



U.S.-CHINA ECONOMIC AND SECURITY  
REVIEW COMMISSION

***Hearing on China's Growing Global Influence: Objectives and Strategies***

*Opening Statement of*  
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**Vice-Chairman**

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Good morning and thank you Chairman D'Amato. I, too, welcome you to the U.S.-China Economic and Security Review Commission's hearing on *China's Growing Global Influence: Objectives and Strategies*.

Like the Chairman, I am also concerned about some of the downside risks for U.S. interests associated with a rising China. China's presence is growing in many parts of the world, and at a high velocity. China is strengthening ties with traditional U.S. allies – such as Germany, Israel and Australia. Such ties could in the future require those who have been our friends and supporters to choose sides between the U.S. and China on certain issues. We must gain a better understanding of China's global economic and security strategy and, at the same time, persuade our allies not to sacrifice long-term security interests for short-term economic and financial gain.

China is not only reaching out to our friends, but also to countries of concern. This is especially true in connection with China's quest for energy, which has led it to approach, among others, Cuba, Iran, Sudan and Zimbabwe for oil and related commodities.

In fact, as Chairman D'Amato mentioned, China's prodigious demand for energy has led it to Canada for its tar sands and even to Wall Street, as illustrated by CNOOC's subsidized proposal to purchase UNOCAL. Beijing recently criticized Congress for its efforts to question this transaction and told our lawmakers to “stop interfering in the normal commercial exchanges between enterprises of two countries.” The Chinese government did not mention in this statement that it owns a majority of CNOOC and this enterprise has access to substantial below-market government financing of a type not available to its U.S. competitor.

This proposed transaction has certainly had a beneficial consequence: It has awakened many in our country to the reality that the Chinese government is aggressively pursuing

its goals in the U.S. and around the world, as well as the need to focus on certain aspects of their methods.

I very much look forward to hearing from the members of Congress with us today, and other experts who will be testifying.

I'd like to now turn over the proceedings to Commissioner Carolyn Bartholomew, a co-chair of this hearing.