



## **Hearing on “Dominance by Design: China Shock 2.0 and the Supply Chain Chokepoints Eroding U.S. Security”**

**June 5, 2025**

### **Opening Statement of Commissioner Leland Miller**

Thank you, Commissioner Shmavonian, and thank you to our witnesses for joining us today and for the work you have put into your testimonies.

We’re now in an era where national trade policy is getting a huge amount of attention. But you can’t ‘fix’ trade policy if you have effectively granted control over key supply chains to your competitors and adversaries. The United States today confronts the reality that the health of its economy and the resilience of the defense industrial base rely on critical supply chains that flow through China and are exposed to Chinese Communist Party leverage. China is all but the sole supplier of inputs across numerous U.S. industries, particularly in the pharmaceutical and electronics sectors, which we will focus on today. In printed circuit board fabrication, an often underappreciated but essential part of modern electronics, Chinese firms control over two-thirds of the global market. In pharmaceuticals, over 60 percent of all U.S. drugs contain key inputs from China as well as India—which itself is heavily reliant on Chinese chemical inputs. Control over these sectors grants Xi Jinping enormous leverage over our economy.

The time to start acting was long ago, but we’re now at the point where refusing to confront these issues head-on risks nothing short of a national security failure. China’s recent restrictions on U.S. access to gallium, germanium, antimony, graphite, certain rare earths, and other critical minerals demonstrate Beijing’s willingness to exercise its leverage. Tariffs may be a part of the solution, but a whole-of-government effort is needed to develop alternatives to these supply chain choke points. The consequences of inaction could be disastrous, and the impact will be seen not just in our economic data, but in our hospitals and pharmacies, in our military, and in all electronics that are crucial to the modern economy.

Meanwhile, China is pursuing a deliberate strategy to deepen global reliance on its production. Witnesses will focus on two sectors, advanced pharmaceuticals and foundational semiconductors, also known as legacy chips, where Chinese industrial policies are starting to swamp us. And yet, exports of overcapacity in these sectors may look different than in the past.

- In advanced biopharmaceuticals, Chinese biopharma companies are reshaping supply chains not through production, but by licensing and contracting drugs developed within China’s heavily state-subsidized industry.
- In foundational chips, Chinese-made semiconductors threaten to flood the U.S. market as components embedded in electronics, rather than simply competing chip for chip with U.S. firms. Nonetheless, with Chinese state-subsidized chipmakers displacing foreign firms as suppliers to China’s massive electronics industry, the consequence of this collapsing market will be felt all the same by U.S. chip companies and, ultimately, the broader economy.

Bold and creative solutions are needed to resolve both longstanding supply chain vulnerabilities and these emerging areas. I look forward to insights and perspectives from our panelists on these important issues.