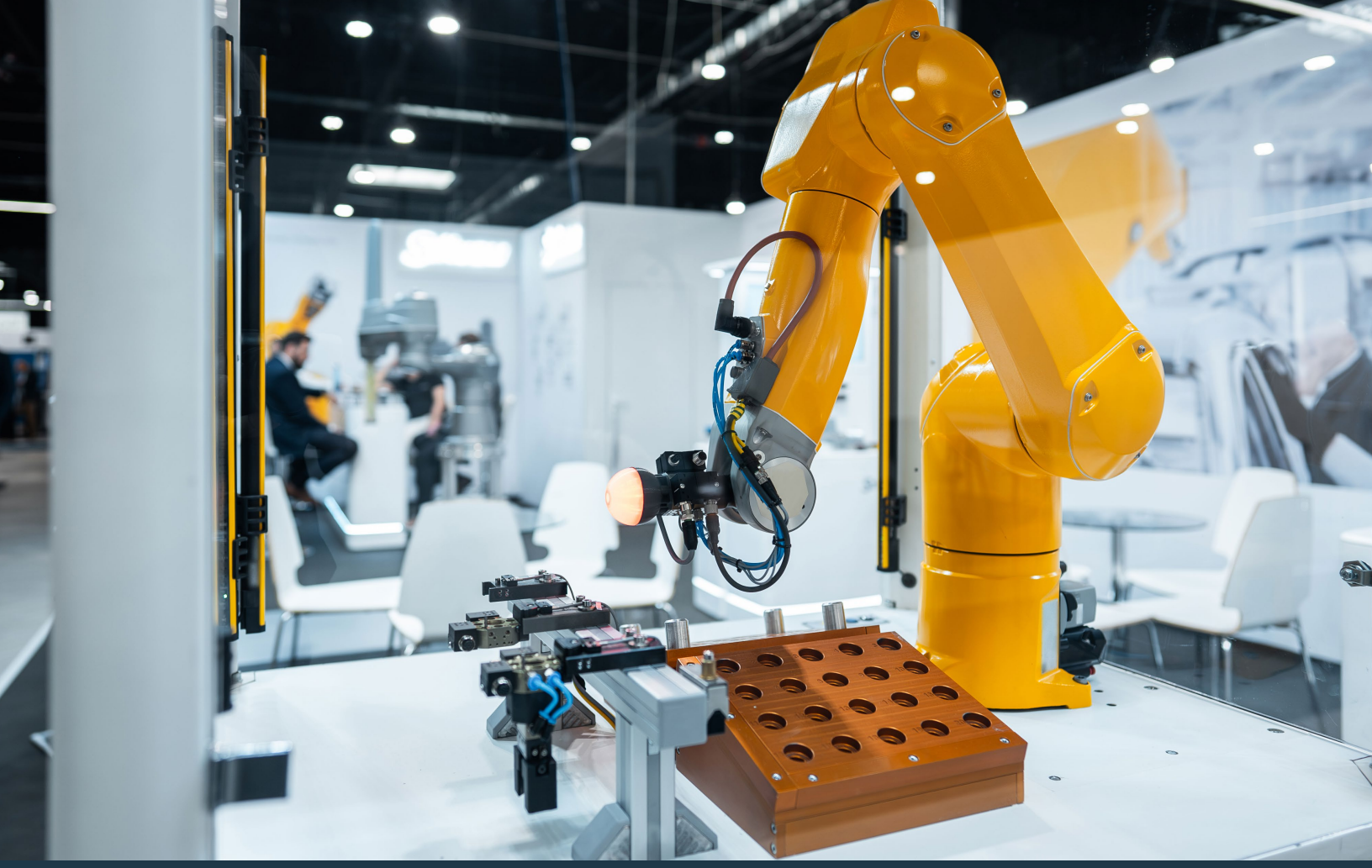

Powering America: Sustaining U.S. Leadership in Technology & Innovation

November 2025

Business Roundtable

Introduction

The United States has long been the world's undisputed innovation leader, rapidly developing next generation technologies that generate immeasurable value for the global economy and consumers.

Several factors have contributed to the strong U.S. innovation ecosystem, including:

+ Reliable funding through access to deep private sector capital markets along with sustained federal support, especially for foundational science and technology;
+ Rule of law, including strong intellectual property protections;
+ Robust talent pipelines, including from universities and through high-skilled immigration;
+ Access to markets as innovations are commercialized, both domestically and internationally; and
+ A culture that supports risk taking and entrepreneurship.

