Opening Statement for Senator Robert P. Casey, Jr.

Senate Finance Committee

Subcommittee on International Trade, Customs and Global Competitiveness

Hearing on "Censorship as a Non-Tariff Barrier to Trade"

June 30, 2020

This hearing is the third of a series of hearings held by the Trade Subcommittee outlining the Chinese Government's civil-military agenda and efforts to influence the economic and geopolitical order in a manner that benefits its authoritarian and anti-competitive practices.

Just yesterday, the Chinese National People's Congress passed a national security law for Hong Kong that significantly erodes Hong Kong's special status and based on available reporting, will deny the people of Hong Kong the right to protest, assemble or the right to criticize their government.

The United States Congress has been clear time and time again: the citizens of Hong Kong must enjoy certain rights that are distinct from mainland China, and efforts to undermine the status quo is an affront to the people of Hong Kong and decades of international agreement regarding the status of Hong Kong.

As I've said this before: when it comes to China, we must work with our allies to execute a clear and coordinated strategy. This applies to trade and to the Chinese Governments most recent efforts to erode the rights of the people of Hong Kong.

Here in the United States, we are in the midst of a public health and jobs crisis.

We have seen the cost of our reliance on a single source supplier, and more to the point our reliance on production from a non-market economy.

Last year, Senator Cornyn and I began this effort by outlining the main issues related to market access in China.

We then focused on specific initiatives and actions undertaken by the Chinese government, starting with the Belt and Road Initiative.

Today, we turn our attention to censorship.

The actions undertaken by the Chinese Government include direct barriers, such as blocking movies from entering their market or restricting content, to blocking internet firms, to dictating content related to China's territorial and economic claims, to demanding action or inaction by businesses related to Taiwan, Hong Kong, Tibet, and the ongoing human rights abuses in Xinjian.

The Chinese Government has become increasingly assertive in its demands within and outside of its borders.

Their mandates related to extra-territorial censorship is particularly troubling. The Chinese Government's response to a message of solidarity for Hong Kong by the general manager of the Houston Rockets, brings to light the lengths the government will go to censor speech, no matter where in the world it occurs.

The intended message sent by Beijing's disproportional response is clear: The Chinese Government can exert command and control over any enterprise operating in China – public or private.

Simply stated: The Chinese government is using its market power to stifle speech of our firms and people. These actions are inconsistent with our principles; they are inconsistent with our values, and those of our allies.

The introduction of the corporate social credit system takes this activity to a new level.

The actions undertaken by the Chinese Government are clearly restrictive and discriminatory.

The actions undertaken by the Chinese Government are clearly insidious and counter to the necessary conditions of a fair global economic system.

Since this hearing was originally scheduled in March, we have seen all too clearly the cost of relying on China, a non-market economy, for production of our Nation's critical capabilities.

I recently introduced the Market Economy Sourcing Act which will begin to right-size supply chains towards the United States and other market oriented countries.

This is but one measure that must be adopted to refocus our trade rules and the global economic system.

If we hope to sustain market oriented principles for the next 100 years, we must take action now to ensure competition and market principles are not simply words in a textbook, but rather infused into our system of government and governance.

When it comes to trade, we must be responsive and creative to address challenges and harness opportunities.

There is no doubt Congress, citizens and businesses must support and defend the economic security of the United States of America.

I look forward to hearing from our witnesses and discussing potential responses, which, in my view, should include the required disclosure of these types of requests to the appropriate federal entities, and trade rules that prevent free-riding from non-market economies.