



May 9, 2022

The U.S. Should Remain The World Leader in Crypto Innovation

The Honorable Gina M. Raimondo
Secretary
U.S. Department of Commerce

Dear Secretary Raimondo:

President Biden's Executive Order tasks the Department of Commerce with the responsibility of establishing a digital asset framework that will enhance the United States' economic competitiveness in digital asset technologies. Chamber of Progress – a progressive technology promoting technology's progressive future – appreciates the opportunity to comment on this issue.

The United States has an opportunity to be the global leader in the new digital asset economy.

Developing a competitive digital asset framework that addresses both the immediate and near-term challenges of the American blockchain industry will ensure the United States is the global leader in the digital asset economy.

There are three areas a competitive digital asset framework should address: funding workforce development programs, reducing carbon emissions in the blockchain industry, and coordinating policy discussions that focus on increasing regulatory clarity.

What are Digital Assets?

"Digital asset" is an umbrella term used to describe the coins or tokens that are transferred or issued using blockchain technology.¹ A blockchain is a distributed ledger that cryptographically validates transactions.² The proliferation of popular digital assets like Bitcoin and Ethereum has led to rapid innovation in blockchain technology and decentralized finance (DeFi).

Popular digital assets services include decentralized exchanges, cryptocurrency staking, stablecoin lending, and NFT mining.³ Additionally, the U.S. Federal Reserve is presently exploring the option of issuing a central bank digital currency (CBDC) with the help of blockchain technology.⁴ A digital asset competitiveness framework will ensure that American customers, businesses, and investors continue to benefit from leveraging digital asset technology.

¹ <https://www.sec.gov/rules/policy/2020/34-90788.pdf>

² <https://bitcoin.org/bitcoin.pdf>

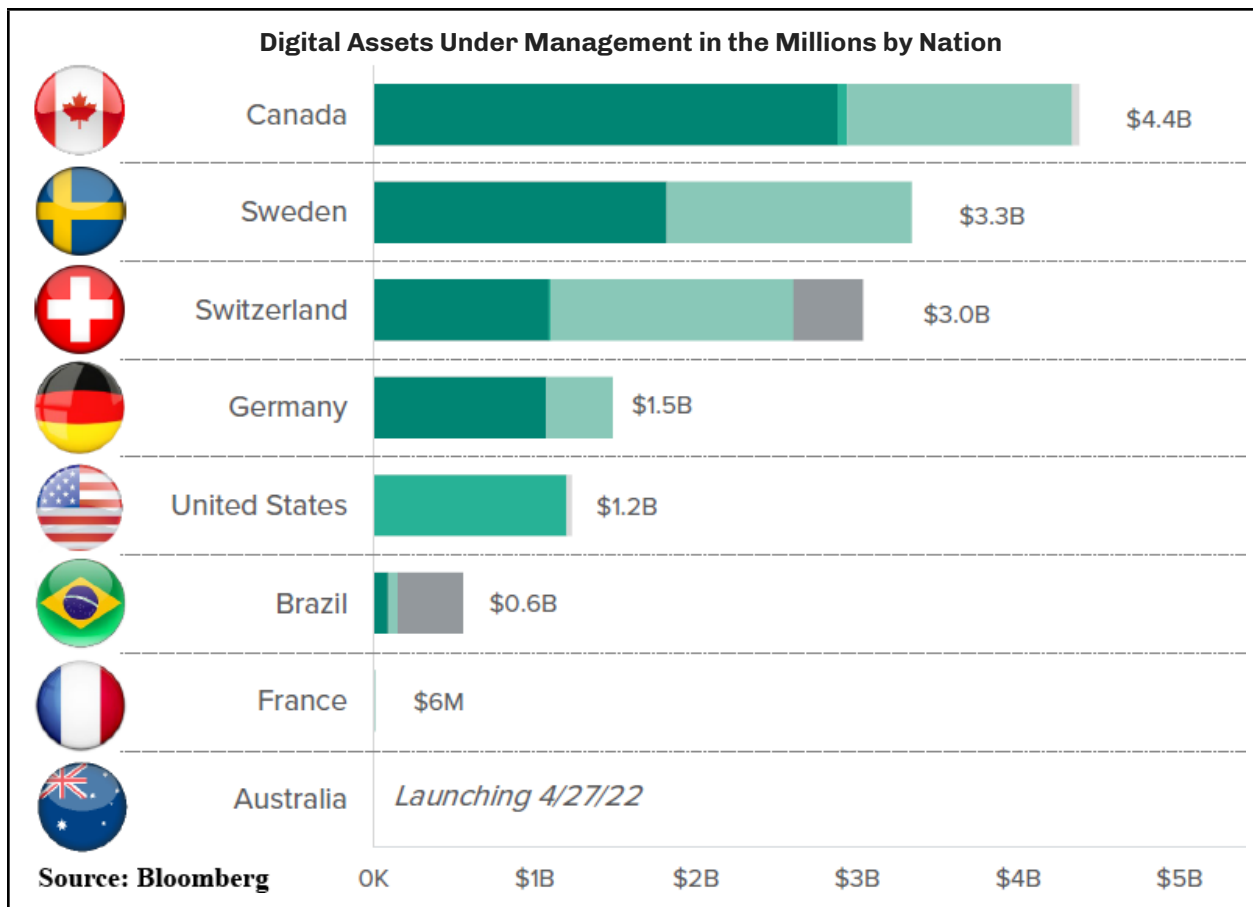
³ https://home.treasury.gov/system/files/136/StableCoinReport_Nov1_508.pdf

