

Opening Statement for Commissioner Kamphausen

Good morning, everyone. I would also like to thank our witnesses for joining us today and for the effort they have each put into the preparation of their testimony.

As the Chinese Communist Party prepares to meet its centennial milestone, China's leaders intend to show the Chinese people and the world that they have restored China's former prestige. General Secretary Xi Jinping has sought to turn a carefully cultivated narrative of victory in containing the COVID-19 pandemic into a success story of the CCP's governance itself. Yet this narrative conveniently overlooks significant vulnerabilities the Party has created for itself. Rather than comfortably settling into a year of ritualized celebration, the Party finds itself contending with a series of challenges—from economic weakness at home to rising tensions with the United States to international opprobrium for its treatment of Uyghurs, Tibetans, and Mongolians—which dramatically complicate its domestic and foreign policy agenda.

The Party desires a populace that accepts what General Secretary Xi calls the “historical inevitability” of its rule in exchange for prosperity and national pride. But China's leaders are struggling to continue holding up their end of the bargain. Rapid economic development has created huge wealth inequalities, and China's leaders can no longer count on historic high growth rates to placate the Chinese people. China's rapid growth has also resulted in widespread corruption, which General Secretary Xi reiterated just last week is “the biggest risk threatening the Party's governance.” And China's class of brilliant entrepreneurs find themselves under extraordinary pressure from the Party.

On the international stage, the CCP is determined to maintain a favorable environment allowing it to continue growing stronger for as long as possible.

Beijing has argued that its own governance system was uniquely successful in responding to the COVID-19 pandemic, that it presents a better development model for countries that wish to get rich quickly while retaining their independence, and that it has made a major contribution to keeping the global economy afloat. But its growing use of economic and military coercion has cast a cloud on China's ambitions to be seen as a partner of choice for developing nations. Moreover, the PRC's increasingly fraught relationships with not only the United States but also the European Union and other major democratic countries risk undermining long-term priorities.

Many countries in the Indo-Pacific now view Beijing's geopolitical ambitions with suspicion, or even outright hostility. The PRC's ability to assuage their concerns while engaging in arrogant “Wolf Warrior” diplomacy will be a major test of its influence. The Chinese government seeks to achieve territorial gains without resorting to conflict, but its assertiveness has significantly impacted regional perceptions. Beijing's contributions to the aggression on the China-India border last year created a massive rift in the Sino-Indian relationship, raising questions as to whether Beijing is a viable partner for Delhi. The Chinese military and coast guard have increased maritime and air incursions, prompting a further hardening of views in Japan and Taiwan, and raising

significant concerns in countries like Indonesia. In short, Beijing's provocative and even reckless behavior is highly risky for regional stability.

Xi Jinping's virtual speech at Davos earlier this week can be seen as reflective of the increased confidence that Beijing has about its place in the international system and its ability to shape the international order according to norms and preferences it holds. But there are notes of concern in the speech as well, hinting at vulnerabilities to international pressure against Chinese excesses and pushback against Chinese assertiveness.

It is therefore essential for American decision-makers to also understand China's weaknesses and challenges as part of the development of a long-term strategy and effective set of policies so that the United States can successfully address the generational challenge that China poses. As the Biden Administration has taken office and the 117th Congress has been seated, addressing the PRC's ambition comes to the fore. Working together, with traditional allies and partners and also with new ones, to address the implications for the United States of the gap between China's reach and its grasp is an urgent task. I look forward to hearing the perspectives of our witnesses today as they discuss this tension between the CCP's aspirations for its centennial year and the contrary realities it faces.

Before we begin, I would like to remind you all that the testimonies and transcript from today's hearing will be posted on our website, which is www.uscc.gov. Also, please mark your calendars for the Commission's upcoming hearing on the PRC and Taiwan, which will be on February 18. Now, I will turn the floor back over to Chairman Bartholomew to introduce Panel I.