



May 15, 2018

Hon. Mitch McConnell
Majority Leader
United States Senate
Washington, D.C. 20510

Hon. Charles E. Schumer
Minority Leader
United States Senate
Washington, D.C. 20510

Hon. Paul Ryan
Speaker
U.S. House of Representatives
Washington, D.C. 20515

Hon. Kevin McCarthy
Majority Leader
U.S. House of Representatives
Washington, D.C. 20515

Hon. Nancy Pelosi
Minority Leader
U.S. House of Representatives
Washington, D.C. 20515

Dear Majority Leader McConnell, Minority Leader Schumer, Speaker Ryan, Majority Leader McCarthy, and Minority Leader Pelosi:

As discussed below, we respectfully request that you reject efforts currently underway to use the Congressional Review Act to restore the FCC’s Title II regulation of internet access service, popularly known as the “net neutrality rules.” We oppose the net neutrality rules because of their harmful impact on the economy, including small and mid-size broadband manufacturers. We ask instead that you focus on passing a long-term, bipartisan legislative solution to the net neutrality debate.

DISCUSSION

We are a diverse group of companies making products used in broadband networks. We are diverse because of the wide variety of products we make, including consumer appliances like modems and routers, transmission and switching equipment, software, semiconductors incorporated into broadband gear, network test equipment, equipment used to lay transmission cables, and more. We also are diverse because our size varies widely from company to company – from niche manufacturers employing fewer than 100 people to mid-size companies with as many as 3,000 workers.

We write to oppose passage of a resolution under the 1996 Congressional Review Act (“CRA”) to restore the Title II regulatory regime for broadband internet access that was imposed during the Obama Administration and overturned by the FCC last December. We oppose Title II regulation of internet access service because it has a negative economic impact on the small and mid-size broadband manufacturing industry to the detriment of innovation and jobs. While diminished investment caused by Title II regulation hurts *all* companies making hardware and software used in providing broadband

internet service, the negative impact on small and mid-size broadband manufacturers as a group is especially severe for at least two reasons. First, smaller manufacturers often make products for a single industry whereas their larger competitors may make products for several industries. A manufacturer whose products are sold to a single industry subject to a given set of regulations is at economically greater risk than a company making products not just for the regulated industry but for other industries as well. Second, because a small manufacturer's revenue typically is concentrated among a smaller number of customers than is a larger company's revenue, a small manufacturer is economically more vulnerable to regulations applicable to their customers than a large manufacturer selling to the same customers.

A policy that causes economic harm to small and mid-size manufacturing companies does not just damage manufacturers themselves, it also harms innovation since a number of studies have shown that smaller firms account for a significant amount of innovation, and some studies conclude that smaller firms are responsible as a group for *more* innovation than larger ones. One indicator of this latter point in our industry is the fact that small companies making products for communications networks hold a higher percentage of communications network patents than do small companies in 53 of the remaining 72 industry sectors.

The negative implications of diminished innovation in broadband go beyond less innovation in the broadband manufacturing industry itself. Businesses of all kinds, from manufacturing to service to retail and wholesale trade, today depend on broadband tools. Stemming the stream of new ideas and products that provide business-sustaining internet services to American companies and entrepreneurs would damage U.S. competitiveness, curtail job creation, and drag down our economy across the board.

Instead of voting on a resolution that is economically unsound, we urge the Senate and House leadership instead to focus on developing and passing bipartisan legislation that solves, in a permanent and less draconian way, the issues addressed by the old FCC net neutrality rules. Only Congress can install permanent internet conduct rules that will protect consumers online as well as internet innovation and investment. A bipartisan solution to the seemingly endless net neutrality debate would be widely supported by all serious parties on both sides of this debate. As U.S. manufacturers, we know that our ability to invest, hire and retain employees, and provide consumers and other businesses with the tools they need to thrive depends on regulatory certainty. Legislation fixing the "net neutrality" problem once and for all will provide that certainty and will free companies like ours to reach their full potential as employers and pillars of a vibrant American economy.

Sincerely,

Adara Technologies
CBM of America
ETI Software Solutions
FiberSource
Infinera
Prysmian Communication Cables and Systems
Skyway Towers
VOLTserver

BTECH
Condux International
FiberControl
Go!Foton
Nextus
Sentinel Connector Systems
Vermeer