

RPTR MOLNAR

EDTR ROSEN

IMPORT CONTROLS: TOOLS TO COUNTER THE CCP'S
INDUSTRIAL POLICY AND SUPPLY CHAIN THREATS.

Wednesday, September 16, 2026

House of Representatives,

Select Committee on the Strategic Competition Between

the United States and the Chinese Communist Party,

Washington, D.C.

The committee met, pursuant to call, at 9:59 a.m., in Room 390, Cannon House Office Building, Hon. John Moolenaar [chairman of the committee] presiding.

Chairman Moolenaar. The Select Committee will come to order and good morning, everyone. Last week of session before the recess and multiple hearings go on right now, so we are going to have people coming and going. But I want to thank everyone who is here and joined us for this important hearing.

Last October, China weaponized its chokehold over rare earths in a massive expansion of its export controls. The Chinese Communist Party's escalation threatened commerce globally, and it represented an economic declaration of war against the United States.

Our critical industries, already facing a crisis from China's initial restrictions, faced catastrophic risk under these expanded controls.

Like other threats from China, we knew to expect it, and we saw it coming. China took a similar action against Japan in 2010. A decade later, in 2020, Xi Jinping brazenly explained his plans to, and I quote, "tighten international production chains dependence on China."

We must ensure that he fails by eliminating dependencies on China. Our country's sovereignty, our national security, and our freedom from economic coercion depend upon it.

This task is urgent because the CCP is aggressively working to dominate the technologies of the future. In 2025, Chinese drone-maker DJI dominated 80 percent of the American commercial drone market.

Unitree, designated recently by the Pentagon as a Chinese military company, is delivering heavily subsidized robots at cost that would bankrupt American robotics companies.

Chinese automakers Geely and BYB are flooding roads around the world with subsidized connected vehicles that are rolling data collection devices for the CCP.

China subsidizes its companies with hundreds of billions of dollars every year, and facilitates widespread intellectual property theft to steal American innovation. Some industries in China rely on forced labor, and then use global markets to subsidize the CCP's human rights abuses.

China is also continuing to double down on industrial over-capacity to capture a greater share of the global export market while bankrupting Western companies and deindustrializing the rest of the world.

We must stop China from cultivating more American supply chain dependencies. Rare earths are far from the only sector that China can use to disrupt our economy.

It is unrealistic and unfair to expect American industries to compete with Chinese state-subsidized companies that can afford to be unprofitable for decades. We should expect intense economic warfare to persist for as long as Xi and the CCP are in power.

So our national security tool kit must be equipped to address sector-wide threats, as well as specific adversarial entities, and all other threats posed by Chinese imports.

Fortunately, there is a growing consensus in Congress on a bipartisan basis, and in the Trump administration, on import controls.

Over the past several months, the FCC has added Chinese drones, power inverters, internet routers, and advanced robots to its covered list, shutting adversary equipment out of American networks.

This summer, the administration carried out the largest expansion of the Uyghur Forced Labor Prevention Act Entity List in history.

And President Trump has taken additional steps to eliminate foreign adversary products from our defense supply chains and critical infrastructure.

Every one of these actions mitigates a national security threat, reduces the CCP's leverage and creates opportunities for us and our allies to rebuild industries the CCP has bankrupted. Thankfully these actions have been accompanied by an enduring shift in national security policy.

Import controls hold broad bipartisan appeal in Congress, and in the executive branch. For example, the Biden administration implemented the ICTS supply chain executive order, from President Trump's first term, to address adversary connected vehicles. More recently Congress and

the FCC have worked together to break China's drone monopoly.

These are encouraging signs of a new consensus, and these actions are crucial to keeping adversary hardware out of our networks, protecting American jobs, and helping to rebuild crucial sectors of the American economy and unleashing commercial innovation.

There is much more work to do. Display screens of smart home devices are more examples of high-risk sectors the Commerce Department and the FCC could address with their import control authorities.

Congress also has a central role in passing laws to codify and strengthen import control authorities, putting them on a firmer legal footing and ensuring national security regulations translate into lasting investments that break dangerous dependencies on China.

My bipartisan Connected Vehicle Security Act, as well as the GUARD Act, addressing humanoid robots, are two of the bills we need to do that.

Congress will also be essential in modernizing our national security authorities, including the codification of President Trump's ICTS supply chain order. Today's hearing will put the spotlight on the need to advance those efforts.

Xi Jinping is not hiding his plans to make our country even more reliant on China and to gain a veto over our country's sovereignty. I look forward to hearing from our witnesses and working with all of you to make sure Xi fails.

I now recognize Representative Carson for his remarks.

Mr. Carson. Thank you, Chairman. Thank you and thank you to our witnesses for being here today.

For years, this committee has led the debate on how to use market access policies to safeguard national security and counter the Chinese Communist Party's dominance across critical sectors, like telecommunications, drones, autos, robotics, solar, shipbuilding, batteries, and critical minerals. These are very powerful tools when used correctly.

But today I want to press on a question I don't think we often ask enough. When we restrict a Chinese product or a company from the U.S. market, how do we ensure American industry and workers can fill the gap?

Market restrictions on their own do not create an industry. If we restrict Chinese cranes, drones, or connected vehicles and nothing is standing behind that restriction to support American innovation, workers, and manufacturing, all we will have done is change our supplier-swapped Chinese firms for whichever foreign competitor is fastest to move into the gap we have opened.

Take ZPMC Cranes. When the Biden administration restricted Chinese-manufactured port cranes on national security grounds, it paired that restriction with real investment in domestic crane manufacturing. This should be the model.

The goal cannot simply be "not China." It has to be building durable American and allied capacity in the sectors that matter most to our economic and national security.

That means focusing on a suite of policies I like to call "economic patriotism." It includes smart policies like procurement preferences that give scale to firms, making the late tax credits that de-risk capital, Federal R&D that gets technology out of the lab, and maybe most importantly, workforce investments that produce the welders, machinists, and engineers to actually run these plants.

I also want to make clear that restricting access to the world's largest consumer market has real consequences for businesses trying to plan for workers whose jobs depend on supply chains we are reshaping and for consumers who might pay the price of scarcity before American capacity catches up.

This policy tool kit has real tradeoffs and should be used sparingly to address the greatest threats to the U.S., not settle political spats.

Additionally Congress needs visibility into how these authorities are actually being used as a matter of course. That means reporting requirements with very clear public criteria for how

designations get made and regular reviews of whether a restriction is actually achieving the security and economic goals it was built for.

I will close with this: These tools, restrictions, tariffs, export controls, are not meant to be used to settle personal feuds between heads of state or as a leverage in some unregulated negotiation.

When they are, it doesn't just look bad, it actually determines or undermines the credibility of effectiveness of the tools themselves here and with our allies and partners who we need standing with us regularly.

Used well, market restrictions are one piece of a very serious industrial strategy. Used carelessly or for the wrong reasons, they are just noise that cost American businesses and workers real money.

I look forward to hearing from our witnesses on how we can get this balance right. I yield back, Chairman.

Chairman Moolenaar. Thank you, Representative Carson.

If any other member wishes to submit a statement for the record, without objection, those statements will be added to the record.

I would now like to introduce our witnesses today. Mr. Craig Singleton is a former U.S. diplomat who works on critical national security issues related to China, North Korea, and the Indo-Pacific, with an emphasis on emerging technologies, like AI and China's military-civil fusion strategy.

He currently serves as the senior director for China and senior fellow at the Foundation for Defensive Democracies. Welcome.

Mr. Oren Cass is the founder and chief economist of American Compass. He is a contributed opinion writer for The New York Times and a contributing editor for the Financial Times, and previously worked in the private sector on Presidential campaigns and as a senior fellow at the

Manhattan Institute. Welcome.

And Mr. Peter Harrell is a visiting scholar at Georgetown's Institute of International Economic Law and maintains a law practice that counsels on issues including economic sanctions and trade matters.

Harrell also serves as a senior fellow at the Council on Foreign Relations. He was previously the White House senior director for international economics, in addition to other government and private sector roles.

I want to welcome all three of our witnesses and thank you all for being here this morning.

STATEMENTS OF CRAIG SINGLETON, CHINA PROGRAM SENIOR DIRECTOR, FOUNDATION FOR DEFENSE OF DEMOCRACIES; OREN CASS, FOUNDER AND CHIEF ECONOMIST, AMERICAN COMPASS; AND PETER HARRELL, VISITING SCHOLAR, GEORGETOWN UNIVERSITY INSTITUTE OF INTERNATIONAL ECONOMIC LAW.

