



Hearing on “Challenging China’s Trade Practices: Promoting Interests of U.S. Workers, Farmers, Producers, and Innovators”

Opening Statement of Commissioner Michael Wessel

April 14, 2022

Washington, DC

Thank you, Commissioner 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.

- Today’s hearing will explore how the United States can leverage its trade tools to adopt a more resilient trade policy, not only to challenge China’s distortive practices, but to engage more effectively in the broader Indo-Pacific in a way that can promote the interests of U.S. workers, farmers, producers, and innovators.
 - The Commission last held a hearing examining China’s trade practices in June 2018. Since then, many changes have impacted the global trading system, including: the United States and China’s Phase One Trade Agreement, COVID-19, a broken WTO dispute settlement mechanism, regional trade agreements including RCEP and CPTPP, and the development by this Administration of an Indo-Pacific Economic Framework. One thing has unfortunately failed to change since our last trade hearing: the Chinese Communist Party’s predatory and mercantilist approach to trade.
- My co-chair has highlighted China’s long-standing distorting trade practices.
 - These remain unchanged two decades after its WTO accession: hundreds of billions of dollars worth of state-subsidies, heavy-handed industrial policy, and non-tariff trade barriers that include discriminatory procurement policies and an investment black list.
 - Perhaps most pressing, China is leveraging all the nonmarket tools at its disposal to race ahead in Fourth Industrial Revolution technologies. In industry after industry—from telecommunications to high-speed rail to semiconductors to biopharmaceuticals--China’s heavy-handed state intervention is undermining free and fair trade, hurting U.S. workers and producers and undermining U.S. and global innovation.
 - The impact of these practices is evident in current bilateral trade relations, as the U.S. goods trade deficit with China in 2021 was \$355.3 billion, the highest in several years. But the impact is not just felt by the United States: in 2021 China registered its largest trade overall surplus in history at \$676 billion.

- This hearing will contemplate the future of U.S. economic strategy in the region, particularly as the Administration's Indo-Pacific Economic Framework (IPEF) develops and seeks to further engage the region on digital trade, supply chain management and security, climate, and labor issues.
 - China's moves to further enmesh itself in Indo-Pacific trade raises serious concerns about the potential loss of U.S. influence and key questions about balancing U.S. security and economic interests.
 - While recognizing the need for consistent engagement, we also know that the United States has both broad and deep ties to this region. The question is how we achieve this without potentially creating back doors to Chinese overcapacity and outlets for its subsidized goods. Furthermore, how can we achieve trade that is sustainable?
 - Augmenting America's influence in the Indo-Pacific must offer economic opportunity both ways to benefit workers in the region as well as workers at home.
- Today's hearing will close with an assessment of whether the WTO is capable of addressing the challenges raised by China's trade practices and its non-market model.
 - Since acceding to the WTO in 2001, China has consistently failed to fulfill its commitments under the WTO. The WTO has failed to hold China accountable for its subsidies, lack of transparency, and favoritism for SOEs and state banks.

To our distinguished witnesses, thank you for joining us to discuss these important questions. Thank you as well to the Senate Foreign Relations Committee for lending us their space for today's event. 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. Also, please mark your calendars for the Commission's upcoming hearing on China's influence and activities in South and Central Asia, which will take place on May 12.