



Bitcoin Today Coalition’s Response to the International Trade Administration’s Request for Comment on Developing a Framework on Competitiveness of Digital Asset Technologies

Bitcoin Today Coalition is a non-governmental, non-partisan organization. We advocate on behalf of the business ecosystem enabling 46 million Americans to own and secure bitcoin. The Bitcoin Today Coalition leads educational efforts at the federal and state levels.

We support bitcoin and its beneficial impacts on innovation. Consumers, investors, and businesses, global financial stability, technological and economic advances, safe and affordable financial services, national security, and future job growth all benefit from bitcoin. Its sound monetary properties promote financial inclusion and uplift those left behind by the traditional finance system.

Our members represent a broad constituency. We work alongside entrepreneurs and innovators, veterans and national security practitioners, economic development professionals, and academia. Energy industry stakeholders and human rights activists endorse our cause as well. The Bitcoin Today Coalition looks forward to working with the International Trade Administration and responses to your points of interest are as follows:

Competitiveness:

- (1) *What are the features of U.S.-based digital asset businesses (e.g., administrators, operators, validators, and other key stakeholder roles in the function of digital assets as well as the exchanges, brokers, and custodians used to trade and store them) that currently underpin their competitiveness in a global market? Will these features support future competitiveness?*

The United States’ open access to tools and resources underpins its competitiveness in the global market. With 50 diverse ecosystems, businesses can adjust and determine what’s best for them as they recruit top talent, attract capital, and create new and innovative products.

States that create incentives – such as low-cost access to energy – will continue to support future competitiveness as mining and other businesses supporting the bitcoin network develop in this dynamic environment.

- (2) *What obstacles do U.S. digital asset businesses face when competing globally? How have these obstacles changed over the past five years and are any anticipated to disappear? Are there clearly foreseeable new obstacles that they will face in the future? What steps could the U.S. government take to remove, minimize, or forestall any obstacles?*

The US has the largest capital market and has historically been a leader in innovation on the technological, regulatory, and business fronts. To safeguard that position, the United States should move forward, in conjunction with industry, to clarify an understanding of stablecoins and other digital assets. We also note the bipartisan bill recently proposed by Senators Lummis and Gillibrand which outlines a comprehensive framework, including much-needed definitions, for bitcoin and other digital assets.

- (3) *How does the current U.S. regulatory landscape affect U.S. digital asset businesses' global competitiveness? Are there future regulatory shifts that could support greater global competitiveness of U.S. digital asset businesses? How does the U.S. regulatory landscape for digital assets compare to that in finance or other comparable sectors?*

Uncertainty and a lack of regulation have largely punished retail investors, who have lost their money to speculators; poor products, such as Luna; and exchanges lacking in liability, such as Mt. Gox. Clarity on and regulations for such products, assets, and entities are needed. We see such clarity in, as mentioned above, the bill proposed by Senators Lummis and Gillibrand.

- (4) *What are the primary challenges to U.S. technological leadership in the digital assets sector?*

Several countries and regions have, so far, given the retail investor an ability to invest in, for example, bitcoin ETFs. This includes Canada, the EU, and Brazil. Regulating these asset classes has allowed the retail investor to invest safely. The United States has yet to provide that degree of clarity for the retail investor, increasing their exposure to volatility.

As we will discuss in later answers, we also believe that providing tax incentives and incentivizing proof of work mining are highly beneficial for the United States, its citizens, its digital assets ecosystem, and the bitcoin network.

- (5) *What impact, if any, does the global nature of the digital assets sector have on U.S. digital asset businesses' ability to attract and retain talent and maintain leadership in development and operation of digital asset technologies within the United States?*

With respect to the bitcoin ecosystem, along with digital assets at large, the United States has a first-mover advantage. The US ecosystem for digital assets, including its talent pool, percentage of the bitcoin network's hash rate, and VCs committed to digital assets, are all dominant when compared to other countries and regions.

Because some of the US's largest competitors geopolitically have throttled or banned bitcoin and other digital assets from being traded or used, the United States has emerged as the dominant player, and so is much more likely to keep, attract, and grow talent, thanks to the same network effect that made Silicon Valley the center of the dot-com boom.

(6) *What, if any, is the future role of digital assets mining in the U.S. digital assets sector? Can digital assets be compatible with a low-carbon economy that emphasizes renewable energy? If so, how? In what ways can the U.S. government and U.S. companies drive competitive, sustainable (for the environment and energy consumption) development of digital assets?*

Bitcoin mining is already close to net-zero emissions and is becoming more efficient by the year. Currently, about 73% of bitcoin mining is carbon neutral. Since 2009, bitcoin miners have increased their energy efficiency by 40,000%. In Q1 2022, mining efficiency increased by 6%, and year-over-year saw an increase of 63% in mining efficiency. This trend is on track to continue as the industry makes more investments in technological and green energy innovation.