Chairman Moolenaar. Mr. Singleton, you are now recognized for your opening remarks.

STATEMENT OF CRAIG SINGLETON

Mr. Singleton. Chairman Moolenaar, Ranking Member Carson, and members of the committee, thank you for the opportunity to testify today. I am pleased to offer policy insights from the Foundation for Defensive Democracies, a nonpartisan research institute where I serve as a senior fellow.

For years, Washington's technology security strategy focused on limiting the flow of sensitive technology to China. Congress and successive administrations strengthened export controls, restricted outbound investment, and tightened China's access to advanced semiconductors and the

equipment used to produce them.

Those export-focused measures remain essential, but Beijing has pursued the reverse flow with equal purpose. It has built formidable positions in technologies it now seeks to sell, scale, and embed around the world.

That matters because these technologies sit at the intersection of economic power and national security. They collect data, connect to networks, receive remote updates, and sometimes control physical systems.

The U.S. intelligence community assesses China as the most active and persistent cyber threat to American networks. That threat environment should shape which technologies we allow into critical infrastructure and connected systems and which we keep out.

Today's security challenge is inseparable from Beijing's industrial strategy. "Made in China 2025" used industrial policy to build strength in 10 priority manufacturing sectors.

China's new 15th 5-Year Plan goes much further. It extends that playbook across China's economy, modernizing traditional manufacturing, building emerging and future sectors that will drive the next industrial revolution and pushing enabling technologies, like AI, through the physical economy.

The aim is to turn innovation into industrial scale, and industrial scale into global market power.

Chinese leadership Xi Jinping has been explicit about the strategic payoff. He wants supply chains that are autonomous and controllable and greater foreign dependence on China to strengthen Beijing's capacity for countermeasures and deterrence.

The asymmetry is clear. Beijing wants less reliance on others and more leverage over those who rely on China. That logic is increasingly visible in the technology beachheads Chinese firms have established across critical markets.

Like a military beachhead, each gives China a durable foothold from which further advances

become easier. Once a technology beachhead is established, industrial scale compounds China's advantage by lowering costs, accelerating iteration, and deepening supplier networks, making China's position harder to dislodge.

Some beachheads create risk through access. Cellular modules, power inverters, and industrial robots can provide persistent footholds for surveillance, cyber prepositioning, or sabotage.

Other beachheads create leverage through absence. If the United States cannot replace Chinese drones, batteries, displays, foundational chips, sensors, or other components during a crisis, dependence itself becomes a vulnerability.

The most consequential beachheads can do both. The United States, therefore, needs a doctrine for the inbound side of technology competition. We must have -- we already have useful authorities, but they remain fragmented and reactive.

Congress should strengthen existing tools and create new ones where gaps remain. First, Congress should establish a standing process for identifying high-risk, foreign-adversary technologies before Chinese firms achieve dominant positions here at home. Reviews should be mandatory and time-bound.

Second, Congress should move towards sectoral controls that follow technology and supply chains rather than playing a game of whack-a-mole. The connected vehicle rule offers a useful model.

Congress should also strengthen the Federal Communications Commission's authorities so it can target broad categories of high-risk equipment.

Third, Federal procurement restrictions should reinforce import controls. Federal funds should not support high-risk Chinese technology, whether purchased directly through contractors or embedded in downstream products.

Where immediate exclusion would create a serious supply chain gap, temporary mitigation should lead to a trusted replacement. It should not become a loophole for white-labeling,

transshipment, or problematic joint ventures that leave Chinese firms in charge.

Finally, Washington should create genuine pathways for secure technologies from Japan, South Korea, Taiwan, and other partners to pass rigorous security reviews and scale in the North American market.

China has laid out its plan. The United States now needs one of its own. Access to the American market is a strategic asset. We should use it before the next technology beachhead becomes too costly to unwind.

On behalf of the Foundation for Defensive Democracies, I thank you again for inviting me to testify today.

[The statement of Mr. Singleton follows:]

***** COMMITTEE INSERT *****

Chairman Moolenaar. Thank you very much.

Mr. Cass, you may proceed.

STATEMENT OF OREN CASS

Mr. Cass. Good morning, Chairman Moolenaar, Ranking Member Carson, and distinguished members of the committee. Thank you for inviting me to participate in today's hearing.

My primary message to the committee is this: The Chinese Communist Party distorts the market for strategic goods as part of a deliberate effort to secure leadership in affected industries, weaken the capabilities of other nations, and create dependencies that give it leverage.

Excluding those nonmarket goods from the United States is a vital form of protectionism, not protection of particular domestic companies, but protection of American capitalism.

In 2024, the United States imported \$440 billion of goods from China while exporting only \$143 billion in return. For the most part, the PRC refuses to open the Chinese market to American exports, and instead, trades its own exports for American assets.

The result is not only that our economy falls deeply into debt, but also that our domestic industry is hollowed out as production for the American market moves offshore, but no commensurate foreign demand emerges for American producers.

Importantly, especially for this hearing, this hollowing-out is neither haphazard, nor concentrated in places where China actually has comparative advantage.

The CCP pursues an explicit industrial strategy to capture critical supply chains and leadership in the industries most important to both economic growth and national security.

As Ambassador Robert Lighthizer, the former U.S. trade representative, noted in his own testimony before this committee, quote, The Chinese economic system is designed to exploit foreign

commerce to advance China's geopolitical power.

Protecting American markets from this CCP subversion is vital to both our economic sovereignty and our national security.

The case for continuing to tolerate China's abuses rests on a foolish consistency, and one we unfortunately continue to hear too often. The argument goes that what China has done to us, we should somehow try to do to them in reverse.

It also notes that if we are imposing export controls on our advanced technology, we must believe that selling advanced technology to an adversary is a bad idea, and, therefore, if the other side wants to sell its advanced technology to us, we should embrace it.

The problem is that economic relations between the United States and China are not symmetric. America invests in China and sells to China as private individuals and firms, and these firms are doing what they can to advance their private interests, generally without consideration of America's interest.

Chinese firms enter the United States only with the approval of the CCP and subject to its priorities. They will transfer no technology to us that the CCP does not want transferred. They will sell no product to us that the CCP does not want. And in both the Chinese and American markets, China-based firms will receive explicit CCP support to push American firms out.

Asking American firms and workers to compete with their Chinese counterparts grants CCP policymakers the power to determine the success or failure of entire American industries from the other side of the Pacific.

American policymakers must shift their mindset from tailored interventions that enhance economic efficiency to blunt and bold steps. The goal is not better integrated markets. It is to obstruct and discourage that integration altogether.

We spend much too much time taking Chinese manipulation for granted and asking where we can adjust at the edges when we should be switching the default and saying the default is no

interaction and lets adjust around the edges where it might make sense to have it.

A comprehensive response to China's distortionary policy and the damage already wrought on the American industrial base requires a wide range of policies. Here we are focused, in particular, on import controls that seek to ban outright the importation of strategic goods.

These tools are most effective in situations where specific goods or industries have been identified as critical, where dependency on adversaries must be broken, and where reshoring for domestic production must be accomplished very quickly and even at high cost.

The past year has seen unprecedented level of action from both Congress and the Trump administration. The FCC deserves particular acknowledgement for taking bold steps under its own national security authorities.

But Congress also needs to do more, in particular, passing both the Connected Vehicle Security Act and the GUARD Act. Other areas should also come into focus, including port equipment, battery storage, medical devices, and legacy semiconductors.

We can dream of a world in which all countries leave commercial decisions and outcomes to the market, balance trade, facilitate sufficient production that helps all sides prosper, and no one ever need worry about attacks on critical infrastructure or interruption of supply chains.

In the real world, unfortunately, the CCP has the scale and the control to frustrate those expectations worldwide. The market will not determine what the United States produces. Our choice is to grant the CCP that power or to insist upon deciding for ourselves.

Thank you.

[The statement of Mr. Cass follows:]

***** COMMITTEE INSERT *****

Chairman Moolenaar. Thank you.

Mr. Harrell, you are now recognized.

STATEMENT OF PETER HARRELL

Mr. Harrell. Chairman Moolenaar, Ranking Member Carson, and members of the committee, thank you for the opportunity to testify this morning.

Over the past decade, the United States has built out a set of tools I think of as national security import controls, measures that restrict the import of products that threaten our national security -- principally products from China.

You are familiar with many of these -- restrictions on Huawei and ZTE Network Gear, regulations on Chinese connected vehicles, and the FCC's recent actions barring new models of foreign-made drones, routers, robots, and power inverters.

