year or two
1485 ago, thought we were going to go ahead and straight into a
1486 recession, and yet --

1487 *Secretary Raimondo. Yes.

1488 *Mr. Soto. -- laws like this really helped us avoid
1489 that, along with amazing workforce.

1490 And in Orlando tourism is our top industry, and we are
1491 proud to have world-class theme parks like Disney, Universal,
1492 SeaWorld. I am a big fan, along with the chairman, of Brand
1493 USA and the work that Commerce is doing. We also are big
1494 fans of the 2022 National Travel and Tourism Strategy
1495 promoting diverse, inclusive, and accessible tourism. We got
1496 the Air Carrier Access Advisory Committee back into the FAA.
1497 What is the Department doing -- or how is it critical to have
1498 full funding in the President's budget to ensure accessible
1499 travel for all Americans and foreign tourists, including
1500 those with disabilities?

1501 *Secretary Raimondo. Yes. By the way, on the point you

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1502 said, one really cool thing is for every dollar of CHIPS
1503 money that we are -- public money we are putting out, we have
1504 seen \$12 of private capital.

1505 *Mr. Soto. Yes.

1506 *Secretary Raimondo. It is exactly what you said. We
1507 are pulling forward the private capital, which is what gets
1508 the engine going.

1509 We talked earlier about travel and tourism. We need the
1510 funding. You know, we want to hire an assistant secretary
1511 for travel and tourism, and that -- for that person to have a
1512 team and the tools they need to do the job. We took a cut
1513 last year. There is a proposed cut for this year. So we are
1514 implementing to the best of our abilities within our budget
1515 constraints. We have a fantastic deputy assistant secretary.
1516 We have engaged with the Travel and Tourism Advisory Board,
1517 fantastic people.

1518 And listen, I am a believer. I am from the Ocean State.
1519 I get it. These are good jobs. These are real jobs, and we
1520 want to do whatever we can in all of your -- you know, not
1521 just places like Florida, but rural places that we talked
1522 about to stimulate the travel and tourism economy.

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1523 *Mr. Soto. Well, we appreciate your commitment to
1524 tourism and have to get you the funding to do the job. And
1525 welcome.

1526 *Secretary Raimondo. Thank you.

1527 *Mr. Bilirakis. The gentleman yields back. Now we will
1528 recognize Mr. Fulcher from the State of Idaho.

1529 You are recognized for five minutes of questioning.

1530 *Mr. Fulcher. Thank you, Mr. Chairman.

1531 Madam Secretary thank you for being here today, for your
1532 testimony. And I had an opportunity to hear your opening
1533 statement, and you made the statement that we need to
1534 outcompete China, and I agree with that. We do need to
1535 outcompete China. I would share, from my perspective, some
1536 of the policies of the Administration -- not directly due to
1537 you, but some of the policies of the Administration -- don't
1538 necessarily agree with that, and I will just give you one
1539 example, and that is the mandates on electric vehicles as
1540 they are coming around now.

1541 While we are doing a mandate on electric vehicles, or at
1542 least attempting to, we are simultaneously restricting access
1543 to our domestic supply chain for those electronic vehicles,

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1544 those same electronic vehicles were trying to mandate the use
1545 of. And in my view, that is kind of playing into the hands
1546 of China and where they are positioned. And I will give you
1547 a specific example, then kind of move to our discussion
1548 point.

1549 But critical minerals is one of those things. We have
1550 critical mineral resources here in China. Many -- or excuse
1551 me, in the U.S. -- many of which are needed for the
1552 production of electronic vehicles and batteries and so on,
1553 but yet we have such restrictions on the access to those.
1554 And periodically, when we do get a permitting done, which is
1555 always an onerous process, then we have other issues. And
1556 that is where I kind of wanted to just get some dialogue
1557 going with you.

1558 We have a specific situation in my state of Idaho, where
1559 there is a cobalt mine. It took years to get permitted. And
1560 magically, when it did, the market price fell through the
1561 floor. And the business person in me starts to take a look
1562 at that, and peel that onion back, and all of a sudden it
1563 appears that some foreign competition has magically lowered
1564 prices and increased supply. And they don't abide by the

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1565 same rules that we do when it comes to environmental
1566 compliance. They don't abide by the same rules that we do
1567 when it comes to labor and the type of labor that is
1568 utilized.

1569 And so this is -- I have kind of covered a lot of ground
1570 there, but I just wanted to get your dialogue there, some
1571 input. Is this something that you are watching?

1572 You know, we need to outcompete China, but we are not
1573 playing by the same set of rules when it comes to a lot of
1574 these things. Other examples have been mentioned. I am
1575 bringing up the issue of mining and the harvesting of
1576 critical minerals. Could I get your feedback on that?

1577 *Secretary Raimondo. Yes, for the -- thank you for the
1578 question, and thank you for your -- for highlighting this
1579 issue.

