



**Statement before the House Committee on Foreign Affairs,
Subcommittee on Indo-Pacific**

On “Standing United Against the People’s Republic of China’s
Economic Aggression and Predatory Practices”

Title

Derek Scissors

Senior fellow American Enterprise Institute and Chief economist China Beige
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While the international dimensions can matter a great deal, better American responses to Chinese coercion of American companies and entities are indispensable to successfully confronting Beijing's broader economic aggression. If the US does not consistently stand up to China, even when it's costly to do so, no one else will. The obvious reason is only the US has the economic capabilities to more than match the PRC, if the political will is there.

China's predation stems in large part from its industrial policy tactics. While the ends evolve over time, the means are the same: variations on warping competition through laws and subsidies and coercing intellectual property transfer. Recently, new tactics involving data have emerged. The first step in crafting a global response to these practices is painfully obvious, yet remains untaken: the US stops helping the PRC improve as a predator. American money and technology headed to China must be curbed, or fighting Chinese predation is just fighting ourselves.

American Economic Superiority

The PRC has multiple points of leverage in coercion. It has the second-largest stock of wealth in the world. It has the second-largest domestic market. For this reason, it is the second-largest national importer and, typically, the second-largest annual recipient of foreign direct investment. It has other advantages, such as important roles in a wide variety of global supply chains. But the other advantages also usually appear with the word "second" attached.

Most countries struggle with Chinese predation because, individually, their best choice is often to submit. Urged by domestic constituencies and international partners not to make waves, the US also frequently acts as if we have little choice but to accept the PRC's behavior. This is false. While knee-jerk reactions would be unwise, America very plainly has the capacity to deter or, if necessary, overmatch economic aggression undertaken by China, or anyone else.

National wealth is a measurement of the economic resources available for any task, including combating predation. Credit Suisse has maintained a database of national wealth for more than 100 countries for more than 20 years. At the end of 2021, it put US wealth at \$146 trillion (confirmed by the Federal Reserve) and PRC wealth at \$85 trillion.¹ In absolute terms, this is the largest gap on record between the two. Personal income is the single best measurement of prosperity. Comparable American and Chinese figures in 2022 were \$65,376 and \$5,480, respectively.² Finally, the most commonly cited indicator is gross domestic product (GDP). The GDP gap between the US and PRC was well over \$7 trillion in 2022, versus \$8 trillion in 2012.³

The use of dollars in comparison incorporates exchange rate volatility. One response is to adjust for "purchasing power parity" (PPP). PPP-adjusted GDP shows China ahead of America, if by

¹ Credit Suisse, "Global Wealth Report," <https://www.credit-suisse.com/about-us/en/reports-research/global-wealth-report.html>.

² Federal Reserve Bank of St. Louis, Personal Income per Capita, <https://fred.stlouisfed.org/series/A792RC0A052NBEA> and PRC National Bureau of Statistics, "National Economy Withstood Pressure and Reached a New Level in 2022," January 17, 2023, http://www.stats.gov.cn/english/PressRelease/202301/t20230117_1892094.html.

³ Federal Reserve Bank of St. Louis, Gross Domestic Product, <https://fred.stlouisfed.org/series/GDP> and PRC National Bureau of Statistics, "China Statistical Yearbook 2022," <http://www.stats.gov.cn/sj/nds/2022/indexeh.htm>.

differing amounts.⁴ However, the application of PPP is fraudulent. It fails when tested.⁵ This is possibly because it relies on open markets, which often do not hold (e.g. China's capital market). Creating a single price for all of the US to compare to a single price for all other countries is nightmarish.⁶ PPP has become an exercise in telling poor countries they're richer than they are.

America's advantages are likely to be maintained. The US is less indebted, because the PRC's performance has been even worse. The Bank for International Settlements⁷ shows non-financial outstanding credit as a share of American GDP at 252 percent at the end of 2011 and 278 percent in 2021 (falling partway through 2022). The equivalent Chinese figures are 178 and 285 percent (rising partway through 2022). What's happened recently on debt is what will happen soon on demography. According to the UN Population Division,⁸ American and Chinese median age was almost the same in 2020. Yet in 2040, China is expected to be 6 years older - 48 versus 42. Projected Chinese aging 2020-2040 is even faster than for any 20-year period in Japan.

