

2016 Public Policy Priorities

Growth

Expanding market access and opportunities for business growth

Market access

TI is a global company that relies on open trade flows. Markets outside the United States account for nearly 90 percent of TI's revenue. TI advocates for non-discriminatory, open trade policies that recognize the global nature of the electronics industry.

The newly expanded and updated Information Technology Agreement (ITA) will eliminate tariffs on advanced semiconductors and on numerous end products that incorporate chips helping to drive new growth in high tech trade around the world. The agreement will be implemented in 2016. TI supports efforts to encourage countries that have not joined the expanded ITA to do so as soon as possible.

New barriers to trade are emerging every day, some with particular relevance to the technology industry. Examples include poor intellectual property protection, unique standards and security requirements, forced technology transfer, data localization and limits on cross-border data flows. TI believes these must be addressed.

Efforts

TI seeks elimination of tariffs and non-tariff barriers on information technology products through various trade agreements. Specifically, TI supports:

- Securing U.S. Congressional passage of the Trans Pacific Partnership (TPP), which opens key growing markets and establishes important precedents on emerging technology trade barriers.
- Concluding the Transatlantic Trade and Investment Partnership (TTIP) between the U.S. and the European Union, which represent nearly 50 percent of global GDP and 30 percent of world trade in goods. T-TIP would improve this trading relationship by promoting regulatory cooperation and protecting cross-border data flows.
- Completing negotiations on the Environmental Goods Agreement (EGA) to reduce tariffs on environmental technologies among 17 parties representing more than 86 percent of environmental goods trade. TI supports including duty-free coverage in the EGA for semiconductor-enabled energy efficient products such as: LED and CFL lighting, solar cells, process control equipment, efficient power supplies, variable frequency drives, electric motors and inverter motor control technology.
- Using international standards and recognizing international testing certificates to facilitate trade of high tech products. TI discourages measures designed to benefit domestic industries or restrict market access (such as subsidies, forced localization, unique technical standards, forced technology transfer and local data storage requirements). These measures distort the market and prevent access to the best global technologies.

Export controls

TI takes seriously its obligation to comply with export control laws and requirements.

The U.S. government regulates the export of certain semiconductors, equipment and technology to particular countries and individuals. It is essential that existing or new regulations keep pace with technology to avoid controlling semiconductors that are sold into broad commercial applications.

Efforts

TI engages in ongoing efforts to reform export controls to reflect the global high-tech marketplace, while ensuring key technologies do not fall into the wrong hands.

- Specifically, TI supports reforming export control regulations to address treatment of dual-use products and encryption, streamline the deemed exports authorization process and clarify rules involving the transfer of products within companies.

Technology-driven growth

Electronics are revolutionizing automotive safety and intelligent transportation, energy efficiency, alternative energy, industrial applications, medical technologies, and connecting the physical world in new ways through the "Internet of Things."

TI supports policies that foster technological advancements and allow our business to grow in these areas.

Efforts

TI works to identify opportunities and policies aligned with the company's business priorities that will spur growth. Specifically, TI supports:

- Managing privacy and cybersecurity concerns responsibly with technology-neutral approaches that allow businesses flexibility to innovate.
- Encouraging the use of technology to improve automotive safety (including eliminating distracted driving), increase fuel efficiency and reduce emissions.
- Developing the full potential of the Internet of Things to enable both industrial users and consumers to accrue the benefits of smart technologies.
- Accelerating adoption of energy efficient and alternative energy technologies such as smart grid and meter technologies, motor controls and LED lighting.
- Advancing medical electronic technologies to allow less invasive diagnoses and procedures, better imaging and remote patient monitoring.

Innovation

Advancing policies that support innovation, protect intellectual property, develop a strong workforce and provide access to talent

Fundamental research

Fundamental scientific research is essential to addressing global and national challenges — in areas such as energy, security and health — and to securing continued competitiveness, technological leadership, economic growth and a skilled workforce.

Federal funding plays a critical role in supporting fundamental research at universities and national labs. However, U.S. federal support for research, particularly in the physical sciences and

engineering, has eroded over the last several decades, with total federal R&D investments representing less than 1 percent of GDP¹.

The Innovation Deficit represents the widening gap between actual federal investments in research and where those investments need to be for the U.S. to remain the world's innovation leader.

