

“Censorship as a Non-Tariff Barrier to Trade”
Senate Committee on Finance, Trade Subcommittee
June 30, 2020
Chairman John Cornyn
Opening Statement

- I want to welcome my colleagues, the witnesses joining us here today in-person and virtually, and those who are tuned-in to hear about the important and pressing topic of Censorship as a Non-tariff Barrier to Trade.
- This Subcommittee continues its work in exploring the unfair trade practices of foreign governments and especially China and Russia.
- The topic of censorship in China is commonplace in the news because of its growing effect on American businesses and culture.
- In the fall of last year, the National Basketball Association (NBA) had its market access blocked in China because a single, American citizen (using a media platform not even allowed in China) expressed their political opinion.

- Now the topic has become much more important. The lack of timely, accurate information about the spread of COVID-19 due to Chinese censorship has contributed to the havoc wreaked on our economy and health.
- This story is nothing new for some joining us today. Chinese censorship has long had a growing, negative effect on people around the world such as those in Tibet or the Uighurs in China's Xinjiang province.
- First, I want to set the scene for what "censorship" actually is. A simple look at the dictionary states it is-

“The suppression or prohibition of any parts of [media] that are considered 1) obscene, 2) politically unacceptable, or 3) a threat to security.”

- Today, we will focus on how the use of censorship has become a barrier to global trade.
- When the World Trade Organization was founded, two exceptions to the principles of National Treatment and Most-Favored Nation were created. These are for Public Morals and National Security.

Notably, there is no exception for a country to restrict trade because it deems something “politically unacceptable”.

- With discussions over reforming the WTO, multilateral talks on E-commerce, and the prospect of a “Phase Two” bilateral deal with China progressing, the Subcommittee is uniquely positioned to inform Congress, the public, and the executive branch on the use of censorship as a non-tariff barrier to trade.
- We will help determine if the suppression of information, data, goods, and services via digital media by countries such as China constitutes a trade barrier in violation of WTO, multilateral, and bilateral agreements and practices.
- If so, we will look to determine the economic damage caused; the human, cultural, business, and political ramifications; and what remedies are currently available or should be created to combat the unfair trade practice.
- On a bilateral basis, what is clear is the lack of reciprocity between countries like China or Russia and the U.S. The Chinese government spends

billions of dollars to promote its propaganda overseas, a form of “offensive censorship”. For years, Russia has broadcast its state propaganda in the U.S. and as a result the President required it to register as a Foreign Agent. The lack of reciprocity takes advantage of our system of free expression to promote these countries’ agenda online, in media, entertainment, and our education system.

- Meanwhile, China and Russia do not grant the U.S. the same access to its markets or media. Instead, China is expelling our media, having kicked out three Wall Street Journal and other reporters earlier this year over Chinese censorship of COVID-19.
- For centuries, countries blocked trade through physically restricting access to their ports. Today, the same happens with firewalls, filters and outright restrictions to access. In fact, nearly 100 percent of global internet traffic travels through a crisscrossing network of undersea cables that forms the backbone of global digital trade. These cables are another front in the global technology race with companies like Huawei Marine rapidly moving to control the media by which content and trade is censored.

- In the era of information where data is the new “gold”, the blocking or filtering of that traffic by nation states is growing. This censorship is fragmenting our markets, culture, and understanding of one another.
- The internet itself is becoming less global. Countries like China and Russia are not only building their own infrastructure to cut themselves off from the world but exporting their authoritarian model to other nation-states through efforts such as the Digital Silk Road.
- It is imperative that Congress support our nation in meeting this challenge. That’s why I am working with my colleagues this week to include parts of the CHIPS for America Act in the National Defense Authorization. If we are forced to rely on China to build our networks and technology, the world we know will be much less freer and open to express opinions and do business.
- This bill will help us create our own domestic production capacity for semiconductors that underpin the technology we use in our daily lives. It will also help the U.S. remain a global leader in

promoting the free trade of goods, information, and speech.

- Finally, I look forward to discussing what remedies are available to address the abuse of censorship as a non-tariff barrier to trade.
- Last Fall, a Chinese-American constituent in Texas reported that he was censored here on American soil by the Chinese government. His American WeChat account was shut down for supporting protests in Hong Kong. His response was *“if you have censorship in China- [that’s] fine...but in this country? I’m a Republican but...I suffer the same as Democrats- we are all censored.”*
- I look forward to exploring this topic in the same bipartisan fashion in which censorship affects us all.
- It is time that Congress ask the hard questions, and that is why we called our panel of four experts here today to discuss this issue.

###