Dependence on foreign oil harmed American prosperity and security for decades. The PRC is now the world's top oil importer. And the top agriculture importer. And the top metals importer.⁹ Its supplier dependence ranges from Russia and Saudi Arabia to the US and Australia. The dependence stems in part from state ownership of rural land, causing poor land management. China is still advancing with regard to innovation. However, it not only remains behind the US in annual R&D spending, there is a massive historical gap to overcome, due to being (far) behind

⁴ World Bank, "GDP, PPP," <https://data.worldbank.org/indicator/NY.GDP.MKTP.PP.CD> versus US Central Intelligence Agency, "The World Factbook: Country Comparison – Real GDP (Purchasing Power Parity)," <https://www.cia.gov/the-world-factbook/field/real-gdp-purchasing-power-parity/country-comparison>.

⁵ Examples: Kai-Hua Wang et al., "Does the Purchasing Power Parity Fit for China?" *Economic Research-Ekonomska Istraživanja* 32, no. 1(2019): 2028–2043, <https://www.tandfonline.com/doi/full/10.1080/1331677X.2019.1637763> and Steven Yee and Miguel D. Ramirez, "Purchasing Power Parity: A Time Series Analysis of the U.S. and Mexico, 1995–2007," *International Advances in Economic Research* 22, no. 4(2016): 409-419, <https://link.springer.com/article/10.1007/s11294-016-9598-4>.

⁶ World Bank, International Comparison Program, "Using Capital City Average Prices in the Validation Of Inter-Regional Linking Factors," September 24, 2018, <https://thedocs.worldbank.org/en/doc/355521539795895513-0050022018/original/ICPIACG06DocS13CapitalCityAveragePrices.pdf>.

⁷ Bank for International Settlements, "Credit to the Non-financial Sector," February 27, 2023, <https://www.bis.org/statistics/totcredit.htm?m=2669>.

⁸ United Nations, Department of Economic and Social Affairs, Population Division, "Median Age of Population," 2022, <https://population.un.org/dataportal/data/indicators/67/locations/156,392,840/start/1990/end/2050/table/pivotbylocation>.

⁹ US Department of Agriculture, Foreign Agriculture Service, "China: Evolving Demand in the World's Largest Agricultural Import Market," September 29, 2020, [https://www.fas.usda.gov/data/china-evolving-demand-world-s-largest-agricultural-import-market#:~:text=China%20is%20now%20the%20world's,imports%20is%20also%20rapidly%20changing](https://www.fas.usda.gov/data/china-evolving-demand-world-s-largest-agricultural-import-market#:~:text=China%20is%20now%20the%20world's,imports%20is%20also%20rapidly%20changing;); Daniel Workman, "Iron Ore Imports by Country Plus Average Prices," World's Top Exports, <https://www.worldstopexports.com/iron-ore-imports-by-country/>; Rupankar Majumder, "Top Ten Countries with the Highest Bauxite Production in 2021," AICircle News, <https://www.aicircle.com/news/top-ten-countries-with-the-highest-bauxite-production-in-2021-79380#:~:text=China%20records%20as%20both%20the,the%20leading%20importer%20of%20bauxite>. and World Bank, "Copper Ores and Concentrates Imports by Country in 2021," [https://wits.worldbank.org/trade/comtrade/en/country/ALL/year/2021/tradeflow/Ixports/partner/WLD/product/260300#:~:text=In%202021%2C%20Top%20importers%20of,Kg\)%2C%20Korea%2C%20Rep](https://wits.worldbank.org/trade/comtrade/en/country/ALL/year/2021/tradeflow/Ixports/partner/WLD/product/260300#:~:text=In%202021%2C%20Top%20importers%20of,Kg)%2C%20Korea%2C%20Rep).

the US in spending for literally every year of the PRC's existence to this point.¹⁰

A crucial expression of American advantage is the two country's currencies. At the end of 2022, the dollar's share of foreign reserves was more than 20 times the yuan's. At the end of March 2023, its share of global payments was more than 15 times the yuan's.¹¹ The yuan is not a genuinely independent currency. Its value is artificially maintained by enforcing a narrow trading range against the dollar and by controlling capital exit from the PRC.¹² The chief threat to the dollar's status is not China, it's us. In the background of defeating Chinese economic predation is more responsible American fiscal policy, to maintain the dollar as the world's premier currency.

All of this understates the resources the US could bring to bear, because we also have richer allies than the PRC. The EU is too slow and unwieldy to rely on as a group. Even excluding all EU members, Australia, Canada, Japan, and the UK are still overwhelmingly preferable compared to, say, Cambodia, Iran, Laos, Pakistan, and Russia (data on North Korea are unusable, but its economy is small). In wealth, the first group brings another \$65 trillion to the table while the second offers \$7 trillion. The 2021 GDP numbers alone are \$11.5 trillion versus \$2.5 trillion. America outmatches China, and our friends badly outmatch China's friends.

