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THE BIDEN ADMINISTRATION'S PRC STRATEGY

Thursday, July 20, 2023

House of Representatives,

Select Committee on the Strategic Competition Between

the United States and the Chinese Communist Party,

Washington, D.C.

The committee met, pursuant to call, at 8:00 a.m., in Room 390, Cannon House Office Building, Hon. Mike Gallagher [chairman of the committee] presiding.

Chairman Gallagher. The select subcommittee will come to order.

Welcome, everybody.

We're limited on time in light of votes, and I want to get through every member question. But I just want our witnesses and the members to be aware that votes are scheduled at some point around 9:45 or 10, hence, us holding an 8 a.m. hearing; as well as just the general complexity of getting three different agencies on the same page in terms of when they can show up in Congress.

So we very much appreciate your presence here today.

Early in President Biden's term, for CCP realists like myself, I would say there was a lot to like. Secretary of State Blinken reiterated the determination that the CCP was committing genocide in Xinjiang. The administration levied historic export controls on advanced U.S. semiconductors and equipment going to the PRC.

The administration then succeeded in aligning its policy with critical allies. The Pentagon also reached agreements with the Philippines and Japan to expand our presence in the region.

And I'd like to congratulate Assistant Secretary Ratner on the news this week involving Papua New Guinea, which is the sister state of the Wisconsin National Guard. So we played a critical role as well, in the Midwest.

These were not easy achievements, and I want to give due credit for them. But the PNG news aside, 6 or 7 months ago, I feel like something strange happened. It was like some Bat Signal went up and the administration seemed to shift its focus in its China policy.

In February, we watched a spy balloon lazily drift over some of our most sensitive military sites while the administration seemed concerned about provoking China.

And instead of holding the Chinese Communist Party accountable, the administration chased CCP diplomats around the world seeking meetings in Beijing, as if they, not the CCP, had something to apologize for.

And perhaps most troubling, the administration has also delayed policies to end Huawei export licenses, restrict outbound capital flows in critical sectors, and hold CCP officials responsible for the Uyghur genocide accountable.

Clearly, the push for high-level engagement has come at a cost. Earlier this week, Assistant Secretary Krittenbrink, you claimed that the administration has taken an unprecedented number of actions against China. But let us seek truth from facts.

The administration has used every defensive tool -- from sanctions to entity listings to Chinese military company designations -- less than the administration before it.

It has been over 2 years since a single Hong Kong or PRC official was sanctioned for the erosion of Hong Kong's autonomy. The administration has refused to implement the sanctions required by the bipartisan Uyghur Human Rights Policy Act.

And while the administration has added more than 230 PRC entities to the Entity List, that is still short of the 260 entities added under the last 2 years of the previous administration alone.

The administration has sanctioned more PRC persons for illegal fishing than it has for genocide.

I say all this not to score partisan points. When the administration makes good policy, I will commend it and have done so. The problem, in my opinion, is that right now good policies are stuck in the interagency process, in interagency purgatory, apparent sacrifices to the altar of zombie engagement.

So I hope today that we can have a candid and productive conversation about all of this. We're here to conduct oversight, but we're also here sincerely -- I mean this

sincerely -- to offer help. Because I think we share a view on this committee that after decades of letting our guard down, implementing defensive policies towards the largest country in the world is incredibly difficult. It's incredibly complex.

So I expect to hear some tough questions and spirited answers here today, but I sincerely believe that we are all on the same side. We are the good guys and we must win this competition.

And with that, I recognize the ranking member.

[The statement of Chairman Gallagher follows:]

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Mr. Krishnamoorthi. Good morning, and thank you, Mr. Chairman.

Thank you to the witnesses for coming so early today.

In a couple weeks, Congress will recess, and we'll all go home, meet our constituents and hear from them about their priorities, including for this very committee.

Ahead of those conversations I'd like to share with you an interesting statistic about how the American people perceive relations between the U.S. and the People's Republic of China, the PRC.

According to a Pew survey, 6 percent of Americans see the PRC as a partner, while 52 percent see the PRC as a competitor.

The select committee is focused on winning that competition. We've explored the economic competition, both through the CCP's actions toward American companies and how we proactively can work with partners and allies and up our own game in America to increase our competitiveness and protect our interests.

We've also examined the CCP's human rights abuses against the Uyghurs, and we're investigating how Uyghur forced labor infects supply chains and undercuts American businesses.

This morning's hearing gives our witnesses a chance to convey what the Biden administration is doing to win that competition, and it gives the American people a chance to hear important questions about our progress, where we are winning and where we are falling short.

One question I hear from my constituents is the following: How do we avoid an open conflict with China?

The majority of Americans see China as a competitor, but they are concerned about that competition turning into a war. A survey from late 2021 shows that 71

percent of Americans are concerned about a potential war with China in the next 5 years.

[Slide.]

Mr. Krishnamoorthi. And as you can see from the slide above, this concern about a war is widespread regardless of party.

We don't want a cold war or a hot war, we don't want an open conflict with the PRC, but we also don't want to see a continuation of the CCP's aggressive behavior, the type that we've seen over the past year.

We've seen that behavior in three primary ways -- cyber attacks, aggressive military intercepts, and actions against American companies to harm our economy.

First, we've seen CCP-directed cyber operations targeting American infrastructure and officials.

In May, The New York Times reported a PRC hacking operation toward Guam facilities owned by America.

Just last week, PRC actors hacked emails of American officials, including U.S. Secretary of Commerce Gina Raimondo.

These attacks are simply unacceptable. We need to know why we were not prepared and what's being done to make sure they don't happen again.

Second, we've seen increasingly dangerous behavior in the Taiwan Strait and South China Sea.

Earlier this year, a PLA Air Force jet intercepted a U.S. aircraft, and a PLA naval vessel engaged in a dangerous maneuver against U.S. and Canadian ships.

These actions brought us just one mistake away from a deadly incident.

It's important that we know how often these incidents are happening and what's being done to reestablish military-to-military communications so that the chance of war can be minimized.

Finally, we're seeing actions by the CCP targeting American companies operating in the PRC. From forced technology transfer to state-sanctioned theft of U.S. IP to cyber espionage and economic coercion, these actions are harming our ability to be competitive.

We need to know what the government is doing to level the playing field to give American workers and entrepreneurs a fair shot at winning the economic competition while preventing a series of retaliatory actions that could severely impact the American economy.

The American people never shy away from a competition, but they do not want a fight.

I hope our witnesses here today clearly articulate to everyone listening at home our plan to not just win the economic competition and the global competition against the CCP but to make sure we prevent open conflict.

I look forward to hearing your testimony.

And I yield the balance of my time.

[The statement of Mr. Krishnamoorthi follows:]

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Chairman Gallagher. Thank you to the ranking member.

If any other member wishes to submit a statement for the record, without objection, those statements will be added to the record.

Well, we are privileged today to be joined by officials from the Department of Defense, the State Department, and the Department of Commerce, each of whom brings a unique lens into the Biden administration's PRC strategy.

As I alluded to, it was not easy getting three different agencies here. I think my initial request to the administration was for six or seven Cabinet-level officials. I figured I should just shoot for the moon at the start. But we have a great mix here.

We have the honorable Daniel J. Kritenbrink, is the Assistant Secretary of State for East Asia and Pacific affairs. The Honorable Ely Ratner is the Assistant Secretary of Defense for Indo-Pacific Security Affairs.

And I believe you are joined by your son, Ian, is that correct, who is in sixth grade?

Hi, Ian. Thanks for joining us. Hopefully you get credit for school for this.

And the Honorable Ms. Thea Rozman Kendler is the Assistant Secretary of Commerce for Export Administration -- who I also believe has family members in the audience. I'm just assuming this is part of a tactic to convince me to be nice. I am from Wisconsin.

But, welcome, and thank you all for being here this morning. If you could please stand and raise your right hand, I will now swear you in.

[Witnesses sworn.]

Chairman Gallagher. Let the record show that the witnesses have answered in the affirmative.

You may be seated.

And with that, thank you all.

Mr. Krittenbrink, you are recognized for your opening remarks for 5 minutes.

TESTIMONY OF THE HONORABLE DANIEL J. KRITENBRINK, ASSISTANT SECRETARY OF STATE FOR EAST ASIAN AND PACIFIC AFFAIRS; THE HONORABLE ELY RATNER, ASSISTANT SECRETARY OF DEFENSE FOR INDO-PACIFIC SECURITY AFFAIRS; AND THE HONORABLE THEA ROZMAN KENDLER, ASSISTANT SECRETARY OF COMMERCE FOR EXPORT ADMINISTRATION

TESTIMONY OF DANIEL J. KRITENBRINK

Mr. Kritenbrink. Good morning, Chairman Gallagher, Ranking Member Krishnamoorthi, distinguished members of the select subcommittee. Thank you very much for the opportunity to testify before you today. I'm truly honored to be here. I appreciate this committee's bipartisan approach to strategic competition with the People's Republic of China.

The Biden-Harris administration is clear-eyed about the challenges posed by the PRC, which has become more repressive at home and more aggressive abroad in challenging the interests and values of the United States as well as our partners and allies.

China is the only competitor with both the intent to reshape the international order and, increasingly, the economic, diplomatic, military, and technological power to do so.

Implementing the core pillars of our PRC strategy -- invest, align, compete -- is working, and it is positioning the United States to outcompete China and maintain an enduring competitive edge.

With your help, we are investing in the foundations of our strength at home -- our competitiveness, our innovation, our democracy -- with bipartisan bills like the CHIPS and

Science Act, the Inflation Reduction Act, and the Bipartisan Infrastructure Law.

We are aligning our efforts with our unrivaled network of allies and partners, acting in common cause on our approach to build collective resilience, close off vulnerabilities, and advance a shared affirmative vision, including for an Indo-Pacific region that is free and open, connected, secure, prosperous, and resilient.

In the Indo-Pacific we've done so by deepening our alliances with Japan, the Republic of Korea, Australia, Thailand, and the Philippines, and by strengthening the lattice work, or network, of established regional organizations such as ASEAN, APEC, the Pacific Island Forum, and newer flexible arrangements, such as Quad, AUKUS, and the Partners in the Blue Pacific, while also driving our shared prosperity through the Indo-Pacific Economic Framework.

We've instructed our diplomats to engage on the PRC challenge not just in the Indo-Pacific, where competition is most pronounced, but also globally, as Beijing exerts economic, diplomatic, military, and technological pressure in unprecedented ways.

Our objective is not to change the PRC but rather to shape the strategic environment in which it operates, building a balance of influence that is favorable to the United States and our allies and partners.

By harnessing these key assets, we are competing with the PRC to defend our interests and build our vision for the future.

The contest to write the rules of the road and shape the relationships that govern global affairs is playing out in every region and across multiple domains.

We will continue standing up to PRC threats and provocations, whether in the South and East China Seas or across the Taiwan Strait, to its economic coercion, to the PRC's attempts to exploit our cutting-edge technologies to advance the PLA's military modernization, and to the PRC's increasing acts of transnational repression around the

world, including here in the United States.

We will also continue to support the people in Hong Kong as they confront the steady erosion of their rights, and we will continue to call out egregious and unacceptable human rights abuses across China, including in Xinjiang and Tibet, and we will seek accountability for those involved in these practices.

As we compete, we are committed to managing this competition responsibly and to maintaining open lines of communication with the PRC.

Intense competition requires intense diplomacy. That is the only way to make clear our profound concerns, to clear up misperceptions, to signal, and to explore areas where we might work together.

To that end, last month Secretary Blinken traveled to Beijing where he advanced our interests from a position of confidence and strength. Secretary Blinken had candid, substantive, and constructive conversations. His overarching message was to emphasize the importance of maintaining open channels of communication to reduce the risk of miscalculation.

He made clear that while we are competing vigorously, the U.S. would responsibly manage competition so that the relationship does not veer into conflict.

The Secretary stressed that the U.S. will continue to use diplomacy to raise directly areas of concern and to explore areas of potential cooperation where our interests align.

At the same time, the Secretary was candid that we will continue to defend our interests and our values. We have taken, and we will continue to take, a range of actions against PRC entities involved in human rights abuses, nonproliferation, and supporting Russia's war in Ukraine.

We will continue to uphold freedom of navigation in the region by flying, sailing,

and operating wherever international law allows. And we will support our allies and partners in the face of PRC threats and coercion.

In closing, let me reiterate our commitment to approaching our PRC strategy in a way that is inclusive and consistent with our values, with bipartisan efforts here at home, and in lockstep with our allies and partners.

