

Rep. Dan Newhouse, Opening Remarks
As prepared for delivery
Fentanyl Policy Working Group Meeting #1
6.27.24

Thank you for joining me today for the first session of our new Fentanyl Working Group. I am pleased along with Mr. Auchincloss to lead this group of Select Committee Members to address the CCP's role in America's fentanyl crisis.

As you all know, on average, fentanyl kills more than 200 Americans a day. It is one of the leading causes of death for Americans aged 18-45 and costs the United States an estimated \$1.5 trillion in 2020, or 7% of our gross domestic product. China is the geographic source of the fentanyl crisis. Chinese companies produce 97% of all fentanyl-related substances that enter the United States and are now the primary supplier of the precursors that the cartels need to make fentanyl.

Our job is to take a hard look at this issue based on the evidence, including what we have uncovered as part of our groundbreaking bipartisan investigation and report unveiled last April. The Select Committee's investigation found that the PRC government, under the control of the CCP:

1. Directly subsidizes the manufacturing and export of illicit fentanyl materials and other synthetic narcotics through tax rebates, even when these substances are illegal under Chinese law and have no known legal use worldwide;
2. Gives monetary grants and awards to companies openly trafficking illicit fentanyl materials and other synthetic narcotics;
3. Holds ownership interest in several PRC companies tied to drug trafficking;
4. Fails to prosecute fentanyl and precursor manufacturers;
5. Censors content about domestic drug sales, but leaves export-focused narcotics content untouched;
6. Strategically and economically benefits from the fentanyl crisis, including through becoming the world's premier money launderer; and
7. Allows the open sale of fentanyl precursors and other illicit materials on the extensively monitored and controlled PRC internet, with the Select Committee finding over 31,000 instances of PRC company drug trafficking on just seven e-commerce websites months after President Xi had promised President Biden that China would crack down on illicit drug trafficking.

We are all in agreement that too many Americans have died for us to waste time on political theater. On this issue, there are no Republicans or Democrats. We must face this particularly disturbing aspect of the CCP threat together as Americans.

The objective of this Fentanyl Working Group is to ensure the Select Committee policy recommendations are enacted into law as well as ensure tangible and attainable solutions are achieved. Meeting on a weekly basis during legislative session, we will engage with subject matter experts, review current trends with all relevant data, assess funding levels, draft

authorizing legislation to amend current laws and programs, coordinate with committee and caucus leadership, and educate members of Congress on the best path forward to address the fentanyl epidemic and hold the CCP accountable for their actions.

My staff has sent each of your teams a survey to gauge which data, funding, policy, and education efforts you have or would like to focus on going forward. Based on my experiences running the Central Washington Fentanyl Task Force, identifying these four categories is very helpful in creating a unified approach. Please be sure this is filled out so we may finalize our legislative strategy.

Mr. Auchincloss and I have outlined a flexible framework for the next five Fentanyl Working Group meetings. In order, they will be:

- 1) Week of July 8th – Economic sanctions, particularly involving PRC chemical companies
- 2) Week of July 22nd – Meet with the DEA's Special Operations Division
- 3) Week of July 29th – Screening at ports of entry (CBP, border security, etc.)
- 4) Week of September 9th – China's illicit finance and money laundering
- 5) Week of September 16th – Wrap up and legislative review. We hope to formulate a unified, bipartisan report that will include recommendations from the Committee's meetings and legislation created – and have this report adopted during a formal Committee business meeting.

For today's roundtable, on the US Government's current structure and strategy for combatting the epidemic, we have two fantastic participants who join us after distinguished careers in federal law enforcement.

- **Bill Evanina:** Bill Evanina is the first Senate-confirmed director of the National Counterintelligence and Security Center – which is part of the Office of the Director of National Intelligence (ODNI). He has held the position of Director since 2014, leading Counterintelligence for the US Government. Mr. Evanina previously served as Assistant Special Agent in Charge of the FBI's Washington Field Office, where he led operations in both the Counterintelligence and Counterterrorism Divisions
- **Ray Donovan:** In 2023, Ray Donovan retired after 28 years serving at the Drug Enforcement Administration. In addition to spending years as a special agent in the field, Mr. Donovan's served in several roles at the DEA, including Chief of Operations, the third-highest ranking official in the DEA overseeing all enforcement operations worldwide.

I am eager to hear from our experts on these issues, so with that, I turn over the floor to Mr. Auchincloss for any opening comments he might have.