US v. China, from 30,000 feet

	US	China
2021 GDP	\$24.4 trillion	\$17.6 trillion
2021 wealth	\$146 trillion	\$85 trillion
2021 personal Income	\$64,073	\$5446
2021 debt	278% of GDP	285% of GDP
2021 share of foreign reserves	58.8%	2.8%

China's Predatory Policies

The PRC's laws and regulations are like the visible parts of icebergs. They matter and can be a bit daunting, but what's below the surface will sink your ship. The anti-monopoly law coexists with encouragement of enormous state monopolists.¹³ When a large or technologically advanced

¹⁰ World Bank, "Research And Development Expenditure (% of GDP) - China, United States," <https://data.worldbank.org/indicator/GB.XPD.RSDV.GD.ZS?locations=CN-US>.

¹¹ International Monetary Fund, "Currency Composition of Official Foreign Exchange Reserves," March 31, 2023, <https://data.imf.org/?sk=E6A5F467-C14B-4AA8-9F6D-5A09EC4E62A4> and Society for Worldwide Interbank Financial Telecommunication, "RMB Tracker," <https://www.swift.com/our-solutions/compliance-and-shared-services/business-intelligence/renminbi/rmb-tracker/rmb-tracker-document-centre>.

¹² Jean-Paul Rodrigue, *The Geography of Transport Systems* (New York: Routledge, 2020), chapter 7: Yuan Exchange Rate, 1981-2022, <https://transportgeography.org/contents/chapter7/globalization-international-trade/yuan-usd-exchange-rate/> and Canadian Trade Commissioner Service, "Foreign Exchange Controls in China," November 2, 2021, <https://www.tradecommissioner.gc.ca/china-chine/control-controle.aspx?lang=eng>.

¹³ Within a few weeks of each other, Brenda Goh, "China Fines Seven Shipping Firms \$63 Million for Price Fixing," Reuters, December 28, 2015, <https://www.reuters.com/article/uk-china-shipping-fines/china-fines-seven->

multinational is involved, the laws on the books pertaining to intellectual property have no connection to what happens in practice. Laws and regulations are meant to formalize policies already in existence or, worse, hide the extent of predation found in the true policies.

From 1993 to 2012, Beijing's dominant industrial policy objective was clear: create jobs inside China and transfer outside jobs to China. There was a generation-long surge of new workers entering the urban labor force¹⁴ that needed to be employed, or "social stability" would be threatened. At home, the private sector was supported – more firms meant more hiring. Environmental destruction was permitted. Large-scale borrowing was as well, when needed for employment. Overseas, all actions were aimed at bringing foreign jobs to the PRC. Promises were made, some kept, to secure WTO accession. The RMB was always cheap. A combination of high competitiveness and distortions, such as subsidies, were used to induce firms to hire in China. Rapid GDP gains were mostly a means to this end, rather than an end in itself.

The labor force began shrinking by 2015,¹⁵ reducing the need for fast economic growth. In light of this, General Secretary Xi Jinping has consistently de-emphasized growth since first taking power in late 2012.¹⁶ It's unclear if there is a new industrial policy top priority or more of an amorphous blob to be molded as suits Xi. One possibility is controlling or co-controlling key global supply chains, such as chemical precursors, materials and packaging for semiconductors, and materials and components for electric vehicles.¹⁷ As the Department of Defense documented in 2022, some chains have clear military significance.¹⁸ Among other things, a grip on supply chains would enhance China's ability to coerce others and limit our ability to respond.

The new priority or priorities may not matter much, since tactics and impacts look to remain largely the same. *The keys are suppressing competition plus coercive acquisition of intellectual property (IP)*. The nature of these shifts over time. Initially, the chief means to warp competition was subsidies (mostly uncounted) – very low-cost finance, access to cheap, reliable power, free land, and so on. As the Chinese market expanded, the biggest subsidy became assured revenue from that market via regulatory protection. Of the Fortune Global 500's 45 top firms, 14 are Chinese state-owned enterprises with a guaranteed monopoly in all or some provinces.