1580 Back to what Representative Dingell said, I am not sure
1581 people understand the implications of this. So lithium,
1582 cobalt, nickel, these are things that are primarily mined and
1583 processed not in the United States. We are far too dependent
1584 on China, far too dependent on China, which means they can do
1585 exactly what you just said. They can tank the spot price and

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1586 hurt all U.S. businesses, or they could raise the price and
1587 take us hostage. To the extent that we have lithium, cobalt,
1588 et cetera in the United States, we have to figure out how to
1589 access it. And so I -- we are working hard on this.

1590 We also have to work with our allies. So for instance,
1591 the Philippines or Indonesia or Japan, these are allies,
1592 critical mineral-rich, and we should try to figure out how do
1593 we work with our -- Australia, right, Australia is getting
1594 hurt by China and China's coercion, not playing by the rules.

1595 So while we work to figure out how to work with you in
1596 Idaho, Nevada -- Nevada has a lithium deposit -- how do we
1597 access what is in the U.S. -- we also have to work with our
1598 allies around the world to, you know, create a club of allies
1599 so we can stand together against China's unfair, coercive
1600 practices.

1601 The only thing -- and I will work with you on it, I
1602 would be happy to work with you on it, come out to Idaho, we
1603 can talk about it. The exciting thing with, you know,
1604 meeting climate change with EVs and such, and chips is
1605 exciting -- it all depends on critical minerals. So electric
1606 vehicles, semiconductors, silicon -- we are about to become a

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1607 -- batteries, lithium batteries -- we are about to become
1608 more critical mineral, like, reliant. And so the issue you
1609 raise is about to become so much more important, and we have
1610 got to get after it.

1611 *Mr. Fulcher. Well, I thank you for that, and I will
1612 just close my comments -- because I am out of time -- by
1613 saying we are -- some of these organizations that are trying
1614 to do this work, we put them through so much. The permitting
1615 process -- another topic totally, but is so incredibly
1616 difficult.

1617 *Secretary Raimondo. Yes.

1618 *Mr. Fulcher. And these organizations that are truly
1619 trying to be very respectful of the process and do so in a
1620 responsible fashion.

1621 So I will take you up on that opportunity to converse
1622 further, and thank you for your response.

1623 I yield back.

1624 *Secretary Raimondo. Yes, thank you.

1625 *Mr. Bilirakis. The gentleman yields back. Thank you.

1626 I will recognize now, Ms. Clarke from the State of New
1627 York for your five minutes of questioning.

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1628 *Ms. Clarke. Good afternoon, and thank you, Mr.
1629 Chairman, and I thank our Ranking Member Schakowsky for
1630 convening this hearing, and to Secretary Raimondo for joining
1631 us today to discuss the important work of the Department of
1632 Commerce.

1633 Under the leadership of Secretary Raimondo, the Commerce
1634 Department has helped our economy emerge from the COVID-19
1635 pandemic stronger than that of any other country in the
1636 world, ensured that America remains a global leader in
1637 emerging technology like artificial intelligence, and
1638 strengthened our national security through its work to
1639 promote more resilient supply chains.

1640 Commerce has done such important work in implementing
1641 the key legislative accomplishments of the Biden
1642 Administration. The CHIPS and Science Act, as many of my
1643 colleagues have noted today, enacted last Congress charged
1644 Commerce with allocating funds to spur semiconductor
1645 development and manufacturing in the United States. To date
1646 Commerce has announced nearly \$30 billion in grant awards and
1647 up to \$25 billion in loan and loan guarantees. These grants
1648 and loans will not only supercharge our economy as we onshore

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1649 more critical technology sectors, but strengthens our
1650 national security by lessening our dependence on foreign
1651 countries for this essential technology. And I commend the
1652 Department of Commerce for its work in this space.

1653 In addition to the CHIPS and Science Act, the Commerce
1654 Department, through NTIA, has done more extensive work in our
1655 collective effort to close the digital divide. The
1656 Bipartisan Infrastructure Law's historic broadband
1657 investments demonstrate Congress's strongest attempt to date
1658 to bridge the digital divide and bring all Americans
1659 reliable, affordable access.

1660 Unfortunately, one of our key broadband adoption
1661 affordability programs, the Affordable Connectivity Program,
1662 experienced a lapse in funding this month due to the House
1663 Republican leadership's refusal to move my bipartisan,
1664 bicameral legislation to provide additional funding. This
1665 abstinence -- this obstinance, excuse me -- has forced the 23
1666 million ACP-enrolled American households to make their near
1667 impossible decision between paying for broadband and the
1668 critical life work -- excuse me, lifeline to work, education,
1669 and financial opportunities, and other essentials like

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1670 medicine and food. And despite Republican leadership's
1671 intransigence, I remain open to finding a way forward for
1672 this crucial program.

1673 Additionally, the Bipartisan Infrastructure Law included
1674 a separate BEAD-specific affordability provision, assigning
1675 NTIA administrative oversight and programmatic support
1676 responsibilities. Under the Bipartisan Infrastructure Law,
1677 service providers that accept funding from the BEAD program
1678 to build broadband networks must offer a low-cost service
1679 option. Despite these statutory requirements, some on the
1680 other side of the aisle incorrectly claim that this is
1681 improper rate regulation.

