



U.S.-CHINA ECONOMIC AND SECURITY
REVIEW COMMISSION

Hearing on “China’s High Technology Development”

Opening Statement of
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Commission Vice Chairman

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Stanford, CA

The Commission is pleased to be in California today exploring a topic of great importance to both our national economic and security interests. I join the Chairman in extending the Commission’s appreciation to all those who helped bring together such an esteemed group of panelists, particularly Ambassador Ellsworth for his continued support of the Commission’s work.

We have before us two days of panels laid out to provide an array of perspectives on China’s progress toward developing its technology production and innovation capabilities. We have assembled representatives of leading U.S. technology firms and industry associations, prominent venture capitalists, analysts of China’s technology development strategies and policies, seasoned observers of U.S.-China high-tech trade, and senior officials of the State Department and the National Science Foundation. The State Department and NSF have both been monitoring and reporting on China’s technology advancements, and we are pleased to have them represented here today. Tomorrow we will also hear from industry and outside experts on how China’s poor intellectual property rights protections affects technology development and trade.

As we assess China’s technological advancements, we must also remain mindful that they pose military and security challenges in addition to economic ones. As the Commission noted in its 2004 Report to Congress, China has historically channeled high-technology research and development to benefit its defense industrial base. We made clear in that Report our view that “what China does with its growing technology capabilities – whether it converts them to military uses – is of direct national security concern to the United States.”

Moreover, we in the United States must nurture our own technology base in order to maintain our defense capabilities, an argument eloquently presented by former Secretary of Defense William Perry, who we are honored to have with us today, in a New York Times editorial last week. Accordingly, the assessments we will be hearing today and tomorrow from U.S. industry leaders about the trends affecting U.S. technology competitiveness, and the government policy changes needed to preserve and promote such competitiveness, are vitally important.

I look forward to two days of rich and important testimony and turn the proceedings over to my colleagues and the hearing's co-chairs, Chairman D'Amato and Commissioner Mulloy.