IP coercion has also changed. It started simple – if you wanted market access, you had to work with a Chinese entity, to include sharing trade secrets. While a violation of WTO principles,

[shipping-firms-63-million-for-price-fixing-idUKKBN0UB0CE20151228](#) and Joanne Chiu and Costas Paris, "China Approves Merger of Cosco, China Shipping," *The Wall Street Journal*, December 11, 2015, <https://www.wsj.com/articles/china-approves-merger-of-cosco-china-shipping-1449834748>.

¹⁴ World Bank, "Labor Force, Total – China," <https://data.worldbank.org/indicator/SL.TLF.TOTL.IN?locations=CN>

¹⁵ PRC National Bureau of Statistics, "China Statistical Yearbook 2019," <http://www.stats.gov.cn/sj/ndsj/2019/indexeh.htm> and PRC National Bureau of Statistics, "China Statistical Yearbook 2022," <http://www.stats.gov.cn/sj/ndsj/2022/indexeh.htm>.

¹⁶ For some history, see Andrew Batson, "Mobilization and Modules: What's Changing in China," October 13, 2021, <https://andrewbatson.com/2021/10/13/mobilization-and-modules-whats-changing-in-china/>

¹⁷ Dan Blumenthal and Derek Scissors, "Breaking China's Hold," *The Atlantic*, December 23, 2022, <https://www.theatlantic.com/international/archive/2022/12/china-economic-coercion-united-states/672524/>.

¹⁸ US Department of Defense, *Securing Defense-Critical Supply Chains: An action plan developed in response to President Biden's Executive Order 14017*, February 2022, <https://media.defense.gov/2022/Feb/24/2002944158/-1/-1/1/DOD-EO-14017-REPORT-SECURING-DEFENSE-CRITICAL-SUPPLY-CHAINS.PDF>.

Beijing and its supporters defended this as a choice by multinationals.¹⁹ Those years turned out to be tame. Now, through cyber means, the PRC can steal IP regardless of whether the foreign holder has interest in its market and regardless of where the IP is located.²⁰ China now targets more advanced technology, sometimes for immediate gain and sometimes more to harm leading foreign firms and help less innovative Chinese enterprises become global leaders.

Not as central as but still early in its development is the PRC's emerging data mercantilism. Data extraction from the US and others previously occurred using telecom equipment and service.²¹ It now features mobile software, including TikTok but also Temu, WeChat, and apps that store financial information like AliExpress. No matter what they claim, Chinese firms can never refuse the PRC's security ministries,²² leaving the sole question as whether the data they gather should be safeguarded.

Threats against those moving data out of the PRC intensified in spring 2023. Foreign firms such as Bain have been harassed while domestic firms such as Wind have withheld basic information, fearing that providing it suddenly constitutes espionage.²³ Restrictions will likely apply to American companies reporting to the American government the very regulations and policies that govern their China operations. While insisting foreigners do not understand China, Beijing is trying to ensure fewer people know what's happening there. This makes US policy-making harder and US companies more dependent on the PRC. Data mercantilism fits the PRC's auto mercantilism, for example, but data effects cross industries.

China no longer limits itself to coercing foreign manufactures or even to its own borders, but that's still fair game. A few examples: the PRC's auto sector is passing Japan's as the world's leading exporter. American auto sensor-maker Mallentech has had IP stolen in China and legal

¹⁹ Edward C. Prescott, Ellen R. McGrattan, and Thomas J. Holmes, "Quid Pro Quo: Technology Capital Transfers for Market Access in China," Federal Reserve Bank of Minneapolis, December 12, 2013, <https://www.minneapolisfed.org/article/2013/quid-pro-quo-technology-capital-transfers-for-market-access-in-china#:~:text=Quid%20pro%20quo%20is%20a,countries%20doing%20FDI%20in%20China>.

²⁰ US Department of Justice, Office of Public Affairs, "Four Chinese Nationals Working with the Ministry of State Security Charged with Global Computer Intrusion Campaign Targeting Intellectual Property and Confidential Business Information, Including Infectious Disease Research," July 19, 2021, <https://www.justice.gov/opa/pr/four-chinese-nationals-working-ministry-state-security-charged-global-computer-intrusion>; and Nicole Sganga, "Chinese Hackers Took Trillions in Intellectual Property from about 30 Multinational Companies," CBS News, <https://www.cbsnews.com/news/chinese-hackers-took-trillions-in-intellectual-property-from-about-30-multinational-companies/>.