1682 Secretary Raimondo, can you please explain for the
1683 committee how the ACP and other broadband affordability
1684 requirements will fully unleash the historic investments made
1685 in the BEAD program?

1686 And could you also speak to the importance of each state
1687 adopting a robust, low-cost broadband option?

1688 *Secretary Raimondo. Yes. Thank you for your question
1689 and thank you for your leadership.

1690 ACP is necessary. It is literally a life-or-death

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1691 situation for many people. I have personally spoken with
1692 people in rural America all over this country who -- the
1693 nearest hospital or doctor is 100 miles away. If you don't
1694 have the Internet, you don't get to see the doctor. The
1695 Internet isn't a luxury. It is not a luxury, it is a
1696 necessity. It is a necessity. We saw it in COVID. It is a
1697 necessity to go to school, get a job, see the doctor, run a
1698 business, run a dairy farm. I have been in rural Wisconsin.
1699 It is heartbreaking to hear these dairy farmers who say, "I
1700 can't predict the weather, I can't buy my equipment, I
1701 can't," et cetera.

1702 ACP, if you don't renew that -- and I will do anything I
1703 can to work with anybody to get that renewed -- it is pulling
1704 the rug out from under 23 million Americans who does just
1705 deserve a shot. A hundred, two hundred dollars a month is
1706 not affordable. Sometimes \$50 a month isn't affordable.
1707 Like I said, this is not a luxury.

1708 And we are not engaging in rate regulation. Statute
1709 doesn't permit it. I have no interest -- I am not a
1710 regulator, I don't want to be a regulator. I am not getting
1711 into the business of regulating. The statute says every

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1712 state has to provide a low-cost plan. So we are not rubber-
1713 stamping the plans. You know, I think between 15 and 20
1714 states have already had their plans approved. We will
1715 approve them as soon as we can.

1716 But you have to make sure -- you know, we are going to
1717 hold their feet to the fire to make sure that they have a
1718 truly low-cost plan, which, by the way, varies from state to
1719 state. We are providing states flexibility. It is more
1720 expensive to lay fiber in, you know, a rural, mountainous
1721 area than in a state like Rhode Island. We get that. So we
1722 will work with you and provide flexibility. But you have to,
1723 you know, do what the law says.

1724 *Ms. Clarke. Very well, I thank you. And it is 23
1725 million households, so more than 23 million people. We
1726 estimate maybe around 98 million individuals --

1727 *Secretary Raimondo. Yes, yes.

1728 *Ms. Clarke. -- or more who, unfortunately, are --

1729 *Mr. Walberg. [Presiding] The gentlelady's time has
1730 expired.

1731 *Ms. Clarke. Yes, I yield back, Mr. Chairman.

1732 *Mr. Walberg. I now yield time to the gentlelady from

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1733 Tennessee, Mrs. Harshbarger.

1734 *Mrs. Harshbarger. Thank you, Mr. Chairman.

1735 Thank you for being here, Secretary. The Commerce
1736 Department's Assistant Secretary for Travel and Tourism is
1737 responsible for helping promote the tourism industry in the
1738 United States. In Tennessee our music heritage has long been
1739 a draw for visitors across the country, specifically in
1740 northeast Tennessee. In my hometown we have Bristol, the
1741 birthplace of country music. And northeast Tennessee is also
1742 home of Dolly Parton. We have a world-renowned theme park,
1743 Dollywood, in Pigeon Forge.

1744 And today Congresswoman Barragan and myself introduced
1745 the American Music Tourism Act, and -- legislation to
1746 explicitly include the promotion of music tourism in the role
1747 of the Assistant Secretary for Travel and Tourism. We think
1748 it is just common sense to recognize tourism as a catalyst
1749 for U.S. economic development. It is a fast-growing industry
1750 for the entire country, with projections estimating it will
1751 generate more than \$11 billion in revenue by 2032.

1752 Does this sound like legislation you would be willing to
1753 work with me to get signed into law?

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1754 *Secretary Raimondo. Absolutely. First, I do have to
1755 say I am a huge, huge Dolly Parton fan.

1756 *Mrs. Harshbarger. Well, great.

1757 *Secretary Raimondo. I had the opportunity to meet her
1758 a few years ago in Rhode Island. I was a governor and she
1759 came to the folk festival, and it was -- I was totally
1760 starstruck.

1761 *Mrs. Harshbarger. Yes.

1762 *Secretary Raimondo. But besides that, yes. I mean, we
1763 have talked with a lot of members today about how important
1764 it is. These are good jobs.

1765 *Mrs. Harshbarger. Yes.

1766 *Secretary Raimondo. There is a misperception that
1767 tourism jobs are low-quality jobs.

1768 *Mrs. Harshbarger. Yes, ma'am.

