

**Crapo Statement at Hearing on Confronting Threats from China**  
*June 4, 2019*

**WASHINGTON** – U.S. Senator Mike Crapo (R-Idaho), Chairman of the U.S. Senate Committee on Banking, Housing and Urban Affairs, delivered the following remarks at a hearing entitled: “Confronting Threats From China: Assessing Controls on Technology and Investment, and Measures to Combat Opioid Trafficking.”

*The text of Chairman Crapo’s remarks, as prepared, is below.*

“Today, June 4, marks the 30<sup>th</sup> anniversary of China’s brutal Communist government crackdown on unarmed, civilian protestors, in Tiananmen Square, dashing a pro-democracy movement’s highest hope for reforms.

“That image of a young man standing in front of a row of rolling tanks is an indelible reminder of the true character and intentions of a government in China that today is pursuing Made in China 2025, the most ambitious, unorthodox industrial policy program in the history of the world.

“The Made in 2025 program aims to shift China’s economy into higher value sectors such as those associated with robotics, aerospace and artificial intelligence, more generally.

“In a very short span, Beijing has managed to transform itself from the perennial hope of being a cooperative trade partner to an all-out strategic competitor, in part, to confront China’s industrial policy program, which, among other things, includes subsidies for its domestic companies developing advanced semiconductors, the bedrock of all things, today.

“Worse still, China is one of the United States’ largest trading partners and it is in part pursuing that policy through a concept known as ‘civil-military fusion,’ which is intended to provide the missing link between China’s technological and military rise.

“While the United States pursued policies aimed to integrate China into the global economic order, China persisted in predatory practices at home: to force American companies to disgorge their technologies; to subsidize its own firms domestically and their trade around the world; and otherwise throw various roadblocks in front of foreign firms.

“Today’s escalating trade and technology tensions can be seen as consequences of a government that not only brutally rejected its own people’s hopes for reform 30 years ago, but has since exploited the openness of a global economy, and embarked on its own brand of economic nationalism and technological supremacy.

“This path, if unchecked, advantages not only Chinese firms, but can boost Chinese military strength at the same time.

“More and more, U.S. national security grounds are called upon to confront threats to America’s dominance in high technology manufacturing and other threats from China.

“The work of the Banking Committee with its jurisdiction over banks, markets, export promotion, export controls, and reviews of foreign direct investment security and economic sanctions, sits at the intersection of U.S. national security, U.S. economic prosperity and the global economy.

“Today, the Committee will focus on three threats from China.

“The first two threats arise from emerging national security issues associated with foreign investment in the United States and the export of critical technologies, particularly in the semiconductor industry, which is a primary target for illicit acquisition.

“Last year, the Committee successfully negotiated and the President signed into law The Foreign Investment Risk Review Modernization Act (FIRRMA) and the Export Control Reform Act (ECRA). Together, this bipartisan, bicameral legislation works to enhance the federal government’s authorities to protect America against illicit foreign investments in, acquisitions of, and transfers of America’s most sensitive technologies.

“Today, the committee will hear from a variety of perspectives on whether these new laws are sufficient to counter China’s threats, or if other measures must be considered.

“Of particular interest is the question of how we separate and protect U.S cutting edge technology from the non-national security related trade that finances America’s greatest innovative achievements.

“The third threat we will focus on involves the supply of fentanyl to the United States, which is causing close to 38,000 American deaths a year, now.

“The question is if a set of sanctions tools can be effectively leveraged to restrict the supply of illicit fentanyl into the United States.

“Senator Brown.”