These tools can reduce China's leverage over our supply chains, cut cybersecurity and espionage risks, and help rebuild the U.S. and allied industrial base. But our use of them is growing fast, and I think we need to use them intelligently.

I am going to make three points, with additional detail in my statement for the record.

First, the U.S. legal regime for import controls is fragmented. There is Section 232, which most of us now think of as a tariff statute, but which was initially drafted to authorize import bans and quotas as well as tariffs, and which, as the Trump administration has shown, can also set price floors and create incentives for U.S. production.

There is the Commerce Department's ICTS program, which has reached both connected vehicles and Kaspersky anti-virus software.

There is the FCC's covered list, which has grown from a handful of Chinese companies to

entire categories of foreign-made products.

There is sanctions that can target individual companies, and they are ad hoc authorities, most recently last month's executive order on equipment for the power grid.

Fragmentation of authorities is nothing new, and we don't need consolidation for consolidation's sake. But it is important to have a systematic process for deciding which imports threaten our security and a plan to make sure that, as we cut off imports from China, we develop alternative sources starting here at home.

Second, we need to start by figuring out what problem we want to solve and how import controls can fit in that policy response. Import controls alone may not solve a problem, and they can create new ones.

Take drones. The U.S. manufactures about a hundred thousand drones a year, but the FAA tracks more than a million commercial drones, and hobbyists fly at least 1.5 million more.

Drones are vital for law enforcement, search and rescue, and firefighting, not to mention countless commercial applications. Unless we expand U.S. and allied production of drones, in addition to the welcome initial steps the Department of War and other agencies have already begun, to reduce the risks we face -- to expand production as we cut off our imports of Chinese drones, we can reduce our China-related risks, but potentially at the cost of having fewer and expensive drones for vital work.

We also need to keep in mind that banning a product does not, by itself, eliminate a threat. At the beginning of this decade, Congress banned Huawei and ZTE equipment in U.S. telecommunications networks, a very important and useful step.

But while we closed the front door to Chinese espionage, China could no longer spy via Huawei and ZTE equipment in U.S. networks, China came in through the back door. The Salt Typhoon and Volt Typhoon campaigns saw Chinese state-sponsored hackers exploit vulnerabilities in Western-Made network equipment, to penetrate deep into U.S.

telecommunications network and to pre-position malware in U.S. critical infrastructure.

These campaigns vindicate the Huawei ban. China wanted in, but we also have to recognize we failed to keep China out. We cannot repeat this mistake.

For example, like many members of this committee, I support legislation to ban Chinese connected vehicles by codifying and expanding the ICTS-connected car rule. But if we don't make sure American autonomous vehicle companies harden their systems, China can simply hack those instead.

Third, let me very briefly flag recommendations. One, Congress should require an annual published interagency assessment of priority import risks, and provide more transparency about why particular products should be restricted.

Second, Congress should make sure to give these tools a durable statutory footing, including the Connected Vehicle Security Act, and provide clear standards while closing legal gaps.

Third, we need to make sure we are pairing import controls with industrial policy to make sure we actually start making more products here at home or in partnership with our allies.

Fourth, we need to embed each control in a broader strategy that addresses the underlying risk, including cybersecurity standards for the trusted products that replace banned ones, and require agencies to report on what is working and what is not.

And finally, we should take an allied approach. We should accept allied products that meet our security standards, coordinate risk assessments and trusted vendor lists with partners, and build a combined market the scale we need to compete with China.

Thank you and I look forward to your questions.

[The statement of Peter Harrell follows:]

***** COMMITTEE INSERT *****

Chairman Moolenaar. Thank you. And I will now recognize myself for 5 minutes of questions, and I appreciate the testimony of all our witnesses.

I want to start with maybe Mr. Singleton but ask for all three of you to respond to this.

There is two pieces of legislation that you have mentioned today that are the GUARD Act, as well as the Connected Vehicle Security Act. I wondered if you could talk to us a bit -- you know, a number of our members are cosponsors, and each of these pieces of legislation is working its way through the process.

But I wondered if you could talk about why these bills are important, why there is an urgency for us to act, and why Congress should be taking the initiative on this.

Mr. Singleton. Sure. I am happy to start. One thing that we are noticing is that China is pursuing scale where they seek connectivity, physical control, and then market concentration, and it happens to be in the robotics and vehicle space.

These are not just cars. They are Huawei with wheels. These aren't just robots. We are already seeing the Chinese start to incorporate humanoid and quadruped robots into PLA planning, including for the invasion of Taiwan.

I think what we have to remember is that the common denominator between these two pillars and sectors is the ubiquity of them. We haven't made a national security risk assessment yet about the threat posed by the sensors that are on these vehicles and what they can collect and where they travel across our country.

And we might not make that determination before they are everywhere, and then it will be too late.

So I think these two bills really address that challenge up front, and they do so in a way that has been highly successful on the drone front.

Mr. Cass. I certainly agree with all of that. I would add a couple of things. One is that I

think it is very important for Congress to act on these kinds of issues rather than to leave even similar administrative actions in place.

The legislation both makes it permanent, which is important for negotiating purposes -- these are things we are taking off the table from potential negotiations -- and second, it creates the certainty that we really need for that domestic investment to come in line.

I think the other thing -- and this goes to Mr. Singleton's point -- we should do these now before they penetrate our market. Ranking Member Carson highlighted the issue of real costs we face as we try to strip out dependencies.

Anywhere there is something that is obviously going to be very important and we can obstruct it before it makes inroads into the market, time is of the essence.

And then the final thing I would just say is that I think it is important, particularly on the connected-vehicle side, to realize that the connected nature is a primarily national security concern.

But fundamentally the broader question is just, do we want to allow China to destroy our auto industry. And connected, unconnected, conventional electric, the answer simply has to be no.

Mr. Harrell. I will pick up on the point Mr. Cass made, as well as Mr. Singleton, about the importance of acting before these products fully penetrate our market.

We have seen incredibly rapid growth of Chinese, internet-connected vehicles in Europe and in other markets where they have not been restricted, you know, going from low single digits to 20, 25 percent of new sales in a matter of 18 to 24 months.

I think that if we do not have strong and durable action here in the U.S., you can see a similar trajectory of penetration by Chinese cars, and it is going to be much cheaper and much more effective to address that early.

I think robots is similar but, in some ways, even more important. You know, we saw 10 years ago when drones first became common. The development of an entire industrial ecosystem in China to build those drones that we now have to recreate, largely out of whole cloth

here in the United States, at great cost.

Robots are at a similar point, but they are a decade ago. We are in the early stages of building out a humanoid robot industrial base, and we want that here rather than waiting 5 or 10 years where we are going to have to pay tens of billions of dollars to replicate something the Chinese have already done.

Chairman Moolenaar. Thank you.

Mr. Cass, I wanted to follow up with you on one of your points that you were making about the incentives for American businesses versus how Chinese businesses affiliated with the CCP, what their incentive structure is.

Could you elaborate a little bit more, because I think that is a really important point that we need to understand when we are talking about these kinds of issues.

Mr. Cass. Yeah, thank you. You know, it goes really to the original mistake we made in opening up to trade with China, which is our too frequent assumption as Americans that everybody is like us and everybody is playing by the same rules.

The reality is that all of our assumptions about capitalism and free markets and the good outcomes those generate require certain things to be in place.

And if you try to do free trade with a country like China that is communist, authoritarian, state-controlled market, very aggressive industrial strategy, you are importing all of those distortions into your market.

And so it is not symmetrical, right? We said we were going to export liberty to China, and they were very happy to block that. Instead, they are exporting their economic priorities to us.

And so whereas we tend to think of free markets and free trade as going together, when it comes to a country like China, really it is, free markets "or" free trade, pick one. And if we value our free market, we actually need to establish a boundary that keeps China and its firms out.

Chairman Moolenaar. Thank you. My time is expired, and I want to make sure we get to

other members.

Representative Carson?

Mr. Carson. Thank you, Chairman.

In my district, the FedEx express hub at the Indy International Airport is the second largest FedEx global network. It employs about 4,000 people and sorts out about 100,000 packages an hour.

A huge share of that is international freight, so including low-value parcels shipped directly from Chinese sellers.

Mr. Harrell, when Congress or an agency restricts a Chinese product in the U.S. market, how often do the Chinese sellers cheat their way through hubs like Indy?