Resulting breakthroughs in leading-edge technologies created a more dynamic, more competitive and more prosperous U.S. economy.

Maintaining America's standing as the preeminent technology incubator is critical for U.S. economic and national security. However, the American research and development (R&D) ecosystem is in danger of losing its competitive edge. China has overtaken the United States in both research publications and international patent applications.[1] China's strategic assertiveness in global markets has positioned it to compete with, and in some cases exceed, U.S. capabilities and dominance in critical technologies. For example, across every stage of the value chain for lithium-ion battery technologies — a critical input for many advanced technologies — China holds between 70% and 90% market share, with the U.S. in a distant fourth place.[2] China has also ramped up its engagement in international standards-setting bodies, posing a threat to fair market competition in critical technology areas.[3]

Against this backdrop, the United States cannot afford to be complacent about retaining our position as the global innovation leader. To continue to lead the world in innovation, policymakers must:

+ Make strategic and sustained investments in our R&D ecosystem, which is the foundation of our innovation engine;
+ Champion a holistic, pro-innovation policy and economic ecosystem that supports and rewards innovation; and
+ Ensure policy stability that allows businesses to make long-term investments.

Specifically, Business Roundtable urges policymakers to advance several key priorities, including:

- Strengthening federal R&D capabilities;
- Facilitating increased private sector R&D;
- Making strategic investments to secure supply chains critical for innovation;
- Upgrading and expanding necessary innovation-related infrastructure;
- Developing clear and consistent frameworks for technology development and use;
- Establishing and advocating for risk-based technology standards that are aligned with U.S. interests; and
- Building a workforce to strengthen economic and innovation leadership.

These priorities are discussed in the recommendations below. While not an exhaustive list, they provide a blueprint for foundational, high-priority actions that will strengthen U.S. innovation leadership.

Recommendations

Accelerate Research & Development

The United States has been a global leader in R&D investment since World War II, but the government's commitment to R&D is waning. Loss of federal support for R&D leaves a critical gap in basic research and foundational science, where federal investment is particularly important to spur innovation that catalyzes commercial development from the private sector.[4] Recent proposals to impose sizeable fees on patent holders based on portfolio valuation would further undermine America's leadership in innovation and lead to fewer transformative patents. By contrast, China's investment in R&D has increased rapidly over recent decades, threatening to eclipse U.S. R&D leadership.[5] According to the Organisation for Economic Co-operation and Development (OECD) statistics, China's gross domestic expenditures on R&D increased 1,639% from 2001 to 2021 while U.S. gross domestic expenditures grew by 189% within the same period. Compounding these headwinds, American innovators also contend with market distortions driven by foreign government actions, including price controls for products such as pharmaceuticals, which shift R&D costs to U.S. consumers.

To maintain U.S. leadership in technology and innovation, key policy changes are needed to shore up the federal R&D ecosystem and unlock more private sector investment:

Strengthen Federal R&D Capabilities

+ Robustly fund federal R&D programs, particularly for basic and early-stage research, through mechanisms including public-private partnerships and federal grants to universities that are the engines of innovation.
+ Improve collaboration among federal research labs, universities and the private sector, including targeted efforts to better transition successful technologies from early-stage research and testing to next-stage development.

Facilitate Increased Private Sector R&D

+ Negotiate with other countries to exempt non-refundable R&D tax credits from the global minimum tax calculation.
+ Negotiate and secure commitments from foreign countries to move away from price control and manipulation policies that shift a disproportionate share of R&D costs to U.S. consumers and avoid proposals to import command-and-control economic approaches from abroad.
+ Streamline regulation and remove barriers to capital formation to make it easier for private companies to enter public markets and raise the capital needed to scale and invest in R&D. This also gives the American public greater access to the value created by these high-growth, innovative companies through broader ownership opportunities.
+ Reduce regulatory burdens on existing public companies to allow them to redirect resources toward research, development and long-term value creation — instead of compliance costs — enhancing their ability to innovate and compete globally.
+ Avoid harmful policies that would impose additional burdens on patent holders, such as fees based on patent portfolio value.

Strengthen the Innovation Ecosystem

A strong innovation ecosystem is vital to the success of American businesses. Preserving the U.S. competitive edge in technology and innovation will require securing supply chains for critical technologies, modernizing essential infrastructure, setting clear rules for how new technologies are developed and used, and equipping workers with the skills they need for high-demand jobs.

