

7.14.21: Defending and Investing in U.S. [-China] Competitiveness

Good afternoon and thank you all for being here for today's hearing.

Thank you to our witnesses for taking the time to testify today.

Senator Warren and myself had agreed to a bipartisan hearing on defending and investing in U.S. competitiveness against China, which is growing more brazen in their mission to undermine the United States and international institutions. So that is what I will be focusing on in my remarks.

Strengthening our competitiveness in the face of unfair actions from countries like China is an area that unites Republicans and Democrats. It is our responsibility as members of the U.S. Congress to defend our nation's workers, citizens and interests.

We should find common ground here. China has been acting out with impunity due to world leaders' unwillingness to act. All the while, the rest of the world are left to deal with the consequences.

We should have a robust discussion about China's role as a primary source of the fentanyl that flows into the United States and ravages our communities killing thousands each year.

We should talk about counterfeit medical products and other goods that put Americans' health and lives at risk, like the counterfeit personal protective equipment that flooded our customs facilities during the COVID-19 pandemic.

We should examine China's surveillance efforts, including their government-backed and -operated blockchain-based service network, as well as their collection of vast amounts of genetic data.

We should be discussing the fact that China is the greatest global threat to climate change. Whose massive carbon emissions, for every year since 2012, have exceeded combined U.S. and European Union carbon emissions. Who have made it a point of foreign policy to build outdated and polluting coal-fired power plants throughout the developing world, further increasing global emissions.

We should discuss how to address these things.

A particular point of concern is China's blatant dismissal of international trade rules and compliance with standard labor and environmental practices. Chinese labor practices include slave labor, forced child labor, and absence of worker's rights.

The U.S. does not have a trade agreement with China and therefore no standards for environmental or worker protections exist like those in the USMCA and CAFTA.

Perhaps related, between 2017 and 2019 China's foreign direct investment (FDI) inflow increased from \$136 billion to \$141 billion.¹ In that same time period, the six CAFTA nations saw FDI inflows decrease from \$9.7 billion in 2017 to \$8.4 billion in 2019.²

The cost of compliance inherent in USMCA and CAFTA puts these trading partners at a competitive disadvantage relative to China. In practice, this means that goods made in China are subsidized by the permitted lack of worker and environmental standards. The U.S. would never accept this in such a treaty.³ Yet this is the playing field we are passively permitting China to exploit.

A main foreign policy goal is to decrease illegal immigration coming from Central America through improving economic opportunity in potential migrant's home countries. As long as China is allowed to

¹ *China Statistical Yearbook 2019*, 2019, www.stats.gov.cn/tjsj/ndsj/2019/indexeh.htm.

² "Foreign Direct Investment, Net Inflows (BoP, Current US\$)." *The World Bank*, The World Bank, data.worldbank.org/indicator/BX.KLT.DINV.CD.WD?end=2019.

³ "Workers' Rights and Labour Relations in China." *China Labour Bulletin*, 13 Aug. 2020, clb.org.hk/content/workers%E2%80%99-rights-and-labour-relations-china. Xu, Vicky Xiuzhong. "Uyghurs For Sale 'Re-Education', Forced Labour and Surveillance beyond Xinjiang." *Australian Strategic Policy Institute*, vol. 26, 2020, s3-ap-southeast-2.amazonaws.com/ad-aspi/2020-08/Uyghurs%20for%20sale%2024%20August%202020.pdf?qOutM5u2Efa0YrzcinWKIvkzF_IZWMn.

undercut the U.S. and these nations economically by ignoring basic labor and environmental norms, pursuing this goal and improving overall American competitiveness will be difficult. We need to start now.

Thanks again to our witnesses. Looking forward to discussing these issues.