

Opening Statement of Carolyn Bartholomew, Chairman
U.S.-China Economic and Security Review Commission
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Good morning and welcome to the release of the U.S.-China Economic and Security Review Commission's 2019 Annual Report to Congress. Each year, our Report is informed by public hearings, roundtables, briefings, open source research, and fact-finding trips which this year included Australia, Singapore, Hong Kong, and Beijing. Our work is bipartisan. The 2019 Report includes 38 recommendations and was unanimously approved by the 12 Commissioners, who are drawn from both parties and bring a diverse range of experience and views. Today I will touch on some of the key foreign affairs, political, and security themes and my colleague, Vice Chairman Robin Cleveland, will speak to the economic findings. We will then move to questions from the audience.

In 2019, China's ruling Chinese Communist Party (CCP) revealed the full extent of its global ambitions, flexing its muscles and acting to revise the global order. China is casting both its political system and approach to economic development as superior alternatives to those of the United States and other democratic countries.

Our report illustrates that China's ambitions go well beyond East Asia. Through the Belt and Road Initiative, growing military cooperation with Russia as a close partner, building a world class expeditionary military, vigorously directing the civilian sector into developing military applications, and driving to dominate the cis-lunar domain, Beijing leaves no doubt about its intentions. Never before has China been so open in its military ambitions. Questions remain, however, about its capabilities.

China's leaders made clear this year their desire to build up military power to be able to support their global ambitions. In a new white paper, China reiterated its call to build a "world-class" military. In a hearing on that subject this year, expert witnesses testified to the Commission that China intends for this force to match the U.S. armed forces in strength, prestige, and technological sophistication. We must take these activities seriously. While Chinese leaders, including Xi Jinping himself, remain deeply concerned about the PLA's ability to fight and win against a modern opponent, at least in the near term, Beijing is keenly aware of the PLA's shortcomings and is investing substantial resources to overcome them.

China has also made a national commitment to establishing itself as a global space leader, which threatens to undermine U.S. military, economic, and diplomatic advantages in space and on Earth. We are in a space competition with China. In the military domain, China has fielded antisatellite weapons capable of targeting nearly every class of U.S. space asset. China's efforts to establish global leadership in the commercial space sector threaten to hollow out yet another part of the U.S. industrial base. The Commission recommends developing a new national space strategy in response to the challenges China poses to U.S. space interests.

We held a hearing this year on China-Russia relations, focusing on the deepening of the Sino-Russian relationship strategically, economically, and militarily. Coordinated Sino-Russian

military activity is creating new security challenges for the U.S. and our allies and could test our ability to respond. We recommend the preparation of a National Intelligence Estimate (NIE) of China's and Russia's approaches to competition with the U.S., and the implications for NATO of a two-front conflict involving both China and Russia.

The Commission focused this year on China's military-civil fusion activities, designed to overcome technological weaknesses and speed up innovation. The overlap between Chinese "civilian" companies and the military increases the possibility that U.S. researchers and companies could be facilitating improvements in PLA capabilities. To address this concern, several of the Commission's recommendations this year focus on how to avoid helping China build up its military capabilities, from monitoring U.S. commercial and university partnerships with China on dual-use technologies more closely to reestablishing a higher education board to improve standards for protecting national security interests related to academic research.

A key challenge facing China is its fear that the appeal of democratic values inevitably weakens the commitment of Party cadres and the broader population to its socialist governing system. A nearly seven year-long anticorruption campaign has failed to resolve the endemic corruption plaguing China's government. It is for these reasons that the CCP is intensifying its campaign to reestablish ideological control over every element of China's government, economy, and society.

This obsession with control extends to Hong Kong. China's efforts there to suppress legitimate demands for government accountability, and the limited autonomy guaranteed in Hong Kong under its mini-Constitution, the Basic Law, make a mockery of the "one country, two systems" model it promised Hong Kong. For the millions of protesters in Hong Kong who are experiencing firsthand the implications of China's model for freedom of speech, assembly, and other individual rights, Beijing's rejection of "two systems" could not be clearer.

The situation in Hong Kong has heightened Taiwan's concern about Beijing's intentions. Even before the protests started in Hong Kong in June, Beijing was applying extraordinary diplomatic and economic pressure on Taiwan. Taiwan faces continuously evolving coercive Chinese military threats.

I cannot stand here today without condemning Beijing's horrific actions against its Uyghur and other Muslim minority populations. In Xinjiang, the hub of China's Belt and Road Initiative, Beijing is using surveillance equipment and other advanced technology, including QR codes, DNA, and facial recognition, to carry out a campaign of cultural extermination. China is systematically erasing the ethnic, religious, and historical identities of the Uyghurs and other minority groups. Recent reports describe detainees in prison camps being subjected to medical experiments and other unspeakable abuses. We must confront these atrocities with condemnation and action. We must also recognize the direct linkage between China's actions domestically and its desire for global leadership.

If there were flickers of political opening in China, they have been firmly extinguished. It is for this reason that we are making what we view as an important change in our report this year. Namely, we are now referring to Xi Jinping using the title by which he derives his true authority: "General Secretary of the Chinese Communist Party." Giving the unearned title of "president" to

a leader who insists on the superiority of socialism, and who has overseen a wide-ranging campaign to root out China's democratic impulses, lends a veneer of democratic legitimacy to the CCP and Xi's authoritarian rule.

As Chinese leaders openly discuss the need to win what they are calling an "ideological war" with the United States and other Western countries, it is more important than ever for U.S. policymakers and the American public to understand the nature of the challenges in U.S.-China relations. While we must continue to identify areas of U.S.-China cooperation, we ignore the motivations and goals of China's actions at our peril. We hope our report this year will help inform the public debate on these important issues.

I will now turn to Vice Chairman Cleveland to address our Report's conclusions regarding economic and trade issues.

Thank you.