

Opening Statement of Dan Blumenthal, Hearing Co-Chair
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Washington, D.C.

Thank you, Commissioner Bartholomew, and thank you to all in attendance today. Last year former Deputy Secretary of State Robert Zoellick laid out a sophisticated framework for U.S. China policy. He urged China to become a “Responsible Stakeholder in the International Community.” China, the Secretary said, “has a responsibility to strengthen the international system that has enabled its success.” “

For the United States and the world, the essential question is – how will China use its influence?” That is the topic of our hearing today – how is China using its growing influence?

Though Zoellick identified concerns about China’s domestic behavior today we will touch upon China’s international behavior. The Deputy Secretary pointed to concerns about a China seeking to “lock-up” energy supplies, he urged China to play a constructive role in ending the genocide in the Sudan, he spoke of regional anxiety about China’s military modernization and threats to Taiwan, concerns that China is not merely engaging with ASEAN but seeking to gain a position of pre-dominant power.

As a member of the P5 of the Security Council, China has used the threat of a veto to block U.S.-supported measures intended to end the genocide in the Sudan, punish North Korea for a host of violations of its international commitments, and to persuade Iran to abandon its quest for nuclear weapons.

During the past decades, China has greatly expanded its involvement in regional organizations such as the Shanghai Cooperation Organization (SCO) and the Association for Southeast Asian Nations (ASEAN). China was a founding member of the SCO when it was established in 2001 as a mechanism for economic and security cooperation with Russia and four Central Asian republics.

Since that time, the SCO not only has called for the removal of U.S. troops in Central Asia supporting operations in Afghanistan, but has also turned down the United States’ request for observer status while that status has been granted to Iran, Pakistan, India and Mongolia.

Within Southeast Asia, China has embarked on an ambitious agenda to secure trade and diplomatic agreements—at a time when U.S. trade in the area is declining. For example, China's and ASEAN's plan to establish a free trade agreement has produced a schedule of tariff reductions among these nations. When it is fully established, this free trade area will encompass approximately 1.9 billion people and will support \$3.0 trillion in combined trade.

China also is using trade, especially in Asia, to isolate Taiwan economically in the region. China also is doing all it can by means of its efforts to expand its influence through Asia to minimize Taiwan's interactions with regional organizations.

While the United States certainly supports free trade, China's activities raise concerns that it is using commercial diplomacy to increase its influence while reducing that of the United States.

Secretary Zoellick laid out a sophisticated China policy. But will only work if the world's responsible stakeholders hold China accountable to that vision and if there are penalties for acting irresponsible. Perhaps the Congress has a role in helping with such monitoring. I look forward to today's testimony.

Thank you, and now we'll proceed to our first panel.