There are few issues where bipartisan action is more crucial. In coordination with Congress and this committee, we are confident that we can and will prevail in our competition with the PRC.

Thank you very much. I look forward to your questions.

[The testimony of Mr. Krittenbrink follows:]

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Chairman Gallagher. Thank you.

Dr. Ratner, you're recognized for 5 minutes.

TESTIMONY OF ELY RATNER

Mr. Ratner. Chairman Gallagher, Ranking Member Krishnamoorthi, and distinguished members of the committee, thank you for inviting me to testify today about how the Department of Defense is delivering historic results for peace and deterrence across the Indo-Pacific region.

And it's a privilege to be here today with my good friends, Assistant Secretary Kritenbrink and Assistant Secretary Kendler.

On behalf of the DOD, I can report today that we are clear-eyed about the China challenge, that we are giving it the attention and resources that it deserves, and that these efforts are starting to deliver in meaningful ways.

The 2022 National Defense Strategy identifies the People's Republic of China as the Department's pacing challenge for good reason, which this committee has highlighted over the past several months.

Fundamentally, the PRC is the only country in the world with the will, and as Assistant Secretary Kritenbrink noted, and, increasingly, the capability to refashion the international order in ways that would deeply undermine vital U.S. interests.

No doubt, this challenge is serious, but so too has been our response. In fact, over the past 2 years the administration and Congress have worked together to ensure that we have a U.S. military that is more capable, more distributed across the region, and more deeply integrated with our allies and partners.

First, with the support of Congress, the Department is investing in critical capabilities to maintain deterrence and prevail as necessary in this decade and beyond.

The U.S. military is the most capable, incredible fighting force in the world, and for decades that basic fact has formed the heart of deterrence throughout the Indo-Pacific.

Indeed, deterrence today is real and deterrence is strong, and the Department is asking Congress to support historic investments that will keep it that way.

These investments strengthen our warfighting advantages, exploit adversary vulnerabilities, and address critical operational challenges in the Indo-Pacific. They provide capabilities that will serve to strengthen our combat-credible deterrent by ensuring we can prevail in conflict.

Looking further over the horizon, we are also seeking unprecedented levels of funding for research and development. These major investments will help us to develop and deploy breakthrough technologies to deter conflict in the decades ahead.

Second, the Department is making historic progress toward a regional force posture that is more mobile, distributed, resilient, and lethal.

In the past year alone, we have announced new force posture initiatives with some of our closest allies and partners in the Indo-Pacific.

With Australia, we are increasing rotations of U.S. bombers and fighters through Australian bases, while deepening our logistics cooperation.

With Japan, we have agreed to station the Marine Corps' most advanced formation forward for the first time ever in 2025.

With the Philippines, U.S. forces will have access to four new strategic locations across the country as part of our Enhanced Defense Cooperation Agreement.

And with Papua New Guinea, where Secretary Austin will be traveling next week as the first U.S. Secretary of Defense ever to visit PNG, we recently concluded a Defense

Cooperation Agreement that will increase regional stability by deepening our bilateral security cooperation.

Mr. Chairman, I know we share this priority, and this administration is laser-focused on modernizing our Indo-Pacific force posture to meet this moment.

Third and finally, we are leveraging one of our greatest strategic advantages by deepening our alliances and partnerships that in almost every instance are stronger than they have ever been.

The Department is supporting our Indo-Pacific allies and partners as they invest in themselves and their own strength, in their relationships with each other, and in their relationships with the United States.

We're supporting Japan's efforts to acquire new counterstrike capabilities, we've launched a major new technology initiative with India, and we are working with countries across Southeast Asia to acquire asymmetric capabilities to counter Beijing's coercive activities.

Consistent with longstanding U.S. policy, we are also supporting Taiwan's self-defense in the face of the PRC's threats of aggression and ongoing pressure campaign.

Mr. Chairman, Ranking Member, we are making substantial progress in bolstering deterrence in the Indo-Pacific and strengthening our strategic position in this most vital region.

Nevertheless, there is still much to do, and it is critical that we continue moving forward with urgency and with resolve.

To that end, we will need your continued partnership to keep delivering, and the Department looks forward to working with this committee and the entire Congress to meet our pacing challenge.

Thank you for your time and attention, and I look forward to your questions.

[The testimony of Mr. Ratner follows:]

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Chairman Gallagher. Thank you, Dr. Ratner.

Assistant Secretary Kendler, you are now recognized for 5 minutes.

TESTIMONY OF THEA ROZMAN KENDLER

Ms. Kendler. Chairman Gallagher, Ranking Member Krishnamoorthi, distinguished members of this committee, thank you for inviting me to testify about the Biden administration's China strategy from the perspective of the Commerce Department's Bureau of Industry and Security, BIS.

I appreciate your role in seeking to identify measures to counter the national security threat to the United States and our allies and partners that is posed by the CCP, particularly with respect to the CCP's efforts to obtain and develop critical technology in support of China's military modernization and human rights abuses.

BIS' mission is to effectively control exports and promote continued U.S. strategic technology leadership to advance U.S. national security and foreign policy.

Day by day we aggressively and appropriately contend with the strategic technology threat posed by China.

Through the Export Administration arm of BIS, which I lead, we identify sensitive U.S. technologies that would give our adversaries an advantage and develop the policies and strategies to protect such technologies.

We carefully review data, industry information, and classified reporting to assess the availability of foreign technology and the effectiveness of our controls, as well as foreign entities and users that require extra scrutiny.

Together with our interagency partners in the Departments of Defense, State, and

Energy, we review license applications submitted by exporters to determine whether specific transactions are consistent with U.S. national security and foreign policy interests.

Each agency brings its unique expertise and understanding of China to this analysis, complemented by input from our intelligence community and law enforcement partners.

We strategically use our tools to counter China's efforts to outpace the United States and our allies and to modernize its military.

This is particularly necessary given China's military-civil fusion strategy under the CCP's government system, which requires the United States to impose stronger export controls targeting advanced commercial items that can be used also in military applications.

Our export controls function through both technology and entity-based controls.

Technology controls typically are framed in terms of performance specifications. The advanced computing rule we released on October 7 last year is a prime example of a BIS technology control, one which has proven to be extremely effective in restricting China's ability to use artificial intelligence and supercomputing power to develop its military, by targeting the hardware, semiconductors, semiconductor manufacturing equipment, and other items that provide the computing capacity to train advanced AI models.

There has been much reporting on our efforts to refine the advanced computing rule and publish a revised rulemaking. We were grateful to receive extensive public input on the original rule and are indeed working to ensure our measures are as effective as possible to protect U.S. national security.

Although I can't provide a preview of those actions at this time, my team and I look forward to working with committee members at the appropriate time to explain our

approach in depth.

In terms of entity-based controls, we base them on specific and articulable evidence regarding foreign entities that pose a threat to U.S. national security or foreign policy.

Working with our interagency partners, we add such organizations to the BIS Entity List and require authorization before U.S. technology may be shipped to them.

Of the 772 China parties on the BIS Entity List, 237, or around one-third, were added during this administration.

For both our technology and entity-based controls, I can't overstate how critical our global partners are. Whether we align controls through an international export controls coalition or implement them by ourselves, we know that controls are most effective when they evenly affect all relevant industry around the world.

We share our risk assessments, whether they're about misuse of technology or reliability of companies, with allies and partners, and work diligently to develop common approaches to issues of common concern.

I'll conclude by noting that we are not using export controls to pursue economic decoupling from China. Our approach to China is calibrated and targeted. We seek to counter China's military modernization by restricting key sensitive technologies and exports to specific entities of concern, without undercutting U.S. technological leadership or unduly interfering with commercial trade that doesn't undermine U.S. national security.

Thank you for this engagement today. I look forward to your questions.

[The statement of Ms. Kendler follows:]

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Chairman Gallagher. Thank you.

Ms. Kendler, in your written testimony you write that, quote, "Ensuring that U.S. technology is not used against us is central to our approach with the PRC."

We have recent reporting indicating, however, that the administration has delayed a new licensing policy that would finally restrict all U.S. technology from going to Huawei -- a firm, I think, few, if any, would deny is deeply hostile to U.S. interests.

So I'm going to go this way to this way.

Dr. Ratner, if the vote came before the End-User Review Committee today to restrict all U.S. technology going to Huawei, how would you vote, yes or no?

Mr. Ratner. Congressman, I'm not a voting member of that committee, but I think we are still waiting on data and information about the cost of actions like that when we assess them, and I don't think we have that information yet to have rendered a final decision.

Chairman Gallagher. So let me rephrase it, as I suspected this would happen.

Do you believe, Dr. Ratner, that U.S. technology should go to a company that spies on the U.S., like Huawei?

Mr. Ratner. No, Congressman.

Chairman Gallagher. Mr. Kritenbrink, do you believe that U.S. technology should go to a company that spies on the U.S., like Huawei?

Mr. Kritenbrink. No. I believe we should take steps necessary to defend our national security, and we will and we have.

Chairman Gallagher. Ms. Kendler, do you believe that U.S. technology should go to a company that spies on the U.S., like Huawei, yes or no?

Ms. Kendler. No, I do not.

We are very clear in our national security approach to Huawei. Absolutely no advanced technology is permitted under our regulations.

I'd also note that under our advanced computing rule of last October, we've targeted technology used by companies like Huawei. And that broad technology sector approach applies to companies across the PRC, and perhaps in a way that is even more effective than an entity-specific listing.

Chairman Gallagher. So I just want to note that we have three of the four agencies involved in U.S. export control policy, three of the four that have a vote on the ERC, say that U.S. technology should not enable Huawei.

And I hope, Ms. Kendler, that your agency will be submitting to the ERC a request for a vote on denying all U.S. technology to Huawei. It is my view that we can't delay this action any longer.

And I think that gets to a core concern. I won't speak for any other member, but I alluded to in my opening statement the idea that we may be delaying defensive action in order to pursue economic and diplomatic engagement with the People's Republic of China.

And to that end, Mr. Kritenbrink, on Tuesday, at the House Foreign Affairs Committee, you acknowledged that the administration has not sanctioned a single official under the Uyghur Human Rights Policy Act.

Have you ever advised Secretary Blinken, Deputy Secretary Sherman, or any other senior U.S. Government official to delay sanctioning PRC officials under the Uyghur Human Rights Policy Act?

Mr. Kritenbrink. Mr. Chairman, two responses.

One, we've taken a range of actions, not under the Uyghur Human Rights Protection Act, but a range of other action, including under Global Magnitsky, and a range

of entity listings, and also visas restrictions, to punish and hold accountable Chinese officials.

I'm not in a position to comment in detail on matters that are predecisional and under deliberation. But what I can --

Chairman Gallagher. Have you ever advised any senior U.S. Government official to delay sanctions under that act?

Mr. Kritenbrink. I'm not in a position to comment on predecisional matters that are under deliberation. What I can assure you --

Chairman Gallagher. I'm talking about -- this isn't predecisional. I'm talking about past actions that you've done. Have you ever advised --

Mr. Kritenbrink. For matters that are under deliberation, I'm not going to comment in detail on any discussions that may or may not have happened.

Chairman Gallagher. You don't want to answer the question?

Mr. Kritenbrink. But I will commit to you what I committed to Chairman McCaul and other HFAC committee members. We are committed to enforcing U.S. law. We have done so and we will do so, including under this act, and including against a range of Xinjiang officials, consistent with what we've done to date.

Chairman Gallagher. So I'll ask one more time. Have you ever advised any senior U.S. Government official to delay sanctions under the Uyghur Human Rights Policy Act?

Mr. Kritenbrink. What I have advised is that we will carry out our obligations under the law. But I'm not going to comment on the details of our internal deliberations.

Chairman Gallagher. Okay. So I obviously disagreed with your assessment that the administration has taken an unprecedented number of actions against the PRC.

In terms of, like, a net assessment of what you've done versus the previous administration, is there any metric by which you've done more?

Mr. Kritenbrink. What I would say, Mr. Chairman, is it's the number of actions, it's the consequence --

Chairman Gallagher. What then is the number relative to the previous administration? Which you can -- I mean, it should be a --

Mr. Kritenbrink. I'm talking about the whole scope of our actions across the board to build American national power and defend our interests. Those would be entity listings, those would be Treasury SDN listings, those would be the advanced computing rule --

Chairman Gallagher. But if your claim is you've done more -- "unprecedented" is the word you used -- give me the number that proves that claim.