⁴ <https://www.federalreserve.gov/central-bank-digital-currency.htm>

The United States has the Leadership Position in the Blockchain Industry

In October 2021, the United States became the largest hub for Bitcoin businesses and mining operations.⁵ Last year, the United States spent roughly \$2.6 billion on blockchain solution spending - more than West Europe and China combined.⁶ And increased spending on business solutions led to a 395% surge in US crypto-related job postings between 2020 and 2021.⁷

Additionally, a recent Pew Research Center survey found that 16% of U.S. adults have personally invested in cryptocurrencies.⁸ The maturity of U.S. based cryptocurrency exchanges helped accelerate the adoption of digital assets by American consumers.⁹ However, the United States only has \$1.2 Billion of digital asset exchange traded products (ETP) under management (AUM) - much less than other leading nations.



⁵ <https://www.tbstat.com/wp/uploads/2021/12/The-Block-Research-2022-Digital-Asset-Outlook.v2.pdf>

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[https://www.idc.com/getdoc.jsp?containerId=prUS47617821#:~:text=Spending%20on%20blockchain%20solutions%20in,an d%20China%20\(%24777%20million](https://www.idc.com/getdoc.jsp?containerId=prUS47617821#:~:text=Spending%20on%20blockchain%20solutions%20in,an d%20China%20(%24777%20million)

⁷ <https://www.axios.com/crypto-job-postings-surge-fb243ca6-e70f-40df-b5be-436612cbbc12.html>

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<https://www.pewresearch.org/fact-tank/2021/11/11/16-of-americans-say-they-have-ever-invested-in-traded-or-used-c ryptocurrency/>

⁹ <https://www.tbstat.com/wp/uploads/2021/12/The-Block-Research-2022-Digital-Asset-Outlook.v2.pdf>

The United States must establish a clear regulatory environment in order to retain and attract cryptocurrency and blockchain businesses. Otherwise, companies will stay or move overseas – where they will have less incentive to follow American laws or reflect U.S. democratic values. It is critically important for successfully thwarting humanitarian crises financed by terrorism and preventing money laundering for illicit activities. For example, foreign crypto exchanges that facilitate payment transactions would be less incentivized to follow war-time sanctions, like those issued against Russian oligarchs following the invasion of Ukraine. Our nation's economic and national security interests greatly depend upon the United States' ability to attract and retain the business of major cryptocurrency exchanges.

Top Tech Talent Wins The Global Digital Asset Race

The top constraining factor hindering the United States' growth in the digital asset market is the current lack of skilled blockchain professionals. The anticipated growth in the adoption of digital assets by Americans will continue to increase the demand for blockchain business solutions and hiring. It is essential to meet the demand for skilled digital asset professionals by increasing the funding and availability of blockchain-based workforce development programs.

