****EMBARGOED UNTIL 11:30 AM CET // 5:30 AM EDT***
WEDNESDAY, JULY 17, 2024**

TRADE POLICY REVIEW OF THE PEOPLE'S REPUBLIC OF CHINA
Statement by Deputy Permanent Representative David Bisbee
on Behalf of the United States
July 17, 2024

The United States welcomes H.E. Mr. LI Fei, Vice Minister, Ministry of Commerce, and the rest of the delegation from the People's Republic of China (PRC).

During the PRC's last two Trade Policy Reviews, the United States laid out, in frank and direct terms, both the importance of the PRC's role in the international trading system and the unique and fundamental challenges to that system that the PRC presents. Today, unfortunately, those challenges not only persist, but are increasing.

When the PRC acceded to the WTO in 2001, WTO Members expected that the terms set forth in the PRC's Protocol of Accession would permanently dismantle existing PRC-based policies and practices that were incompatible with an international trading system expressly based on open, market-oriented policies and would lead to Beijing's embrace of market-oriented principles. But more than two decades later, those expectations have not been realized, and it seems clear that the PRC has no inclination to change. Instead, the PRC has doubled down on its state-led, non-market approach to the economy, to the detriment of workers and businesses in the United States and other countries, including emerging and developing economies.

The People's Republic of China is not the only WTO Member that still operates a non-market economy. There are a few others. But what sets the PRC apart from them is that Beijing operates its non-market economy in a "predatory" manner. That is, because of the size of its economy and the volume of its trade, the PRC is uniquely positioned to be able to use its state-directed approach to the economy to eliminate foreign competition and amass market power.

Through state-led industrial plans like Made in China 2025, the PRC targets key industries for domination, both in the PRC-based market and globally, and the full weight of the PRC state is deployed in support of this goal of domination. It means that foreign companies are not competing against individual PRC companies; they are competing against the PRC state and PRC companies acting in concert.

The PRC uses constantly evolving non-market policies and practices to achieve the domination objectives in its industrial plans, including not only massive and pervasive – and often non-transparent – subsidization, but also market access limitations, investment restrictions, forced or pressured technology transfer, state-sponsored cyber theft, preferential treatment for state-owned enterprises and other favored PRC companies, discriminatory regulation, unique national standards, data restrictions, inadequate protection and enforcement of intellectual property rights, the use of competition law enforcement for industrial policy purposes, and unfair labor practices, including forced labor.

Through these non-market policies and practices, the PRC directs and enables PRC companies to manufacture excessive amounts of products and sell them at unreasonably low or below-cost prices, particularly in export markets. Notably, the PRC's pursuit of these industrial plans does not merely harm other developed economies with mature industries. It especially harms emerging and developing economies, as too often they cannot successfully develop their own competing industries and, instead, become more dependent on the PRC, something economists call "premature deindustrialization."

Across most industries, Beijing's state-directed approach to the economy often results in excess capacity and overproduction, leading to a flood of low-priced exports. We are beginning to see this dynamic play out now in what economists are labeling "China Shock 2.0." Faced with an acute crisis in the real estate sector and struggling manufacturers coming out of the COVID pandemic, governments at all levels in the PRC have increased their support for both high-tech and low-tech manufacturers. These interventions have led to production well in excess of global demand, and with domestic demand remaining weak, a wide range of low-priced manufactured goods are beginning to flood export markets – and the resulting harm will surely be felt by all of us.

We also feel compelled to highlight another prevalent practice, which has come to be known as "economic coercion." A number of WTO Members have been targeted by Beijing's "economic coercion," which takes many forms. But whatever form it takes, it is simply not the behavior of an economy operating within the international rules-based order.

Like other WTO Members, the United States has made extensive efforts to encourage the PRC to comply with and embrace WTO rules and norms and make other market-oriented changes, and today we continue to urge Beijing to do so. At the same time, we are realistic, as the PRC has shown no interest in pursuing fundamental changes. As a result, as Ambassador Tai recently explained, "The People's Republic of China remains the biggest challenge to the international trading system."