Mr. Kritenbrink. The numbers that I refer to are more -- are approximately 250 entity listings, 150 Treasury SDN listings, a range of other. Visa --

Chairman Gallagher. Is that more? Like, just give me -- so take that, subtract from the previous administration's similar domain, what remains --

Mr. Kritenbrink. So what I'm arguing, sir, is when you take the whole scope of our actions, both --

Chairman Gallagher. I'm a liberal arts major, but what remains would be more if it's unprecedented.

Mr. Kritenbrink. What I'm arguing, sir, is if you take the whole range of our actions, I would argue that their impact and their scope is unprecedented --

Chairman Gallagher. I'm out of time. I'm out of time. But I would appreciate it if you would come back to this committee -- again, I could be wrong -- just show me the numbers --

Mr. Kritenbrink. Yes, sir.

Chairman Gallagher. -- to prove this perhaps unprecedented claim that you have done unprecedented actions against the CCP. And I will say that I'm wrong if I have the numbers in front of me.

So with that, I recognize the ranking member.

Mr. Krishnamoorthi. Thank you, Mr. Chair.

Dr. Ratner, over the last several months the PLA has increasingly intercepted American ships and aircraft in the South China Sea. These waters account for one-third of global maritime trade.

Let's take a look at a map of the PRC's sovereignty claims, which are called the Nine-Dash Line.

Oh, wait, no, not that one. Can we get the other one, guys?

Okay. That's better.

[Map.]

Mr. Krishnamoorthi. This is the South China Sea, and this is the Nine-Dash Line, which lays claim to almost the entirety of the South China Sea.

Now, Dr. Ratner, neighboring countries completely reject the PRC's sovereignty claims over the entire South China Sea, correct?

Mr. Ratner. That's correct. Not only the countries on the periphery, but the United Nations Arbitral Tribunal has also ruled that the PRC's claims are illegal under international law.

Mr. Krishnamoorthi. And not only that, but the PRC called this ruling that you referred to, quote/unquote, "null and void," right?

Mr. Ratner. That's correct.

Mr. Krishnamoorthi. Let's see the impact of the PRC's view of international law.

In December 2022, a Chinese fighter jet flew within 20 feet of a U.S. plane above the South China Sea. And then here, in June, just last month, a Chinese warship cut off a U.S. destroyer at a length of 150 yards. Isn't that right?

Mr. Ratner. That's correct.

Mr. Krishnamoorthi. It appears to me that the CCP believes that these dangerous maneuvers will somehow deter us from exercising our freedom of navigation. But isn't it fair to say that their dangerous actions will have no such impact?

Mr. Ratner. Absolutely, Congressman. We have said again and again, publicly and privately, to the PRC that their actions will not deter us and that we will continue to operate -- fly, sail, and operate wherever international law allows.

Mr. Krishnamoorthi. Thank you.

Let me turn to another topic that comes up all the time with my constituents, which is cyber hacking.

I think all of us in this room have been hacked to some degree. This is something that we can all understand.

In fact, I just learned last week that one of my own staff here on the select committee had his own LinkedIn account hacked.

This is my staff member. His name is Jack. Meet Jack.

Jack was proud to join this committee, so he went to update his LinkedIn profile, and this is what he found.

[Screenshot shown.]

Mr. Krishnamoorthi. This is not Jack. Now his name is Bae Lulu (ph), and he is a proud graduate of Xi'an Jiaotong University.

This is an example of what happens to Americans every single day, and apparently it happened to administration officials just recently.

Now, Ms. Kendler, last Tuesday the Commerce Department confirmed that Secretary Raimondo's government email had been infiltrated by Chinese hackers, correct?

Ms. Kendler. Microsoft did notify the Department of a compromise to its Office 365 system, and we took immediate action to respond, and we're monitoring our systems.

I'm not in a position to characterize the Secretary's email --

Mr. Krishnamoorthi. Well, published reports say that.

And, Mr. Krittenbrink, we learned that the State Department was also targeted. Can you rule out whether you or your staff's emails were hacked as well?

Mr. Krittenbrink. As Thea indicated, I can't comment on an investigation that's underway, that's being conducted by the FBI. But, no, I will not rule it out.

Mr. Krishnamoorthi. You can't rule it out.

Look, it turns out that Chinese law requires that any software companies doing business in the PRC are required to share their source code as well as vulnerabilities in their source code with the CCP.

What I'm concerned about is that these software companies then turn around and might sell those same pieces of software to Americans, including the United States Government.

So I would demand that you please go back to the administration and talk about how we can prevent compromises of our United States Government accounts based on Chinese law and compliance with Chinese law by American companies.

Now, Mr. Krittenbrink, let me turn to the last topic I want to bring up. Last month Secretary Blinken said that, quote, "The understanding that any differences regarding Taiwan will be resolved peacefully is foundational to how we understand our relationship

with the PRC."

China's Foreign Ministry, shockingly, did not agree with this statement, and they said, quote, this distorted America's political promise to them.

Now, Mr. Krittenbrink, when the U.S. established diplomatic relations with the PRC starting in the 1970s, each of our communiqués clearly laid out and reaffirmed our, quote, "interest in a peaceful settlement of the Taiwan question." Isn't that right?

Mr. Krittenbrink. Mr. Ranking Member, it's absolutely correct that from the very beginning our policy and our approach has been predicated on the maintenance of peace and stability across the Taiwan Strait and peaceful resolution --

Mr. Krishnamoorthi. Blinken's statement did not distort any promise that we ever made to the PRC.

Mr. Krittenbrink. Of course not.

Mr. Krishnamoorthi. In effect, the PRC is gaslighting us by trying to redefine the reality of our commitment to a peaceful resolution of the Taiwan question, right?

Mr. Krittenbrink. I'm not going to speak to Beijing's position. What I can confirm, Mr. Ranking Member, we're absolutely committed to maintaining our One China policy and in meeting our commitments under the Taiwan Relations Act to assist Taiwan to maintain a sufficient self-defense capability. We'll meet those obligations.

There hasn't been any change to our One China policy over the last 40 years, and that approach has been fundamental to maintaining peace and stability.

If there's a threat to changing the status quo and to undermining that peace and stability, it's the PRC's increasingly aggressive and coercive measures taken against Taiwan.

Mr. Krishnamoorthi. Thank you.

Chairman Gallagher. Of the many things I admire about the ranking member, his

chart game is at the top of the list.

Mr. Luetkemeyer is recognized for 5 minutes.

Mr. Luetkemeyer. Thank you, Mr. Chairman.

Ms. Rozman Kendler, while struggling today, China's economy is estimated by Goldman Sachs to possibly overtake the United States within the next 10 years.

Most notably, in 2022, the U.S. had a \$382 billion trade deficit with China. In 1990, 1 year before the collapse, the U.S. had a trade surplus of over \$2 billion with the USSR right before their collapse.

Will the CCP be able to afford their military operations, build detention camps, subsidize their industries against ours if they had a trade deficit with the U.S. instead of a surplus of \$382 billion?

Ms. Kendler. Congressman, I'm not in a position to speak to that issue. I'm --

Mr. Luetkemeyer. Are you not with Commerce, which oversees -- and you made a whole big long speech in your opening statement with regards to trade. I'm asking a question about the benefit of us having trade relationships with China, and in this situation we're in a trade deficit with them.

They have -- we're funding, by \$382 billion of a deficit, their activities. Would you not agree with that?

Ms. Kendler. We are aggressively contending with a strategic trade threat posed by --

Mr. Luetkemeyer. No, you're not. No, you're not. I'm tired of your flowery language this morning. Please answer the question.

Do you agree that by us trading with them, we are allowing our money to flow that way, which helps their economy, which helps them to be able to build detention camps against their own people, subsidize their industries against ours, and build up their

military? It's a pretty simple question.

Ms. Kendler. I believe that the world's biggest economy should continue commercial trade that does not affect --

Mr. Luetkemeyer. Okay.

Ms. Kendler. -- or harm our national security interests.

Mr. Luetkemeyer. Okay.

Ms. Kendler. Our innovation in the United States is driven by export -- exports.

Mr. Luetkemeyer. Well, question for you then. We had one of the dissidents from, and survivor of, Tiananmen Square -- actually had two of them talk to us recently. And we asked the question of one of them -- or both of them, and one of them responded -- What happens, what should we do to be helpful to the Chinese people?

And his comment was: Quit helping the Chinese Government. That's all he said. There was a hush over the room. Quit helping the Chinese Government. Implying that when you help the government, they hurt us. When you help the government, they hurt you.

Your policy, Ms. Rozman Kendler, helps the Chinese Government. Your inability to answer my first question tells me you don't care.

You understand the Chinese are the biggest bully on the planet. They determine the rules of the playground. They determine the relationships on the playground. And as long as you're going to let them play footsie around the edges, we're never going to be able to corral them.

And my first question is, with regards to them being able to overtake us with their economy, when they overtake us, we're done. They will be able to dictate all sorts of things to all economic -- their partners around the world, including the reserve currency status, which means they can take us over without firing a shot.

At some point, we have to understand we cannot continue to be playing footsie with these guys. And my question then is, how can you -- how would you respond to that detainee when he said stop helping the Chinese Government? How would you respond to him?

Ms. Kendler. We've undertaken a litany of steps at the Department of Commerce to make sure that the Chinese Government, the CCP, does not have access to technology that they can use to threaten U.S. national security interests.

And that is specifically focused at government programs, at the use of dual-use civilian technologies by the military. We have military end-use controls in place.

Mr. Luetkemeyer. Madam Kendler, we had testimony in this committee already that they were able to break into 14 out of 16 agencies at the Department of Defense. Come on. Tell me you're not serious about this response. They can take anything in the world.

And we've already had testimony here that they get between 200 and 600 billion dollars' worth of intellectual property from the United States every year.

That's not a serious response on your part. We've got to stop everything going to China. If we don't, they use everything against us.

And your willingness to continue to play games with them and be a partner with them endangers us down the road. I'm at a loss for words.

With that, I yield back my time.

Chairman Gallagher. Mr. Moulton is recognized for 5 minutes.

Mr. Moulton. Thank you, Mr. Chairman.

Mr. Chairman, you started this hearing by explaining how important it is that we engage in tough questions, and that spirited debate has been the hallmark of this committee's work and the hallmark of our hearings.

But I think to accuse people, with the record of service of our three witnesses this morning, of not caring, is a bit beyond the pale.

Now, as members of the administration, you have also been accused of so-called "zombie diplomacy," which is to say, you're meeting with Chinese officials with no goals in mind.

To quote our chairman: The siren song of engagement invariably leads to appeasement in the face of foreign aggression.

This would come as quite shocking news to any fan of Ronald Reagan or student of U.S.-Soviet relations and arms control. Indeed, conservatives in the 1980s made some of these same accusations against the Reagan administration when the President decided to engage in arms discussions with the Soviets.

Now, we have been briefed as a committee about critical communications senior U.S. military leaders have had with their Chinese counterparts to reinforce our deterrent posture.

I'd like to ask our witnesses if there is any additional value, beyond communicating our clear deterrent, to engaging in any diplomacy, or, for that matter, simply communication with our Chinese counterparts or Chinese Government officials.

Honorable Kritenbrink, perhaps we'll start with you.

Mr. Kritenbrink. Thank you very much, Congressman.

Respectfully, I would just say, we have pursued these diplomatic engagements with China from a position of confidence and strength based on the last two and a half years of work in this administration, building our sources of strength at home, the unprecedented work we've done to strengthen our allied and partner relationships in the region.

And from that position, we're quite confident in engaging with the Chinese.

We've done so mostly, sir, as you indicated, to make sure that we had channels of communication so we don't risk a miscalculation that could veer into conflict. It is a valuable way to convey very directly our concerns.

These engagements are often tense. They are rarely pleasant. They are extremely important, however.

Other benefits of these engagements, other things that we are striving for, are to pursue limited areas where it's in our national interest to cooperate, whether that be on getting detained Americans released, on reducing the flow of precursor chemicals that are used to synthesize fentanyl and synthetic opioids, and a range of other issues.

And I would also argue, Mr. Congressman, that our allies and partners are standing with us in an unprecedented way, but they are also worried about the risk of conflict and miscalculation, and they are reassured to know that at a minimum there are open channels of communication between --

Mr. Moulton. Now, sir, you just used the word "unprecedented" again. I'm curious if hearing an American Commander in Chief tell Xi Jinping that we love each other was unprecedented or not.