By increasing the number of American professionals working in the blockchain industry, the United States can maintain its globally leading position with the greatest share of the global blockchain market. The 2022 global blockchain market is valued at roughly \$7 Billion, and research suggests the global blockchain market will grow to over \$163 Billion by 2029.¹⁰ In 2020, the United States employed more than 400,000 blockchain engineers and was expected to grow at an annual rate of 5%-10%.¹¹

However, rapid increases in the crypto market cap have correlated with rapid increases in hiring demands. For example, crypto hiring needs increased by 118% during the 2021 crypto bull run when compared to the previous year.¹² Interestingly, only 29% of blockchain or crypto-related jobs are for engineers.¹³

In 2021, the demand for non-developer jobs in the blockchain industry increased, but roughly a third of the available blockchain jobs are for developers and engineers. The biggest hiring demand increase during 2021 was for non-developer crypto-related jobs in marketing, management, and IT operations. The Commerce Department could help close the skills gap by creating new grants under the "Minority Colleges and Universities Grant Competition" (MBDA) for digital asset projects. This could include establishing a "train the trainer" program to teach MBDA business center employees the basics of cryptocurrencies and blockchain.

Rulemaking for Reducing the Climate Impact of Blockchain Mining

President Biden's Executive Order on "Ensuring Responsible Development of Digital Assets" calls for responsible rulemaking that promotes democratic values. Responsible climate policymaking in digital asset governance will ensure the United States can foster sustainable growth in the

¹⁰ <https://www.fortunebusinessinsights.com/industry-reports/blockchain-market-100072>

¹¹ <https://www.onetonline.org/link/summary/15-1299.07>

¹² <https://www.hiringlab.org/2021/08/03/job-seeker-interest-spikes-crypto-and-blockchain/>

¹³ <https://www.linkedin.com/pulse/why-fintech-job-market-booming-debiprasad-bandopadhyav-1f/>

blockchain industry. Blockchain technologies have a permanent future in the United State's economy. The Climate Crisis is an equity problem and financially inclusive technologies will not be able to fulfill their promise unless net-zero carbon impact can be achieved.

The newly created Department of Commerce Climate Council should include sustainable growth of the blockchain industry in the scope of their broader policy work. Further, the Climate Council can coordinate net-zero goals for the blockchain industry in coordination with the National Oceanic and Atmospheric Association and Patent and Trademark Office.¹⁴ President Biden's executive order wisely recognizes the benefits of blockchain technology and the need to mitigate risks in the cryptocurrency industry.¹⁵ The Department of Commerce can ensure that democratic values are preserved for the United States by including net-zero carbon impact goals for the blockchain industry.

Recommended Steps for Coordinating Discussions for Increased Regulatory Clarity

Blockchain technology builders and entrepreneurs need strong leadership from the government to coordinate public policy discussions. The Department of Commerce could increase its role in leading public discussions by utilizing certain key agencies. For example, the Office of Policy and Strategic Planning (OPSP) could facilitate policy coordination and outreach regarding U.S. crypto innovation. OPSP could create more informal commenting opportunities before rulemaking occurs and encourage the creation of opt-in regulatory frameworks like innovation "sandboxes."

Further, the Office of Legislative and Intergovernmental Affairs (OLIA) could promote public-private collaboration for crypto education and business development. This could be achieved by educating policymakers through regularly scheduled in-person or video training sessions. Additionally, the Department could encourage university partnerships for research on various sectors of the U.S. blockchain industry, to help quantify the impact of regulatory changes. Increasing the amount of available data on the United States digital asset economy will allow policymakers to refine future legislation for continued growth.

Establishing an economically competitive digital asset framework is imperative for securing the United States as the global leader in digital asset governance. We urge the U.S. Department of Commerce to consider these policy recommendations as it develops a strategy to secure America's crypto leadership.

Sincerely,



Adam Kovacevich
CEO and Founder

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<https://www.commerce.gov/news/press-releases/2022/04/secretary-raimondo-establishes-commerce-climate-council-directs>

¹⁵ <https://progresschamber.org/biden-issues-crypto-executive-order/>