

**“ Supply Chain Resiliency: Alleviating Backlogs and Strengthening  
Long-Term Security”**

**Senate Committee on Finance, Trade Subcommittee**

**May 25, 2022**

**Ranking Member John Cornyn**

**Opening Statement**

- Thank you Chairman Carper for working with me to organize this hearing on such an important and timely topic. And thank you to our witnesses for joining – both virtually and in-person.
- This Subcommittee continues its work in exploring the geopolitical benefits and consequences of America’s trade policy with the world and in particular, our foreign adversaries such as China and Russia.
- The topic of resiliency in critical supply chains is an important one, as the COVID-19 pandemic awakened us to our dependence on the concentration in foreign adversaries of the goods we need in a time of crisis.
- We must reinforce the rules-based, international trading system for those nations who at least attempt to abide by it through free trade agreements like the Comprehensive and Progressive Trans-Pacific Partnership.
- The Administration’s Indo-Pacific Economic Framework is a positive first step in that direction.
- But we cannot play games with our nation’s survival by outsourcing the crown jewels to nations like China that have weaponized our free market system against us.

- Nearly twenty years ago, our government opened the door to do business in China and our industry did what they do best- found a market, captured it, and achieved efficiency and innovation.
- What we have learned since is that the Chinese Communist Party, not its people, perverted that goodwill through theft and control to achieve a strategic advantage.
- Our own people in homegrown industries suffered as a result.
- Now we must all come together- labor, business, and government- as one nation and put past disputes, jurisdictions, and political contests aside to find the right balance in preserving our critical supply chains while continuing to trade with the people of China.
- That includes providing incentives, like the CHIPS for America Act I authored with Sen. Warner to bring semiconductor production back home.
- It means reducing the regulatory burdens on American businesses that want to thrive in our domestic and foreign markets that abide by the rules-based international trading system.
- And it means having an honest look and conversation about the problems at hand.
- For example, a few weeks ago at the Senate Intelligence Committee, I heard from a former Trump Administration official who highlighted that U.S. financial investments in Chinese domiciled companies totaled over \$2.3 trillion in 2020.

- Former National Security Advisor H.R. McMaster recently stated “Last year, venture capital firms invested \$114 billion dollars in Chinese companies that are developing dual-use and sensitive technologies that are going to be weaponized against us or already are aiding and abetting the Russians.”
- I believe that it is time we had an honest conversation about the role that American investment has played in building the Chinese economy, especially in the area of critical supply chains and our overreliance on those supply chains, in areas such as semiconductors.
- The first step in doing that is granting the U.S. government the authority to have visibility into U.S. investments in the supply chains of foreign adversaries through the establishment of an interagency committee, led by the President, that provides a whole of government approach in responding to Chinese economic coercion.
- That means, at a minimum, mandatory notification and circulation of investments by recipients of taxpayer funds designed to compete with China such as those envisioned in the Bipartisan Innovation Act and the CHIPS for America act.
- This will serve as the basic guardrail to protecting those taxpayer funds.
- Yesterday, I released a revised version of the National Critical Capabilities Defense act I co-authored with Sen. Casey and my house colleagues that responded to industry feedback and does just that.
- I look forward to hearing more from industry in the coming days on that legislation and this topic from today’s witnesses.

- We have before us Mr. Louie who comes from the intelligence community provide us with a national security perspective.
- Mr. Potvin, I believe your intimate knowledge of the supply chain and logistics backlogs will be of great importance.
- Ms. Frenkel, your experience in government will help us to understand the rules-based international trading system and what our agreements will mean moving forward.
- And Mr. Paul, you bring valuable insight from a coalition of both the labor and manufacturing industry.
- I look forward to hearing your testimony and questions to follow.