



Hearing on “China’s Activities and Influence in South and Central Asia”

Thursday, May 12, 2022

Opening Statement of Commissioner Carolyn Bartholomew

Good morning, and welcome to the fifth hearing of the U.S.-China Economic and Security Review Commission’s 2022 Annual Report cycle. Thank you all for joining us. We appreciate especially our witnesses for the time and effort they have put into their testimonies and for appearing before us today.

Today’s hearing examines China’s activities and influence in two of its neighboring regions, South and Central Asia. As we will hear from our witnesses, China has diverse interests in these regions, including economic interests, by gaining access to natural resources and developing new export markets, and geopolitical interests, by aligning or attempting to align other countries with its vision of a Sino-centric international order. Commissioner Schriver, this hearing’s co-chair, will address the national security interests.

Beijing has used the promise of economic assistance, development aid, and investment to help secure its strategic interests in these countries. China’s economic diplomacy, however, carries considerable risk. As we have seen elsewhere in the world, Chinese investment in and lending to South and Central Asian countries can bring crony capitalism and corruption, unsustainable debt loads, dependence on Chinese trade, and reliance on polluting extractive industries. Belt and Road projects often benefit Chinese companies more than local economies. Moreover, by capturing the interests of local elites, China’s presence in the region can undermine the ability of governments and private business to engage effectively.

Some countries are reconsidering the wisdom of pursuing ever-closer economic ties with China. Most notably, in India, like in the United States, there is a growing awareness that trade and investment with China are not only economic issues, but also national security issues. India is both an example of the growing interest in diversifying away from China and an example of the difficulty in actually doing so. Last year, trade between India and China reached an all-time high of \$126 billion, with \$28 billion in exports to China and \$98 billion in imports from China.

Both South and Central Asia have long and complex histories. As China deepens its engagement in South Asia, it faces competition from India, which has deeper cultural and historical ties with many of the countries in the region. China’s increasing presence in Central Asia raises possible challenges to Russia’s presence, even as Beijing and Moscow publicly declare their “friendship without limits.”

Russia's recent invasion of Ukraine and the swift economic sanctions that have been placed on it as a result add a further element of uncertainty in the region. Russia's diminished economic power and poor military performance may grant China an opportunity to deepen its influence in Central Asia. If China becomes too aggressive, however, it may experience a backlash, particularly because broad swathes of Central Asian populations already view China's presence with suspicion.

We will explore these and other issues with our distinguished witnesses today.

Before we begin, I would like to thank the Senate Finance Committee for securing this room for our use today. I would also like to thank the Senate Recording Studio for their assistance in livestreaming this event. Now I will turn the floor over to my colleague and co-chair for this hearing, Commissioner Randy Schriver.