

Opening Statement of Senator Brown

“Confronting Threats From China: Assessing Controls on Technology and Investment, and Measures to Combat Opioid Trafficking”

June 4, 2019

Thank you, Mr. Chairman, for calling this important hearing to assess key questions before the committee about our changing relationship with China, on this 30th anniversary of Tiananmen Square, as we remember those who fought for democracy and human rights as part of that movement.

Today we will focus on whether to provide the administration with new sanctions tools to complement existing Foreign Narcotics Kingpin sanctions, targeting traffickers in China, Mexico, and elsewhere who are contributing to the rising tide of illicit opioids coming into the US, including powerful new forms of fentanyl.

Last month, China took the long overdue step of controlling the full range of fentanyl analogues. This should mean that all forms of synthetic drugs which look and act like fentanyl will be subject to China’s drug control laws. I’m glad China’s government took that step. Now we have to make sure they implement and enforce it. As Ohio’s steel industry knows, without strict enforcement, promises from China don’t mean very much.

But we can’t wait to see whether China enforces its laws. Fentanyl has become the leading cause of overdose deaths. On average, 14 Ohioans die every day due to an opioid overdose, and those Ohio families can’t afford to wait and see whether China will enforce its rules this time.

A recent Washington Post study found that the Ohio Valley is suffering the most from the surge in overdose deaths due to synthetic opioids. I ask consent to include the Post article, entitled “Fighting Fentanyl,” into today’s record.

We can bolster Chinese efforts by taking steps of our own to target traffickers. Our bipartisan Fentanyl Sanctions Act led by Senator Schumer would give the administration new sanctions tools to help stem the tide. And it would help provide intelligence and funding to keep these dangerous drugs out of Ohio communities.

We will also address today the range of challenges posed by China in export control, intellectual property theft, technology transfer, and certain foreign investments – including through China’s massive Belt and Road Initiative, its Made in China 2025 initiative, and targeted collaborative investments in U.S. firms with critical technologies that China seeks to acquire.

We must respond forcefully when China’s ambitious and sometimes illegal acquisition strategies are deployed against U.S. firms, raising critical national security or economic security questions here at home. This is what we did last year when we passed the Foreign Investment Risk Review Modernization Act—updating and expanding both the Committee on Foreign Investment in the United States, and export control laws.

Almost a year after enactment of these reforms, we’ll hear testimony that some foreign investors continue trying to capture the intellectual property of leading edge U.S. technology companies for their home country’s military uses, or worse, to disrupt U.S. supply chains.

Our current control systems attempt to prevent this type of technology transfer through multilateral and unilateral export controls. This system identifies dual-use products, technology, and software that may not be exported, or is strictly limited. Is this approach still sufficient, when coupled with new constraints on emerging and foundational technologies and other reforms contained in export control reforms enacted last year? Is the law being implemented as written?

China continues to use non-tariff barriers to block foreign producers from entering its market. And Chinese state-owned enterprises, such as those in steel and other sectors, receive extensive subsidies that allow them to compete with no consideration of market forces. That makes it harder for U.S. companies and workers to compete – again, as our Ohio steel industry knows all too well.

I don't think CFIUS and its investment review process can or should bear the burden of trying to bring about a fair trading relationship with China. It has its hands full trying to police the national security threats we face

But as we know, much foreign investment in the U.S. falls outside of the scope of CFIUS, and we don't have a good way to review it to make sure it's in our economic interests. And it's not always easy to make the distinction between national security and economic security.

I have introduced legislation with Senator Grassley – the Foreign Investment Review Act – that would require the Secretary of Commerce to review certain foreign investments, particularly those made by state-owned-enterprises, to make sure they are in the long-term, strategic interests of American workers and American businesses.

Other issues in our Committee’s jurisdiction also need attention. Chairman Crapo and I have joined with Senators Cornyn, Baldwin, and 40 other cosponsors on a bill to prohibit federal funds from being used by transit agencies to purchase rail cars and buses manufactured by Chinese state-subsidized companies. Federal dollars should not support anti-competitive, heavily subsidized Chinese products that undermine American workers and threaten the future of U.S. automotive and rail manufacturing. The bill also addresses cybersecurity risks facing our nation’s transit systems.

Finally, our Committee must move quickly to provide a long-term reauthorization to the Export-Import Bank. Each year, China’s export credit agencies provide more medium and long-term investment support than the rest of the world’s export credit agencies combined. American manufacturers need a reliable Export-Import Bank that is authorized for the long term to stay competitive as they pursue business abroad.

It is clear that on China there is still much work to do.

Thank you to our witnesses here today. I look forward to hearing your views.