1769 *Secretary Raimondo. And that isn't true.

1770 *Mrs. Harshbarger. Exactly.

1771 *Secretary Raimondo. So I would absolutely love to work
1772 with you in a bipartisan way.

1773 *Mrs. Harshbarger. Okay.

1774 *Secretary Raimondo. I will follow up with you and see

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1775 if I can help.

1776 *Mrs. Harshbarger. Yes, please do. That would be
1777 great.

1778 The National Marine Fisheries Service, which is part of
1779 the National Oceanic and Atmospheric Administration at the
1780 Department of Commerce, is working on a biological opinion
1781 resulting from an Endangered Species Act section 7
1782 consultation request from the Department of the Interior to
1783 assess potential impacts to endangered species in the Gulf of
1784 Mexico as a result of Department of the Interior-permitted
1785 oil and natural gas activities.

1786 Is the National Marine Fisheries Service still on
1787 schedule to complete the biological opinion in early 2025, as
1788 was previously indicated?

1789 *Secretary Raimondo. Let me find you the -- I don't
1790 know, off the top of my head, but I will get back to you
1791 later today.

1792 *Mrs. Harshbarger. Yes, that would be great. And the
1793 next question is the National Marine Fisheries Service is
1794 also slated to publish the final rule designating the Rice's
1795 whale critical habitat in the Gulf of Mexico in the coming

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1796 months. The designated area will be analyzed by the National
1797 Marine Fisheries Service, and could be used as a reason to
1798 impose restrictions on oil and gas activities in the critical
1799 habitat area.

1800 It could also lead to severe disruptions for other
1801 marine industries, and my understanding is that there is
1802 little evidence to suggest that the Rice's whale is present
1803 in any meaningful capacity in the central and western Gulf of
1804 Mexico. And imposing harmful restrictions on Gulf users
1805 could even have more safety implications for Gulf mariners.

1806 In your opinion, is there sufficient science on Rice's
1807 whales to determine critical habitat, or are you familiar
1808 with that?

1809 *Secretary Raimondo. I am very familiar with this. It
1810 is in -- this is in the middle of an active rulemaking, so I
1811 am -- I really am not permitted to comment on the details.

1812 Here is what I promise you. We are committed to
1813 following the science. We are reading every comment and
1814 engaging broadly with stakeholders, and we are committed to
1815 finding that right balance between -- you know, I am the
1816 Commerce Secretary -- commerce, enabling commerce --

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1817 *Mrs. Harshbarger. Yes.

1818 *Secretary Raimondo. -- and also, though, like I said,
1819 following the science.

1820 *Mrs. Harshbarger. Yes, we don't want to stifle these
1821 guys who make a living in the Gulf.

1822 *Secretary Raimondo. Yes.

1823 *Mrs. Harshbarger. So that would be great. The last
1824 question that I have time for is the United States is a world
1825 leader in the development and deployment of Open RAN wireless
1826 networks. And as we know, the Commerce Department, through
1827 NTIA, continues to administer the Public Supply Chain
1828 Innovation Fund to help entrants open the -- enter the Open
1829 RAN ecosystem.

1830 And my question is, what additional steps can you and
1831 the Administration take to ensure that we remain the world
1832 leader of Open RAN networks?

1833 *Secretary Raimondo. Yes, thank you.

1834 So for those of you who aren't totally familiar with O-
1835 RAN, this is how we compete with China. Huawei is all over
1836 the world because it is cheap. Go to Latin America, Asia.
1837 They all buy Huawei because it is cheap. We need them to buy

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1838 American. And so the secret to that is O-RAN, the software.
1839 It allows us a product which is competitive.

1840 So we are putting grants out. I will let -- I will get
1841 back to you and let you know exactly where we are. I know we
1842 have -- well, I don't want to say the wrong thing -- we are
1843 working hard to get the money out the door. It is a new
1844 technology, so what we need to do is work with companies and
1845 entrepreneurs to quickly develop the technology so they can
1846 deploy it. As far as I am concerned, we have to develop as
1847 fast as possible so we can be competitive.

1848 *Mrs. Harshbarger. Well, I will look forward to you
1849 getting back with me.

1850 And with that I yield back, Mr. Chairman.

1851 *Mr. Walberg. Thank you. The gentlelady's time has
1852 expired. I now yield five minutes to the gentlelady from
1853 Illinois, Ms. Kelly.

1854 *Ms. Kelly. Thank you so much, Chair and Ranking Member
1855 Schakowsky, for holding this morning's hearing.

1856 And I want to thank Secretary Raimondo for your
1857 testimony, always good to see you.

1858 We know that good -- the good things that AI can do, but

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1859 we will not be able to realize the full potential of this
1860 revolutionary technology of AI if it is not developed and
1861 deployed responsibly. What safeguards are necessary to
1862 ensure AI is deployed in a manner consistent with our
1863 fundamental American values and rights?

