



U.S.-CHINA ECONOMIC AND SECURITY
REVIEW COMMISSION

Hearing on China's Military Modernization and U.S. Export Controls

**Opening Statement of
Carolyn Bartholomew**
Vice Chairman and Hearing Cochair

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Good morning and thank you Chairman Wortzel. On behalf of the U.S.-China Economic and Security Review Commission, welcome to today's public hearing. Tomorrow we will be discussing U.S. export controls and the need to balance our real national security interests and the competitiveness of our businesses. As the Chairman mentioned, our focus today is on the modernization of China's military and its impact on U.S. and allied security interests in the Pacific. This is a serious national security issue and one that is not getting the attention it needs as the Administration is focusing on other issues.

As we described in our 2005 Annual Report, China is in the midst of an extensive military modernization program. The equipment China is acquiring is aimed at building its force projection capabilities to enable it to confront U.S. and allied forces in the region. A major goal is to be able to deter, delay, or complicate a timely U.S. and allied intervention in an armed conflict over Taiwan so China can overwhelm Taiwan and force a quick capitulation by Taiwan's government. We do not know what other intentions the Chinese government may have.

As noted in our 2005 report, China's official defense budget has experienced double-digit annual growth for over 15 years. Lack of transparency means we also do not know just how much China's government is spending on military modernization. This growth raises concerns, not only for us but also for regional allies such as Japan and South Korea.

Since our report was issued, the Pentagon's 2006 Quadrennial Defense Review has concluded that, "Of the major and emerging powers, China has the greatest potential to compete militarily with the United States and field disruptive military technologies that could over time offset traditional U.S. military advantages absent U.S. counter strategies."

China continues to upgrade its military command and control systems, information warfare capabilities, offensive strike capabilities, as well as sea control platforms and

weapons. Chinese missile forces are one specific area of concern. For example, China's ballistic missiles are a threat to Taiwan and several western Pacific nations. It is believed that China has roughly 800 short-range ballistic missiles and adds 75 to 120 more a year, with the great majority stationed so they are well within range of Taiwan. They are a direct threat to regional peace and stability.

A final point I want to make relates to the EU arms embargo that was put in place after the 1989 Tiananmen Square crackdown. Human rights improvements are still desperately needed in China, and it is important to global stability for Europe to refrain from lifting the embargo. The embargo must remain in place until China takes major steps to improve its human rights record and gives evidence of responsible participation in the community of nations. Moreover, given our historic alliance with Europe, American servicemen and women should not be faced with having to confront a China wielding European weaponry.

Finally, let me remind all of our witnesses that opening remarks should be limited to eight minutes but that their entire prepared remarks, which can be as long as ten pages, will be posted on the Commission's website, www.uscc.gov. We have timing lights to help you monitor your remaining time: when the green light turns yellow, two minutes remain. When the light turns red, please conclude your remarks as rapidly as you can do so.

I will now turn the hearing over Commissioner Donnelly for his opening statement.