To maintain U.S. leadership in technology and innovation, key policy changes are needed to build a more supportive environment for innovation, including the following priority recommendations:

Develop Secure Domestic Supply Chains for Critical Technologies

+ Develop and execute a long-term strategy that supports manufacturing of critical technologies, including foundational chips that have lower margin profiles.

+ Engage with industry to identify areas of highest need in the innovation ecosystem for chips, support increased U.S. competitiveness along the full semiconductor supply chain and periodically assess the state of the U.S. semiconductor industry and innovation pipeline for chips relative to that of international peers and competitors.
+ Develop standards and best practices that promote cybersecurity throughout the supply chain to enhance shared resilience and minimize security risks.
+ Deepen economic partnerships and economic integration agreements with countries exposed to lower geopolitical risk to fill gaps in critical domestic supply chains.

Upgrade and Expand Necessary Innovation Infrastructure

+ Streamline the permitting process for innovation-enabling infrastructure projects (e.g., energy generation, transmission lines, data centers, communications infrastructure).
+ Increase production and delivery capacity for all types of energy, including traditional resources like natural gas and zero emissions resources, such as renewables and nuclear, to support AI development and deployment.
+ Support strategic public-private partnerships, such as National AI Research Resource (NAIRR), working to strengthen AI innovation infrastructure and invest in the resources underpinning a strong innovation ecosystem.
+ Accelerate the adoption of more robust safeguards to enable secure, trusted transactions online.
+ Improve access to broadband and remote devices to help all Americans engage in innovation.

Develop Clear and Consistent Frameworks for Technology Development and Use

+ Enact a national comprehensive privacy law that protects consumers and fosters U.S. innovation while preserving the ability of companies to responsibly use data for reasonable, innovation-enabling purposes.
+ Develop a national framework for AI regulation that preempts the growing patchwork of state laws and regulations, which chills innovation.
+ Work with private sector stakeholders on the implementation of the AI Action Plan.
+ Facilitate cross-border data flows to promote global market access and operational efficiency in supply chains.
+ Discourage and push back against mandates that require data to be stored locally or prevent data from being processed overseas as a condition for doing business in a country, which create unnecessary export barriers and cost increases, as well as undermine data security, cybersecurity and privacy.

Advocate for Technology Standards that Align with U.S. Interests

+ Promote American innovation leadership by developing voluntary, harmonized and flexible risk-based standards.
+ Maintain international leadership in technology standards and best practices to promote global market access, including by partnering with industry to pursue robust U.S. engagement in international standards setting bodies and removing barriers to hosting international standards setting meetings.

Build a Workforce to Strengthen U.S. Economic and Innovation Leadership

+ Meet employers' evolving workforce needs across sectors by promoting ongoing skill development to help workers adapt to emerging technologies and increasing the number of legal immigrants who have the skills in high demand jobs, including science, technology, engineering and mathematics (STEM) fields and skilled trades.
+ Ensure education and training curricula integrate digital literacy; strong foundations in emerging technologies and STEM fields, particularly data science; and soft skills — such as critical thinking, communication and collaboration (also known as durable or employability skills) — needed to use technology effectively and responsibly.

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1 National Science Board. (2024, March). The State of U.S. Science and Engineering. Retrieved from https://ncses.nsf.gov/pubs/nsb20243

2 International Energy Agency. (2024, April), *Batteries and Secure Energy Transitions*. Retrieved from https://www.iea.org/reports/batteries-and-secure-energy-transitions

3 Russel, D. R., & Berger, B. H. (2021). *Stacking the Deck: China's Influence in International Technology Standards Setting*. Asia Society Policy Institute. Retrieved from https://asiasociety.org/sites/default/files/2021-11/ASPI_StacktheDeckreport_final.pdf

4 National Center for Science and Engineering Statistics. (2025, February 27). *U.S. R&D Totaled $892 Billion in 2022; Estimate for 2023 Indicates Further Increase to $940 Billion*. Retrieved from https://ncses.nsf.gov/pubs/nsf25327

5 National Science Board. The State of U.S. Science and Engineering. (2024, March).

Business Roundtable is an association of more than 200 chief executive officers (CEOs) of America's leading companies, representing every sector of the U.S. economy.

Business Roundtable CEOs lead U.S.-based companies that support one in four American jobs and almost a quarter of U.S. GDP. Through CEO-led policy committees, Business Roundtable members develop and advocate directly for policies to promote a thriving U.S. economy and expanded opportunity for all Americans.

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