1864 *Secretary Raimondo. Yes, it is an awesome question.
1865 We are right now -- in the Commerce Department we have stood
1866 up the AI Safety Institute, and I will say that we are asking
1867 for funding for that.

1868 We need to figure out, for example, what is adequate
1869 testing of these models. You know, these companies say they
1870 red team. Well, what defines adequate red teaming to test
1871 them before they come out? We need to define
1872 "watermarking.'" We are worried about deep fakes. So they
1873 have to put a proper watermark on it so you know it is a real
1874 person or AI-generated.

1875 So anyway, we are in the early innings of figuring this
1876 out. I think that these -- what I am trying to figure out
1877 and will work with anyone to do is, like, how do we regulate
1878 it in a way that doesn't stifle the innovation in these early
1879 innings, but also how do we keep Americans safe?

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1880 I will say, you know, we are asking for a modest amount
1881 of money for this AI Safety Institute, less than what Europe,
1882 the UK, Korea are putting into this, way less than China.
1883 And we need the money to figure out how to keep Americans
1884 safe from AI.

1885 *Ms. Kelly. I think you knew my future questions
1886 because that is what I was going to ask. How would the House
1887 Republicans' proposed budget cuts affect Commerce's ability
1888 to carry out the executive order that the President released
1889 last year?

1890 *Secretary Raimondo. Yes, I mean, look, we are spending
1891 -- thank you for the \$10 million last year. We are making
1892 good use of it. We are asking for about 45 this year. I
1893 mean, China will spend multiples of that. Even the UK is
1894 spending more than that. So I don't know how we cannot make
1895 those investments. If we are going to lead the world in AI,
1896 which we need to do, then we need to make these investments
1897 in the basic science to figure out the best ways to keep
1898 Americans safe.

1899 *Ms. Kelly. So on the opposite end, how would funding
1900 levels proposed in President Biden's budget strengthen

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1901 Commerce's mission to boost American innovation and
1902 competitiveness?

1903 *Secretary Raimondo. We could do the job, right? We
1904 can do the job on behalf of the American people so AI
1905 flourishes and we lead the world.

1906 *Ms. Kelly. As simple as that.

1907 Thank you, and I yield back.

1908 *Secretary Raimondo. It is a hard job. It is not that
1909 simple, but that is the plan.

1910 *Ms. Kelly. I know it is not simple. You are saying it
1911 money helps.

1912 *Secretary Raimondo. Thank you. Necessary.

1913 *Mr. Walberg. I thank the gentlelady for the simple
1914 answer, simple question. We will see, yes.

1915 I now recognize the gentleman from California,
1916 Representative Obernolte.

1917 *Mr. Obernolte. Thank you very much, Mr. Chairman.
1918 Secretary Raimondo, it is very nice to see you again.

1919 *Secretary Raimondo. Nice to see you.

1920 *Mr. Obernolte. I would like to continue the line of
1921 questioning from Representative Kelly about artificial

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1922 intelligence. I know you and I share a recognition of the
1923 importance of that topic. As you know, I am the chairman of
1924 the House Artificial Intelligence Task Force, and we have
1925 been working very diligently to try to put together a
1926 regulatory plan and framework for AI. And I know you have
1927 been working on this topic, as well.

1928 Your budget request requested \$8.9 million for the
1929 Bureau of Industry and Security to implement mandatory
1930 reporting requirements under the Defense Production Act for
1931 domestic AI developers. And this is a topic that you and I
1932 have had a discussion of before.

1933 I don't want to talk about the reporting requirements,
1934 because this is a debate that we are having within the task
1935 force. But I specifically want to ask about your invocation
1936 of the Defense Production Act as the authority to make these
1937 requirements because, as you know, the DPA was intended to be
1938 used in times of wartime to secure our procurement supply
1939 chains for munitions, and we seem to be far afield from that.
1940 We are not -- we have no declarations of war, we have
1941 withdrawn from Afghanistan, and the producers that you are
1942 proposing to apply this requirement to have nothing to do

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1943 with our defense supply chain.

1944 So how is the Defense Production Act an appropriate
1945 source of authority for the Department of Commerce to require
1946 this reporting?

1947 *Secretary Raimondo. Yes. So I have enjoyed working
1948 with you on AI, and we need -- there is a lot more for us to
1949 do.

1950 We think that whether it is legacy semiconductor chips
1951 -- we are using the DPA for that -- or AI or Cloud
1952 infrastructure, it is national security. Yes. it is not
1953 tanks and missiles. But today, in the modern world, AI,
1954 semiconductors, data centers, satellites, you know, unmanned
1955 vehicles, drones, this is all technology. And when I think
1956 of protecting America, you know, I don't just think of tanks
1957 and missiles and munitions. I think of this.

1958 I mean, AI, for example, in the hands of the Chinese
1959 military, our sophisticated AI in the hands of the Chinese
1960 military, or Russia, or a nation state as applied to nuclear
1961 weapons bioterrorism is unbelievably scary. So we have
1962 assessed that, in the light of those threats, it is
1963 appropriate to use the Defense Production Act -- like legacy

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1964 chips, for example, we were talking before with your
1965 colleagues.

