

**ORAL TESTIMONY OF SCOTT N. PAUL  
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Mr. Chairman, Ranking Member, committee members, thank you for the opportunity to testify. I'll summarize my written testimony and look forward to your questions.

**The economic policies of the Chinese Communist Party represent a clear and present danger to the American worker, our innovation base, and our national security.**

For decades, **the CCP has telegraphed its intentions** with five-year plans, the **Made in China 2025** program, **Military-Civil Fusion**, and the **Belt and Road Initiative**. Its goals: dominate key industries, set global standards, seek opportunity from crisis, weaken competitors.

**The CCP has attracted American investment to do this.**

US big company investment in China grew tenfold in two decades; \$1.3 trillion total; their R&D in China grew at nearly three times the domestic rate.

**Cheating is a core tenant of CCP ambition: stealing intellectual property, cyberhacking, piracy.** The cost: Tens of thousands of factory closures in America, \$600 billion in IP losses alone.

**The CCP created an impossibly "China price" that masks the true cost of production. It made China the world's factory floor.** Trillions in subsidies. Currency manipulation. Exploiting workers and the environment, even using forced labor. Lax safety inspections that harmed our consumers.

Overproducing at state-owned zombie factories that just wouldn't die, roiling global markets.

**The CCP demands the complicity of global businesses operating in China**, and these firms have conformed. Big tech, Hollywood, sports leagues, retail legends all say the right things in America, but are silent in China, bending the knee to the CCP.

Meanwhile, **Chinese firms must support the military ambitions of the People's Liberation Army through the CCP's fusion strategy.** No business is untainted.

While CCP policies have been destructive, **our own policies made matters worse.** Bringing China into the world trade system in 2000 seemed like a slam dunk but instead became a spectacular failure of conventional wisdom and elite opinion.

**After writing a blank check to Beijing, we turned a blind eye to its cheating, time and time again accepting empty promises to reform,** with no real consequences.

**Governors sought Chinese firms for projects that cost American jobs.** The San Francisco Bay Bridge, rail cars for Boston, Chicago, and other cities; even the Alexander Hamilton bridge in New York City, named for the father of American manufacturing policy.

Meanwhile, **taxpayer-financed federal research was handed to China**. One example: A breakthrough battery was invented at a U.S. national lab but made in China.

American workers suffered. The trade deficit surged. **3.7 million jobs vanished**. Wages plunged, communities were wrecked. The China import shock led to more deaths of despair and evidence of social unraveling.

America **became too dependent on China for many essential goods**. PPE during the pandemic. 5G hardware. Commercial drones. Critical minerals. Medicine. The list is long and terrifying.

At the same time, **U.S. manufacturing capabilities eroded**. The defense industrial base weakened. We're behind the curve on clean energy manufacturing. We couldn't make enough semiconductor chips, which broke supply chains.

It doesn't have to be this way, and thankfully, U.S. policy has started to shift. Here's what we should do next:

Build on highly effective **semiconductor technology export restrictions**.

Vigorously enforce the new law, called UFLPA, that **bans forced labor imports**.

**Sharpen trade tools**. Pass the bipartisan **Leveling the Playing Field Act 2.0** and take trade actions to accelerate the return of key supply chains. **Reform the "de minimis" policy** that gives Chinese shopping apps such as Temu and SHEIN as well as Amazon a way to evade inspections and tariffs.

**Screen the outbound investments** of U.S. companies in China and tighten up oversight of Chinese investments in the U.S., particularly in critical sectors.

**Expand the law that now bars Chinese firms from federal transit contracts to all other public investment funding streams**.

We must also **build on the CHIPS Act, infrastructure law, and energy investments** to reduce our dependency on China.

Finally, **revoke normalized trade relations with China**. The CCP doesn't deserve the same trade status as our allies and reciprocal partners.

In closing, **our hubris and neglect aided Beijing's ambitions, weakened our capabilities, and hollowed out our middle class**.

**A bright future for American manufacturing is possible, even in the wake of the CCP's destructive policies**. Factories are rebounding, and it's not accidental: It's a result of public policies, and pressure on corporations to rethink supply chains.

There's more to do. We have a long list of vulnerabilities, starting with medicine ingredients, critical minerals, machine tools, and microelectronics. And the CCP isn't slowing down.

**While conflict with China isn't inevitable, fierce economic competition is.** We look forward to working with you on building a new American strategy to defend our workers.