



Opening Statement of Alex Wong, Chairman

U.S.-China Economic and Security Review Commission

November 15, 2022

Good morning and welcome to the release of the U.S.-China Commission's 2022 Annual Report to Congress. I am pleased to share, once again, a unanimous report. Our unanimity reflects the bipartisan nature of this Commission, and the growing bipartisan approach toward China policy.

I would like to thank the Commission staff for their outstanding and tireless work on this report. I'd also like to thank the many witnesses and experts with whom the Commission consulted throughout the year. And I would like to thank my colleagues on this Commission for their commitment to our mission. Our relationship with China is, to say the least, complex. And building a consensus approach with recommendations that can be turned into legislative action requires expertise, patience, and wisdom. It's an honor to work with all of you.

This report has 39 recommendations for Congress across a broad range of economic and national security topics. We look forward to briefing Members and committees of Congress today and over the coming days and weeks.

And what we'll say to them is that 2022 may prove to be a watershed year for the Chinese Communist Party and for America's response to its ambitions.

General Secretary Xi Jinping perhaps desired a smooth year leading into the recently completed 20th Party Congress. He likely desired a string of successes domestically and cordial relations abroad that would lay the foundation for him to take unprecedented personal control of the Party and Chinese government organs.

But he didn't get that. Instead, 2022 was a year of difficulties for China. Domestically, China continued a struggle against the COVID pandemic that featured a string of draconian lockdowns of even China's most modern and populous cities. China is also experiencing a slowing economy, one weighed down by those same COVID lockdowns and a strained property sector that had long been an engine of Chinese wealth creation.

And externally, the tensions between China and the Free World became sharper. The year began with Xi hosting a Winter Olympics in Beijing that he hoped would be a showcase for China's

ascendance in the world. But it was marred by protest and diplomatic boycotts over the ongoing genocide in China's Xinjiang region. And just prior to the games, Xi announced a "no limits" partnership with Russia's Vladimir Putin. Three weeks later, Putin initiated his unprovoked invasion of Ukraine, putting that new partnership and China's ties to the rest of the world to the test.

That invasion is taking place a continent away from the Taiwan Strait. But it has focused minds around the world on what conflict across the Strait could mean. The unified response of the United States and its partners to the Ukraine invasion has given Xi a look at the economic sanctions and other measures China might face should he decide to use force against Taiwan. And he is likely redoubling his efforts to insulate China's economy from sanctions as a result.

And among the United States and our partners, the Ukraine conflict is a sobering reminder that war by and between major powers is a real threat in the present day. And that should force us—with new urgency—to realistically evaluate how to reduce our own dependence on China for critical goods, how to bolster our means for deterring conflict, and how to build strong coalitions to respond to conflict and coercion.

A number of the Commission's recommendations try to advance that effort. We recommend the creation of a permanent interagency committee that can plan for the imposition of sanctions or other economic measures. We also recommend the creation of an Economic and Security Preparedness and Resilience Office, to ensure that we ourselves are prepared to withstand and win long-term competition and conflict. And we recommend that Congress make available significant additional multi-year defense funds to our military in conjunction with a U.S.-Taiwan joint planning mechanism that would bolster Taiwan's own commitment to increasing its defense spending.

This was anything but a smooth year in U.S.-China relations. But it's been a clarifying year. Xi's personal and strategic ambitions for his and China's place in history are clearer than they've ever been before. And so is the need for the United States to take resolute steps to preserve and defend our interests and ideals in response.

I will now turn to Vice Chair Glas.