1966 China is not playing by the rules. They are subsidizing
1967 the crap out of their industry, and it is going to hurt us,
1968 it is going to hurt our ability to make those chips, so --
1969 and that will hurt us in times of war, right? Every javelin
1970 missile has 300 chips, F-15 fighter jets, these are chips,
1971 chips, chips. We need to make them. And China will
1972 undermine our ability to do that.

1973 So anyway, we could talk about it. I hear your concern,
1974 but I think that in this day and age technology is the front
1975 line of our defense as it relates to, you know, new age of
1976 war. And I think DPA is appropriate.

1977 *Mr. Obernolte. Well, we are in furious agreement on
1978 the fact that AI is critical to our national security. But
1979 what we disagree on is whether or not the Department of
1980 Commerce has the authority under the DPA to require this
1981 reporting.

1982 And, I mean, we are on the same team about this. And
1983 let me tell you we are going to get there. We are -- the AI
1984 task force, we are having our ninth hearing this week,

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1985 ironically, on the topic of transparency and privacy. So we
1986 are going to get there. But, you know, please, let's
1987 continue to work as a team, and not let this turn into a tug
1988 of war between the legislative branch and the executive
1989 branch.

1990 *Secretary Raimondo. Yes.

1991 *Mr. Obernolte. And, I mean, because this is part of a
1992 budget request, now you are going to force us to put language
1993 in our appropriations to you that says you can't use this to
1994 do something that we don't think you have the authority to
1995 do, and I just -- I would prefer not to go there.

1996 *Secretary Raimondo. Yes.

1997 *Mr. Obernolte. One other thing I wanted to ask about
1998 is you are asking to -- for funding to stand up the AI and
1999 Emerging Technologies Policy Lab at NTIA. And one concern I
2000 have about this -- and I think NIST and the AI Safety
2001 Institute are doing great work, NTIA is doing great work, but
2002 I am concerned about possible duplication and the efficient
2003 use of taxpayer dollars because the last thing that we want
2004 -- we know AI is the shiny new object. The last thing that
2005 we want is multiple agencies at multiple places within the

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2006 executive branch working on the same thing.

2007 So can you explain how we are going to avoid that kind
2008 of duplication?

2009 *Secretary Raimondo. Yes. So I have one second, so I
2010 am going to follow up with you on that.

2011 *Mr. Obernolte. No, that is my time. That is not your
2012 time.

2013 *Secretary Raimondo. On the -- oh, okay.

2014 Look, I just want to say on the other thing --

2015 *Mr. Walberg. I would say it is all of our time.

2016 [Laughter.]

2017 *Mr. Obernolte. I concede the point, Mr. Chairman.

2018 *Secretary Raimondo. Give me 10 seconds, 10 seconds.

2019 *Mr. Walberg. So finish it quickly.

2020 *Secretary Raimondo. Ten seconds. We need different
2021 tools. We need to modernize our tools at BIS. I would be
2022 the first to work with you on that, right? That is why --
2023 ICTS, codify it. So we will follow up, because I don't want
2024 to fight about this. I agree with you, but you got to give
2025 us the tools to fight the fight.

2026 Second thing, on AI, it is two very different things.

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2027 NIST is focused on the science of standards, the science of
2028 safety of AI. NTIA is focused on, like, AI for good, you
2029 know, discrimination bias, et cetera. But I would be very
2030 happy to sit with you and have a proper discussion.

2031 *Mr. Obernolte. All right. We will do that.

2032 Thank you for the flexibility, Mr. Chairman. I yield
2033 back.

2034 *Mr. Walberg. The gentleman's time has expired, and I
2035 now recognize the gentlelady from Massachusetts,
2036 Representative Trahan.

2037 *Mrs. Trahan. Thank you, Mr. Chair and Ranking Member
2038 Schakowsky, for holding this hearing, and thank you to
2039 Secretary Raimondo.

2040 It is great to see you again. It is great to have you
2041 leading the Department of Commerce. Your Department is at
2042 the epicenter of our nation's efforts to strengthen our
2043 supply chain, responsibly develop new technologies, and
2044 respond to the ongoing climate crisis. And I commend you on
2045 your commitment on all those important issues.

2046 That is why I share with my colleagues in their
2047 disappointment that the Republicans' draft appropriations

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2048 package for the Department fails to meet this moment by fully
2049 funding the Department's programs that keep our economy
2050 strong and competitive.

2051 It is especially true of the bipartisan CHIPS and
2052 Science Act, which this committee had an outsized role in
2053 crafting and passing last Congress. The legislation included
2054 billions of dollars for the Department to invest in American
2055 superconductor manufacturing, strengthen our supply chain,
2056 and prepare our workers for the 21st century. And again, I
2057 commend the Department for its progress in rolling out these
2058 programs.

