[Lawmakers Call for Raising Tariffs and Severing Economic Ties With China]

A bipartisan report recommended stripping China of the low tariffs the United States granted it two decades ago, among other actions.

By Ana Swanson and Alan Rappeport
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Bipartisan lawmakers on Tuesday called for severing more of America's economic and financial ties with China, including revoking the low tariff rates that the United States granted Beijing after it joined the World Trade Organization more than two decades ago.

The House Select Committee on the Chinese Communist Party released a wide-ranging set of recommendations for resetting America's economic relationship with China. The report, which was signed by both House Democrats and Republicans, argued that China had carried out a "multidecade campaign of economic aggression" that had undercut American firms, dominated crucial global industries and left the United States highly vulnerable in the event of a broader military conflict.

The 53-page report included nearly 150 recommendations that Congress and the administration could take to offset those vulnerabilities. They ranged from imposing new tariffs on older types of Chinese chips to further cutting off the flow of capital and technology between the world's largest economies.

Among the report's other recommendations were requiring that publicly traded American companies disclose ties to China and investing further in U.S. research and manufacturing capacity to counter China's dominance of sectors like pharmaceuticals and critical minerals. It also suggested developing plans to coordinate economically with allies if the Chinese government invades Taiwan.

Many of the recommendations may never be adopted by a fractious Congress. But the report could provide a path toward some bipartisan legislation on China in the months to come.

Representative Mike Gallagher, Republican of Wisconsin and the committee's chairman, said in an interview that he would like to see Congress come together on a major China bill next year ahead of the presidential election. He said that while some American firms opposed restrictions on doing business with China — a large and growing market — legislation clarifying what was allowed would be beneficial for many companies.

“If Congress doesn’t step up and do something legislatively,” Mr. Gallagher said, “we’re just going to bounce back and forth between different executive orders that have wildly different rules that create chaos for Wall Street and the market.”

The report is a tangible sign of how much the bipartisan consensus toward China has shifted in recent years.

The most prevalent argument a decade ago was that economic interdependence between the United States and China would be a force for peace and stability. Some — including Biden administration officials — still say that business ties can help stabilize the relationship and promote peace.

But that theory has increasingly given way to fears that ties to China could be weaponized in the event of a conflict. It could be catastrophic for the U.S. economy or the military, for example, if the Chinese government cut off its shipments to the United States of pharmaceuticals, minerals or components for weapons systems.

Beijing’s subsidization of Chinese firms and incidents of intellectual property theft have also become an increasing source of friction. In some cases, China has allowed foreign firms to operate in the country only if they form partnerships that transfer valuable technology to local companies.

The report said that the United States had never before faced a geopolitical adversary with which it was so economically interconnected, and that the full extent of the risk of relying on a strategic competitor remained unknown. The country lacks a contingency plan in the case of further conflict, it said.

“Addressing this novel contest will require a fundamental re-evaluation of U.S. policy towards economic engagement with the P.R.C. as well as new tools to address the P.R.C.’s campaign of economic aggression,” the report said, using the abbreviation for the People’s Republic of China.

This year, the committee hosted a tabletop exercise to simulate how the United States would respond if the Chinese government invaded Taiwan. It found that U.S. efforts to deter China through sanctions and financial punishment “could carry tremendous costs to the United States,” the report said.

The lawmakers said that they did not advocate a full “decoupling” of the U.S. and Chinese economies, but that the country needed to find a way to reduce Beijing’s leverage and to make the United States more economically independent.

The report includes a variety of other recommendations, including increasing the authority of a committee that reviews foreign investments for national security threats and devising new high-standard trade agreements, especially with Taiwan, Japan and Britain.

But the report's first recommendation, and perhaps its most significant, is phasing in a new set of tariffs for China over a short period of time.

When China joined the World Trade Organization in 2001, the United States and other members began offering China lower tariffs to encourage trade. In return, China started undertaking a series of reforms to bring its economy in line with the organization's rules.

But the report argued that China had consistently failed to make good on those promised reforms, and that the "permanent normal trade relations" the United States had granted to China after its W.T.O. succession did not lead to the benefits or economic reforms Congress had expected. The report said Congress should now apply a different, higher set of tariffs to China.

Such a move has been debated by lawmakers, and has been backed by former President Donald J. Trump and other Republican candidates. Last year, Congress voted to revoke permanent normal trade relations with Russia after its invasion of Ukraine.

increasing tariffs on China, one of the United States' largest trading partners, would provoke more opposition from businesses, since it would raise costs for products imported from China and most likely slow economic growth.

The United States already has significant tariffs on many Chinese products, which were imposed during the Trump administration's trade war and President Biden is still reviewing. The further changes suggested by Congress would increase levies on other items, like toys and smartphones, that have not born additional taxes.

A study published by Oxford Economics in November and commissioned by the U.S. China Business Council estimated that such tariffs alone would lead to a $1.6 trillion loss for the U.S. economy over a five-year horizon. It would also be likely to cause further friction at the World Trade Organization, where the group's most steadfast supporters have already accused the United States of undermining its rules.

Liu Pengyu, a spokesman for the Chinese Embassy, said that the U.S.-China economic relationship was "mutually beneficial" and that the proposals would "serve no one's interests."

The report runs counter to "the principles of market economy and fair competition, and will undermine the international economic and trading order and destabilize global industrial and supply chains," he said.

The Retail Industry Leaders Association, a trade group that includes Target, Home Depot and Dollar General, said in a statement on Tuesday that it was concerned about the recommendations. Raising tariffs on Chinese products would "only harm U.S. businesses and invite retaliation from China," it said.

The lawmakers’ report acknowledged that such a change would be an economic burden, and suggested that Congress consider additional appropriations for farmers and other support for workers.

Mr. Gallagher said that extricating the United States from its “thorough economic entanglement” with China would not be easy, and that Washington should work to develop alternative markets and prepare for potential retaliation from Beijing.

Reaching consensus on the report required months of negotiations between Democrats and Republicans, which its authors said should send a message to China. Only one member of the 24-person committee voted against the report: Representative Jake Auchincloss, a Massachusetts Democrat who had concerns about protectionism.

“One of the theories that the C.C.P. has about the United States is that we are divided, that we are tribal, that we are incapable of coming together to deal with challenges,” said Representative Raja Krishnamoorthi of Illinois, the committee’s top Democrat, referring to the Chinese Communist Party. “On this particular issue of competition between the United States and the C.C.P., we are of one mind.”