

**Opening Statement of Commissioner Jeffrey Fiedler**  
**May 20, 2009**  
**Washington, D.C.**

Thank you, Commissioner Blumenthal. And, thanks to our witnesses for being here today. The Department of Defense 2009 *Annual Report to Congress on Military Power of the People's Republic of China* states, "China's current strategy is to manage external tensions to assure an environment that is conducive to economic development." With tensions along its land borders in Central and South Asia, China views instability in this region as a challenge for improving its trade and commercial ties.

Currently, China's trade and investment in the region is heavily concentrated in raw materials, infrastructure, and energy. In 2007, China Metallurgical Group's \$3.5 billion investment in Afghanistan's Aynak copper field is Afghanistan's largest foreign investment. Its participation in the "New Silk Road" project will construct and improve existing roads linking China to the entire region, and all the way to Iran. Furthermore, China's construction of pipelines in Central Asia will provide alternative supply routes for oil and gas that bypass the critical Malacca Strait. These investments in Central and South Asia demonstrate that China is diversifying its resources and building critical links to foster trade and commerce.

Therefore, this hearing is to determine the impact of this activity on the United States, particularly as it seeks to build up security in Afghanistan and Pakistan by improving their prospects for economic development. What role can China play in this endeavor through its investments and trade? What concerns, if any, should the United States have about China's investment strategy in Central and South Asia? And, finally, what should be done to ensure that U.S. economic and security interests in the region are protected? These are a few questions that I am interested in exploring during today's hearing.

We thank all of you for participating, and we'll begin with today's first panel.

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