2059 However, like many of my colleagues, I was disappointed
2060 that \$3.5 billion in funds for CHIPS grants was diverted away
2061 from their intended purpose in the must-pass government
2062 funding package that became law earlier this year. Those
2063 funds went to Secure Enclave, which deserves to be funded,
2064 and is an important defense and intelligence priority to
2065 build semiconductors in a secure facility for our national
2066 security-critical purposes. But I struggle to see why it
2067 couldn't be funded independently through the Department of
2068 Defense, rather than being diverted away from the CHIPS

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2069 funding meant to strengthen our semiconductor manufacturing
2070 industry.

2071 So Secretary Raimondo, can you just speak to the
2072 importance of fully funding the chips manufacturing programs
2073 and the impact that unforeseen cuts will have on the ability
2074 for the Department to sufficiently carry out Congress's
2075 intent?

2076 *Secretary Raimondo. Yes, thank you. Taking that money
2077 and earmarking it for Secure Enclave puts us at a significant
2078 disadvantage. We are oversubscribed, right? We are over --
2079 it is good news, good news, right? We are oversubscribed.
2080 There are many more excellent companies, big and small alike,
2081 who we should provide grants to so they can expand in America
2082 so we can be stronger. Like we were talking about, it is a
2083 national security priority.

2084 Having said that, Secure Enclave is incredibly
2085 important, too, and deserves to be funded, and we are working
2086 literally every day with the DoD and ODNI to make sure it is
2087 funded. That -- we need to find the money. It is a national
2088 security imperative to get the CHIPS money reinstated in
2089 whatever way you can figure out how to do that. But it is

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2090 absolutely essential.

2091 *Mrs. Trahan. Yes, and you are right about
2092 oversubscribed. I mean, unfortunately, not every project can
2093 be funded. That was the case for Helfrich Brothers, a
2094 manufacturer of industrial pressure vessels in the City of
2095 Lawrence, which I have the privilege to represent, and I know
2096 you know well, Madam Secretary.

2097 Pressure vessels are critical requirements for the
2098 semiconductor supply chain, as they store high purity gases
2099 needed in the manufacturing process. And Helfrich Brothers
2100 is currently at production capacity, due to the increased
2101 demand from the semiconductor industry, which could create a
2102 bottleneck in the supply chain that CHIPS and Science was
2103 meant to strengthen.

2104 I remain committed to fully funding the programs
2105 necessary to strengthen our semiconductor manufacturing
2106 process at every phase, and I look forward to our continued
2107 work together on that front.

2108 Finally, I too would like to switch to artificial
2109 intelligence, and I am pleased that the Department is working
2110 hard to implement the President's executive order on safe,

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2111 secure, and trustworthy AI. Part of that order directed the
2112 Department to work with our international allies to develop
2113 responsible global standards for AI. I know you have talked
2114 a lot about AI already, but I am hoping that you could
2115 describe for us what the Department is doing to engage in
2116 international efforts to establish standards and policies for
2117 AI, and how Congress can support those efforts.

2118 *Secretary Raimondo. I think it is critical we work
2119 with our allies. We can't do this -- we cannot do this
2120 alone. In fact, at 1:00 I have a meeting with my Korean and
2121 Japanese counterparts to talk exactly about this. We started
2122 to work with the EU.

2123 You know, we have to get a group of like-minded
2124 countries who share our values, who are committed to our
2125 values to commit themselves with us around the safety
2126 guidelines for how AI is developed. And the very first thing
2127 you could do is fund the AI Safety Institute, because this
2128 stuff has to be based on science, and we need the money to
2129 fund the science and lead the world, lead Korea, lead Japan,
2130 lead these -- lead India to come to aligned standards of
2131 safety.

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2132 *Mrs. Trahan. Message received.

2133 I yield back.

2134 *Mr. Walberg. I thank the gentlelady. I now recognize
2135 the gentleman from Pennsylvania, Mr. Joyce.

2136 *Mr. Joyce. Thank you, chairman, for allowing me to
2137 waive on to this hearing today.

2138 And thank you, Secretary Raimondo, for coming back to
2139 the Hill to testify again. Secretary Raimondo, both you and
2140 Assistant Secretary Davidson have testified before various
2141 congressional committees that you are deferring to the states
2142 in the administration of the BEAD program, and not forcing
2143 states to rate regulate. Just last year, in December, Mr.
2144 Davidson assured this committee that you would not engage in
2145 rate regulation and that you would -- and I am quoting --
2146 "embrace the sort of laboratory of democracy, let different
2147 states approach this in different ways."

2148 In fact, last month you testified in the Senate that the
2149 Department of Commerce is -- again, I am quoting -- "not in
2150 the business of rate regulation."

2151 Despite these statements, we have heard repeatedly that
2152 this does not align with the reality that is occurring on the

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2153 ground. You have approved only a small number of state
2154 plans, all of which appear to regulate broadband rates by
2155 adopting a specific price for broadband service.

