

SENATE FINANCE COMMITTEE

Hearing to Consider the Nomination of Lisa Wang for Assistant Secretary of Commerce for Enforcement & Compliance

Hearing Date: November 16, 2021

Questions for the Record

Chairman Wyden

Question 1: China and Trade Cheats

Ms. Wang, here in the Senate, the Finance Committee writes the trade rules that are intended to crack down on all manner of trade cheating -- dumping, subsidizing, and circumventing U.S. law. But we need a strong partnership with you to enforce those rules as written, and to understand what else is needed to put American businesses on a level playing field with firms and countries intent on hollowing out our manufacturing base.

In particular, China has been clear about its intent to use subsidization, vertical integration, and every other tactic imaginable to move entire supply chains to China -- allowing China to control significant chunks of the global economy.

I have a two-part question:

First, if confirmed, can you tell me how you will position your office to be more nimble in responding to China's industrial policies before American businesses are irreparably harmed?

Answer: The primary mission of Enforcement and Compliance (E&C) is enforcement of the trade remedy laws which are designed to provide remedial measures for U.S. industry and workers who have been injured by unfair trade practices, including unfair subsidization. These are often a major component of China's market-distorting policies. If confirmed, I will be vigilant in pursuing circumvention and evasion in order to maintain the integrity of our affirmative investigations and determinations regarding market-distorting behavior that results in unfair trade and to ensure that much-needed remedies for our industry and workers are not undermined. Further, if confirmed, I will promote working with like-minded trading partners in using tools, including through market-correcting measures such as trade remedies, as well as working closely with our CBP counterparts to address evasion and fraud.

Second, will you work with me and my staff to understand what additional authority Commerce needs to address the broad industrial cheating that threatens U.S. jobs?

Answer: Yes. If confirmed, I look forward to working with you and your staff on this issue.

Question 2: Trade Agreement Compliance

Ms. Wang, in addition to ensuring enforcement of U.S. antidumping and countervailing duty law, if confirmed, you would be responsible for helping U.S. companies break through foreign trade barriers by demanding compliance with international trade rules.

As Oregonians are well aware, it is not enough to have a lengthy trade agreement and a fancy signing ceremony. Agreements -- like the USMCA -- need to be enforced so that U.S. businesses and workers get what was bargained for on issues like market access, labor and the environment.

As head of Enforcement and Compliance, you are responsible for working directly with U.S. businesses and foreign governments to ensure trade agreement obligations are met and barriers to trade are brought down. This work is critical as it ensures U.S. workers, farmers, ranchers and others can fairly access markets for their goods and grow their businesses.

Ms. Wang, if confirmed, how would you work to ensure American workers, farmers and ranchers are getting what they bargained for in our trade agreements?

Answer: If confirmed, I will work tirelessly to ensure our trading partners comply with their obligations under U.S. trade agreements. All American workers, farmers, and ranchers are entitled to the transparency, predictability, and fairness that our agreements guarantee, whether they are multilateral via the WTO, regional (such as in USMCA), or bilateral. Enforcement and Compliance (E&C) is responsible for monitoring trade agreement operation and when non-compliance is identified, leveraging all available U.S. government tools to ensure foreign governments honor their obligations. To fulfill this mission, E&C collaborates extensively with the Office of the United States Trade Representative and other agencies, as well as regularly engages with U.S. stakeholders, including operating the ITA portal for U.S. businesses to register complaints about trade problems.

Senator Cantwell

Question 1

China is no doubt one of our most important trading partners and was the third largest export market for American products last year. In 2020, we exported \$26.5 billion worth of agricultural products and \$40.4 billion worth of service goods to China.

