



U.S.-CHINA ECONOMIC AND SECURITY
REVIEW COMMISSION

Hearing on “U.S.-China Trade Impacts on the U.S. Defense Industrial Base”

Opening Statement of
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Commissioner and Hearing Cochair

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The issue we are discussing today -- the defense industrial base and any impact U.S.-China trade and investment may have on it -- is important and complex. The technologies that lay the groundwork for a 21st century defense structure are at the core of this discussion. Integrated circuits, information technology, composite materials are all integral to the function of the U.S. military; they are also all reliant on commercial forces for their development. These commercial forces are moved by the current state of globalization. It is the job of the U.S. government not to hinder these forces, but to rather, balance the benefits to the defense sector that globalization provides, while ensuring a secure supply of critical U.S. defense needs.

Today we are honored to have with us Congressman Manzullo of Illinois, Chairman of the House Small Business Committee. The health of U.S. industries as they relate to national security is a key issue for Congress and we look forward to his statement. I thank Congressman Manzullo for taking the time to dialogue with us today.

We are also pleased to have the Acting Under Secretary of Commerce for Industry and Security, The Honorable Peter Lichtenbaum. Mr. Lichtenbaum is in charge of the Commerce Department's Bureau of Industry and Security (BIS), which seeks to advance U.S. national security, foreign policy, and economic interests. BIS oversees issues at the intersection of business and national security, including strategic trade controls, imports and foreign acquisitions that affect U.S. security, enforcement of antiboycott laws, and industry compliance with international arms control agreements. In his capacity as Assistant Secretary, Mr. Lichtenbaum is responsible for developing BIS's policies regarding controls on the export of dual-use items for national security, foreign policy, nonproliferation, and short supply reasons. I thank you for taking the time to be here today.

Both the Honorable Kenneth Krieg, Under Secretary of Defense for Acquisitions, Technology and Logistics, and the Honorable Suzanne Patrick, Deputy Under Secretary of Defense for Industrial Policy were unable to attend today's hearing due to scheduling conflicts. As such, we will hold off any defense questions for a follow up paper the Defense Department will provide to the Commission. Mr. Lichtenbaum's will discuss

three issues: 1) the challenges for U.S. dual-use export control policy with respect to China, 2) the types of U.S. export controls aimed at prohibiting the export of sensitive items and technology, particularly with respect to aerospace and semiconductor sectors, and 3) the Bureau of Industry and Security's role in analyzing industry sectors identified by the Department of Defense.

With that, let's begin with Congressman Manzullo.