Mr. Kritenbrink. Congressman, I'm sorry. I don't understand your question.

Mr. Moulton. Well, under the previous administration, the President of the United States said, after a meeting with Xi Jinping at Davos, that we love each other. Was that unprecedented?

Mr. Kritenbrink. I see. I'm not sure how to respond to that, sir. I would simply say, our approach is to be very clear-eyed and tough when we engage with our Chinese counterparts. And I can guarantee --

Mr. Moulton. Thank you very much for your professionalism.

Dr. Ratner, could you comment on this as well? Is there any value that you seek

from DOD in engaging with Chinese Government officials in carrying out diplomacy?

Mr. Ratner. Congressman, Secretary Austin has been very clear since the beginning of the administration that the Department is interested in open lines of communication with the PRC. Unfortunately, by and large, they have not responded to those requests.

We do see value in particular instances with very clear eyes about the realities of those exchanges. For one, we want to be able to communicate with the PRC during crises.

For instance, after we shot down their spy balloon, the Secretary requested a call with his counterpart -- which was not taken. But that would've been a valuable time to be able to explain our intentions and --

Mr. Moulton. That's a great example, and I'm going to interrupt just because I'm running out of time.

Ms. Kendler, you may have to take this for the record. But we, as a committee, have heard reporting and analysis of how much trouble the Chinese economy is in. We've also heard a lot of anecdotal reports of Chinese business leaders trying to leave the country.

For the record, if you could give us some idea of how we might capitalize on that, use that as leverage to our advantage, I'd appreciate it.

Thank you, Mr. Chairman.

Chairman Gallagher. As the gentleman knows, the sequencing, of course, matters. Reagan, of course, built up hard power prior to engaging at Reykjavik and in other fora. He was also willing to wage ideological warfare aggressively against the Soviet Union, which is in absence of our current strategy.

So I just would say, since I was invoked, that detente without a credible military

deterrent is like music without instruments.

But Mr. Newhouse is recognized for 5 minutes.

Mr. Newhouse. Thank you, Mr. Chairman.

Thank you all for being here with us this morning.

Mr. Kritenbrink, you brought up the subject of fentanyl precursors. That's one of the questions that I wanted to delve into this morning.

Certainly you don't have to talk about the crisis that we're experiencing in this country with fentanyl, which obviously harms the lives of so many people across the country, whether large urban areas or small rural communities.

I certainly believe that we need to crack down on this problem. So I just want to ask what the administration is doing to address this apparent indifference -- in fact, denial -- by China that they are engaged in this, in the production and distribution of the precursors of fentanyl.

What are you considering doing as far as actions, whether it be on the Entity List, in exchange for cooperation?

We're doing several things in Congress on it. So one of the reasons we have you here is as a resource. I wanted to ask what more could Congress do to help the administration in this role to fight back on this issue.

Mr. Kritenbrink. Congressman, thank you. Agree with everything you've said. This is a national crisis. This is the, as you well know, this is the leading cause of death, as I understand it, for Americans under 50 now.

I would highlight three things that we're doing to crack down.

One, we are taking punitive actions and sanctions against those firms, including just in the last few weeks, against Chinese firms who knowingly are exporting precursor chemicals to be synthesized into opioids.

Secondly, we are working to build an international coalition of like-minded countries to cooperate to crack down on the flow of these chemicals. And Secretary Blinken just, I believe it was 2 weeks ago, held a large meeting with almost 90 countries to get at this question. Unfortunately, the PRC did not attend that meeting despite being invited.

And thirdly, we are engaging the Chinese aggressively to demand that they take steps to crack down on the flow of these chemicals.

We have proven in the past -- China has proven in the past that when it wants to, it can take steps. It did schedule fentanyl several years ago. That led to a dramatic drop in the flow of fentanyl out of China.

The problem now, of course, is that companies are exporting the precursor chemicals, and then they are synthesized elsewhere.

We're going to continue to pursue all those lines of effort. But we've been very direct and candid with the Chinese on this point: We're going to take steps to protect ourselves.

If we can't, if the Chinese will not work with us to make progress, we'll take the steps we think necessary to protect ourselves.

Mr. Newhouse. Thank you very much. I look forward to -- I'll take this as an opportunity to continue working with you on this.

Mr. Kritenbrink. I'd be honored to do that, sir.

Mr. Newhouse. The other thing I wanted to delve into just a little bit in the short amount of time we have has to do with agriculture and the biotechnology issues that China is using for both military applications as well as human rights abuses.

Recently, some of the members of this committee, as well as others, have introduced legislation to expand the authority of CFIUS, the Committee on Foreign

Investment, to address some of these issues, which I think, if enacted, would authorize larger jurisdiction over land purchases by foreign military adversaries in our country.

So just real quickly, my question has to do with these authorities. Do you believe that providing these authorities will be effective? Can we do more? Should we be doing more?

Are there other factors that we should be considering in this effort to get a handle on foreign purchases of agricultural land in the United States by adversaries?

And I address that to either Dr. Ratner or Ms. Kendler.

Ms. Kendler. Congressman, I appreciate that question.

We do participate in the CFIUS process along with the other agencies represented here. This is certainly something that we're tracking and paying a great deal of attention to.

I think we need to refer you to the Department of the Treasury for further detail on how they are looking at the question of agricultural land in the CFIUS process.

But we certainly are eager to work with you and your team on this and better understand the issues facing your constituents and others across the country.

Mr. Newhouse. Dr. Ratner, any response?

Mr. Ratner. Congressman, I'll just say, have to take a closer look at the specific legislation, but absolutely support efforts to prevent adversarial ownership of sensitive land, industries, and sectors, and biotechnology is one worth taking a careful look at.

Mr. Newhouse. Thank you, Mr. Chairman.

Chairman Gallagher. Thank you.

Mr. Khanna is recognized for 5 minutes.

Mr. Khanna. Thank you, Mr. Chairman, and thank you for your bipartisan leadership on the committee.

I will say, despite your efforts to make this as high profile a committee, probably the most significant thing happening on U.S.-China relations today is not in the hearing, but Dr. Kissinger meeting Xi Jinping as we speak and meeting all the high-level leaders in China.

And I say that because I think there's an area in the committee where there's clearly bipartisan agreement, and that is, as Congressman Luetkemeyer has made the point, you've made the point, Congressman Wittman, others, we've hollowed out our industrial base. We have had massive trade deficits with China increase since joining the World Trade Organization -- since we allowed China to join.

I believe that is a colossal mistake. I mean, you look at the top 15 steel companies in the world, and the United States doesn't have a single one. Nine of them are in China.

How in the world did we allow that to happen as a country? It was a bipartisan mistake for 40 years. And I think on this committee there can be an agreement that we need to start rebuilding the industrial base and reducing the trade deficit with China.

I just quickly would love to get a yes or a no with all three witnesses. Do you agree that we need to do far more to reduce the trade deficit with China and bring some of these critical industries back home?

We'll start with Secretary Ratner.

Mr. Ratner. Sure. Congressman, I agree.

Mr. Kritenbrink. Well, Congressman, I would say that absolutely, we have to take a range of steps to protect our national security and invest in our sources of strength at home. I think we're doing absolutely that.

Mr. Khanna. And you would agree, we have to lower this trade deficit?

Mr. Kritenbrink. Certainly it's in our interest to lower the deficit.

I think, more importantly, we should address distortionary economic policies on the part of China, protectionist and discriminatory policies on the part of China, and actions that undermine our economic and national security.

Mr. Khanna. Secretary Kendler?

Ms. Kendler. Particularly on the technology front, returning innovation to America. And I think the CHIPS Act in particular is a really strong example.

Mr. Khanna. Look, I helped write the CHIPS Act, but returning innovation to America is a story we've been saying for 40 years while we hollowed out the manufacturing base.

I mean, I think we've got to be a little more specific. Let's return steel, let's return manufacturing.

We've said, we're going to do all the invention, we'll do all the stuff in Silicon Valley. And you go to places like Lordstown, Ohio, and they're hollowed out. If I was there, I'd be terribly upset at failed American leadership for 40 years while we just watched as steel left, as aluminum left.

I mean, can we make a commitment we're going to start to lower the trade deficit?

Ms. Kendler. I come at this from a national security perspective, but I absolutely know that the Commerce Department wants to work with you and your team on these issues. So let me take that back and we will continue our good cooperation on this.

Mr. Khanna. I appreciate it. I think that should be a bipartisan metric in terms of what this country needs to do to right the ship.

I think the President has been taking efforts there, I think the previous President raised legitimate issues of the hollowing out of the American manufacturing base, and it seems to me one thing we can come together on.

I did want to commend Secretary Blinken on his recent trip to China and his affirmation of a policy that a Republican initiated, Dr. Kissinger, which was the One China policy. I know he's taken heat for saying that he affirmed that policy and rejected Taiwanese independence.

But my view is, you can assist Taiwan, as many of us want to, in getting them defense, getting them weapons, but still affirm the One China policy architected by Dr. Kissinger. And, my view, Secretary Blinken was appropriate in saying that.

Could you comment on that?

Mr. Kritenbrink. Yes, Congressman. There's been absolutely no change to our One China policy. As you know, it's based on the Taiwan Relations Act, the Three Joint Communiques, and the Six Assurances to Taiwan. The Secretary, in Beijing, outlined that policy. He did not say anything new.

And I would just -- again, I'll reiterate what I said earlier. We will meet our obligations under the Taiwan Relations Act to assist Taiwan to maintain a sufficient self-defense. Our focus is on peace and stability.

And maybe one last comment, Congressman.

Mr. Khanna. I just have 25 seconds, so I apologize.

I suggest a fourth communique, which is to lower the trade deficit and bring manufacturing home by either President, any President in this country.

But I appreciate your comments. Thank you.

Mr. Kritenbrink. Thank you, Congressman.

The only comment I was going to add was, we absolutely are not pulling our punches in any way, either -- in any way, before these engagements, after them. I think you've seen that over the last two and a half years. You'll continue to see that going forward, including on our One China policy.

Mr. Khanna. Thank you.

Chairman Gallagher. Dr. Dunn.

Dr. Dunn, you are recognized for 5 minutes.

Mr. Dunn. Absorbed in reading the memorandum.

Thank you very much, Mr. Chairman.

So strategic competition with China is one of the defining issues, obviously, of this Congress, and now more than ever we must be focused on understanding and responding.

I thank each of you for showing up. And it's my sincere hope that the Congress and the administration can work together to fulfill the mission for the sake of the American people.

Unfortunately, a number of the policies of this administration have only emboldened the leadership of the CCP, and I think Speaker McCarthy was correct when he said the danger posed by our dependence on China is dire.

We could go on and on about China's growing hold on the U.S., from supply chains and economic dependency, fentanyl. But what we need is a course correction.

However, today I want to consider one of the very real threats China poses to some of our allies and friends, specifically those in the Indo-Pacific region, the Pacific Island nations.

The U.S. relationship with the Pacific Islands was forged 80 years ago when millions of Americans left their homes to fight for freedom on the beaches of Tarawa and Peleliu and in the jungles of Guadalcanal and Bougainville.

Over 100,000 Americans sacrificed their lives. And after the war, we mostly withdrew from the region. There was still some U.S. presence.

I actually had the privilege of serving in the Pacific Islands as an Army surgeon, and

I provided care at many of those nations. Meeting those people under those conditions, you get to know them, and these are really good, good people.

Largely, there's been a posture of neglect. The people we fought alongside and helped liberate, we've forgotten them. And let's recall, we needed access to those islands when we wanted to take the war to Japan, and now they're under attack again.

RPTR ZAMORA

EDTR ROSEN

[9:00 a.m.]

Mr. Dunn. A poster -- do you have our poster? Good. The poster just gone up on the screen behind me illustrates how the CCP has infiltrated our friends in the Pacific Island nations. The countries in red recognize Beijing, countries in green recognize Taiwan. There used to be a lot more green. If a country recognizes Taiwan, that means it doesn't have a Chinese embassy there. As you likely know, these embassies act as hubs and incubators for malign activities. That's why we closed our Houston consulate in 2020. The CCP is counting on the U.S. to remain passive in these countries so that they can take over. The islands are just as valuable strategically to China as they were to imperial Japan.

The CCP is launching a new kind of attack mostly on the political warfare front, but the effects on the ground are very, very real, and they include economic dependency and social destruction. This is China's greater new wall, greater wall of China.