²¹ Jesus Diaz, "China's Internet Hijacking Uncovered," Gizmodo, November 17, 2010, <https://gizmodo.com/chinas-internet-hijacking-uncovered-5692217>; Nick McKenzie, Angus Grigg and Chris Uhlmann, "How China Diverts, Then Spies on Australia's Internet Traffic," November 20, 2018, <https://www.smh.com.au/technology/how-china-diverts-then-spies-on-australia-s-internet-traffic-20181120-p50h80.html>; and Doug Madory, "Large European Routing Leak Sends Traffic Through China Telecom," Mutually Agreed Norms for Routing Security, June 11, 2019, <https://www.manrs.org/2019/06/large-european-routing-leak-sends-traffic-through-china-telecom/>.

²² China Law Translate, "PRC National Intelligence Law (as amended in 2018)," June 27, 2017, <https://www.chinalawtranslate.com/en/national-intelligence-law-of-the-p-r-c-2017/>.

²³ China Law Translate, "Counter-espionage Law of the P.R.C. (2023 ed.)," June 17, 2021, <https://www.chinalawtranslate.com/en/counter-espionage-law-2023/>, and Bloomberg, "Police Raid Consulting Firm as China Starts Anti-Spy Campaign," May 8, 2023, <https://www.bloomberg.com/news/articles/2023-05-08/china-starts-anti-spy-campaign-says-capvision-leaked-secrets?sref=bWSPFsy2>.

protection denied - what now? Hollywood has long toed political lines overseas in order for movies to be released in the PRC, more recently the NBA has. Beijing has threatened Swedish telecom Ericsson both because Ericsson tried to protect itself in a non-Chinese court and due to Sweden's treatment of Huawei.²⁴ Xi Jinping has repeatedly attacked his own private sector; expecting less coercion of American and other companies is beyond naïve.

What the US Should Do

Multilateral cooperation can play a key role in countering Beijing's economic aggression. It makes more resources available and can close technological leaks. But the argument made by the strongest advocates of multilateralism, that the PRC's size and reach are too extensive to be countered by America alone, are incomplete or flawed. It's exactly because countries have a sizable economic stake in relations with China that they will not act until the US act first in some way, providing economic and political cover. While multilateral cooperation is preferable, American leadership is necessary. And the US is quite capable by itself of countering the PRC.

There is a simple policy principle for countering Chinese predation that is easy to implement and the floor for any serious response: *stop helping China gain more leverage*. Stop giving the PRC money and technology that increases its ability to coerce and reduces the effectiveness of our response. Part and parcel of this is to stop pretending that continuing to provide money and technology is the only way the US can have an acceptably safe relationship with China, that a dangerous "spiral" can only be checked if Washington does what Beijing wants. Curbing economic exchange is not a sanction. Indeed, less economic exchange can limit Chinese capabilities and thus prevent some Chinese sanctions and the ensuing American retaliation.

Start with American money sent to the PRC. The cumulative stock of all US investment in China and Hong Kong was \$1.38 trillion at the end of 2021.²⁵ The bulk is holdings of mainland stocks and bonds. Those holdings soared nearly \$800 billion from 2017 to 2020, after candidate Donald Trump vowed to stand up to China and during the supposed "trade war." This clashes sharply with PRC (including Hong Kong) holdings of American securities, which hit a 13-year low in mid-2022. Further, due to large trade surpluses and a closed capital account, Beijing must hold foreign assets. In contrast, American investors chose to send the hundreds of billions, while the PRC engaged in a military build-up, intense cyber activity, repression in Hong Kong, and so on.

The US has muttered uselessly about this. Parts of the Biden administration seem to believe an executive order (EO) on outbound investment should primarily reassure everyone America is not disruptive. The pending EO will likely affect very little investment, while being implemented possibly for only 15 months. Regardless of who's in the White House, Congressional action is superior to an EO. At the least, the US should not permit investment in technologies that China

²⁴ Stu Woo and Daniel Michaels, "China's Newest Weapon to Nab Western Technology—Its Courts," *The Wall Street Journal*, February 20, 2023, <https://www.wsj.com/articles/u-s-china-technology-disputes-intellectual-property-europe-e749a72e> and Richard Milne, "Ericsson Warns of China Retaliation Following Sweden's Huawei Ban," *Financial Times*, July 16, 2021, <https://www.ft.com/content/2a596954-1206-4ce2-9dca-9c128d326768>.