Efforts

TI supports fundamental research by:

- Participating in a [pre-competitive consortia](#) and university research in groundbreaking semiconductor technologies and innovative applications.
- Advocating for strong and sustained funding levels for the [National Science Foundation](#), [National Institute of Standards and Technology](#), [Defense Advanced Research Projects Agency](#) and [Department of Energy Office of Science](#).
- Supporting initiatives to expand the base of nationally-ranked top-tier institutions in Texas including the Texas Research Incentive Program which matches non-state dollars for emerging research universities.
- Playing a proactive role in U.S. and select research programs outside the U.S., on semiconductor technology, electronics in the automotive, energy, industrial internet and medical sectors, and collaborating as appropriate.

STEM education

Science and engineering professionals are essential to TI's ability to innovate, grow and succeed.

Lagging student interest and achievement in science, technology, engineering and math (STEM) threatens the talent pipeline in the U.S. and hinders future innovation. TI strongly supports efforts to foster STEM education and school improvement, particularly in communities where we have a presence.

Efforts

TI actively engages with national, state and local governments near key TI sites worldwide, through academic partnerships, policy advocacy and philanthropy. TI supports policies that

promote student achievement and improve teacher effectiveness, particularly in STEM subjects. Specifically, TI is involved in:

- Encouraging high standards and accountability designed to improve student achievement in K-12 education, including strong individual state standards and voluntary, state-led [Common Core](#) and [Next Generation Science Standards](#) where applicable.
- Advocating for robust appropriations for STEM provisions in *Every Student Succeeds Act*.
- Supporting K-12 and university programs that encourage students to study and pursue degrees in STEM disciplines, particularly engineering. A key focus of these efforts is to attract traditionally underrepresented groups such as women, African American and Hispanic students to these fields.
- Participating in [Change the Equation](#), a nonpartisan organization that advocates for improved STEM education and seeks to replicate and scale proven STEM education programs.

¹ [AAAS](#)

- Emphasizing teacher training to advance content knowledge by supporting programs that encourage STEM majors to enter teaching (e.g., [UTeach](#), [Teach for America](#)) and encouraging innovative approaches to learning, such as robotics competitions.
- Providing professional role models to mentor students and encourage STEM engagement, in collaboration with organizations such as [US2020](#).
- Promoting efforts of the [TI Foundation](#) and [other company education initiatives](#), which have provided more than \$150 million in the past five years to support education, including quality [programs](#) to spark interest in STEM and improve student achievement.

High-skilled immigration reform

Access to the world's greatest scientists and engineers is critical to TI's ability to compete, innovate and succeed.

Existing U.S. immigration law is outdated and restrictive, limiting TI's ability to hire highly educated graduates—even from U.S. universities—and placing undue hardships on employees who face multi-year waits for permanent resident status. Innovation moves quickly, and the lack of progress on immigration reform puts the U.S. at a disadvantage.

TI strongly supports science, technology, engineering and mathematics (STEM) education programs and policies to build the domestic talent pipeline. According to the Engineering Workforce Commission, in 2014 foreign nationals accounted for 64 percent of master's degree and 68 percent of Ph.D. graduates from U.S. electrical engineering programs.

Efforts

To ensure that TI is able to hire and retain these top graduates of U.S. universities, TI:

- Supports enacting meaningful immigration reform that enables U.S. employers to access top global talent and gives individuals with advanced degrees in STEM from U.S. universities a high priority for permanent resident status.
- Opposes efforts to make it harder for U.S. employers to access such talent.

Intellectual property protection

TI invests heavily in R&D and enjoys a strong brand based on years of providing customers with quality solutions.

TI holds over 40,000 active patents. TI seeks to protect its intellectual property around the world, including the value of its patent portfolio, trademarks and trade secrets against infringement or misuse.

Efforts

TI supports balanced patent reform legislation. Specifically, TI advocates for:

- Curbing abusive litigation while protecting legitimate patent holders.
- Preserving the ability of the International Trade Commission to issue and enforce exclusion orders, which prevent patent infringing products from entering the U.S.
- Opposing the expansion of the covered business method provisions in current law to cover software patents.
- Addressing patent reform at a federal level to avoid creating a conflicting patchwork of state regulations.

