

Stephanie Hall

Director
Innovation Policy

December 4, 2019

The Honorable Roger Wicker
Chairman
Committee on Commerce, Science,
and Transportation
United States Senate
Washington, DC 20510

The Honorable Maria Cantwell
Ranking Member
Committee on Commerce, Science,
and Transportation
United States Senate
Washington, DC 20510

Dear Chairman Wicker and Ranking Member Cantwell:

The National Association of Manufacturers welcomes the Committee's attention to the topic of data privacy with the hearing entitled "Examining Legislative Proposals to Protect Consumer Data Privacy," and we appreciate the opportunity to share our perspective on this important issue.

The NAM is the largest manufacturing association in the United States representing manufacturers in every industrial sector and in all 50 states. Manufacturing employs more than 12.8 million men and women, contributes nearly \$2.4 trillion to the U.S. economy annually, has the largest economic impact of any major sector and accounts for 64 percent of all private-sector research and development in the nation.¹ The NAM is the powerful voice of the manufacturing community and the leading advocate for a policy agenda that helps manufacturers compete in the global economy and create jobs across the United States.

Manufacturers are developing innovative products and transforming the manufacturing process with the latest technologies. Data continues to be a critical source and byproduct of these breakthroughs and developments as modern manufacturing evolves. The Internet of Things (IoT) is continuing to transform manufacturing through billions of connected devices and advanced wireless infrastructure that allow for the transmission of vast amounts of data. Connected shop floors are creating data that industry is harnessing to improve efficiency, manage production activities, streamline repairs and safeguard plant security. Additionally, connected products utilize data to transform the customers' experience in countless ways.

Our nation's manufacturers support the Committee's efforts to craft federal data privacy legislation that advances individuals' privacy while promoting U.S. innovation and industrial competitiveness. Without clarity from federal law, uncertainty will continue for our industry, causing manufacturers to sort through conflicting state privacy laws across the country. Federal privacy legislation should pre-empt state privacy regulations to resolve conflicting requirements in different states. A national approach to data privacy will strengthen businesses while supporting consumers.

Patchwork state privacy laws and unpredictable regulatory changes on data privacy are currently undermining the ability of organizations to manage privacy risks, protect consumers and make business decisions with the certainty they need. State-by-state privacy requirements create conflicts for manufacturers, their operations and their processes due to the interstate nature of data flows. They stall innovation by creating a regulatory burden that distracts from the development of next generation

¹ <https://www.nam.org/facts-about-manufacturing/>

technologies and products. Manufacturers design and build security and privacy into their systems and products, and it is often an extensive process to adjust those systems and products in the face of evolving data regulations.

In addition to providing regulatory harmony within the United States, a federal privacy framework should be interoperable with global privacy frameworks such as the EU's General Data Protection Regulation. This is necessary to ensure U.S. manufacturers with global operations and international data flows are not stymied by conflicting international frameworks. Manufacturers appreciate regulatory certainty in global business enterprises because 95 percent of the world's consumers live outside the United States. A confusing and inconsistent regulatory privacy regime deters U.S. manufacturers from seeking access to new markets to drive job growth here or from delivering the best, most advanced products to their customers in different markets.

Continued economic growth in the manufacturing sector will be positively impacted by a federal consumer privacy law if it fosters innovation and accounts for the diverse ways that organizations are integrating data into their operations and products. Ongoing innovation requires flexibility, and any federal action on data privacy must be carefully balanced and thoughtfully implemented without sacrificing opportunities for economic leadership and progress.

A federal bill should also anticipate the constantly evolving nature of technology and be flexible enough to work for the data-intensive innovations of the future. Manufacturers are leading the development and application of emerging technologies, including automation, Artificial Intelligence, and quantum computing, among other developments in advanced manufacturing. The federal government should be mindful of current and future uses of data and embrace policies that promote U.S. progress and leadership in these emerging technologies.

Our companies are entrusted with vast amounts of data through diverse business interactions with customers, vendors, suppliers and governments. They understand that safeguarding privacy, protecting information and building consumer trust is a critical responsibility. Manufacturers support a data privacy policy that provides flexibility for innovation, addresses domestic and global inconsistencies in privacy regulations and advances U.S. economic growth and technological leadership. The NAM appreciates the opportunity to share our sector's priorities and looks forward to continuing to work with the Committee to advance federal legislation.

Sincerely,

A handwritten signature in black ink that reads "Stephanie K. Hall". The signature is written in a cursive, flowing style.

Stephanie Hall