In Q1, 2022, bitcoin mining harnessed a 58.4% sustainable energy mix. More than the US or the EU in all of 2021. Additionally, bitcoin miners monetize renewable and nuclear energy at the source during times when the energy would otherwise be wasted or stranded due to lack of demand or distance from population centers.

Bitcoin mining technologies have been proven to enhance electric grid capacity, by monetizing the build-out of renewable and nuclear generation assets without the need for government subsidies. Together, bitcoin miners and energy generation asset developers build a business model that enables developers to obtain project finance and build assets in locations that do not yet have the grid infrastructure (transmission capacity) or load (residential or industrial) to be feasible to build otherwise.

This effectively allows the United States to build the amount of renewable generation capacity we know we are going to require *before* we start requiring it, all while minimizing the number of government subsidies required for this critical infrastructure build-out.

Bitcoin mining is also already *reducing* pollutants in the atmosphere. It's well known that a byproduct of drilling for oil is natural gas. Pipelines that transport the gas to buyers are costly, time-consuming, and sometimes impossible to build. The current solution is for well operators to burn the noxious methane into the open atmosphere, with 75 to 90% efficiency. Because bitcoin miners are portable, they can travel to the source of the stranded and wasted emissions

anywhere in the world. Bitcoin mining firms capture the gas and redirect it to generators, powering computers inside datacenters that mine bitcoin, combusting 100% of the methane.¹

Bitcoin mining is the only thing innovating the energy sector today. It should be welcomed, incentivized, and championed.

- (7) *What impact, if any, will global deployment of central bank digital currencies (CBDC) have on the U.S. digital assets sector? To what extent would the design of a U.S. CBDC (e.g., disintermediated or intermediated, interoperable with other countries' CBDCs and other domestic and international financial services, etc.) impact the sector?*

In general, we are not inclined to support a CBDC. Project Hamilton at the Boston Fed has yet to answer the many questions and concerns it has previously expressed relating to technical, policy, privacy, and other aspects of the CBDC being designed. We will have a more definitive answer regarding the caliber of a US CBDC once we have a better idea of the final product, should they decide to release it. Members of the Bitcoin Today Coalition have previously connected with the Boston Fed and remain open to addressing any questions or concerns they may have regarding undecided aspects of their project.

- (8) *Should digital assets be given specific consideration in trade agreements? If so, to what extent? What types of provisions would be beneficial to the U.S. digital assets sector in the United States? Are there provisions that would be beneficial to U.S. businesses and consumers?*

We believe that allowing entities to remit debts with digital assets is the next step in future trade agreements. Receiving parties should be able to decide whether they want a digital asset in lieu of fiat, whether it's a stablecoin or bitcoin. There are numerous advantages bitcoin allows, including the ability to settle within ten minutes at any time of day or night. Countries would be encouraged to consider holding bitcoin in their reserves to purchase raw or refined goods, to take advantage of Bitcoin's inherent technical advantages over traditional forms of payment.

- (9) *What other factors related to economic competitiveness should Commerce consider in the development of the framework?*

We urge the incentivization of proof of work mining; education programs encouraging financial literacy, which includes education on bitcoin and digital assets in general, and incentives where possible for such programs; and a simplified and clear regulatory framework for businesses to navigate.

- (10) *Beyond enhanced economic competitiveness, how can the U.S. digital assets sector advance the other objectives outlined in the Executive Order? These other objectives include protection of consumers, investors, and business in the United States; protection of United States and global financial stability and the mitigation of systemic risk; and mitigation of illicit finance and national security risks posed by misuse of digital assets.*

Bitcoin's adeptness at financial inclusion and prevention against inflation creates a diverse United States that can't be controlled by a small minority. Protections include the independence of becoming one's own bank, preventing overdraft and other hidden fees, the absolute security and privacy of the Lightning Network, and the incredible speed of completing transactions for very little or no cost. As the bitcoin blockchain is public and transparent, criminals are often easily caught, shifting them away from abusing this asset.

Regarding global financial stability, it is imperative that the United States progresses toward a bitcoin-positive regulatory environment. Should the United States pursue an agenda of investing in bitcoin outright, the stronger the United States will be as more nation-states build positive legislation around this no-longer-nascent industry. Should game theory nation-state adoption take place, the better the United States will fare against nations that do not support bitcoin, so long as it maintains a position in this distributed, global industry.

- (11) *By what metrics should we measure the competitiveness of the U.S. digital assets sector in the global market? Are there existing measurements or data against these metrics?*

Helpful metrics are the number of businesses created annually; the number of cities and states attempting to be hubs for bitcoin and other digital assets; the amount of venture capital funding committed to the bitcoin ecosystem and other digital assets; and the extent to which mining focuses us towards the future from an infrastructure perspective, and in doing so creates future-oriented jobs and enhances financial inclusion for society's most underserved communities.