Mr. Harrell. I think that is a hugely important challenge, and we have seen over the last 5, 6 years, what I think of as two different kinds of Chinese cheating, one of which is illegal and one of which is legal. And they are both quite common.

So the illegal form is, China creates a product in China, they ship it to Vietnam, they slap a little "Made in Vietnam" label on it, and that comes to the U.S.

Illegal today. There is a huge enforcement issue. We need to get, you know, CCP, as well as importers focused more on the data.

The other thing they do is legal. They ship -- by and large -- they ship a box of parts to Vietnam, they get it assembled into a thing in Vietnam, and it comes to the United States that way.

And that is usually legal under U.S. law because it counts as a Vietnamese product, and I do think that is an area we need to think about for these high-risk national security products. So how do we look at where some of the pieces come from, not just where this thing was actually put together.

Mr. Carson. We often talk and assume restricting Chinese products from the U.S. market, as if American innovation, and even manufacturing capacity will simply appear to fill that gap.

We know it won't, but especially without workers and government support for innovation. And of course, manufacturers nationally report more than 400,000 open positions right now, and industry researchers project up to 1.9 million unfilled manufacturing jobs by 2023.

Of the tools that are discussed today -- like procurement preferences, tax credits, R&D, manufacturing incentives -- which ones actually help to train workers and really support U.S. innovation in you-alls' minds?

Mr. Cass. Well, I think you put your finger on a very important issue, which is that workforce development needs to come alongside the research, the capital investment, and so forth.

I think it is important to say that we also need those other things. In other words, developing the workforce first will not work if we don't have investment committed, if we don't have firms looking for workers, knowing what they need, knowing what skills they need, creating that pull. Just doing the training is a recipe for failure.

So I think what we have seen with the CHIPS Act is actually an illustration of a very good model where training a semiconductor workforce first would not have been a good idea.

But in conjunction with the incentives to firms like Micron and TSMC to start making these investments in fabs, those firms have then had an enormous incentive to go out and partner with community colleges, to define what the curriculum is, to partner with labor unions, very importantly.

And then I think there is an added Federal role in making sure that we are contributing to the cost of that kind of thing. We put hundreds of billions of dollars into traditional higher education, but if you are actually trying to prepare to work in a fab, for the most part, we just sort of say, good luck.

And so I think rethinking what kinds of job preparation we support, ideally not going industry by industry, but saying where there are firms out there that are investing, they are partnering with community colleges, here is a form of support that comes from the public as well just as it would for traditional education, is a huge accelerator of that.

Mr. Singleton. I would just add on to Mr. Cass' points -- and I agree entirely -- this is where public-private partnerships are just so important.

The reason that the CHIPS Act has been successful is that we set the security destination early for markets in the private sector, and then we gave industry a credible runway to get there.

So identifying those high-risk technologies early, I think, and applying firm, time-bound sort of phaseouts, allows us to get there.

I do think we have to sort of, though, match some of these timelines to replacement difficulty, and that is something you mentioned. I don't think we need to make everything here. I don't think we need to replace Chinese toasters, right?

But if we want to be thinking about controlling the drivers of the 21st century industrial revolution and empowering American workers to lead that revolution, we have to identify those core technologies now, and that is why hearings like this are so important.

Mr. Carson. Thank you, Chairman.

Chairman Moolenaar. Thank you.

Representative Hinson?

Mrs. Hinson. Thank you, Mr. Chairman, and good morning to our witnesses. Thank you so much for being here today.

Today's topic, obviously a critically important one, and we have a responsibility to look at really methodically and with careful consideration.

We know how China likes to play this game. They cheat, they dominate the marketplace across too many industries, and they steal as well.

So I would like to focus today on understanding how some of the critical supply chain conversations and concerns really impact Iowans. Back home specifically with one, we call it a life-sustaining and life-saving product, but infant formula, which is a concern near and dear to my heart.

So, Mr. Cass, in your written testimony, you talk about how China now controls 70 percent to upwards of 90 percent of the global supply of inputs to make key pharmaceuticals.

And so I think when I speak for all of us when I say those numbers are way too high, and frankly alarming in terms of dependency on China for that supply chain.

So not only do they dominate in APIs but also in key starting materials like the micro nutrients and the precursors that are really critical to making infant formula and medications, too.

But just like medication, not all that information is reflected necessarily on the label, and as a mom myself, I believe everybody who is walking into a drug store deserves as much transparency as we can get on what they are buying.

And so one of pieces of legislation that I worked with Congresswoman Matsui on across the aisle was the Drug Origin Transparency Act. This gives FDA the authority to be able to require more detailed reporting on the suppliers of each API and then also the intermediate product out of that, including identifying the original manufacturers and suppliers in these supply chains.

So my question to you, Mr. Cass, is, what actions would you recommend that we implement to help not only onshore the domestic supply of APIs, but other key starting materials as well and inputs? Because I think it comes down to really being able to decrease our reliance on China, not just for these, again, day-to-day medications, but for things like infant formula.

Mr. Cass. Thank you for the question and for focusing on this issue which I think is an incredibly important one. And to your point about, you know, the consumer side, I think probably we can't expect consumers to, you know, choose American-made Tylenol over Chinese-made Tylenol, but I think the labeling is incredibly important in raising awareness of the problem and understanding that we need to do something about it.

I think the policy tools that can be most effective here actually are exactly the sorts of import controls that we are talking about at this hearing because this is an example of the kind of product that we certainly know how to make here.

We used to make it all here. In many cases, we still have half-shuttered or shuttered facilities that did make it. We have some capacity but not a lot.

And I think if we simply had very clear policies that said, look, the amount of stuff you can bring in from China is going to phase down at this rate over the next 5 years, there is very little preventing the companies that are the ultimate sellers of it, that are very sophisticated pharmaceutical manufacturers, from increasing that capacity again, either here or sourcing from allies.

And also the good news that it is simply not that much more expensive. I mean, when we are talking about some of these things, figuring out how to do it here, building it, cost differentials are going to be huge. The cost difference on the bottle of Tylenol is not going to be huge.

Mrs. Hinson. Right. If it is a difference between -- you know, you look at 150 percent price increase versus if it is 50 percent more and we are not reliant on the supply chain, and then if something bad happens, we have the materials and we have the inputs that we can make our own medicine, I think that most consumers would find relief in that certainly.

And obviously it still needs to be consumer-choice driven, and I am a big supporter of that. You know, consumers just need the education to be able to know what they are buying.

Question on, you talked about some of these facilities that have been shuttered. How quickly do you think that we could turn that around? Right.

And on the manufacturing side, we have done what we think we need to do to really put the shot in the arm and give businesses the certainty they need in tax policy to make those investments. How quickly do you think that could happen?

Mr. Cass. I am not an expert on the exact speed. I would just distinguish it from something like electric vehicle batteries or drones where we have no footprint, we have no infrastructure, we have no logistical support.

Bringing back online things that we have historically done here, that we are still doing some

of, is going to be a lot easier. And just the one thing I would mention, I don't think it is a -- it is not a 50 percent swing in the Tylenol. It is likely to be a few cents.

Professor Willy Shih at Harvard Business School -- his entire area of expertise is international supply chains -- makes this point specifically in the medical context. If you look at something like syringes, we have entirely offshored the production of syringes over essentially a penny.

And that is because who buys the syringes. It is hospital systems buying, you know, 10 million syringes --

Mrs. Hinson. Massive amounts, right.

Mr. Cass. And so for that, you say, like, oh, well, sure, we will go overseas for the penny.

In terms of what it looks like to the American consumer at the end of the day to have American-made stuff in a lot of these areas, it really is a matter of pennies.

Mrs. Hinson. Okay. Thank you.

I am over time, Mr. Chairman. I yield back.

Chairman Moolenaar. Thank you.

Representative Krishnamoorthi.

Mr. Krishnamoorthi. Thank you, Mr. Chair.

First I would like to discuss the need for frameworks for importing not just goods from China but also open-weight AI models. Unlike closed models such as ChatGPT, open-weight models can be downloaded, changed, and run on a user's own device.

Mr. Harrell, good to see you.

American companies have quickly adopted Chinese open-weight models because, as your testimony notes, these model weights are online, free for anyone to download, right?

Mr. Harrell. Yes, correct.

Mr. Krishnamoorthi. But there is no such thing as a free lunch. There is always a cost. First, there is a data cost. As we see here in the Chinese model, DeepSeek's own privacy statement,

DeepSeek directly collects, processes, and stores your personal data in the People's Republic of China.

They very helpfully pointed that out, right, Mr. Harrell?

