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WORLD

U.S. Panel Calls for Review of China Trade Relations

Group says Congress should suspend normal trade ties with China if assessment determines Beijing hasn't complied with 1999 pact



Chinese President Xi Jinping met with President Biden on the sidelines of the G-20 summit in Bali, Indonesia, amid a downward spiral in bilateral relations.

PHOTO: KEVIN LAMARQUE/REUTERS

By *Yuka Hayashi* [Follow](#)

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WASHINGTON—A congressionally convened commission is calling on the U.S. to review Chinese trade practices and to suspend normal trade ties if the review determines Beijing hasn't lived up to its promises under a 1999 pact.

In its annual report, the U.S.-China Economic and Security Review Commission recommended that Congress direct the Biden administration to assess China's compliance with the landmark 1999 agreement that awarded China the "Permanent Normal Trade Relations" status as Beijing prepared to join the World Trade Organization.

The commission recommended a deadline of 90 days to complete the review. If China is found to be out of compliance, the commission said, Congress should consider legislation to immediately suspend normal trade ties, which have given China the most favorable trade terms and tariff rates.

The suspension could lead to a substantial increase in tariffs on imports from China, Alex Wong, chairman of the review commission, told reporters.

The recommendation by the commission came a day after President Biden and Chinese leader Xi Jinping sought to halt a rapid downward spiral in bilateral relations in their first in-person meeting since Mr. Biden took office.

“We’re going to compete vigorously, but I’m not looking for conflict. I’m looking to manage this competition responsibly,” Mr. Biden said.

The review of trade status was the top item among the 39 recommendations the commission made in its annual report to Congress on Tuesday. The panel was established by Congress to help address growing concerns over China’s threat to the U.S.’s economic and military security.

The commission said China engages in unfair trade practices, including subsidizing favored industries and tolerating intellectual-property theft.

“There is a cost associated with the predatory trade practices of China on American workers and industries that has been well documented since their accession to the WTO,” said Kim Glas, vice chairwoman of the commission. “We’re asking Congress to do a systematic and thorough review of that and determine what would normalized trade relationships look like.”

China has defended its trade practices and said it has worked to open up its economy.

In a statement, the Chinese Embassy said the U.S. commission “has long been biased against China.”

China’s domestic and foreign policies “are open and transparent” and are aimed at “meeting people’s aspirations for a better life,” said the statement, which was issued after this article was published. “We are not targeting at anyone, still less posing a threat to any other country.”

The evaluation of China’s record would be conducted by the Office of the U.S. Trade Representative, which already annually reviews China’s WTO compliance.

The U.S. in March ended normal trade ties with Russia to condemn its invasion of

Ukraine.

Beyond trade, the commission called for the establishment of an interdepartmental agency office to beef up the resilience of U.S. supply chains and the strength of domestic production capabilities.

The commission also recommended the creation of a permanent interagency committee within the executive branch to develop plans to impose sanctions and other economic penalties to meet a Chinese blockade, attack or other hostile acts against Taiwan.

After House Speaker Nancy Pelosi visited Taiwan in August over Beijing's objections, China launched live-fire exercises and drills to demonstrate the capability to blockade the island.

Arming Taiwan to resist such coercion and any use of force by China has become a top U.S. priority. But the Ukraine war has already stretched U.S. supplies and production of weapons, and the commission noted that deliveries of Stinger anti-aircraft missiles to Taiwan have been delayed due to their diversion to Ukraine.

In other recommendations, the commission also wants the U.S. to seek a prohibition of the use of the Chinese cargo data network known as Logink by the U.S. to prevent China's control of digital data as part of the Indo-Pacific Economic Framework for Prosperity, a regional economic cooperation pact Washington is currently negotiating with more than a dozen nations in the region.

The commission said 2022 was a watershed year for China's Communist Party and America's response to its policies, following groundbreaking events including Russia's invasion of Ukraine, China's growing military threats to Taiwan and President Xi's consolidation of an unprecedented power over the party and the country.

"The 20th Party Congress this year was clarifying for China's ambitions and Xi's ambition," said Mr. Wong, a senior fellow at the Hudson Institute who was appointed to the commission by House Republican Leader Kevin McCarthy. "It was also clarifying for the United States and our partners about the need to

critically evaluate our posture towards China.”

While the U.S.-China commission had been known for its hawkish perspective on China, its views have been increasingly embraced by bipartisan members of Congress and administration officials.

The commission, for example, had called for more stringent policies by the Commerce Department on export controls on emerging technologies. In October, the Biden administration unveiled an unprecedented measure to curb exports of advanced semiconductor technology.

The commission consists of a dozen members appointed by both parties to represent academia, policy-making, business and labor.

—*Charles Hutzler contributed to this article.*

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