2156 We have heard from numerous states that NTIA is
2157 requiring them to specify rates for various broadband
2158 offerings in order to receive that final approval of its
2159 initial proposal.

2160 Multiple broadband offices have told us that the
2161 pressure from NTIA is real, and that the threat of losing
2162 funds was too great not to give in to these demands.

2163 Some states have also complained that you specifically,
2164 Madam Secretary, are calling their governors and demanding
2165 that the state comply with NTIA's direction on specific price
2166 points for low-income and other broadband plans.

2167 You said to Senator Kennedy just last month that you are
2168 "pretty hands off on this."

2169 Congress never envisioned NTIA circumventing the
2170 explicit prohibition on rate regulation by implicitly
2171 conditioning NTIA approval of these plans on such regulation.
2172 I am very troubled by these developments, especially in light
2173 of your and Mr. Davidson's prior sworn testimony to this

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2174 committee that the NTIA was not engaging in such pressure
2175 tactics which are prohibited by the IIJA.

2176 So I am going to ask you once again. Will you assure me
2177 and this committee that you and your staff, number one, cease
2178 these pressure tactics; number two, approve state plans that
2179 do not set a specific price for low-cost broadband plans or
2180 for certain service tiers such as symmetrical gigabyte
2181 service; and third and finally, that you will reject state
2182 BEAD plans that propose to mandate such price regulations?

2183 *Secretary Raimondo. So I will again testify and
2184 promise to you we are not engaged in rate regulation.

2185 The statute is crystal clear. Every state must provide
2186 a low-cost option. I did not write the statute; I will
2187 implement the statute. The statute is crystal clear. That
2188 is referenced throughout the statute.

2189 By the way, you referenced Senator Kennedy. His plan
2190 has already been approved, Louisiana has been approved. No
2191 problem. I think we are up to almost 20 states have been
2192 approved.

2193 We are not slowing this down. We are not using, as you
2194 say, pressure tactics. But the truth of it is, as I have

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2195 said numerous times today, the Internet is not a luxury, it
2196 is a necessity. And every state is free to decide what is
2197 low cost.

2198 How much does it cost to, you know, lay fiber over a
2199 mountain range or in a rural area? It will cost more. I am
2200 not going to tell them, you know, \$20 a month or you are not
2201 going to get your money. But I am going to hold their feet
2202 to the fire to make sure they follow the statute and have a
2203 low-cost plan.

2204 *Mr. Joyce. Are you calling specific governors, asking
2205 them that their states comply with NTIA's direction on
2206 specific price points?

2207 *Secretary Raimondo. No, but I am doing my job. A lot
2208 of these governors are dragging their feet, and I am saying
2209 we want to get this money out quickly. Please get us your
2210 proposal and work with us so that we can get the money out
2211 the door.

2212 *Mr. Joyce. I would --

2213 *Secretary Raimondo. I am not calling anyone and
2214 saying, you know, "You have to do this cost.'" What I am
2215 saying is --

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2216 *Mr. Joyce. There are no cost specifics that you are
2217 directing to any individual state regarding the
2218 implementation of the BEAD funds?

2219 *Secretary Raimondo. No.

2220 *Mr. Joyce. Thank you. My state is one of those states
2221 -- I represent south central Pennsylvania -- with many hills
2222 and valleys, with many nooks and crannies, with many hills
2223 and hollers --

2224 *Secretary Raimondo. Yes.

2225 *Mr. Joyce. -- which make the laying down of fiber
2226 impractical. We need an all-of-the-above approach to be able
2227 to successfully roll out this BEAD money, and the success of
2228 this program hangs in the balance. And I am deeply concerned
2229 that the NTIA's heavy-handed rate regulation requirements,
2230 among others, will push this program towards failure, leaving
2231 the rural Americans that I represent in south central and
2232 south Pennsylvania without that necessary broadband access,
2233 without that connectivity for the farmers, for the teachers,
2234 for the patients who need to connect with their doctors.

2235 I fear that the concerns of what we have discussed here
2236 today have not been adequately answered without that firm

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2237 commitment that there will not be heavy-handedness directed
2238 towards those who are trying to comply, who are trying to
2239 utilize this BEAD money successfully --

2240 *Mr. Walberg. The gentleman's time --

2241 *Mr. Joyce. -- in areas throughout America.

2242 Thank you, Mr. Chairman. My time has expired and I
2243 yield back.

2244 *Secretary Raimondo. Thank you.

2245 *Mr. Walberg. I thank the gentleman. I thank the
2246 Secretary for being here today.

2247 *Secretary Raimondo. Thank you.

2248 *Mr. Walberg. I think this has been a helpful hearing.

2249 I remind members that they have 10 business days to
2250 submit questions for the record, and I ask the witnesses to
2251 respond to the questions -- and specifically the Secretary --
2252 to respond to the questions promptly. Members should submit
2253 their questions by the close of business on July 10.

2254 Without objection, the subcommittee is adjourned.

2255 [Whereupon, at 12:34 p.m., the subcommittee was
2256 adjourned.]