²⁵ Derek Scissors, "What to Do About American Investment in China," May 10, 2023, American Enterprise Institute, <https://www.aei.org/wp-content/uploads/2023/05/What-to-Do-About-American-Investment-in-China.pdf?x91208>.

would not be allowed to acquire by investing here. Beyond that, a narrowed, bipartisan version of the National Critical Capabilities Defense Act²⁶ was offered in May and could enable a true competition with the PRC, where the US does not help finance Beijing's economic aggression.

The investment can advance Chinese technology. So can direct technology transfer to the PRC. Congress tried to weaken China's hand, with the 2018 Export Control Reform Act. The Bureau of Industry and Security (BIS) first ignored then set aside restrictions on transfer of foundational technology,²⁷ essentially arguing US corporate profit is worth making Beijing's life easier. In October 2022 BIS published interim rules tightening controls on semiconductor and related exports but, seven months later, final rules have not appeared. The delay is partly due to South Korean firms, which received a one-year exemption and are asking for more.²⁸

Multilateralism cannot mean watering down, for the sake of friendly companies, policies already deemed necessary for American security. By their own actions, these companies place themselves at greater long-term risk of successful Chinese aggression. Coercion is tightly interwoven with technology transfer: Beijing coerces firms for the sake of transfer and the acquired technology makes the PRC a better predator. The US should fully implement chips controls, then move on to the next set of technologies, possibly in genetics or biologics.

IP infringement is closely related to technology transfer through exports, and here the American response is non-existent. The Section 301 investigation launched by the Trump administration started with IP, but ensuing tariffs did not consider it at all. It made no difference in application of tariffs if Chinese enterprises benefited from IP coercion or theft, leaving no incentive to change. With violation of IP rights long at or near the top of Beijing's aggressive economic acts, the US should stop pretending that incessant complaints about the PRC's behavior will change it and start to retaliate in some fashion. Retaliation cannot be comprehensive, but high-profile steps against several large, centrally-controlled SOEs will slow attacks on American IP.

The other key weapon in Chinese predation is access to its home market, which is limited by regulations, subsidies, fines, and informal boycotts. The US has rejected reciprocity as a response, since mirroring the PRC means much higher consumer costs. An alternative involving market access and anticipating what will certainly be future aggression is to forbid Chinese participation in the most important supply chains serving the US, for example pharmaceuticals. The first, indispensable step is the hardest: the US must completely shut China out of just one chain, in law and in practice. Congress has as yet failed to identify what it sees as most

²⁶ US House Representative Rosa DeLauro, "DeLauro, Fitzpatrick, Pascrell Reintroduce Bipartisan National Critical Capabilities Defense Act," press release, May 9, 2023, <https://delauero.house.gov/media-center/press-releases/delauro-fitzpatrick-pascrell-reintroduce-bipartisan-national-critical#:~:text=%E2%80%9CThe%20bipartisan%20National%20Critical%20Capabilities,chain%20manufacturing%20here%20at%20home>.

²⁷ US Department of Commerce, Bureau of Industry and Security, "Commerce Control List: Controls on Certain Marine Toxins," Federal Register 87, no. 99 (May 23, 2022): 28332–43, <https://www.federalregister.gov/documents/2022/05/23/2022-10907/commerce-control-list-controls-on-certain-marine-toxins>.

²⁸ Han-Shin Park, Sul-Gi Lee and Jeong-Soo Hwang, "Us Eyes New Rules for Samsung, SK to Bring Chip Machines to China," The Korea Economic Daily, May 10, 2023, <https://www.kedglobal.com/business-politics/newsView/ked202305100019>.

important, while the administration identified too much in early 2022 and has done little since.²⁹

If and when supply chain policy is actually implemented, the next set of actions will concern data. In addition to our own domestic considerations, the PRC's own data regime is still being fleshed out and the challenges to American companies and decision-makers are still taking shape. But data coercion is already happening and will be an issue for the indefinite future.

In sum,

- 1) Do not permit US investment in China in technologies China cannot acquire here.
- 2) Set aside profit-seeking and implement export controls, for the sake of national security.
- 3) Sanction the centrally-controlled SOEs that have benefited most from IP coercion.
- 4) Shut China out of a vital supply chain, such as pharmaceuticals.
- 5) Prepare for sustained Chinese data mercantilism.

²⁹ Many agency recommendations, little follow up: White House, "The Biden-Harris Plan to Revitalize American Manufacturing and Secure Critical Supply Chains in 2022," February 24, 2022, <https://www.whitehouse.gov/briefing-room/statements-releases/2022/02/24/the-biden-harris-plan-to-revitalize-american-manufacturing-and-secure-critical-supply-chains-in-2022/>.