



Hearing on “U.S. Investment in China’s Capital Markets and Military-Industrial Complex”

Opening Statement of Commissioner Jeffrey Fiedler

March 19, 2021

Washington, DC

Thank you, Commissioner Borochoff, and good morning, everyone. Welcome to the third hearing of the U.S.-China Economic and Security Review Commission’s 2021 Annual Report cycle. I would like to thank our witnesses for joining us today and for the effort they have put into their testimony.

This hearing is timely on a couple of levels. Much of the continuing debate on America’s relationship with China has been focused on trade. But recently, China has made significant moves to attract greater amounts of foreign capital into companies listed on its various stock and corporate debt exchanges. They apparently have had some initial success, largely with U.S. and European asset managers and institutional investors. Private equity and venture capital are also part of the mix as China increases the percentages of ownership foreigners are allowed to invest in in certain business sectors.

At the same time, the Trump Administration in its last weeks issued Executive Orders restricting U.S. investment in what it labeled Chinese military-related companies. The concept of restricting U.S. investment in this way appears to be a continuing policy with the new Biden Administration, although it has pushed out by some months the implementation of aspects of these new regulations.

These restrictions give weight to the argument that China is increasingly being seen in practice not just as a “competitor” but also as a potential “adversary.” There is a new, complex, and growing awareness of the nexus of economics and security within the U.S. government.

Our witnesses today include academics who study Chinese corporations and law, investors, researchers and national security specialists knowledgeable about Chinese military-related companies. Their testimony will be detailed and nuanced and inform the Commission’s own internal debate on this new and evolving policy as we perform our obligations to advise Congress on U.S.-China economic and security concerns.

Before we begin, I would like to remind you all that the testimonies and transcript from today’s hearing will be posted on our website. Please also mark your calendars for the Commission’s upcoming hearing on China’s evolving approach to fostering economic growth and innovation, which will be on April 15.

We’ll now begin today’s hearing with our first panel, which will examine the role of the state in China’s capital markets.