My home state of Washington is a major exporter to China as well, exporting \$9 billion worth of goods in 2020, making China Washington state's largest trading partner. The agreements outlined in the China Phase One Purchasing Agreement would benefit Washington state's economy. That being said, reports have shown that China is not on track to meet its purchasing targets. China is Washington state's third largest trading partner for agricultural products. In 2020, Washington state exported \$518 million worth of agricultural goods to China. Top Washington state agricultural exports include \$83 million worth of fish and seafood, \$54 million worth of frozen potatoes, \$51 million worth of cherries, \$25 million worth of wheat, and \$13 million worth of beef.

China should have purchased \$29.8 billion worth of agricultural products by the end of September to meet the target, but instead fell short at purchasing only \$26.7 billion worth. The agreement was supposed to offset some of the effects of the trade conflict, so we need to ensure that China is on track to achieve the targets that they agreed to.

USTR Ambassador Tai also agreed during her speech on the Administration's China trade policy that we must hold China accountable to their commitments, and that certain provisions in the phase one agreement will need to be revisited.

In your opinion, what can be done to improve China's performance in terms of the purchasing targets that they agreed to?

Are the goals of the agreement realistic? Are there areas of the agreement that you think need to be reassessed or renegotiated?

How do you plan to work with USTR to enforce the targets of the agreement without imposing economic harm to U.S. industries?

Answer: I believe we must hold the Chinese government accountable to their commitments and we must have the necessary tools to address these challenges. USTR is leading the negotiations with respect to the Chinese government's commitments under the Phase One Agreement. If confirmed, I look forward to working with my colleagues at ITA and with USTR on these issues, as appropriate. I will work to ensure countries live up to their commitments and ensure workers and businesses can compete on a level playing field.

Senator Young

Question 1

Understanding and advocating for American enterprises is a key responsibility as Assistant Secretary of Commerce for Enforcement and Compliance. For years, Hoosier businesses in Indiana have been confronted with major barriers to market access, particularly at the hands of China, and are often pressed to make trade-related concessions. For instance, businesses are

forced to entertain outrageous demands like surrendering intellectual property or technology in exchange for access to Chinese markets. These moves are designed to benefit China's state-owned enterprises while keeping U.S. manufacturers at a disadvantage.

Ms. Wang, if confirmed, how do you plan to address repeated offenses by China to limit market access for American businesses?

What is your initial strategy to jumpstart engagement with American stakeholders?

Answer: The Chinese government engages in a range of unfair economic practices that include forced technology transfer, barriers to market access, as well as theft of intellectual property. These anti-competitive activities harm American workers and businesses and undermine the competitiveness of U.S. firms and workers.

It is critical that trade policies and programs reflect the needs of U.S. firms and workers since they are the engine of economic growth in the United States. In working on these issues, I will keep U.S. workers and businesses front of mind. With respect to engagement, if confirmed, I intend to utilize ITA's broad network of experts and offices around the country to engage with stakeholders and the business community. I am committed to working with the interagency, including USTR and CBP, to address these issues, as well as with Congress, you, and your staff.

Question 2

Digital trade affects nearly every company with an international presence, and refers broadly to policies related to everything from data flows to smart manufacturing. American businesses can be successful if our international partners adhere to rules of the road. Stealing intellectual property, forcing data transfer in exchange for market access, censorship as a means of economic coercion – these are all actions that should not be tolerated.

Ms. Wang, how can the U.S. hold our trading partners accountable with regard to digital trade? Do you believe upholding digital trade integrity is a vital part of our economic health and success?

I am working on a resolution to support key digital trade provisions in any future trade discussions or negotiations. Do you think there is value in this effort?

Answer: Digital trade is an important part of the nation's economic health and success. If confirmed, I am committed to holding our trading partners accountable when they violate our laws and trade commitments, including through monitoring, identifying, and resolving trade barriers. If confirmed, I will work with Commerce staff, and when appropriate the Office of the United States Trade Representative, which has primary jurisdiction over trade policy, on these issues. This includes expeditiously addressing non-compliance

matters and referrals for dispute settlement, as needed. If confirmed, I look forward to working with you and your staff on this important issue.