

## TradeTalk China: January 1-13

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### 118<sup>th</sup> Congress Begins with Focus on China.

Last weekend, House Republican Leader Kevin McCarthy (R-CA) was elected Speaker of the House. In his first speech, McCarthy said Republicans will “address America’s long-term challenges: the debt, and the rise of the Chinese Communist Party.”

**FOCUS ON CHINA:** Soon after, House Republicans held votes on two China-related proposals: (1) a bill to prohibit the Energy Department from drawing down and selling petroleum products from the Strategic Petroleum Reserve to any entity owned, controlled, or influenced by the Chinese Communist Party or for export to China; and (2) a resolution to establish a bipartisan “Select Committee on the Strategic Competition Between the United States and the Chinese Communist Party.” Both measures passed with bipartisan support.

### Notable Quotables – Incoming House China Select Committee Chair Previews Priorities.

In recent interviews, **House China Select Committee Chair Mike Gallagher (R-WI)** has outlined plans to focus the Committee on areas including:

1. *Bipartisanship:* Rep. Gallagher indicated he is compiling a list of legislation that could pass in a divided government and has been in touch with House Democratic Leader Hakeem Jeffries (D-NY) to incorporate his Democratic colleagues in the Committee. Reps. Andy Kim (D-NJ), Raja Krishnamoorthi (D-IL), Ro Khanna (D-CA), and Elissa Slotkin (D-MI) are all reportedly in the running to serve as top panel Democrat; the Congressional Asian Pacific American Caucus is lobbying Democratic leadership to select an Asian-American as ranking member.
2. *Chinese Influence on Social Media:* “China seems to be perfecting this model of techno-totalitarianism,” he said, adding, “I still think I can convince most Democrats that I’m right on

TikTok and that we should ban TikTok.”

3. *China's Trade Status*: “China’s accession to the World Trade Organization (WTO) was a mistake,” he said, noting that “revoking permanent normal trade relations” is on the table for the new Committee to explore. He indicated he would seek to hold several hearings on the issue.
4. *Hearings*: Rep. Gallagher said the committee would seek to hold hearings early on investigating undelivered arms sales to Taiwan, the Chinese Communist Party’s United Front political strategy, and financial and economic implications of a confrontation over Taiwan. Rep. Gallagher also expressed interest in conducting field hearings with the Federal Reserve, in states that have figured out “guardrails on university endowment investments in China,” and even abroad in the Indo-Pacific.
5. *Oversight*: Rep. Gallagher stated it was the Committee’s “constitutional duty” to exercise oversight over the Biden administration’s China policies, as well as hear testimony from the broader business community, such as from the National Basketball Association (NBA), Hollywood, and Wall Street.
6. *Subpoena Power*: When asked whether this committee has subpoena power, Gallagher said, “it is not specified in the rules yet, but I don’t anticipate this to be a problem at all.” He also suggested that joint hearings can help deliver the subpoena power he looked for if needed.

## Bilateral Exchanges Around the Biden Administration

1. **Secretary of State Antony Blinken** spoke on a telephone call with new Chinese Foreign Minister Qin Gang about the U.S.-China relationship and efforts to support open lines of communication.
2. **U.S. Special Envoy for Climate John Kerry** met with **China’s chief climate negotiator Xie Zhenhua** on Jan. 11.
3. **Japanese Prime Minister Fumio Kishida** met with **President Biden** in Washington on Jan. 13 to discuss issues related to North Korea, Russia, China, and Taiwan.
4. The **U.S. and Taiwan** will hold a second negotiating round on a “21<sup>st</sup> Century Trade Initiative” in Taipei from January 14 – 17.
5. **Xie Feng, Vice Minister of Foreign Affairs of the PRC**, is expected to be nominated as the next Chinese Ambassador to the U.S.