We're obligated to remember our bonds with the good people of Pacific Islands to rebuild these bonds and to work with them to defeat the attack on their freedoms, and quite frankly, our strategic interests.

Secretary Krittenbrink, the then-President of the Federated States of Micronesia, David Panuelo, released three letters over the last 2 years that laid out in detail the PRC's comprehensive and pernicious political warfare against the Federated States of Micronesia, and other islands as well.

Mr. Chairman, I'd like to enter those letters into the record. Mike?

[The information follows:]

***** COMMITTEE INSERT *****

Mr. Wittman. [Presiding.] Without objection.

Mr. Dunn. Thank you. The letters -- by the way, the title of the article that accompanies the letters is, "Micronesia's President Writes Bombshell Letter on China's 'Political Warfare,'" authored by Cleo Paskal in The Diplomat. So his letters were a cry for help from us.

In his March 2023 letter, President Panuelo wrote, As a result of aggressive political warfare on his country by Beijing, he was in well-advanced negotiations with Taipei to switch his country's recognition back to Taiwan. This would've been a huge win for the free world and the people of Micronesia, but it didn't happen. Can you explain to me what the State Department did to assist the Federated States of Micronesia and Taipei negotiations at that time?

Mr. Kritenbrink. Congressman, I don't know if I can respond specifically to what happened right at that time, but what I can say is, I absolutely agree with you about the centrality of our partnerships with our Pacific Island friends. Under this administration, we have dramatically stepped up our game. Thanks to support from Congress, we're expanding our diplomatic footprint in the region. We've opened new embassies in the Solomon Islands in Tonga. We are working on opening --

Mr. Dunn. My time unfortunately has expired. I will submit other questions for the record. Thank you. I yield back.

Chairman Gallagher. [Presiding.] Thank you.

Mr. Kim is recognized for 5 minutes.

Mr. Kim. Thank you, Mr. Chair.

Thank you for coming in early this morning to be able to talk with us.

Mr. Kritenbrink, I want to start with you. You and I have had some conversations

before in the Foreign Affairs Committee about coalition building, and I wanted you to just kind of share with this committee what -- how do you think of the importance of coalition building to the work that we're trying to do vis-à-vis China and across the Indo-Pacific?

Mr. Kritenbrink. Thank you, Congressman. I would argue that revitalizing and strengthening our allied and partner relationships is the most important part of our entire approach to the Indo-Pacific, and I would also argue it's the most important part of our China strategy.

Mr. Kim. Thank you.

Dr. Ratner, what are your thoughts? How would you position the importance of coalition building and the work that DOD is doing to position ourselves to prepare for anything that could occur in that theater?

Mr. Ratner. Congressman Kim, it's absolutely central to our strategy. It's central to deterrence, and in some instances, to warfighting. And we've made great progress in this regard in terms of supporting our allies' ability to strengthen their own capabilities, deepening our bilateral alliances and partnerships, and also linking together our alliances in unprecedented ways.

Mr. Kim. I think the two of you would say that there's still more work to be done. Is that correct, Mr. Kritenbrink?

Mr. Kritenbrink. Absolutely. I think -- again, I think what we've achieved is unprecedented, but we have to keep at it, and there's more we can and should do.

Mr. Kim. Dr. Ratner?

Mr. Ratner. Absolutely. And we're getting on a plane with the Secretary down to Australia next week to continue these efforts.

Mr. Kim. With the recent engagements to that our government has been doing with, you know, most notably Secretary Blinken and others, Mr. Kritenbrink, how is that

being perceived by our partners? Is that helping or hurting our ability to build these coalitions?

Mr. Kritenbrink. I would say each of our partners has communicated to us that they welcome that outreach. Again, our partners are very clear eyed about the challenges that China poses. They communicate that with us as well. They have been reassured and gratified by our reenergized commitment to the region in building those partnerships, but they're also reassured by our engagement with the Chinese, because no one wants to see conflict in the region.

Mr. Kim. One thing that you mentioned before in a different setting that I thought was important to elucidate here, I think we were expressing how, you know, different partners, they've expressed that it's important for the United States to be seen as being a responsible actor, that it not be the one that's being the provocateur, the one that is destabilizing relations. Is that correct, Dr. Kritenbrink?

Mr. Kritenbrink. I think it's absolutely correct. I think it's clear who's challenging the rules-based order and the status quo in the region, and that is the PRC. But I think when we continue to demonstrate that we are committed to the long-term prospects of the region, that we are the responsible actor, I think it's very much to our benefit.

Mr. Kim. Dr. Ratner, your thoughts on this? How important is it that we be seen as being the responsible actor, to show that we are using every and all means to be able to avoid conflict as possible?

Mr. Ratner. It's fundamentally important, Congressman, and that is why it is so important to us to operate in accordance with international law and responsibly as we do throughout the region.

Mr. Kim. This is -- I raise these points because we're having a fundamental

debate here right now, not just in this room but here on Capitol Hill, about the role of diplomacy, about the role of coalition building, about these different tools in our toolbox. And I'll be honest with you, I'm getting pretty alarmed by where the trajectory is going. You know, we've seen how the House Appropriations Committee has been moving forward when it comes to the state foreign ops, spending a portion 24 percent below the President's request.

I question, Mr. Kritenbrink, I want to ask you, from your perspective, what would that do to our ability to execute our strategy in the Indo-Pacific vis-à-vis China?

Mr. Kritenbrink. Thank you, Congressman. I had the opportunity to speak to this in front of the HFAC Asia Subcommittee just a couple days ago. I think that drastic cuts to our budget in this era of strategic competition would be devastating to what we're trying to achieve. And as we're working aggressively to outcompete China, this isn't the time to withdraw or reduce our investments. I think it's the time to increase those investments, that's why the President has committed the budget request that he has.

Mr. Kim. And, Dr. Ratner, am I correct in thinking that that doesn't just hurt us on the diplomatic side? Does that impact you? And in addition, I want to bring on top of that, you know, the fact that we got about 275 general officers and flag officers being held up in terms of their appointments. How does that -- you know, these types of missteps and honestly self-inflicted wounds affect your ability on the DOD side?

Mr. Ratner. Congressman, when our three secretaries appeared before the Senate Appropriations Committee earlier in year, Secretary Austin was very clear that DOD succeeds when our partner agencies succeed. So absolutely, when it comes to the strength of diplomacy and our economic policy, it's fundamentally essential to our ability to succeed in the defense realm.

And as it relates to nominations, I think, as is true with the State Department, we

will succeed when we have our teams in place, and I think our senior officials have been very clear about how important that is.

Mr. Kim. Thank you. I yield back.

Chairman Gallagher. Mrs. Steel is recognized for 5 minutes.

Mrs. Steel. Thank you, Mr. Chairman, and thank you, Mr. Ranking Member.

Before I start, I want to introduce our next leaders because I have four interns actually sitting here, Caitlin, Danielle, and Brian, and Serena right there, so --

Chairman Gallagher. I can't see you. You need to stand. I guess, I don't have the power to compel you. Hi, guys.

Mrs. Steel. Thank you.

Chairman Gallagher. Yeah.

Mrs. Steel. I was very eager to see our colleagues in the Senate pass Taiwan's trade bill this week. Congress stands ready to work and grow trade partnership across the world, but it also shows that Congress has constitutional authority over trade agreements. Though U.S. is one -- on the stag lines in the Indo-Pacific region when it comes to comprehensive trade agreement. Although Indo-Pacific Economic Framework motives are genuine, I urge all of you to work with Congress to build the true trade agreement with the constitutional safeguards.

Secretary Krittenbrink, you stated that you are aligning our efforts with our unrivaled network of allies and partners acting in common cause on our approach to build collective resilience. Last year, I wrote to the administration about including Taiwan in the Indo-Pacific Economic Framework, because we want to share the economic benefits, and we try to stand up to actually CCP. Although we are happy with bilateral trade deal with Taiwan, still it's very tiny and it has to build more. Why leave them out of IPEF if they are a like-minded, true ally?

Mr. Kritenbrink. Thank you, Congresswoman, for the question. We are very committed to building our partnership with Taiwan, our very important, robust, but unofficial partnership. They're a top-ten trading partner, leading global economy. And I think if you see, for example, our new 21st century trade agreement that we're absolutely committed to building out our trade relationship to our mutual benefit, and we'll continue to do that. The way that IPEF is currently configured, it has 14 partners. That's where we're focused for now.

Mrs. Steel. But that's really interesting to see though, because when we tried to stand up to CCP, and we are not including Taiwan for that, and because Taiwan has a lot of important industries that they -- we have to work with, and they are actually investing in the United States and try to work together, so I think that's really important. The trade, yes, that's the really happy ending, but it's still very tiny bit, so we really have to extend that too.

So, Secretary Kender and Secretary Kritenbrink, California's Mountain Pass is the only large-scale, rare earth mine in the United States. What's alarming is that the minerals are shipped to China, if you know that. I hope we are all concerned the U.S. and Europe are reliant on the CCP for critical material, and they're buying from other countries, such as, like, Malaysia, 95 percent of rare earth minerals that they are buying.

America needs to stay at the cutting edge of innovation. We do things safer and cleaner than any other nation. If everyone needs to be driving new electric vehicle by 2030, we need to allow for safe and clean mining within the United States. Having said that, do you all agree the United States should be leaning -- leading in mining and processing critical minerals, and that it would be a huge economic boost for many cities across the country? Will you work to allow for more domestic mining, and do you agree it would be safer and cleaner compared to other mines in the world?

Mr. Kritenbrink. Well, ma'am, what I would say, we absolutely believe that it is not in our interest, or in the world's interest, to have us to be overly dependent on any one country regarding critical supply chains, especially when it -- with regard to critical minerals. That's why we're pursuing things like the mineral security partnership. That's why we focus so much on building resilient and secure supply chains to reduce those vulnerabilities. So we are absolutely focused on that. We're working on it aggressively with our partners around the world.

Mrs. Steel. Well, it's not just partners, but we have to build our own mining, and we can bring our -- you know, our rare minerals from our own country, so we really have to build that if you want to go to EV by 2030. Thank you.

Chairman Gallagher. Ms. Sherrill is recognized for 5 minutes.

Ms. Sherrill. Thank you. And I think, you know, one of the commitments we have on this committee is to find those areas where we can move forward together, and I think Mr. Khanna really elucidated some of those areas, those bipartisan areas with our industrial base. I think we also have some level of bipartisan consensus on winning the competition with the Chinese Communist Party for those key advanced technologies of the future in countering the CCP's malign influence operations and illegal trade practices.

So over the past 2 years, this administration and Congress have enacted historic pieces of legislation, the CHIPS and Science and Inflation Reduction Act, which have really led to reshoring of American manufacturing and work to derisk our critical supply chains with China.

So we've seen the U.S. manufacturing sector gain 385,000 jobs in 2021, 396,000 jobs in 2022, largest annual manufacturing gain since '94, and we've seen private sector investment in reshoring American manufacturing. I think robust export controls on the Chinese semiconductor industry and working in concert with our key allies, including

Japan and the Netherlands, has been very powerful. They're already -- these policies are already bearing fruit. But we still need to do more to counter China's threat to the democratic world.

I was really glad to see the administration put the Commerce Department at the same table as Defense and State. To support this, I had a provision included in this year's NDAA that will have the DOD further assess where Commerce can be brought into our global efforts from the Secretary all the way down to attaches abroad, because we really do have to strengthen and expand our investments and really align all of our forces as a whole-of-government.

Expanding investment into R&D and innovation is really, I think, one of the key goals here. But I also am very concerned as we move forward to do all of this along the lines of what Rep. Steel was talking about. We really have problems with our rare earth minerals.

So last year, as the Biden administration enacted robust export controls on the advance chips critical to China's domestic semiconductor NAI industries and bringing Japan and Netherlands on board as we discussed, in response, we saw the CCP announce earlier this month it would impose its own export controls on critical minerals such as gallium and germanium.

So how are these bans impacting our economy, and how is the administration preparing for potentially larger imposition of sanctions, especially in these rare earth minerals? Ms. Kendler, do you want to start?

Ms. Kendler. Sure. Thank you very much, Congresswoman. I share your concern about our need for additional protections to -- through technology to support national security. These actions, such as the germanium and gallium controls, are not new for the PRC. For years, especially in the semiconductor industry, they've targeted

our technologies thinking particularly about the Fujian Jinhua theft of intellectual property and criminal case associated with that. We've had decades of CCP-directed action, predatory action really.

