



May 25, 2022

The Honorable Nancy Pelosi, Speaker, U.S. House of Representatives

The Honorable Kevin McCarthy, Republican Leader, U.S. House of Representatives

The Honorable Chuck Schumer, Majority Leader, U.S. Senate

The Honorable Mitch McConnell, Minority Leader, U.S. Senate

Dear Speaker Pelosi, Leader McCarthy, Leader Schumer, Leader McConnell:

The Transnational Alliance to Combat Illicit Trade (TRACIT) strongly urges the inclusion of both the SHOP SAFE Act (H.R. 5374/S. 1843) and the INFORM Consumers Act (H.R. 5502/S. 936) in the final America Competes in Manufacturing, Pre-Eminence in Technology, and Economic Strength Act (America Competes Act).

American consumers are at risk from fake, illicit and stolen products available online. At a time when most American households are shopping online, SHOP SAFE delivers consumer protection from fraud. The SHOP SAFE Act will establish better and uniform rules for secure and safe conduct of e-commerce in the United States. This will immediately require Internet sellers to play by the same rules that have governed American business and safe-guarded American consumers for more than a century.

At its core, SHOP SAFE holds online marketplaces accountable for screening third-party sellers, disclosing more information about the seller to online shoppers, removing counterfeit and stolen product listings, and barring bad actors from selling on their platforms – simple, straight-forward consumer and small business protections that have all been missing for far too long.

Concurrently, TRACIT supports the inclusion and passage of the INFORM Consumers Act (H.R. 5502/S.936). INFORM introduces complimentary improvements in e-commerce rules that will immediately reduce unsafe and fraudulent consumer goods from being available and sold online to American consumers.

The US Department of Homeland Security reports that illicit goods trafficked to American consumers by e-commerce platforms and online third-party marketplaces threaten public health and safety, as well as national security. Furthermore, DHS cautions that this illicit activity impacts American innovation and erodes the competitiveness of U.S. manufacturers and workers. It is time that online sellers start complying with the same, long-established federal health and safety regulations that govern all commercial transactions. American consumers—and every American household shopping online—are entitled to a shopping experience that is safe and secure from fraud.

If Congress needs more proof that e-commerce platforms are a massive and growing source of consumer risk, then look no further than the US government's own *Notorious Markets Report*, published by the US Trade Representative (USTR). The 2021 report identifies 42 online markets that had been reported to engage in or facilitate substantial trademark counterfeiting or copyright piracy; this is up from 39 reported last year.

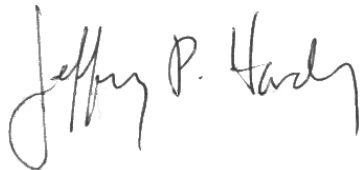
USTR has been publishing the list since 2016, and it is getting longer, not shorter. Essentially, all the world's major platforms have made an appearance at one time or another. Even Amazon was on the list last year. The USTR report states that the greatest risk of importation of counterfeit and pirated goods, harming both US content creators and US consumers, is posed *not* by foreign flea markets or dark web sites but by inadequate policies and inadequate action by e-commerce companies that market and sell foreign products to American consumers.

Considering the decision Congress faces to adopt the America Competes Act, the main takeaway from the USTR report is that better and more uniform rules for secure and safe conduct of e-commerce are needed now. The America Competes Act contains just those provisions, embodied in the SHOP SAFE and INFORM Consumer Acts. These bipartisan, bicameral bills have already been vetted by Congress and scrutinized in hearings and stakeholder roundtables. They've been circulated, edited and strengthened enough times that they accommodate concerns from large and smaller ecommerce platforms, small businesses and brand owners.

Under the new rules that you can deliver, the real burden for providing greater information and transparency will fall on the third-party sellers from other countries, such as all those sellers from China which is the source of 85% of counterfeits entering this country, according to DHS.

We urge you to move forward with both of these critical consumer protections bill within The America Competes Act.

Sincerely,



Jeffrey Hardy, Director-General
Transnational Alliance to Combat Illicit Trade

References

- USTR report: <https://ustr.gov/about-us/policy-offices/press-office/press-releases/2022/february/ustr-releases-2021-review-notorious-markets-counterfeiting-and-piracy>
- DHS report: https://www.dhs.gov/sites/default/files/publications/20_0124_plcy_counterfeit-pirated-goods-report_01.pdf

About TRACIT

The Transnational Alliance to Combat Illicit Trade ([TRACIT](#)) is an independent, private sector initiative to mitigate the economic and social damages of illicit trade by strengthening government enforcement mechanisms and mobilizing businesses across sectors most impacted by illicit trade.

cc: House and Senate Conferees

The Honorable Richard Durbin, Chair, U.S. Senate Judiciary Committee

The Honorable Chuck Grassley, Ranking Member, U.S. Senate Judiciary Committee

The Honorable Maria Cantwell Chair, U.S. Senate Committee on Commerce, Science and Transportation

The Honorable Joe Manchin Chair, U.S. Senate Committee on Energy and Natural Resources

The Honorable Patty Murray Chair, U.S. Senate Committee on Health, Education, Labor and Pensions

The Honorable Ron Wyden Chair, U.S. Senate Committee on Finance

The Honorable Eddie Bernice Johnson Chair, U.S. House Committee on Science, Space and Technology

The Honorable Frank Pallone, Jr. Chair, U.S. House Committee on Energy and Commerce

The Honorable Maxine Waters Chair, U.S. House Committee on Financial Services

The Honorable Peter DeFazio Chair, U.S. House Committee on Transportation and Infrastructure

The Honorable Richard Neal Chair, U.S. House Committee on Ways and Means

The Honorable Raúl Grijalva Chair, U.S. House Committee on Natural Resources

The Honorable Robert Scott Chair, U.S. House Committee on Education and Labor

The Honorable Jerrold Nadler Chair, U.S. House Committee on Judiciary

The Honorable Roger Wicker, Ranking Member, U.S. Senate Committee on Commerce, Science and Transportation

The Honorable John Barrasso, Ranking Member, U.S. Senate Committee on Energy and Natural Resources

The Honorable Richard Burr, Ranking Member, U.S. Senate Committee on Health, Education, Labor and Pensions

The Honorable Mike Crapo, Ranking Member, U.S. Senate Committee on Finance

The Honorable Frank Lucas, Ranking Member, U.S. House Committee on Science, Space and Technology

The Honorable Cathy McMorris Rodgers, Ranking Member, U.S. House Committee on Energy and Commerce

The Honorable Patrick McHenry, Ranking Member, U.S. House Committee on Financial Services

The Honorable Sam Graves, Ranking Member, U.S. House Committee on Transportation and Infrastructure

The Honorable Kevin Brady, Ranking Member, U.S. House Committee on Ways and Means

The Honorable Bruce Westerman, Ranking Member, U.S. House Committee on Natural Resources

The Honorable Virginia Foxx, Ranking Member, U.S. House Committee on Education and Labor

The Honorable Jim Jordan, Ranking Member, U.S. House Committee on Judiciary