Mr. Harrell. They do point that out.

Mr. Krishnamoorthi. Second, even if a user downloads and uses a Chinese AI model locally on their own device, the model may not be trustworthy.

According to the Commerce Department, DeepSeek AI agents are 12 times more likely than U.S. models to follow malicious instructions, including sending phishing emails and running malware.

Mr. Harrell, in your testimony, you note that the U.S. does not have a law that clearly authorizes restrictions on Americans downloading and using open-weight models, correct?

Mr. Harrell. Yeah, that is correct, we do not.

Mr. Krishnamoorthi. Any restrictions deserve extreme scrutiny, but I believe that we in America should have certain restrictions that safeguard all Americans when using open-weight models, especially from adversary countries.

As a first step, the Federal Government should not procure any such models. My bill, the No Adversarial AI Act prohibits that potential practice.

I would like to turn to another topic. Mr. Harrell, in your written testimony, you said that, quote, The U.S. needs to make sure that it is working with allies and partners by default.

That is what you wrote, right?

Mr. Harrell. That is correct.

Mr. Krishnamoorthi. But how is Trump treating our allies? By imposing blanket tariffs and starting trade wars. Last year on liberation day, Trump set sweeping tariffs on nearly every country, including our closest allies, right?

Mr. Harrell. Yes. We have seen a historic increase in tariffs on dozens of countries.

Mr. Krishnamoorthi. And after the Supreme Court found those blanket tariffs were illegal,

the President turned to other tactics, such as threatening to ban products from our closest partners.

Just look at Canada. Last week, as we can see here, he said, no more selling Bombardier in the -- Bombardier planes in the United States. Their products aren't good enough.

That is what we wrote, right?

Mr. Harrell. Yes.

Mr. Krishnamoorthi. These tactics have a cost. They threaten more than 100 jobs in my district, at the Bombardier facility there, and as this Pugh chart shows, Canadians now view China more positively than the U.S.

We need our allies in order to have a strong coalition to counter and police the CCP's aggression on a number of fronts. But we are threatening that coalition with bully behavior, and it will hurt Americans as much as our trading partners. We got to stop this.

Let me turn to my final topic. This year, President Trump has repeatedly said, he would be, quote, okay with China building cars in the U.S.

Mr. Harrell, the current barrier to Chinese EVs being produced and sold in the U.S. are not fixed in statute, but instead are upheld at the discretion of the President, right?

Mr. Harrell. That is correct.

Mr. Krishnamoorthi. Mr. Cass, CSIS estimates Beijing has supported EV-sector companies with more than \$230 billion since 2009, which has given them a serious leg up. Just look at these prices of EVs.

An average Chinese EV cost \$10,000, which is clearly beneath their production cost. On the other hand, this is the lowest price of an American EV, which is about \$29,000.

At these prices, I respectfully submit American companies are not competing with Chinese firms. They are competing with the Chinese Government, right, Mr. Cass?

Mr. Cass. Yes, that is correct.

Mr. Krishnamoorthi. I have said this before. And as they have used in the glass, the steel,

the aluminum, the solar panel, the shipbuilding, and now the EV sector, they are using the same playbook -- produce more stuff than they can consume, export it at a cost beneath their production cost, and destroy their competition. That is their playbook.

And so if the President allows Chinese EVs and connected vehicles into our markets as part of some grand deal next week, we are succumbing to Xi Jinping's playbook, and we will absolutely bargain away the entire auto industry in Michigan, among other places.

So, Mr. President, I would just say, as a committee, I think we should say, Our auto industry is not for sale. Thank you and I yield back.

Chairman Moolenaar. Thank you.

Representative Tokuda?

Ms. Tokuda. Thank you, Mr. Chair.

I have got a lot of thoughts going through my brain, especially given next week, who is coming to town, essentially. So this hearing is very timely.

On the issue of import controls and market restrictions as a way to reduce our dependency on China, I have to wonder, while we can have these robust discussions about what comes in, right now we have got a number of American companies that continue to build factories, sell products, and enter into joint ventures and research into China itself.

To what extent are those business decisions deepening our dependencies, or potentially even transfer of technologies that our policies that we are talking about today are intended to actually reduce?

And then are we able to even track and measure vulnerability and dependency on Chinese products, including not just the product itself but component parts, software, embedded technology? I think that is a serious risk.

There was conversation, I think last year -- Mr. Chair, you were concerned about it as well -- when Ford entered into, you know, agreements, license agreements for EV battery technology

with KATL, which is a PRC defense corporation.

Any thoughts there on if American corporate investment is literally undermining our ability to really decrease dependency and vulnerability from China, and do we even have the capacity to track just how much China has us by the batteries and the EVs and the everything and the pharmaceuticals right now?

Mr. Singleton. I am happy to start. I am not opposed to partnerships. I am opposed to calling dependency a partnership. I think the CATL-Ford deal is bad news, and I think that is a trojan horse. It is worthy of additional scrutiny. It is deeply problematic.

I think we have to hold ourselves to a question of if the Chinese partner in the deal disappears tomorrow, could the American operation in question keep going? Right?

And if the answer is no, then you don't have a partnership. You have a dependency here.

I think one of the big risks is that these partnerships can lock in future leverage over us.

Once U.S. production and workers and customers and supply chains depend on technologies from the PRC, unwinding that relationship becomes economically and politically harder.

Ms. Tokuda. Mr. Cass?

Mr. Cass. I certainly agree with your broader point that there is a huge problem here on both sides with what we are doing in China and what we might be allowing China to do here.

I think there are also a lot of good actions being taken in that direction, particularly on something like AI chips and chip manufacturing equipment. The House has moved on, on three very good bills in that respect.

Certainly I agree something like, you know, the battery partnership is a concern. Certainly the idea of allowing Chinese companies to manufacture cars here is a terrible idea.

I think the question in my mind is, who is actually on the other side of these arguments? In my experience in this hearing, in another recent hearing for the Foreign Affairs Committee, even looking at, you know, what the President's own Cabinet is doing and saying, I don't see anyone on

any side of the issue that doesn't want to put a stop to this stuff, except a few corporations that are making an enormous amount of money.

And so from where I sit, the question is simply, how quickly can you move forward? Because it is an entirely bipartisan topic, and whereas people are concerned about are we getting it exactly right, do we -- it would be very hard to be getting it more wrong than we have been getting it.

I would much rather see very strong action that flips how we are operating, and then we can adjust from there, but Congress does need to move faster.

Ms. Tokuda. Mr. Harrell?

Mr. Harrell. So I think you raise a very important issue, and I think we have to expect companies are going on make the decisions they think are economically rational. That is just the reality of what they are going to do, and that is why policy is so important.

Under the Biden administration, the U.S. Government started an outbound investment role to limit U.S. investment in a handful of high-technology sectors in China.

Congress has expanded that with something called the COINS Act, which many members of the committee supported about a year ago, which is now being implemented.

That Act also, though, keeps those outbound investment restrictions fairly narrowly focused on high-tech sectors. I think there are important questions about how we should think about investment in China in what you might call industrial-base sectors as well as high-tech sectors, and that the corporate community needs to understand that law and regulation may be coming or else they are just going to keep making the kind of economically rational decisions that they see today.

Ms. Tokuda. Thank you, and I know I have run out of time, but I think I agree with all of you, there is a lot of talk on the Hill and throughout the Cabinet and throughout the country. We can't just do hand-wringing. We have to take action and have accountability.

And I can tell you -- Mr. Cass, you touched upon it -- I am concerned next week, when Xi comes here -- we have been able to hold, through export controls, our greatest asset and advantage

in the AI race which is our most powerful chips.

Yet we have a President who has indicated he might be willing to sell if it means a profit to this country. We have to hold the line and make sure we do not literally give away the farm when it comes to our most powerful chips.

And China's Nvidia will definitely be in town next week, and I think this Congress has to make sure we are strong when we say no chips to China.

Thank you. I yield back.

Chairman Moolenaar. Thank you.

Representative Newhouse?

Mr. Newhouse. Thank you, Chairman Moolenaar, Ranking Member Khanna as well, for hosting today's hearing. I want to thank the witnesses for joining us today and sharing your testimony and your knowledge on this very important subject.

So let me ask all three of you if I could, in your testimonies, you underscore the importance of being proactive, meaning, it is easier to prevent the U.S. from developing supply chain dependencies than it is to decouple trade networks once they get entrenched.

How should the Federal Government's strategies, and in particular, the use of these import control strategies, differ when we think about preventing future dependencies versus trying to decouple existing dependencies?

