



Hearing on “U.S.-China Relations in 2021: Emerging Risks”

Opening Statement of Commissioner Robin Cleveland

September 8, 2021

Washington, DC

Welcome to our final hearing of 2021. In recent years, we have concluded our hearing cycle to take a look back at the year to recover anything not originally addressed by our other hearing agendas. At the same time, this hearing is a valuable opportunity for us to preview the year ahead. I am glad that eight of our 11 witnesses today are new to the Commission, which is always helpful for us in generating fresh ideas and broadening our perspective.

As we try to anticipate the next year in U.S.-China relations, that view is overshadowed by increasingly aggressive tactics that the Chinese government has employed to assert greater control over its companies, to the detriment of U.S. investors as well as their own growth. What happened to Ant Group in November 2020 was just the beginning of a Chinese regulatory backlash against prominent nonstate companies that are supposedly deviating from the Party’s wishes and direct control. The Party insists that data security and the “disorderly expansion of capital” motivate its attacks on Chinese corporations like Didi and Tencent. In fact, these judgments are opaque and seemingly arbitrary, throwing company valuations into unstable swings and leaving investors and companies alike to wonder who the CCP will target next.

The CCP’s indiscriminate regulatory pressure is not just a problem for the Jack Ma’s of the world. Many U.S. investors have tied fortunes to the growth of U.S.-listed Chinese companies, investment that have always been steeped in risk. Over the last several months, this risk has become clearer and far larger than previously understood. The Chinese government is wresting its companies away from the oversight of U.S. regulators to direct them back to Shanghai, Shenzhen, and Hong Kong. Not only do U.S. investors stand to lose billions from Chinese companies disappearing or underselling their way out of U.S. exchanges, they likely have little to no legal recourse. Our witnesses will help illustrate the scope of this problem, the CCP’s strategy, and protections for U.S. investors.

Today, we will consider China’s efforts to abuse not only U.S. funds, but also U.S. technology. As our name indicates, we have a clear mandate to understand the intersection of both economic and national security. These areas are deeply intertwined in the design of the U.S. export control and foreign investment screening systems. The design and continual improvement of these systems is crucial to protecting key strategic technologies from misappropriation. We are be

pleased to hear from the Department of Commerce's Bureau of Industry and Security today, followed by an experienced set of practitioners, to understand how these tools can continue to be refined as threats from China evolve.