The gallium and germanium controls, they -- they're just in huge contrast to what we do. They were adopted with ostensibly a national security rationale, but there's been no clarification of what that national security is. In huge contrast to what we did with the advanced computing role last fall, where we were very clear about the military application of the technology that we were controlling.

So we are working very closely with allies and partners on these issues, and I think it's difficult to predict retaliatory action given the arbitrary nature of China's controls, but we are deeply focused on those.

Ms. Sherrill. Well, I appreciate that. I would just push back a little bit. I'm not sure it's that difficult to predict what we're going to see in the future as we continue to try to shape the environment. I think we are going to see more and more instances of China putting our supply chains at risk, which is why I do think some area where possibly we could get to bipartisan support is investing in R&D for how we can cleanly mine. I do think at this point we need to understand how we can mine here and in countries that we have good relationships with.

Again, I'm happy about the memorandum of understanding with Zambia and the Democratic Republic of Congo. I do think we have to move more into this area, and I think we have to look here at home as well. So thank you, and I yield back.

Chairman Gallagher. Thank you.

Mrs. Hinson is recognized for 5 minutes.

Mrs. Hinson. Thank you, Mr. Chair.

In the Biden administration's recent attempts to expand our dialogue in

cooperation with the CCP, I think one of the things that I've noticed is there appears to be a lack of accountability. We've had some very high-profile incidents recently. Our ranking member highlighted a few of those, but I think we can all agree the status quo was too dangerous to leave in place.

And the PLA has been more reactive than ever. They've been blatantly and provocatively violating our airspace. They've challenged us in the South China Sea, harassing the U.S. and allied vessels as well. So from a diplomatic standpoint, it really seems like we are sending our representatives there to court China despite these recent provocations without leaving with accountability.

Having a clear line of communication is important. I think we can all agree that we need to be talking to each other, but it really feels one-sided, and the CCP doesn't seem to be interested in really reducing any of these tensions. So I think, really, accountability is what we are looking for. We are looking for strength and a posture that matches that.

So my first question is for Mr. Kritenbrink. Would you be able to comment on kind of two elements at play here: Did the administration have to make any concessions to get into the room with our diplomatic ventures recently with PRC officials; and when clearly the Chinese are not willing to change tactics, why would we continue that strategy if they're not going to meet us at the table?

Mr. Kritenbrink. Congresswoman, I can absolutely assure you, we made no concessions to get meetings. That is not how we operate. We went into these meetings with a sense of confidence and strength. We raised these issues very directly. Many of those conversations were tense. We were quite clear about what we are going to continue to do. So I think that kind of communication is important, ma'am, but I would also say what's also important, we have to continue to fly, sail, and operate

anywhere international law allows us, and we will continue to do so.

Mrs. Hinson. Did the Secretary ask the Chinese authorities about these provocations in the South China Sea? Did they ask about the spy balloon? Did they try to hold them accountable for these blatant provocations to the United States?

Mr. Kritenbrink. He made absolutely clear how unacceptable these actions are. Again, on the balloon, we protested the action, demanded it never happen again, and then we shot it down. We also publicized the global nature of the Chinese spy balloon program. And in terms of these provocative actions, perhaps Dr. Ratner wants to respond to them as well, but the Secretary was absolutely crystal clear how unacceptable they are, how dangerous they are. He also indicated, again, we will continue to operate everywhere the international law allows us.

Mrs. Hinson. Did he communicate that there will be repercussions if these kinds of actions continue to happen?

Mr. Kritenbrink. He communicated that what China is doing is dangerous and irresponsible, and it will not change our operations.

Mrs. Hinson. This is more than just speak softly and carry a big stick. We need to speak loudly and carry a big stick, and I think that's what's missing from these conversations. So I would encourage you to carry that message to the secretaries that we have to -- we can be diplomatic and we can have these conversations, but peace through strength means that these bullies need to respect that strength.

My next question is for Ms. Kendler. One concern I continue to hear about from my constituents and businesses is these -- the aggressive and continued attacks on our IP and theft there. We know it's been happening. It's been happening for decades, and we've really let offenders in China kind of take advantage of our lack of deterrence and consequences for that theft.

And when they've gone after our tech industry, we've seen it from startups all the way up to our larger-scale businesses, I think it's a top-of-mind concern across industry and across government. And I know that your work at BIS obviously has kind of backed this up as well, and the mission is that U.S. security cannot be achieved without the active cooperation of the private sector, which today controls a greater share of critical U.S. resources than in the past.

And so, I think it's imperative that we do not continue to fail our tech industry and our private sector here. But I want to talk about Huawei, because when we know companies like Huawei who have dozens of subsidiaries and affiliates here in the United States, many of them are operating here, I think we need to be very clear-eyed about their intention. So why are we not reciprocating their targeted IP theft with targeted repercussions? And I would ask you to elaborate on what you see as the next path and what we can maybe do as a committee to really take action there?

Ms. Kendler. Well, I draw in particular on my experience at the Justice Department here and the prosecutions that you see of IP theft, especially IP theft that's tar -- that's driven by state-sponsored activity, sort of economic espionage as opposed to just straight-up IP theft, corporate theft. And my experience certainly is that the Justice Department is very focused on that effort, and I'd urge you to speak with them and law enforcement agencies about that.

When it comes to tech transfers controlled by the Bureau of Industry and Security, we have a vigorous export-control enforcement approach. When controlled technologies are illicitly acquired by Chinese actors who couldn't get them through lawful means, we are very serious about that approach. And my -- we -- I'd be happy to take questions for my export enforcement colleagues to address.

Mrs. Hinson. If you could follow up with our office with some of the steps that

you're taking in this space, that would be much appreciated, and, again, any recommendations to the committee on steps we can take.

Thank you, Mr. Chair. I yield back.

Chairman Gallagher. Ms. Stevens.

Ms. Stevens. Ms. Kendler, are you aware of export control gaps around open-source hardware as it pertains to semiconductors? Has that hit your desk yet given the recent passage of the CHIPS and Science legislation?

Ms. Kendler. When you say open-source hardware, can you help me understand what you mean?

Ms. Stevens. We're talking about CPUs and the design of chips, and particularly -- and I know you're focused on export controls, so this is maybe a little bit more on the importing side. And it's okay if this hasn't hit your desk yet, but it has come up in conversation that open-source development of chips, and particularly what the -- what CCP enterprises are producing might propose a national security threat.

And if you haven't had a chance to review this yet, we'd love for you to talk to some of the companies on the design side and bring this to the Secretary of Commerce as we move forward with our very exciting implementation of the CHIPS legislation, which, as the Commerce Secretary, has shared, will give the United States, by the year 2030, the very competitive advantage from soup to nuts of designing, producing, and shipping chips. So we have woken up to the United States great opportunity of being able to produce these complex semiconductors that we innovated here.

On the electric vehicle front, coming from Michigan, we are also aware that the CCP, that China, became the largest exporter of vehicles just this year, surpassing Germany. And as we're looking to produce and win this next phase of the race, the great moonshot of the 21st century, the proliferation of zero-emission vehicles, partly

because where the world is moving, right, and where global demand is, can you speak -- Ms. Kendler, can you speak to how the Biden administration has been working across departments and agencies to ensure a speedy and safe rollout of electric vehicles?

Ms. Kendler. Thank you. I certainly share your concerns about safe rollout of electric vehicles. That's not necessarily something that is run out of BIS, but I'd be happy to take that back and get with your team to -- to work with us on that.

Ms. Stevens. We know that auto accidents are on the rise, and certainly the -- here in the United States. And certainly, the technology that we're developing, we want to make sure stays competitive to our -- not only our original equipment manufacturers, but also to our suppliers. And we have so much admiration for the small but mighty role that the BIS plays.

And just while I still have your time, and I know you weren't there during the last shutdown, but how would a government shutdown impact your agency and your agency's ability to do its work if we did happen to go into a government shutdown?

Ms. Kendler. Sure. I was not at BIS for the last shutdown, you're right, but, you know, licensing applications will slow down, licensing officers will become less effective, less efficient. We need to maintain our high national security standards, so all of the work becomes more difficult while we still focus on what's required to do our job properly.

Ms. Stevens. Does the CR impact you as well?

Ms. Kendler. Yes, it would, yes.

Ms. Stevens. Yeah. And the same for you, Mr. Kritenbrink?

Mr. Kritenbrink. Yes, ma'am.

Ms. Stevens. Yeah. And the same for you, Dr. Ratner?

Mr. Ratner. Absolutely, yes.

Ms. Stevens. Yeah. So we obviously want to have responsible leadership and recognize that our side of Pennsylvania Avenue also plays a role in continuing to bolster the United States competitive advantages. We look to our manufacturing prowess, our industrial policy capabilities, our tackling of the trade deficit, and we thank you so much for your time today and your great testimony.

With that, Mr. Chair, I yield back.

Chairman Gallagher. Mr. Gimenez is recognized for 5 minutes.

Mr. Gimenez. Thank you, Mr. Chairman.

Mr. -- Secretary Krittenbrink, when is the last time that the PRC asked for a high-level meeting with a senior U.S. Government official?

Mr. Krittenbrink. Well, Congressman, the engagements that we've had, those have been reached by mutual agreement.

Mr. Gimenez. Well, I asked a pretty specific question. When was the last time that the PRC specifically picked up the phone and asked for a high-level meeting with a high-level U.S. official?

Mr. Krittenbrink. Well, I guess the most recent example that I could -- that at least springs to mind immediately, but I didn't come prepared obviously to answer formally, but the Chinese had indicated over the last month that they very much wanted to accept Secretary Blinken's offer for the Chinese state counselor and foreign minister to visit Washington, D.C.

Mr. Gimenez. But that was based on a request from us?

Mr. Krittenbrink. It was based on an invitation, but if they had reached out --

Mr. Gimenez. So we asked them to come over and then they said they would?

Mr. Krittenbrink. We indicated that we would be open to that, and they indicated that they would --

Mr. Gimenez. So that's not the question. The question is, when was the last time that the PRC initiated a request to meet with a high-level U.S. official?

Mr. Kritenbrink. Well, again, I would say that's the most recent -- they requested a meeting for the Chinese foreign minister.

Mr. Gimenez. After we invited them. After we invited them.

Mr. Kritenbrink. Well, sure, but I think it would go without saying they probably wouldn't ask if they didn't know we were ready for them. We issued an invitation. It was up to them to tell us whether --

Mr. Gimenez. That's --

Mr. Kritenbrink. -- they wanted to accept or come and they came -- or they indicated they would like to.

Mr. Gimenez. Secretary, that's not -- you know, I'm asking a different kind of question. You're giving me a different kind of answer. So to me, you know, the point I'm trying to make is that we continue to be asking for all these high-level meetings with high-level officials in China. We continue to do that. Please meet us, please, you know, can we go over there and -- doesn't it seem to you like that may be looked at around the world as a sign of weakness that we are the junior partner.

Mr. Kritenbrink. Respectfully, sir, I completely disagree. We think --

Mr. Gimenez. Fair enough. You disagree, that's fine.

Mr. Kritenbrink. We think it responsible --

Mr. Gimenez. I only have 2 minutes and 40 seconds, so I'm -- I'll accept your answer.

Secretary Kendler, you said that you wanted to maintain trade that would not undermine national security. I pose to you that just about everything we do with the Chinese undermines national security, as long as we maintain a trade deficit, because

every dollar that we sent to China is going to be used to undermine American interest.

Do you disagree with that?

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Ms. Kendler. Respectfully, sir, I do disagree with that.

Mr. Gimenez. Okay.

Ms. Kendler. There is, in my view, a great deal of room for commercial trade that does not harm national security.

Mr. Gimenez. But if, in fact, the trade -- and remember what I said about trade deficit, all right. So we are the trade deficit. As long as China continues to make money off the United States, that money is going to be used to undermine the interests of the United States around the world. Do you disagree with that?

Ms. Kendler. I would agree that the Chinese Government, the CCP, uses funds to support its industry in a way that advances its interests, yes.

Mr. Gimenez. Okay. And so, in a sense, as we continue this trade and balance, the money that we're sending over to the CCP is actually being used against us in a variety of different ways. And so I actually -- you know, I agree with my -- with my colleague from across the aisle, you know, Congressman Khanna, that we have -- we need to reestablish our national security industrial base. What can the Commerce Department do to reestablish that base?

And a lot has been talked about chips. Frankly, chips are useless unless they're in something, okay. A chip can't do something unless it's in a car or it's in a boat or it's in a missile system, it's in a tank. But, if we don't produce those things, the chips are useless. So what can we do to reestablish that national security industrial base that we have lost over the years?

