

Ranking Member Tim Scott (R-S.C.)
Opening Statement
Full Committee Hearing
July 25, 2024 at 10:00 AM

Thank you, Mr. Chairman.

I would like to start by reminding this room and our witnesses of the important role they play in safeguarding our nation's economic and national security priorities.

President Reagan once rightly noted that we are in "a different world, and our defenses must be based on recognition and awareness" to combat our enemies of the modern day.

While he was talking about the Soviets, unfortunately, many of our adversaries remain the same.

Russia, China, Iran, and North Korea.

But thankfully, what also remains the same is the American spirit to innovate and to create the world's leading technologies.

My home state of South Carolina is an excellent example.

From F16s to the world's best luxury airliners to leading automotive manufacturing to creating next generation technologies—I'd say South Carolina is simply our future.

But to safeguard that future, we must ensure that policies created here in Washington don't cut off growth and stifle future innovation.

We must have a global economy where America is the leader.

After more than three years of President Biden's policies we have seen soaring inflation that is crushing everyday Americans, wars across our globe, and our enemies challenging us and our allies at every single turn.

We can, and we must frankly, do better.

So today, as we discuss and evaluate some of our economic national security tools—our export controls, investment security, and the Defense Production Act, we must keep these principles in mind.

At times, we must be willing to reassess our policies and re-tool our positions.

And, frankly, let's consider our allies.

One thing we certainly learned through COVID, was depending on China is a really bad strategy.

To be effective in countering China, we must work with our allies so that China can't easily find work arounds to U.S. export controls, by simply buying these same technologies and equipment from our friends.

A failure to look holistically at our economic strategy can and will damage American security, competitiveness, and unfairly, leave U.S.-led industry behind.

In fact, a recent study by the New York Federal Reserve found that the Biden administration's export control policies on the semiconductor industry have led to decreased profitability, job losses, and \$130 billion in financial loss across the industry.

With new reports that these types of policies have directly led to thousands of layoffs in states ranging from Ohio to New York—we must scrutinize the actions leading to these results.

But it doesn't stop there.

In my home state of South Carolina, recent actions by the Commerce Department to revoke thousands of export licenses for gun manufacturers have resulted in millions of dollars in losses.

I've sent three letters to the Commerce Department on this issue. And now reports suggest that we will see over \$500 million in annual losses across U.S. firearms manufacturers.

Mr. Chairman, I have a letter here that I would like to submit for the record.

In my home state of South Carolina, a small, minority-owned firearms business had more than \$71 million worth of export licenses revoked by the Biden Commerce Department.

Unfortunately, this meant that the firm defaulted on multiple international contracts.

And now those same contracts are being backfilled by China and others.

And it's my understanding that these licenses were revoked for "foreign policy" reasons such as the "furtherance of world peace."

So instead of supporting American companies, we just handed over this marketplace to China.

Export controls, investment security, and important tools like the Defense Production Act, should be used in a responsible manner that maximizes growth here at home and economic pain for our adversaries.

I strongly believe that when we have a better domestic environment, a better ability to innovate and manufacture—that means that America is winning.

Thank you and I look forward to discussing these important issues with our witnesses.