

**Committee on Energy and Commerce**  
**Opening Statement as Prepared for Delivery**  
**of**  
**Ranking Member Frank Pallone, Jr.**

***Innovation, Data, and Commerce Subcommittee Hearing on “Economic Danger Zone: How America Competes to Win the Future Versus China.”***

**February 1, 2023**

America’s economic competitiveness has helped cement America’s technological, political, and national security dominance. But our nation’s competitiveness is facing unprecedented challenges. For three decades, the Institute for Management Development designated our nation’s economy as one of the five most competitive in the world. Three years ago, during the Trump Administration, that ranking plummeted to tenth.

Globalization, protectionist policies, and extraordinary market interventions by our economic rivals are key reasons for this drop. The Chinese Government – a frequent purveyor of predatory economic practices – has adopted policies to give Chinese companies an unfair competitive advantage. This includes massive tax breaks and subsidies for Chinese companies, stifling restrictions on access to the Chinese market, currency manipulation, foreign mergers and acquisitions, forced technology transfers, and intellectual property theft. Their goal is to dominate high-tech industries like 5G, super computers, artificial intelligence, and advanced manufacturing that are essential to economic prosperity and military superiority in the 21st century.

As a result, American manufacturers, innovators, and workers are operating at a competitive disadvantage. Chinese manufacturing output rose by 170 percent between 2008 and 2021. Over that same period, the United States’ production only grew by 12 percent. Chinese companies now dominate the market for vital telecommunications network equipment, smartphones, commercial drones, and photovoltaic cells for solar panel production. China is also the largest producer of lithium-ion battery cells and is making strides in the production of electric vehicles.

Fortunately, these unprecedented challenges to our economic prosperity and competitiveness are not going unchallenged. Last Congress, Congressional Democrats delivered by taking bold action to strengthen our manufacturing base, help create good-paying jobs for American workers, unleash more innovation, and lower costs for consumers.

The CHIPS and Science Act was one of the major laws that we passed last Congress, and it invests \$52.7 billion to spur American semiconductor production. It will ensure more superconductors are produced right here in the United States, end our reliance on other countries, like China, and lower costs for consumers for automobiles, consumer electronics, home appliances, and other goods.

February 1, 2023

Page 2

It also invests \$1.5 billion to support the deployment of innovative, American-made telecommunications equipment to help counter the spread of harmful network equipment, like China-backed Huawei.

The CHIPS and Science Act was a major win for our global competitiveness, our economy, and for consumers. Based on the title of today's hearing – you would have thought Congressional Republicans would have been running to the floor to vote “yes” on this bill. But only two Republicans on this Committee supported the bill. The other 27 Republicans opposed it.

While the overwhelming majority of Republicans opposed the CHIPS and Science Act, we have an opportunity to double down on these monumental victories and enact more vital competitiveness legislation into law this Congress.

We should act on the American Data Privacy and Protection Act, comprehensive privacy legislation I authored with Chair Rodgers. This crucial legislation ensures that consumers—wherever they reside in this country—will have meaningful control over their personal information, while providing clear and consistent rules of the road on privacy and data security to innovators, entrepreneurs, and small tech companies.

I'd also like to see us move the supply chain resilience subtitle in the America COMPETES Act, which passed out of the House last Congress. This would create a new office within the Department of Commerce responsible for leading a government-wide effort to support manufacturing and strengthen supply chains critical to the nation's economic vitality and national security.

We can continue to blaze a path to a more competitive, stronger economy by building on the work of the last Congress, but one thing we cannot do, is dangerously play chicken with the debt limit as House Republicans are threatening to do. House Republicans have pledged the nation's full faith and credit to force devastating cuts to Social Security, Medicare, and Medicaid. That is not the way to ensure our nation leads the pack economically.

I hope Congressional Republicans realize the severe economic consequences this action would have. I also hope we can begin to work on bipartisan solutions to bolster our economy and to out-compete the world.

I urge a strategy that is bipartisan and a return to responsible governance working in the interest of all Americans.