And I'll give you an example. I mean, I may have got -- no, I've still got 20 seconds. We won World War II because -- especially in the Pacific, because for every

one aircraft carrier that the Japanese built, we built six. We don't have that capability anymore. How can we restore that capability back to the United States?

Ms. Kendler. The Commerce Department has a lot of endeavors in this space. Obviously, you mentioned the chips focus, but we are working across the country to build up our industrial base. The point that I'd make is that, through international trade, our -- and what I hear from our industry, is that they are able to innovate and to make groundbreaking discoveries in support of our national security, because of the international trade that they engage in.

Chairman Gallagher. The time has expired.

Mr. Auchincloss.

Mr. Auchincloss. Thank you, Chairman.

There is clear bipartisan consensus on this committee that we need to be in a position of strength relative to the Chinese Communist Party. Xi Jinping and his Polit Bureau recognize strength above all else, but there is a concerning false equivalence that I'm hearing between diplomacy and weakness, and it's -- it misunderstands the nature of when to engage with an adversary. Secretary Blinken, Secretary Yellen are landing in Beijing in a position of strength, and that is why it's time to talk.

Dr. Ratner, would you say that, over the last 2 years, because of our actions in harming Taiwan, because of our agreement with AUKUS, because of our freedom of navigation maneuvers in the South China Sea, because of Force Redesign 2030 led by the Marine Corps, that we are militarily stronger in the Indo-Pacific than we were?

Mr. Ratner. Absolutely, Congressman.

Mr. Auchincloss. And would you say that because President Biden has rallied NATO to support and defend Ukraine fighting on the front lines of the free world against Vladimir Putin that we are stronger in the Indo-Pacific as well as in Europe?

Mr. Ratner. Yes. I think our actions in Europe have strengthened deterrence in the Indo-Pacific.

Mr. Auchincloss. And do you think Xi Jinping is watching what happens in Ukraine?

Mr. Ratner. I think he's watching very closely.

Mr. Auchincloss. And what would happen if, under a different administration we were to cut and run from Ukraine?

Mr. Ratner. Congressman, I don't want to speculate, but just to reiterate the point, I do think our support for Ukraine and our ability to rally the international community has strengthened deterrence in the Indo-Pacific.

Mr. Auchincloss. And, Mr. Kritenbrink, do you think that we are stronger relative to where we were 2 years ago in terms of our multilateral and bilateral alliances in the Indo-Pacific because of IPEF, because of our engagement with Singapore and the Philippines and Guam?

Mr. Kritenbrink. Absolutely, without a doubt.

Mr. Auchincloss. And how important is the Japanese-Korean rapprochement that we have seen over the last 2 years?

Mr. Kritenbrink. Exceptionally important. I would argue that our individual alliances with Japan and Korea are stronger than they've ever been before. The fact that they have achieved this extraordinary rapprochement has led to an unprecedented strengthening of our trilateral relationship as well, which makes us all safer.

Mr. Auchincloss. And I would note also that, over the last 2 years, with real wages rising, with more than 13 million jobs created, with investments in infrastructure and industry, our economy is in relatively stronger shape relative to China just facing high youth unemployment and a huge debt crisis right now. The time to talk is when we

have significant strength, and thanks to President Biden leadership we do.

I'm also hearing a real mischaracterization of trade as zero sum. It's a common trope that somehow trade and the trade deficit implies weakness. I mean, I have a trade deficit with my grocery store; that doesn't mean that I'm weaker relative to Star Market.

Ms. Kendler, does trade between the United States and large markets, does that lower costs for American consumers by driving down the cost of imports?

Ms. Kendler. Yes, it does.

Mr. Auchincloss. And would revoking trade with a large market like China, would that functionally be a sales tax that would disproportionately impact low-income Americans?

Ms. Kendler. It could be characterized that way, yes.

Mr. Auchincloss. Does access to the Chinese market allow U.S. industry to have standard setting and other soft power prerogatives?

Ms. Kendler. It does. We're very engaged on standards activity.

Mr. Auchincloss. Can it help prevent Chinese dominance of large internal markets in way that would give them that standard setting and soft power?

Ms. Kendler. We are very focused on that issue, yes.

Mr. Auchincloss. Does it give America incorporated scale economies, especially for high-fixed cost, low-marginal-cost industries like biopharmaceuticals or semiconductors or telecoms so that we can invest more in R&D here?

Ms. Kendler. Yes, that's the innovation point that I was making earlier, yes.

Mr. Auchincloss. That's good to hear.

Now, despite these benefits, do we have to be rigorous and disciplined in ensuring that we don't transfer dual-use technologies to the Chinese?

Ms. Kendler. Absolutely. We're critically focused on protecting our national security and dual-use tech transfers.

Mr. Auchincloss. And, just for the record, you do care about doing that?

Ms. Kendler. Deeply, sir.

Mr. Auchincloss. It's all well and good to try to impair the transfer of dual-use technologies, but that just buys us time. Ultimately, we're going to have to out compete and out innovate the Chinese economy. I was very heartened to see that in the Republicans' China task force report from last Congress, it recommended a doubling of basic R&D funding. Bravo. I agree. I have been disheartened to see though in these appropriations bills coming from the 20 -- the 118th Congress that the GOP-led Appropriations Committee is cutting funding for science.

Dr. Ratner, is underinvesting in basic research ultimately going to impair technology and its applications to military might?

Mr. Ratner. Congressman, we certainly support strong research dollars, and the Department's budget request has the largest request for research and development ever.

Mr. Auchincloss. Yeah. If we cut science, we will not win. I yield back.

Chairman Gallagher. Mr. Moolenaar.

Mr. Moolenaar. Thank you, Mr. Chairman.

And thank all of you today.

Dr. Ratner, I'd like to start with you. As someone serving in the highest levels of the Defense Department, you are well aware of the military civil fusion the CCP uses to blur the lines between business and the military rendering effectively, you know, no difference between the military and business in China. Do you think it makes sense for States to allow companies that pledge allegiance to the CCP to build facilities in the United States?

Mr. Ratner. Congressman, I think what is important here is that our economic exchange, our technological exchange from the perspective of the Department of Defense, does not support or advance the capabilities of the PLA.

Mr. Moolenaar. Okay. The Michigan National Guard has hosted military representatives from Taiwan for training at Cramp Grayling in my home State. Would you agree that any location where we are training Taiwan's military should be considered a sensitive site?

Mr. Ratner. Congressman, I'd prefer to discuss topics of military engagement with Taiwan in a classified setting.

Mr. Moolenaar. I understand if we were talking, you know, strategy or something, but, I mean, this is in the public domain that we are training Taiwanese at Camp Grayling. And I'm just asking if you would consider that a sensitive site?

Mr. Ratner. By "sensitive site," as a technical matter? I'm not familiar with that term.

Mr. Moolenaar. Well, something that you would want to prevent the CCP from learning more about.

Mr. Ratner. Congressman, as I said, I think these matters are best discussed in a classified setting. I don't think it advantages us to expose our military cooperation in support of Taiwan.

Mr. Moolenaar. Okay. So I'm going to take that to say, yes, that you do believe that would be a sensitive site. Knowing that the CCP will leverage every asset it can, how many miles would you be -- how many miles away would you be comfortable with a CCP-affiliated company building a factory near a sensitive site? Would it be 10 miles, 20 miles, 200 miles?

Mr. Ratner. Congressman, I know that the Department looks very carefully at

the security, physical security and information security, of its facilities. I don't have a direct numerical value for you, but, of course, that's something we should take seriously.

Mr. Moolenaar. Okay. I say this because there was a situation in North Dakota, as I'm sure you're very well aware, where CFIUS, you know, declined to be involved, and, you know, the military had to step and say, no, this is not acceptable. Are you familiar with that situation?

Mr. Ratner. I am, Congressman.

Mr. Moolenaar. Okay. Well, just in general, do you think it makes sense for Michigan to welcome Taiwan's military for training in our State and then turn around and invite CCP-affiliated companies to build manufacture -- manufacturing facilities in our State?

Mr. Ratner. Congressman, I fully understand the point you're making. I agree with it in principle, and I think it's important that, as it relates to our unilateral military activities, our activities with all of our allies and partners, that we should be careful because the PRC is going through several means, physical, espionage, cyber attacks, to try to undermine and intervene in those relationships in the United States and around the world, and that's something we ought to be vigilant against.

Mr. Moolenaar. Thank you. And I will take you up on the idea of getting together and talking about this in a different setting.

Are you concerned about the delay in delivering weapons to Taiwan?

Mr. Ratner. Congressman, I think this -- there is a misunderstanding as it relates to U.S. support for Taiwan in terms of our foreign military sales. What we are facing is not a backlog as it is sometimes described but rather concerns and slowdowns within all of our industrial base that is affecting our military production and our Defense Industrial Base systematically, not individually as it relates to Taiwan.

And we're doing everything we can to fulfill our commitments under the Taiwan Relations Act as quickly as we can through foreign military sales but also through other authorities, including Presidential drawdown authority and potentially foreign military financing.

And I would just encourage members of this committee and the U.S. Congress, as Secretary Austin has said, to put appropriation -- to put appropriations against the authorities that Congress itself has granted the Department, and that would go a long way in expediting capability for Taiwan far faster, far sooner, and with more significant value than would adjustments to the pace of our foreign military sales.

Mr. Moolenaar. Okay. Thank you. And just with a few seconds left, Secretary Kendler, would you consider the United States to be the leader in battery technology for automotive applications?

Ms. Kendler. I'm going to have to take that for the record. I think I am not --

Chairman Gallagher. Yes or no real quick, because your time is --

Ms. Kendler. I'm sorry. I think so, yes.

Chairman Gallagher. Okay. Time has expired.

Mr. Torres.

Mr. Torres. Thank you. You know, I had prepared questions, but I actually might want to follow up on the colloquy that Under Secretary Krittenbrink had with the chairman. The chairman asked you exactly how are the actions of the administration unprecedented, and I might want to take a crack at answering that question.

It seems to me that the unprecedented nature of the administration's actions should be seen not only quantitatively but also qualitatively. It should be seen holistically. And, when you consider the historic export controls on advance semiconductors, which are the most critical of critical technologies, which will have

implications far beyond semiconductors, implications for AI, and quantum computing, and just about every form of emerging technology, when you consider the historic security alliance between the United States and Australia, in which we're equipping Australia with nuclear submarines, when you consider the expansion of military bases in the Philippines and the rapprochement between Japan and South Korea and the historic remilitarization of Japan, a development not seen since World War II, Japan's defense budget has gone from 1 percent to 2 percent, it seems to me the sum total of all of those actions, especially in the backyard of China, would seem to exceed anything that any administration has previously done to deter China. And China does not perceive these actions as weakness; it perceives these actions as containment. So is that a fair description of the unprecedented approach that the administration has taken?

Mr. Kritenbrink. Congressman, I agree with you 100 percent.

Mr. Torres. And I also want to examine the notion that diplomacy as practiced by the Biden administration is a form of weakness. It seems to me there ought to be a communicative relationship between the two leading superpowers in the world. Even during the peak of the Cold War, the Cuban Missile Crisis, there was a channel of crisis communication between the United States and the Soviet Union.

You know, my concern is that a lack of communication could mean that we're one incident away, one miscalculation away from a catastrophic outbreak of war. So is that a fair assessment of the need for diplomacy between the two leading superpowers in the world?

Mr. Kritenbrink. Absolutely. We believe that we are strong. We're confident. We're also responsible, and that's why we're pursuing those communication channels.

Mr. Torres. And I want to examine the notion that the delay in the controls, the investment controls, is also somehow a function of weakness. You know, it seems to me

that, you know, getting these controls right is not an exact science. I mean, we have to figure out how do we limit China's competitiveness without undermining our own competitiveness, right. We want to impose controls on China but not provoke a response that's so retaliatory that it does us more harm than good. So that to me is not about weakness; that's about figuring out the right balancing act. Is that a fair description of what's happening within the administration?

Mr. Kritenbrink. What I would say, Congressman, is we believe we have to be strong, we have to be robust. We also have to be very smart and very strategic and to make sure that we understand precisely the impact of our actions and make sure that they land with maximum effect.

