

13th Annual China Business Conference

Remarks As Delivered

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May 10, 2023

Washington, DC

Thank you.

As we prepare to hear from our final panelists and close out two days of important conversation on such an urgent, critical, and complex topic, I wanted to take a moment to focus on the larger context.

We've brought together leaders from business and government, from think tanks and industry, because the risks and concerns—as well as the opportunities—in the U.S.-China relationship demand serious dialogue. But what we really need, from the U.S. Chamber's perspective, is leadership and action.

I think we all want an outcome where the world's two largest economies can coexist in a way that isn't defined by zero-sum metrics. We want to create a framework, as the administration has laid out, where we can compete on a level playing field, confront challenges in the relationship, and cooperate on big global priorities.

But we've all witnessed the Chinese government's prioritization of its national security intensify over the past two decades—with increasingly concerning actions in just the past few weeks.

The Communist Party's vision of comprehensive or absolute security has never been more clear. And we're watching China employ policy tools and practices like military-civil fusion, economic coercion, and extreme forms of digital protectionism.

These policies and practices in pursuit of China's absolute security—together with massive state subsidies, unfair commercial practices, and human rights abuses—have made the world less secure. And, in fact, it is the stated goal of the Chinese government to make the world more reliant on China.

And yet China has deviated from the path of global economic integration that has been essential to its own success in lifting the Chinese people out of poverty. And its move away from openness and fair

treatment for foreign investors has often undermined its goals of becoming a more innovative and competitive economy.

Chinese leaders have made clear their distaste for markets... their favor for state-owned enterprises... and their strong preference for mercantilism over the rules-based order that facilitated China's rise.

What's also clear is that these national security policies and actions are not open for debate or negotiation.

When it comes to the United States preserving *our* interests, we must also safeguard our national security and our values. The U.S. Chamber supports targeted and responsible steps to restrict Chinese access to sensitive technologies that could be used to undermine America's national security, including export controls, technology restrictions, and scrutiny of outbound investment.

The Chamber has been publicly raising concerns about Chinese policies and practices for decades. In fact the Trump administration's 2018 Section 301 investigation cited U.S. Chamber reports and analysis raising serious concerns over China's deteriorating trade and investment climate some 50 times.

And we continue to speak out, as we did just two weeks ago when we criticized China's recent actions against U.S. firms. China's newly revised Counter-espionage Law... its raids on western due diligence and consulting firms... and its evolving restrictions on western accounting firms have ratcheted up risk and uncertainty in the market.

We have also endorsed the mission of the House Select Committee on China to focus on threats to American security. In a moment we'll hear from the committee's leaders. The Chamber and the broader business community stand ready to work with the committee on this priority.

But to be clear, not every economic interaction with China poses a national security risk. There is still a vast area of commercial opportunity where we can and should engage productively. Transactions that don't pose a threat to national security strengthen the U.S. economy, create opportunities for U.S. small businesses, and improve the standard of living for millions of Americans.

But perhaps most importantly, and I can't underline this enough, if we treat every economic interaction as a risk, we will lose focus on those that truly pose a threat.

There is a lot of work our cabinet officials can and should be doing with Chinese counterparts on these and other issues. We know we need a multifaceted and coordinated approach from the U.S. government.

Whether that's Secretary of State Blinken working to navigate challenges ranging from Taiwan, Russia's war in Ukraine, and nuclear threats—while also strengthening people-to-people ties between the U.S. and China. Or Treasury Secretary Yellen and what she's doing with the Chinese Vice Premier on the significant challenges each of our countries face in the global macroeconomy.

Commerce Secretary Raimondo and Agriculture Secretary Vilsack together help steward the \$700 billion trade relationship—including a new record of \$41 billion in U.S. agriculture exports to China. Their work with the Vice Premier, the Commerce Minister, and others is an important way to promote safe, secure, and mutually beneficial commerce between the two countries.

And U.S. Trade Representative Tai should follow-through on the long-standing promise to lift tariffs on the many products where they no longer serve a strategic purpose. The Chinese must do the same—and Ambassador Tai should enforce the 2020 “Phase 1” deal with China and ensure Beijing meets its commitments.

We remain realistic, however, about the widening differences between the U.S. and Chinese systems. It's unlikely that we'll be able to quickly bridge entrenched differences. It's going to take a lot of hard work on both sides to achieve progress in the areas where we should be cooperating.

It's one of the reasons we will continue to strongly support global engagement as a means to address challenges in the relationship.

To achieve real, secure supply chain alternatives to China, we need meaningful trade arrangements with other markets. Some of those trade agreements—like the U.S.-Mexico-Canada-Agreement—are in place and must be strengthened if we're going to leverage their potential. I was just in Ottawa with Prime Minister Trudeau and his team, and we had this exact conversation.

North America is poised to compete on critical minerals mining and processing, for example, *if* we work through some of the issues in the trade relationship and tackle domestic problems we have here like permitting reform.

But this administration's reluctance to pursue new trade agreements means we are losing key footholds, such as in Asia and Africa, while China and other global partners move forward without us.

We will continue to press the administration to get bolder on trade and to cooperate with global partners who share our values—such as in Europe.

We just had representatives from 30 American Chambers of Commerce in Europe in this building on Monday, and one of the topics we discussed is how the West needs to counterbalance China's influence in the global economy.

There will be important opportunities later this month for U.S. government and business leaders to continue to advance a forward-looking agenda on issues of shared concern, including at the G7 in Japan, the QUAD in Australia, the IPEF Ministerial in the United States, and the TTC in Sweden.

Look, this is as complicated as a challenge gets. But we are a great nation, and we can do hard things.

Too often in public policy debates, we are presented false, oversimplified binary choices. Border security *or* legal immigration. Spending restraint *or* meeting our debt obligations. Energy security *or* climate mitigation. And in the case of China, national security *or* a trade relationship worth nearly \$1 trillion annually.

Make no mistake, national security must come first—but it doesn't have to come at the expense of our economic future.

The reason we convene serious-minded leaders for conferences like this is because solutions to our greatest challenges require expertise and nuance. We can't take a blunt approach on China—like decoupling. We need to take the surgical approach of de-risking.

The Chamber will continue to provide a platform and a voice for American businesses—to serve their interests, to protect our national security, to advance our economy, and to ensure our future strength and competitiveness.

Thank you for being with us.