And whoever would like to start, we can just go down the row.

Mr. Harrell. Thank you very much for the question, and as you say, Congressman, it is an area of agreement, I think, between all of us on the committee. I think there are a couple of things the Federal Government should be doing here.

First, I think we should start by having what you might think of as a survey of our import vulnerabilities. This is something Australia did a couple of years ago. They actually looked in a very systematic way, what are the products where we mostly depend on imports, and then what are

the -- of those things we are most dependent on imports, what are the products where we are mostly dependent on China for that versus diversified or dependent on France.

We have never really done something like that as a country. We kind of tend to wait till it burbles up.

I do think, as you say, it is important to look at areas where an industry is emerging because that is the opportunity to move now to foster investments here, rather than trying to have to relocate them after the fact.

That is why I think robots, or humanoid robots, is so important today. This is an industry that is going to boom over the next decade, and it will be much cheaper for us to get it right for investments here in the U.S. today than if we have to move that industry 10 years from now when we are mostly dependent on China.

Mr. Newhouse. Mr. Cass?

Mr. Cass. I would add two considerations for how we structure policy. The nice thing about places where we are not yet dependent is it can just be a day 1 block.

Where we are dependent, there are costs, and I think that means two things: First of all, we would ideally have phase-downs. To the extent that we are blocking stuff coming in faster than we can get it from somewhere else, we are really just hurting ourselves.

And the second piece is, I think we have to be a lot more thoughtful about the industrial policy to support the build-up of the replacements, because we need them to come online faster than they otherwise might in a natural market.

So I think figuring out how long would it reasonably take to bring to capacity and set that kind of phase-down in imports from China. And then what sort of either subsidies or public financing would help bring things online faster, helps to accelerate that as well.

And I would just underscore -- we have talked about this a few times -- this is a place where legislation is so important. I think administrative action can be fairly effective, as we have seen with

the FCC, on things like robots.

But if, let's say, we were looking at pharmaceuticals or fertilizers or certainly as we have seen with rare earths, you need that certainty and belief that, you know, this is actually happening.

We can't sit it out and then scream and ask for a waiver to get the kind of shift that we need.

RPTR SINKFIELD

EDTR HOFSTAD

[11:00 a.m.]

Mr. Singleton. I would agree with both Peter and Oren. I think one of the challenges today is that so many of the existing authorities remain discretionary and episodic rather than standing and sectoral. If the risks get sectoral, then the remedy has to be sectoral as well.

The good news is that the Chinese can't stop talking about the areas and the sectors that they want to dominate. We are certainly not starting at zero. They have laid out the roadmap where they would like to entangle us. And it exists beyond advanced manufacturing. And I wholeheartedly agree on robots, the physical AI manifestation that will be heading into our shores in the next few years and where China is ahead.

But they have laid out their roadmap for the next 5 years. We don't have any guessing to do here.

Mr. Newhouse. Hm.

Mr. Singleton. I think prioritizing the risks and, to Mr. Carson's point, thinking about working with industry to identify where are the areas that we do need more public government support, where are the areas where the private sector can actually do this on their own.

It is going to be sector-specific, but we are not starting at zero here. The Chinese have laid out their roadmap.

Mr. Newhouse. Yeah.

Mr. Cass. Could I make one just quick --

Mr. Newhouse. Sure.

Mr. Cass. -- point, just real quick, on that? It is a very important point.

China published its "Made in China 2025" strategy in 2015. We had the list of things. And, likewise, looking ahead, it is not impossible or even that hard to identify where we need to be

concerned. To Mr. Harrell's point, at the margin, really understanding the supply chains is very important.

But I think sometimes we get caught up in concern about, you know, so-called picking winners and losers and how can policymakers know what is going on in the market. That is not what is going on here. That is not the nature of these determinations. These are exactly the places where I think policymakers are best equipped to make judgments.

Mr. Newhouse. Okay.

Well, unfortunately, my time expired.

Mr. Chairman?

Chairman Moolenaar. Thank you.

Representative Suozzi?

Mr. Suozzi. Thank you, Mr. Chairman.

Thank you, witnesses. I really appreciate all the good work that you all do on so many different topics. Thank you for being here today.

You know, my view of the world is: We are in this big competition. And on our side we have us and Canada, who is on our team really, NATO, and the Europeans. I would include Israel. I would include South Korea, Japan, and Australia. That is kind of, like, our side. We share our values. And then on the other side we have the Chinese Communist Party, the Russians, the Iranians, the North Koreans. And then in between are different people on a continuum between those two poles. So there is this massive competition going on.

And, next week, the biggest strategic adversary we have, the President of the Chinese Communist Party is coming to the United States of America to meet with our President.

So could you just please explain to me, what should we be doing?

Should we be viewing this as a hawkish relationship between us and China? Like, "We have to beat these guys. They are out to get us. They are cheating. They are treating their people

terribly, with the Uyghurs and the Hong Kong students and the Tibetans and the Mongolians. And they are threatening Taiwan. And we have to beat them. And they are stealing ideas from us. And they have this strategic competition against us, really designed to beat us in every single way possible -- economically, militarily, air, land, space."

Or should we be doing more of a cooperative relationship with them and trying to figure this out? Because we tried that for, like, 50 years, ever since Nixon went to China, and that didn't turn out very well for us.

So I just need to understand the basic big picture of how we should view this relationship, from, like, the most extreme or hawkish type of thing -- we don't want to go to war, obviously, but -- hawkish versus cooperative.

And what is the biggest thing, the one thing -- because there are many topics, there are so many details -- what is the one thing we have to be careful of in the meeting between our President and the President of the Chinese Communist Party when he comes to town?

So just go in order. You have 3 minutes, 1 minute apiece.

Mr. Singleton. I think, to be concise, that our strategy is quite simple. It should be to slow them down and to speed up. I think that should be the central focus --

Mr. Suozzi. Speed us up?

Mr. Singleton. Speed ourselves up. That should be the central focus --

Mr. Suozzi. Especially in semiconductors and other technology and in other industry.

Mr. Singleton. So many of the technologies that we are talking about here today. We are racing, I think, to reduce our reliance on the Chinese Communist Party.

And, by the way, it is not "President" Xi Jinping. He is Chinese Communist Party Chairman Xi Jinping. The word "President" doesn't exist --

Mr. Suozzi. Thank you.

Mr. Singleton. -- in their nomenclature. It implies that he was selected by his people, and

he was not. So let's remember what we are dealing with -- and I think, to your point -- an axis of dictators and aggressors that are coordinating there.

I think we find ourselves today -- the dynamic is mutually assured disruption. We spent the last 2 years mapping out each other's weaknesses and deficiencies, and now we are racing here in the United States, and I think in a bipartisan way, to reduce our reliance on those core Chinese supply chains and inputs. But the Chinese are working to cement those very dependencies because of the power it provides them.

Mr. Suozzi. Very good. Thank you.

Mr. Singleton. My biggest concern next week is continuous delays to Taiwan arms packages, because that is the one deliverable that the Chinese want more than anything.

Mr. Suozzi. Very big, \$1.8 billion.

Mr. Oren Cass?

Mr. Cass. Thank you. I think it is a wonderful way of framing the situation that we are in.

I would say we need to be extraordinarily hawkish but that we have to understand that, in this context, dove to hawk doesn't mean how excited we are to start a war; it means, to what extent are we optimistic or pessimistic that there can be a constructive relationship between the countries. And I think, to your point, going all the way back to Nixon going to China, but especially since the year 2000, it should be extremely obvious to us that there is no path to partnership, collaboration, mutually beneficial arrangements with China.

At the same time, I think it is also very important to recognize that China is in many ways now a peer adversary. We don't get to dictate the terms. I think we need to be realist that they are going to have their sphere of influence, they are going to proceed how they want to proceed. We need to be sure we can proceed how we want to proceed and be confident that our system will prevail.

Mr. Suozzi. Very good.

Mr. Harrell?

Mr. Harrell. Yes, I am quite hawkish on China. I think one of the lessons in the last couple of decades is, we are not going to change China. They are going to be a strategic competitor and an outright adversary in a number of areas.

And so we need to manage this relationship to, as Mr. Singleton says, slow them down, speed us up. And then I would add the third topic we have all been talking about, which is: reduce our reliance on them and reduce the leverage they have over us, while managing tensions in the relationship.

But it is just going to be a pretty hawkish, pretty managed relationship, at least as long as the CCP is in power.

