



U.S.-CHINA ECONOMIC AND SECURITY
REVIEW COMMISSION

Hearing on China's Growing Global Influence: Objectives and Strategies

Opening Statement of
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Chairman

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Good morning and welcome to the U.S.-China Economic and Security Review Commission's hearing on *China's Growing Global Influence: Objectives and Strategies*. This hearing is being co-chaired by Commissioners Carolyn Bartholomew, June Teufel Dreyer, and Michael Wessel.

China's influence - diplomatic, economic, and military - is growing on nearly every continent. China's quest for energy and commodities is a central reason for that country's increasing activities and presence around the globe, and a part of this Commission's mandate is to assess how China's growing economy is affecting the world's energy supplies and demand driven behavior. Over the next two days we will be discussing what is driving China's approach to various regions and the tools it is using to reach its goals. We will also be looking at how Beijing approaches discrete regions, including Asia, Africa, and Latin America, and how this activity may affect the United States and our interests.

China's industrialization, and the increasing income among some sectors of the Chinese population that is fueled by industrialization, has been producing a dramatic increase in demand for raw materials, energy, and consumer goods. The rapid increase in energy requirements has led China to establish and strengthen relationships with oil-producing countries in the Middle East, Africa, and even our own "backyard" with countries such as Canada and Venezuela. We need to evaluate China's energy strategy and its implications for U.S. national security. This is, of course, the central question in the matter of CNOOC's attempted acquisition of UNOCAL.

The search for such resources is also leading China to ally itself with countries such as Sudan and Iran -- that are of concern to the United States because of their poor human rights records, repressive and undemocratic governments, and contributions to regional instability and conflict -- in return for long-term oil contracts. Beijing's diplomatic,

economic, and/or military support for these nations frustrates American efforts, and efforts of other nations and international organizations, to obtain responsible changes and improvements in their behavior.

It is imperative for Washington to understand China's global objectives, the resulting implications for the U.S., and how, as a nation, we should respond. In particular, it is vital for Congress to make knowledgeable, informed decisions. Our purpose here is to collect and help Congress evaluate the information it needs in this respect.

I'll now turn the microphone over to the Commission's Vice-Chairman, Mr. Roger Robinson.