



## **Hearing on “An Assessment of the CCP’s Economic Ambitions, Plans, and Metrics of Success”**

### **Opening Statement of Commissioner Michael Wessel**

**April 15, 2021**

**Washington, DC**

Thank you, Vice Chairman Cleveland, and good morning everyone. I want to thank our witnesses for joining us today, and for the thought and consideration that they have given their testimonies.

As China’s policymakers chart the course for the next stage of China’s development strategy, they have a renewed sense of confidence in the government’s approach and believe the model pursued by the United States has failed. CCP General Secretary Xi Jinping told Party officials China is entering a time of opportunity with “the east rising and the west in decline.” Though they often speak of greater economic openness, in reality Chinese policymakers have diminished the potential role of the market and have strengthened the hand of the state. There are no truly private companies of any scale or importance, as they all are increasingly subjected to the hand of the state.

As we have seen with the implementation of Made in China 2025, the Chinese government’s efforts to become more self-sufficient rely on all-too-familiar tools such as subsidies, extensive tax breaks, discriminatory procurement policies, and predatory pricing. The 14<sup>th</sup> Five Year Plan and supporting policies have made clear that China is not interested in reform in the Western sense, but is interested in dominating key technologies and sectors.

The CCP’s policies narrow the opportunities for U.S. companies operating in China, but also result in deep negative effects here in the U.S., undercutting the competitiveness of domestic firms and jeopardizing the livelihoods of U.S. workers. The Chinese government’s subsidization and other forms of support for industries that the CCP has deemed strategic have fueled a massive transfer of global productive capacity and technology to China and contributed to the hollowing out of the U.S. industrial base. The COVID-19 pandemic has painted a stark picture as to the costs of China’s policies to the U.S. and the world with the CCP presiding over the capture and control of key supply chains. The vulnerabilities fostered by the CCP’s policies have had disastrous consequences not only for products like personal protective equipment but for other products, sophisticated technologies, and services with severe consequences that can be far harder to correct.

Following a pattern we’ve seen in sectors such as telecommunications and rare earths, the CCP has set its sights on technologies that will shape the future. In this hearing, we will examine the Chinese government’s pursuit of leadership in particular sectors like new mobility and synthetic biology to

advance its goals. In new mobility, the government is advancing Chinese vehicle production and exports through investment in autonomous, intelligent, and clean energy technologies. Their efforts may challenge the strength of the U.S. auto industry, one of the biggest drivers of U.S. economic activity and employment.

Integration of digital platforms and public transportation infrastructure is supporting the Chinese government's quest to acquire vast sums of data to advance the technologies but that can also be used for surveillance, control and repression of its people. Massive data collection is also a key feature of the CCP's synthetic biology strategy, where genetic engineering will have numerous applications from healthcare to agricultural production. These developments will be key to Chinese growth, but also have implications for U.S. competitiveness, global dependence on Chinese sources, and Chinese influence in international standards setting for these cutting-edge technologies.

To our distinguished witnesses, thank you for joining us to discuss these important questions. We look forward to hearing from each of you.

Before we begin, I would like to remind you that the testimonies and transcript from today's hearing will be posted on our website, [www.uscc.gov](http://www.uscc.gov). Also, please mark your calendars for the Commission's upcoming hearing on China's activities in Latin America and the Caribbean, which will take place on May 20.