TI works to prevent counterfeits by:

- Working directly with governments worldwide and through trade associations such as the [SIA](#) and global organizations such as the World Semiconductor Council to raise awareness of the dangers of counterfeit chips, advocate for policies that reduce the incidence of counterfeiting and increase collaboration between the U.S. and other governments to prevent counterfeits.
- Supporting implementation of the [Defense Department and General Services Administration](#) acquisition regulations that require contractors to purchase semiconductors from original manufacturers or authorized resellers.

Competitiveness

Shaping a favorable business environment

Tax policy

TI advocates for sound and fair federal, state and international tax policies. We support tax policies that recognize that the semiconductor industry is global, capital-intensive, and R&D focused.

The establishment of a permanent R&D credit in 2015 accomplishes one of TI's long-standing policy priorities and will encourage innovation in the United States. To further advance U.S. competitiveness, TI supports comprehensive tax reform. The last overhaul was concluded in 1986. The U.S. tax code must be updated to ensure the country is a globally competitive business destination and reflect the reality of how U.S. companies operate in global markets.

TI also advocates for sound tax policies in U.S. states and other countries where it has operations. In addition, TI is closely monitoring international tax reform proposals in the Organisation for Economic Cooperation and Development (OECD), and has joined other multinational companies in advocating ways to strengthen the international tax treaty system that has been effect since the 1920s.

Efforts

TI's priorities in U.S. federal tax advocacy include:

- Reforming the tax code to set the corporate rate at 25 percent, adopting an international market-based system and enhancing incentives to perform R&D in the United States.

In various states, TI supports incentives, such as:

- Continuing and enhancing California's R&D tax incentive.
- Transitioning Maine's current personal property tax reimbursement program on older machinery and equipment to a tax exemption program for all installed production equipment.
- Ensuring a positive tax climate in Texas.

TI supports competitive and non-discriminatory tax policies in the jurisdictions in which it does business around the world, including leveraging available incentives.

Environment, safety and health

TI has a strong record of commitment to ensuring a safe workplace and being a responsible steward of the environment.

Environmental regulations in place or under consideration at the U.S. federal and state levels and in various countries around the world, include restrictions on greenhouse gas emissions, hazardous substances, nanomaterials and various chemicals involved in the manufacturing of semiconductors.

Efforts

TI promotes environmental laws and regulations at the international, federal, state and local levels that are well informed and responsible. Namely, TI is interested in:

- Ensuring that environmental measures are balanced and consistent, and reflect the realities of multinational operations and complex manufacturing processes.
- Discouraging regulations and legislation that would place undue burdens on the company's operations.
- Supporting U.S. federal legislative efforts to modernize the Toxic Substances Control Act to ensure the continued ability of the semiconductor industry to safely use chemicals essential to semiconductor manufacturing. We encourage reasonable approaches to regulating “articles” or finished products, such as semiconductor devices/packaging and manufacturing equipment, that do not release chemicals in the course of normal use.

Operational flexibility and supply chain

TI's supply chain and operations are core to delivering our innovative products and value to our customers.

TI monitors and participates in policy debates that affect our operational flexibility, such as access to reliable and affordable sources of energy and water, ensuring an ethical and secure supply chain, enhancing cybersecurity, protecting privacy and maintaining the free flow of data across borders.

Efforts

Specifically, TI advocates for:

- Maintaining affordable, sustainable and reliable access to electricity and water for [TI manufacturing sites](#). TI supports policies that encourage price stability for these resources and strives to conserve its use of them in its operations.
- Implementing sensible energy policies. TI opposes efforts in Texas to implement an energy capacity market that would impose a significant tax on energy users, without any guarantee that those funds will be invested in a new generation of electricity. Studies conducted on capacity markets in other parts of the country show that over 90 percent of capacity payments go to existing power plants and are very costly for energy customers.
- Promoting responsible supply chain policies. TI works with various governments to ensure that efforts to eliminate the use of minerals from conflict sources, including tantalum, tin, gold and tungsten, are accomplished in a feasible and effective manner.
- Ensuring cybersecurity legislation and regulations recognize and build upon existing voluntary measures, such as the NIST cybersecurity framework, further enhance threat information sharing, as provided in the Cyber Information Sharing Act of 2015. Cyber measures should remain technology-neutral and avoid domestic preference criteria.
- Managing privacy issues responsibly and allowing cross-border data flow to enable TI and other multinational companies to best serve their customers around the world.