Mr. Suozzi. And let's also just emphasize, we have to treat our friends better, because they share our values. And we have figure out how to bring more friends into our sphere. Because right now we are pushing our friends into their sphere. We have to be nicer to our friends and bring them in. We still want, you know, fairness and for them to treat us properly, but we have to be nicer to our friends and bring them into our sphere.

That chart that Raja showed earlier about Canada being more favorably disposed to China than America right now is just -- blows my mind.

Thank you, witnesses.

Mr. Newhouse. [Presiding.] Thank you, Mr. Suozzi.

The chair now recognizes Ms. Stevens for 5 minutes.

Ms. Stevens. Well, thank you to the gentleman from Washington State and to our witnesses for today's very important hearing, as a matter of fact. Because, as we talk about supply-chain dependencies, import/export controls, there are real lives behind these policy decisions that we will make trade rules of the road.

And, frankly, there are small businesses, like the ones that I represent in Michigan, in our

automotive sector, in manufacturing -- some of them are multigenerational -- whose lives are just kind of hanging in the balance. They have, sometimes, multimillion-dollar pieces of equipment. They are looking at mergers and acquisitions. They are looking at shrinking production value. And they are being challenged in this current dynamic.

And so there is a reason why, as a four-term Member of Congress, I have dedicated a huge practice of my work to going and spending time with manufacturers -- I call it "Manufacturing Monday" -- in a lot of respects, when I am home.

And it is easy to brag; the innovation is profound. The moonshots of the 21st century are still running through the place that I call home, in terms of mobility, aerospace, and defense. And yet our realities have changed.

And the great breadth of policy work that each and every one of you on this panel are responsible for and have contributed to means so much to us, really, truly. And if and when you get the opportunity to come to Michigan, call me, because I would love for you to see, you know, Automation Alley and this rich concentration of startups and/or legacy manufacturers doing incredible work.

And, look, we can wax, you know, poetic in some regards as it pertains to the President's current policies and the administration's current policies. It absolutely surprised me, as a Congresswoman from Michigan, to hear a President who campaigned rigorously in my State say, "We are going to take on China," "We need to take the jobs from Shanghai to Sterling Heights," and then get in the office and attack Canada.

You know, the rules-based industrial world order has got to be looked squarely in the face by which of what we are going to look like in the year 2050: we, as the United States of America, our role in the world, our rules of the order, the Congressman from New York talking about who our real allies are.

Now, China exists. The Chinese Communist Party exists. We have said it ad nauseam in

this committee, that they got into the WTO, and guess what? They never normalized. And, by the way, 25 years of wars in the Middle East, another war still going on -- that hasn't normalized either. There still isn't democracy. And, yes, there is only one democracy in the Middle East at this point.

So, until we, as policymakers, choose to wake up to the global realities coming down on us -- look, I will celebrate history with the best of them and recognize it. I had a World War II veteran, 95 years old, Lithuanian, tied to Ukraine, you know, standing outside my office yesterday.

You know, the Ukraine-Russia war now longer than World War II. You know, folks within our own borders questioning how we position ourselves. What does freedom mean? What does open, free-market capitalism that promotes equal opportunity bring and arrive?

Mr. Suozzi is right; we are in a competition. We all know that. The question is, how does our freedom continue to ring out so that the tool and die manufacturers from Grand Rapids, Michigan, to Troy, Michigan, continue to stay strong and competitive?

And there is a whole suite of things -- you guys have probably contributed to books and policy papers -- that we care deeply about. I have legislation I was supposed to talk to you about, you know, about protecting America from the Chinese car stuff, you know, all of those little parts, components. I encourage you to check out that bill. It is with Senator Slotkin. I encourage you to check out my other bill, the No Chinese Cars Act.

But I really use these poetic 5 minutes that I have here on this committee hearing for those of us to feel the drumbeat, the pride, the joy, with the eye on the prize, as President Truman once said, that America is not built on fear; America is built on courage, determination, and the willingness to do the job at hand.

And so our job is to secure our freedoms, secure the ability of small-business owners and manufacturers and workers to succeed.

And, with that, Mr. Chairman, I yield back.

Mr. Newhouse. Thank you, Ms. Stevens.

Let me turn to Mr. Carson for another question, if the witnesses would be open to that.

Mr. Carson?

Mr. Carson. Thank you so very much, Chairman. You are appreciated.

Rolls-Royce just completed a 1-billion-dollar, decade-long investment in the Indianapolis campus that employs 3,500 Hoosiers, many of them UAW members, and building more Rolls-Royce defense engines than any other site in the world -- the B-52, the Army's new MV-75, the V-22 Osprey, the Navy's MQ-25. Indianapolis is building the engines our warfighters fly.

Mr. Harrell, engines like these -- or any of the panelists -- engines like these depend on specialty alloys, rare-earth magnets, and titanium, where China holds significant processing dominance.

If we restrict critical inputs for an operation like this because they pose a broader security threat, what happens to production capabilities and the associated jobs?

And, Mr. Singleton and Mr. Cass, please weigh in as well.

Mr. Harrell. Thank you very much.

It is a hugely important problem. And we obviously learned very sharply last spring, when China -- or spring of last year, when China cut off its exports of various rare-earths, just how dependent we are.

That was a dependency that built up over 15 or 20 years and that we are not going to solve overnight. I think there have been multiple very important steps that have been taken by the Department of Defense, by other U.S. Government agencies to make investments to begin to reduce that vulnerability, and I am actually reasonably optimistic that over the next couple of years we will reduce that vulnerability, but we can't cut that off overnight.

And I think that illustrates the point that Mr. Cass has been making a couple of times today, which is that we have to recognize, for these dependencies we have today, there has to be a very aggressive but realistic path to reducing those dependencies. It is not something we can turn off

overnight. It is something we need to turn off as quickly as possible as we scale up these alternative sources so that we don't inadvertently shut down some of our own manufacturing.

Mr. Cass. I would just add one thing that is really almost more of a messaging point in a way, which is that I think sometimes we talk about these kinds of problems as places where things actually look okay now and we are subjecting ourselves to these costs if we do something about it. And I think it is important just to recognize that things are not okay now, that it is the extraordinarily foolish policy of our predecessors that has sort of dug us this hole or left us in this debt, in a way. The fact that our most advanced and critical warfighting machines rely -- are desperately dependent on Chinese inputs means we are paying the costs already.

And so standing up and saying, "We need to fix this, it is going to cost something to fix it, it is going to take time, but it is the only option," I think, is really important, and to acknowledge that we have put ourselves in this position and we are now going to have to climb out but that doing so costs an awful lot less than staying where we are.

Mr. Singleton. I would agree with everything that Mr. Harrell and Mr. Cass said.

I think, obviously, China tipped its hand when it cut off rare-earths, and we still have not -- are not, today, receiving the rare-earths that were promised during the Busan Summit.

I think our policies need to be four things -- predictable, principled, pragmatic, and precise -- and that should be the driving factor across these different sectors.

I am quite bullish on rare-earth and magnets simply because, to your point and as other experts like Rush Doshi have mentioned, there is the potential for allied scale to really address this problem.

But I think the challenge is that sectoral risk doesn't mean that it is indiscriminate when we are talking about it. We can be quite precise and define those risks precisely and then be very concrete in the pathway toward success. And it will vary by sector to sector.

Mr. Carson. Thank you.

Thank you, Chairman. I yield back.

Mr. Newhouse. In listening to your witnesses to Mr. Carson's questions, I am -- I have heard that before. And no disrespect meant by it, but I have heard that same kind of admonition from several different people, that we need to do -- we recognize there is a problem and we need to do something about it.

So my question is, are we? Other than just saying that, are there specific things that are being done today in order to address these vulnerabilities that we all seem to recognize and admit that we have to do something about? Have we actually -- are we -- "we," I mean the country at large -- are we taking actions?

If anybody could give some specifics there, it would be helpful.

Mr. Harrell. So I will give a couple of examples on the critical minerals and rare-earths. And I think we should realize, it is not -- these are not things that are going to come to fruition overnight.

Mr. Newhouse. Right.

Mr. Harrell. And we also need to realize, when we are talking about critical minerals and rare-earths, we are talking about, you know, a couple of dozen different substances. We are not talking about one or two different substances.

But we have seen over the last couple of years, particularly over the last 18 months since the cutoff from China in the spring of last year, a set of measures that I view as complementary to each other to spur U.S. and allied production of key substances.

