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HOMELAND SECURITY

SPECIAL COMMITTEE ON AGING CHAIRMAN

United States Senate

May 14, 2025

The Honorable Jamieson Greer Ambassador Office of the United States Trade Representative 600 17th Street NW Washington, D.C. 20508

Dear Ambassador Greer:

Thanks to the generational leadership of President Trump, Communist China is finally – after decades of flouting commitments and international norms – paying for their economic and diplomatic misconduct. As the Chinese Communist Party (CCP) continues to grovel towards a long-term settlement, begging for relief from the President's ironclad resolve, they will make even more empty promises. I caution against believing a single word they say.

The People's Republic of China (PRC) was granted entry into the World Trade Organization (WTO) in December 2001. They pledged to transition to a more marketoriented economy by reducing state control over trade and investment, removing price controls, allowing companies to freely import and export goods within three years, protecting intellectual property, and broadly ensuring non-discrimination against foreign entities in trade matters, ending export and production subsidies, joining the Government Procurement Agreement (GPA), offering transparency in trade regulations, and several other promises.

To this day, they've failed to fulfill any of these obligations on which their admission to the WTO was based. For more than two decades, they've lied, cheated, and dodged accountability while making no effort whatsoever to make right on those commitments. They've offered only excuses for their unfair trade practices – they have lied and will continue to lie, all while enjoying the preferential treatment granted by WTO. The CCP has shown us time and time again who they are and what they do they are not to be trusted.

At the time of China's ascension to the WTO in 2001, the United States had just offered the CCP permanent normal trade relations (PNTR) status. China was the world's sixth largest economy, exporting roughly \$272 billion of goods and services. In 2020, just nineteen years later, it was the world's second largest economy - second only

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to the U.S. - exporting over \$2.7 trillion dollars of goods and services. China has been able to achieve this global trade dominance because of its singular role as the moral hazard in the WTO's trade regime. It is the ultimate free rider in an arrangement where no other country comes as close to breaking its obligations to fellow members.

Following their WTO ascension, the CCP promised to refrain from imposing or allowing forced technology transfers. However, foreign companies operating in China regularly report harassment from Chinese authorities compelling them to share sensitive Intellectual Property (IP). Just last month, your office released the USTR's annual report on Intellectual Property Protection and Enforcement designating the PRC as a "priority watch list" country, confirming it remains a country of concern for forced technology transfers and numerous other non-tariff barriers to trade.¹ We are foolish to trust a country that is having problems protecting IP from forced technology transfers nearly a quarter century after they pledged to do so, and we'd be even more foolish to trust any renewed commitments.

Despite its WTO obligations, the CCP has only supercharged its efforts into more top-down industrial planning through heavy subsidization of domestic industries to the detriment of foreign competitors. China has long prioritized the protection of State-Owned Enterprises (SOEs) by maintaining a dual pricing scheme that has left American industries alienated and abandoned. The CCP's continued subsidization of domestic industries remains a key part of this top-down approach, as well as an unparalleled threat to a free and fair global market. According to a 2022 study by the Center for Strategic and International Studies, China offered as much as \$407 billion² in de facto subsidies to domestic industries in 2019. The subsidization of the PRC's domestic industries is a core feature, not a bug, of its export manufacturing model.

It is clear that Communist China has weaponized the WTO to obtain all of the benefits – while fulfilling none of the promised responsibilities - of gaining greater access to global trade. China's additional embrace of export quotas and taxes, currency manipulation, and diplomatic deception remain part of its core economic agenda. As recently as 2020, the United States and China passed a Phase One trade deal in which China pledged to purchase an additional \$200 billion in U.S. goods and services by the end of 2021. Communist China did not meet this deadline, did not pay a single penny of their promised investment, and failed to meet import levels prior to the implementation of the agreement.³

¹ <u>https://ustr.gov/about/policy-offices/press-office/press-releases/2025/april/ustr-releases-2025-special-301-report-intellectual-property-protection-and-enforcement</u>

² <u>https://www.voanews.com/a/report-china-spends-billions-of-dollars-to-subsidize-favored-companies-</u> /6587314.html

³ <u>https://www.cnn.com/2022/02/08/politics/trump-china-us-trade-phase-one-deal</u>

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Thankfully, we now have President Trump and administration officials, including you, who are committed to making China pay for these decades of lies and deception. The current tariff regime is destroying China's economy. There is no other reason why they would come, hat in hand, begging for respite. Thanks to President Trump, American manufacturers and workers are facing the possibility of a Made in America renaissance. We are only beginning to see the fruits of this America First agenda, and now is not the time to let our foot off the gas. While a 90-day pause may be a necessary component of a long-term strategy, the strategy can't entail America giving Communist China a free pass.

More than two decades after China's ascension into the WTO, its consistent failure to uphold even the most basic commitments is not just inexcusable – it's a deliberate affront. China has exploited its WTO membership, manipulated global markets, and repeatedly violated the standards we hold every other nation to. Enough is enough.

This is precisely why the president's efforts to fundamentally restructure our trade relationship with China are not only justified – they're urgent. Strategic decoupling is no longer a question of economics; it is a matter of national security and moral clarity. China cannot be trusted – as they have made abundantly clear – and if we cannot trust China, we should not depend on China.

We should not reward deception with continued engagement. We should invest in American workers, American manufacturing, and American resilience.

Thank you for your attention to these critical issues. And one final reminder: if anyone suggests that China has suddenly reformed, they are either being fooled – or are complicit in the lie.

Sincerely,

Rick Scott United States Senator

cc: The Honorable Scott Bessent, Secretary, U.S. Department of the Treasury