Comparisons to 'Traditional' Financial Services and Financial Inclusion Considerations:

- (12) *What factors and conditions, if any, that have driven and sustained the global leadership of U.S.-based legacy financial institutions will foster the same leadership for U.S. digital asset businesses? If there are no common factors, what factors and conditions will differentiate global competitiveness for U.S. digital asset businesses?*

There is no inherent leadership position that legacy financial institutions or mechanisms will inherit in the digital asset world. The bitcoin network is open to everyone, and success will be found by the best innovators. To safeguard its position, the United States must continue to be a leader in innovation in technology.

To foster leadership for US digital asset businesses, regulations must be clear and simple. Rules should differentiate between bitcoin, a commodity, and other digital assets that are defined as securities. Companies that spot bitcoin, already defined as a commodity, should be registered by the CFTC. Those deemed securities should fall under the SEC umbrella. Bermuda, the Bahamas, and Liechtenstein, as well as several US States already have intelligent standards with respect to digital assets. To secure a leadership position in global competitiveness for digital asset businesses, the United States must provide an uncomplicated environment for innovation to thrive.

(13) Can digital assets improve international payments (including trade and remittances), and improve on access to trade finance? If so, how? How do digital assets compare to other initiatives in payments such as the Federal Reserve's FedNow?

Bitcoin has already improved international trade and remittance payments. Small and micro-payments can be sent over the Lightning Network immediately, with instant cash finality, and for little to no cost. Larger payments via the bitcoin base layer can be confirmed in as little as ten minutes, and for very small fees. This has already proven to be a lifeline for people thrust into chaos by oppressive regimes and crumbling financial infrastructures.

The FedNow program is not yet operational, so it is unknown how it will compare.

(14) According to the FDIC's 2019 "How America Banks" survey, approximately 94.6 percent (124 million) of U.S. households had at least one bank or credit union account in 2019, while 5.4 percent (7.1 million) of households did not. Can digital assets play a role in increasing these and other underserved Americans' access to safe, affordable, and reliable financial services, and if so, how? What role can the Federal government and the digital assets sector play to ensure that underserved Americans can benefit from the increased commercial availability of digital assets?

Bitcoin is already playing a role in providing underserved Americans by acting as an alternative for the unbanked. Anyone can easily download a bitcoin digital wallet to his or her cell phone. Those in areas with little access to traditional banking can participate in the open, secure, and convenient use of economic opportunities. Remittances are faster and less costly with bitcoin than traditional options.

An increasing number of vendors accept bitcoin and use the Lightning Network every day, and developers continue to build innovative ways for inclusive access.

Technological Development:

- (15) *To what extent do new standards for digital assets and their underlying technologies need to be maintained or developed, for instance those related to custody, identity, security, privacy, and interoperability? What existing standards are already relevant? How might existing standardization efforts be harmonized to support the responsible development of digital assets?*

Because bitcoin is open-source, there is no need to develop it any further, nor is there any need for government intervention into the technology itself. It is already interoperable through exchanges with innumerable other digital assets and the US Dollar. It is extraordinarily secure and censorship-resistant, and there are good practices for holders of bitcoin to keep their identity anonymous and pseudonymous.

- (16) *What new security concerns does increased adoption of digital assets raise? How can the U.S. government collaborate with U.S. digital asset businesses to protect consumers' access to their assets, personal information, and other sensitive data?*

One of the primary strengths of the bitcoin network is its already robust security. As stated above, there is no need to develop it any further, nor is there any need for government intervention into the technology itself. Increased adoption among participants is the best thing that can happen to the bitcoin network, distributing and securing the network even more as mining participation increases.

The real issue is geopolitical stability. Geopolitically, it is imperative that the United States progress toward a bitcoin-positive regulatory environment. A positive bitcoin outlook in the private sector will enable the United States to continue to lead the world in global competitiveness, talent, and security.

- (17) *To what extent will interoperability between different digital asset networks be important in the future? What risks does a lack of interoperability pose? And what steps, if any, should be taken to encourage interoperability?*

As the digital asset ecosystem is built on open-source software, interoperability does not need to be standardized through law or regulation. The demands of the market will drive what and how developers build and innovate. Currently, exchanges serve as the centers of “interoperability” between government currency, bitcoin, and other digital assets, If a CBDC is created, maintaining exchange between bitcoin and that USD CBDC is an important bridge to maintain.

The Bitcoin Today Coalition Board of Directors, a 501(c)(4) Non-Profit Organization, thanks you for your time and thoughtful consideration.

¹ [CNBC: Bitcoin miners and oil and gas execs mingled at a secretive meetup in Houston – here's what they talked about](#)