So we have seen -- with neodymium, which is a particular rare-earth, we have seen the Department of Defense both provide grants and loans and make equity investments in neodymium mining and processing here in the U.S. and also enter into offtake agreements to purchase some of the offtake of that.

So there is both a supply-side incentive -- "We will help the U.S. producer, in this case, scale

up" -- and there is also a demand-side for incentive -- "We are going to make sure that if you can produce this stuff here in the United States you are going to have a market." And I think you need to see both of those.

I do think on critical minerals in particular -- across the board, I think, but critical minerals really brings the case home -- this is something we cannot do alone and that we have to do with allies and partners. We do have opportunities to mine and produce some of these minerals -- like neodymium; it is coming out of a mine in California -- here in the U.S. some of them, we just don't. We are going to have to work with Canada on critical minerals. We are going to have to work with some sites in Brazil. There are promising sites in Africa.

So this illustrates the need and the importance of taking an allied approach and to being willing to deploy some of these tools across an allied set of nations as well as having the incentives here at home.

Mr. Newhouse. Good.

Mr. Cass. One thing I have found very encouraging over the last year and a half or so is that we have seen so many actions being taken, whether it is starting to invest in some of these new supply chains; whether it is imposition of tariffs, particularly on China; whether it is the kinds of actions the FCC has taken on imports; and even an acknowledgment that there are costs. You know, President Trump, Secretary of Treasury Scott Bessent have been very forthright in saying these things have costs and there is more to life than GDP growth, even.

I think that is incredibly important. And for us to succeed in this, it is -- essentially, we are going to have to think of it as an element of foreign policy where bipartisanship is so important. If every time we start to make progress on something it just becomes a campaign ad that just made it 14 cents more expensive, we are never going to get anywhere.

Mr. Newhouse. Yeah.

Mr. Cass. And so, you know, I think of even -- the FCC has been doing work on the bizarre

situation that virtually all testing of electronics for the U.S. is done in China. Why can't we do it here? Well, because the CCP covers the cost of doing it there, basically.

This makes no sense. We should be certainly testing for anything sold in the United States in the United States. But industry shows up and says, well, if we have to pay the costs of testing in the United States, that will raise the costs of something. How much is that really going to raise the cost of a device?

We have to be willing to say that is simply not an argument we are going to accept, that there are these priorities, there are these things we have to get right, there could be much more costs if we don't get them right. And we have to have both political parties saying we both believe that is true and we are not going to take potshots at each other for the thing we both know we need to do.

Mr. Newhouse. Yeah. I appreciate that.

Mr. Singleton. I think our objective should be a trusted market, not a closed market. That should be our goal.

And there will be different tools to address different challenges here. Some things that we are doing are working really well. And I think Mr. Cass hits the nail on the head with the FCC. Congress should work to expand and codify what the FCC is doing today, because it is probably the most impactful part of the administration that is working on global measures in these high-tech sectors. We should be looking at Chinese internet-connected modules, and we have to be looking at sensors like LiDAR and these next-generation technologies expanding that scope.

We have to give the 1260H list more teeth. I think if you are company that ends up on 1260H, it should be an automatic review for FCC Covered List, there should be automatic reviews for Federal procurement bans.

On the procurement bans alone, I can't tell you the number of government offices I walk into and I see a Lenovo printer sitting on the counter. That is a Chinese company. It is headquartered in China. They are linked to 1260H companies.

These are simple steps that I think Congress could take to eat away at China's industrial edge. And, in some cases, there is already a lot of movement in these different sectors.

Mr. Newhouse. Good.

Thank you all very much.

Now the chair is happy to recognize the gentlelady from the State of Ohio, who represents proudly the Rock & Roll Hall of Fame, Ms. Brown.

Ms. Brown. Yes. Thank you, thank you, thank you. I appreciate that.

Look, I would like to -- this discussion, I would like to focus it for a moment on the people I represent in northeast Ohio, home of the Rock & Roll Hall of Fame. Specifically, I would like to focus on the security of their jobs, their communities, and the services they depend on.

Our region deeply understands the importance of making things in America. Manufacturing supports families and entire communities. When unfair competition drives production overseas, we lose more than a factory. We lose skilled workers, supplier networks, and steady paychecks.

We also depend on reliable transportation, strong infrastructure, and world-class healthcare from Greater Cleveland RTA and the Port of Cleveland to the hospitals serving our communities.

These organizations and businesses need equipment they can trust. They also need affordable alternatives and a realistic path to replacing technology when that technology presents a security risk. It is clear that an American label or final assembly location does not necessarily tell us who controls a product's software, its components, or its next update.

Congress should address those vulnerabilities while helping American workers and businesses build alternatives. That means investing in domestic manufacturing, supporting smaller suppliers, and ensuring local communities can make the transition.

Mr. Harrell, what should Congress pair with import restrictions so employers and public agencies can obtain secure alternatives and help create good-paying American jobs?

Mr. Harrell. Yeah. Thank you, Congresswoman, for the question. And I have enjoyed

touring the Rock & Roll Hall of Fame, so --

Ms. Brown. Thank you.

Mr. Harrell. It is -- I appreciate it.

I think it is critically important that, as we cut off our dependencies from China, as we reduce our dependencies from China, as you say, we have to do more to invest here in the United States. And I think there are really three parts to that investment suite that we need to be looking at.

So there is one part which is, how do we do R&D in this area? So, as we reduce our dependence on China, say, for critical minerals, do we just want to replicate the same kind of processing that China has here in the U.S., or do we actually want to invent a different kind of processing?

And to give an example, some scientists at the University of Minnesota -- not your district, but, you know, further north and a little west -- have invented a technology that can create certain kinds of rare-earth-free magnets, to just replace this dependency not just by mining here but by an entirely different technological process.

So there is an R&D piece of this.

Then there is a domestic investment part of providing incentives, whether they are grants or loans or other kinds of incentives, including for small businesses, to scale up the manufacturing capacity here in the United States.

And then, as Mr. Cass suggested earlier, as we are scaling up that manufacturing here, for much of this manufacturing we don't currently have the workforce. You know, for many years we have underinvested in the manufacturing part of our workforce, and we have encouraged younger Americans to pursue other kinds of careers.

If we are going to succeed in bolstering that manufacturing here, if we are going to have workers in those facilities we are building up, we very much do have to make the education and workforce training investment so that we can have the people we need to actually do that

manufacturing and give them the good-paying jobs here.

Ms. Brown. Thank you for that.

Mr. Singleton, your testimony warns that Chinese-controlled technology could reach our market through third-party factories, licensing agreements, or American subsidiaries. For purchasers, tracing that control through multiple suppliers is a significant undertaking.

What should the Federal Government require manufacturers to disclose and verify so local purchasers can identify secure equipment without needing to conduct their own investigation?

Mr. Singleton. Absolutely, a great question. Thank you for it.

I have not been to the Rock & Roll Hall of Fame, so I guess I need to go.

The key challenge that we face is, we need to follow the technology, not the logo. I think that is a key risk that we are facing here.

We have these challenges where -- a restriction can't work when a covered company takes the same technology and puts it in a different box with a different brand on it, right? And then small and medium-size enterprises here in the United States are trying to figure out how many degrees they have to go down the rung to understand the supply-chain security.

Supply-chain provenance is so critical. This is of course an area where the private sector is investing a lot, but we need to do more to force the government, for everything that is coming into our country, to understand who controls the technology, where was it produced, where were the components made.

There are probably a lot of opportunities, as we think about USMCA reauthorization, to include some of these restrictions there, not only as we think about reshoring and reinvesting here in the United States but in the broader North American market.

And I think these are areas that the administration is taking pretty seriously, but certainly these are areas where Congress, on both sides of the aisle, need to press them to include these rules-of-origin restrictions to prevent the exact thing that you are describing.

Ms. Brown. Thank you so much.

For northeast Ohio, success means American workers making the equipment we need, local businesses competing on fair terms, and hospitals and transit systems delivering reliable services without exposing our communities to foreign interference.

If Congress restricts a supplier, we must help build the replacement capacity. That requires investment, clear standards, and accountability so these policies deliver good-paying jobs and lasting security for the people we represent.

And, with that, I yield back.

Thank you.

Thank you, Mr. Newhouse.

Mr. Newhouse. Well, let me thank again our witnesses for being here for this important hearing. Appreciate that very much, for sharing your expertise and knowledge on a very important subject.

A reminder to all members that questions for the record are due 1 week from today.

Mr. Newhouse. And, with that, without objection, the hearing is adjourned. Thank you.

[Whereupon, at 11:31 a.m., the committee was adjourned.]