Mr. Torres. You know, I feel like we often use buzzwords to describe our approach to China: Strategic decoupling, de-risking. And I wonder, have we gone beyond the buzzwords? Do we have an actual plan for de-risking the relationship with China? Do we have an actual timeline for de-risking? Because we are dangerously dependent on China for critical minerals, rare earth elements, clean energy technologies, active pharmaceutical ingredients. Do we have plans for -- and timelines for de-risking in each of these areas?

Mr. Kritenbrink. Maybe I'll take an initial stab at that, Congressman. I can't say that I have a specific timeline by which we will reach X goal, but absolutely de-risking is our strategy. And, to the previous comment, there are obviously challenges in our --

Mr. Torres. But shouldn't we have -- it seems to me, we need actual plans that make de-risking a reality.

Mr. Kritenbrink. We --

Mr. Torres. And we need timelines by which we hold ourselves accountable.

Mr. Kritenbrink. We're absolutely pursuing de-risking. We've argued here

there are benefits to trade. There are more than 7,000 American jobs that depend on exports to China. What we can't continue though is vulnerabilities in our supply chains that make us and our partners vulnerable to either disruption or, for our partners, coercion, and we are very aggressively addressing that.

Mr. Torres. And I noticed there's been a shift in language from strategic decoupling to de-risking. Is there a difference between the two? What's the difference between the two?

Mr. Kritenbrink. Well, the argument that somehow decoupling or ceasing all --

Mr. Torres. No, not all trade, strategic decoupling and de-risking. That's a nice sleight of hand, but no.

Mr. Kritenbrink. All I can say is our policy is to pursue de-risking, which is, again to --

Mr. Torres. Is there a difference between the two? Yes or no.

Mr. Kritenbrink. I'm -- I'll have to take that back and come back to you, Congressman.

Chairman Gallagher. I'd like a response on that too.

Mr. Kritenbrink. Yes, sir.

Chairman Gallagher. It's a great question.

Mr. Wittman.

Mr. Wittman. Thank you, Mr. Chairman.

I'd like to thank our witnesses for joining us.

Mr. Ratner, the Biden administration talks about the pursuit of guardrails in the U.S.-PRC relationship. And, as I know you are aware, in -- this last year represented a historic high in PLA incursions in Taiwanese air defense identification zone. We also know too that the PLL Navy is engaged in the largest naval peacetime buildup in the

history of the world. We also know too that, despite years of trying, the PLA has so far refused to establish a crisis communication channel with the United States Military.

Can you tell me within that realm how then this policy of guardrails has resulted in fewer incursions in the Air Defense Identification Zone, has in any way, shape, or form influenced the massive military buildup including ships for the PLL Navy? Can you tell me how it's encouraged in any way, shape, or form the Chinese to open a crisis communication channel so we don't have this miscalculation that you all talk about? There's nothing that's happened that avoids that miscalculation. Can you tell me how the guardrails are functioning, how they're going to get us to a place where all these things are deescalating to a point where we can feel like we are making some progress?

Mr. Ratner. Congressman, the principal response of the Department of Defense to the trends you're describing is to reinforce our own combat credible deterrence in terms of our own capability and alongside our allies and partners. So that's how we're responding to China's military modernization.

The notion of guardrails and the notion of military-to-military communications is intended to do a few things: One, to, during periods of crisis, establish those kinds of communications; two, to be able to inject strategic messages when necessary. But they are not these -- the singular or primary response to PLA military modernization.

Mr. Wittman. Seems like to me though there's contradictory statements though coming out where you say that the effort is to deter. We want to deter the Chinese from these sorts of actions, yet we see that there's no deterrence there. We see them continuing massive buildups. We see increase in very aggressive behavior in those areas. We talked about wanting to avoid miscalculation, yet we do nothing to really force the issue on crisis communications.

And then, on the other side, we say that, well, we're going to go out there and do

this constructive engagement that results in nothing other than our military having to continue massive amounts of buildup ourselves, and that too is -- we're told, is a policy that's going to deter the Chinese. Can you -- can you reconcile how you look at both of those and say that none of this is having an effect on the PLA?

Mr. Ratner. Congressman, when we talk about deterrence, we're talking about combat credible deterrence, and our central goal is to prevent the PRC from initiating aggression against the United States and our allies and partners, and being prepared to prevail if they miscalculate and make that decision.

The actions you're describing are acts of coercion. Gray zone activity is described. We do focus on that insofar as we are working to conduct our own operations, to ensure we retain the ability to operate consistent with international law, and we are enabling our allies and partners, including Taiwan, to be more resilient and to be able to respond to that kind of behavior.

Mr. Wittman. But, in that realm, we don't even look at -- it's great to have mil-to-mil buildup and talk about what are we going to do in that deterrent realm, but there hasn't even been an assertion of a conversation about where China is going. By 2030, they'll have 1,500 nuclear weapons, 1,500. And somehow we think that, you know, our strategic deterrence in the conventional realm is the only place that we need to be and that we aren't even having conversations about how somehow we'd limit the military buildup not just on conventional but on the nuclear side.

So tell me, what's the policy for us besides the deterrence from us building up a military to say somehow we want to get to a point where each side stops building up, that there has to be a point where you say maybe we ought to have a conversation about where this -- where the stopping point is? You know, even with Russia, we had that.

Mr. Ratner. Congressman, I think what you're describing is that there are -- and

that is one of the reasons why we are interested in talking with the PLA, particularly as it relates to new domains, like space and cyber, to understand the escalatory potential there and so we can both shape our actions and policies accordingly.

As it relates to nuclear weapons, I will just say, the President's budget seeks more than \$37 billion for modernization of the nuclear triad. We are taking China's nuclear modernization seriously.

Chairman Gallagher. Time has expired.

Ms. Castor.

Ms. Castor. Well, thank you to the witnesses for your testimony and your service to America. The cost and harms of the climate crisis have never been more apparent to Americans and people all across the globe.

Secretary Ratner, yesterday the Joint Economic Committee highlighted climate risk to the U.S. military, U.S. military bases and other DOD assets. They say it's a fundamental threat to our national security. This followed a 2018 DOD assessment of climate threats to our strategic infrastructure, a 2019 DOD report as well on climate impacts.

They noted repeated flooding at Naval Base Guam as already limiting operations and activities for the Navy Expeditionary Forces Command Pacific, and the island's Andersen Air Force Base, submarine squadrons, telecommunications, and a number of other specific tasks supporting mission execution.

Considering the U.S. has more than 200 bases in the INDOPACOM area of operation and there have been 411 natural disasters, a typhoon, which left most of Guam without power, Andersen Air Force Base, Marine Corps Camp Blaz with more than 2 feet of rain, what -- how do these climate-fueled disasters affect our Indo-Pacific military strategy? What's -- what is DOD doing to ensure installation resilience and readiness

and personnel safety in that region?

Mr. Ratner. Congresswoman, I can provide you with a specific answer to that question following the hearing. I will say, this is clearly a major issue for the Department. You have cited many of the reasons why that is. It affects our facilities. It potentially affects our ability to operate in the event of severe weather, and it has destabilizing effects potentially on the -- in the region, including for some of our closest allies and partners. So this is an important issue for the Department, and I'm happy to provide you with some specifics.

Ms. Castor. And the -- did the -- do the budget cuts to climate resilience and programs at DOD hurt our posture?

Mr. Ratner. Congresswoman, again, I'll get you the specifics following the hearing, but absolutely, it's important that we continue to invest in resilience, and we've seen some of the effects of the severe weather recently as you described.

Ms. Castor. Secretary Krittenbrink, the Biden administration focus on strengthening relationships with allies and partners to counter the Chinese Communist Party has been very important. This includes climate resilience and clean energy. Can you talk about the importance of USAID, the Development Finance Corporation, and the Southeast Asia Smart Power Program, Clean EDGE Asia, to our national security and our interests in countering China?

Mr. Krittenbrink. Yes, Congresswoman. Thank you very much. I would argue that -- I would fully agree strengthening our relationship with allies and partners is central to our entire strategy, our security and prosperity in the region, and our ability to outcompete China. Certainly for friends in Southeast Asia, and perhaps even more so in the Pacific Islands, climate resilience is an existential national security question.

So our work together in building resilience on these transnational challenges is

incredibly important. The work that USAID, DFC, and others do in the energy realm in promoting clean energy and climate adaptation and resilience is really central to what we're trying to achieve.

Ms. Castor. When you say "central," you mean it's critical to the entire de-risking strategy of what you just talked about with Congressman Torres?

Mr. Kritenbrink. I would say, yes, ma'am. And certainly, in Southeast Asia, I would argue it's even more urgent among our Pacific Island partners. We talk about meeting them where they live. Our strategy is designed to cooperate with them on the issues that are most urgent for them. I think climate would probably be number one for --

Ms. Castor. Thank you very --

Mr. Kritenbrink. -- almost all of them.

Ms. Castor. Thank you very much. I yield back.

Chairman Gallagher. Mr. Barr.

Mr. Barr. Thank you.

With all respect, I think one of the reasons why our adversary might view us as weak is that chasing detente and focusing on the weather is not really negotiating from a position of strength.

Assistant Secretary Kritenbrink, on the anniversary of Tiananmen, June 4th, you boarded a plane to travel to Beijing to engage in diplomatic talks just miles from where the massacre occurred. That very same day, the Department of State issued what is arguably the weakest statement ever by the U.S. Government honoring the memory of Tiananmen. Can you explain why the Department would choose those days above all to engage with the CCP?

RPTR MOLNAR

EDTR ROSEN

[9:59 a.m.]

Mr. Kritenbrink. Congressman, I want to be absolutely clear. I agreed to travel to Beijing for meetings with my counterpart on June 5. The only way I could get to Beijing by that date was to leave here on June 2nd, which caused me to arrive in Beijing on June 4, where I held internal meetings in the embassy -- in the U.S. Embassy to prepare with my counterparts for my meetings on June 5.

Simultaneous to that, the Secretary of State, other State Department officials issued a very tough statement as we always do annually on the Tiananmen massacre of innocent civilians, the 34th anniversary of that.

Mr. Barr. Why was it weaker than previous statements from the State Department years before --

Mr. Kritenbrink. Congressman --

Mr. Barr. -- this administration?

Mr. Kritenbrink. -- respectfully I can't -- I can't agree with that statement.

Mr. Barr. Do you agree that it was a watered-down statement?

Mr. Kritenbrink. I -- I absolutely do not.

Mr. Barr. Why was it different than previous years?

Mr. Kritenbrink. I can't respond to -- and I don't have it in front of me -- exactly how it --

Mr. Barr. It was different.

Mr. Kritenbrink. But what I can assure you --

Mr. Barr. It was. Do you agree? It was a different kind of statement?

Mr. Kritenbrink. I don't agree with that, sir. I agree that on 34th anniversary of

the Tiananmen massacre, the Secretary spoke out, as he always does, and perhaps more importantly while I was in Beijing, and even more importantly, while Secretary Blinken was in Beijing, we raised these very issues, and we raised them forcefully with the Chinese.

The Chinese have -- there's no ambiguity in the Chinese mind about our views on the Tiananmen massacre.

Mr. Barr. So there's commentary from Foreign Policy magazine that says, Approach an adversary from a position of palpable neediness, make up-front concessions to gain goodwill, and settle for uncertain political deliverable that lies in the future.

This characterizes the Biden policy on China.

Assistant Secretary Kritenbrink, following up my questioning from earlier this week in the Foreign Affairs Committee, have you or anyone at the State Department encouraged another agency to delay implementation of a sanction or export control, yes or no?

Mr. Kritenbrink. Congressman, I cannot accept the characterization of our policy. We approach our policy with China with strength and --

Mr. Barr. That was not my characterization. That was commentary from Foreign Policy magazine.

Mr. Kritenbrink. I categorically reject --

Mr. Barr. Have you or anyone at the State Department encouraged another agency to delay implementation of a sanction or export control?

Mr. Kritenbrink. Congressman, I'm not going to get into the deliberations of a predecisional discussion --

Mr. Barr. That is a very important question --

Mr. Kritenbrink. And --

Mr. Barr. -- that speaks to the policy of this administration on China.

Mr. Kritenbrink. Yes, sir.

Mr. Barr. Have you or anyone at the State Department encouraged another agency to delay implementation of a sanction, or export control related to China?

Mr. Kritenbrink. What we have done, Congressman, is carried out an unprecedented number of actions --

Mr. Barr. I don't think you're answering the question, and that is a question that this administration needs to answer for the American people, because we've seen a spy balloon traverse our sensitive military sites. We have seen a spy station set up 90 miles from the continental United States. We have seen a policy chasing diplomacy without any strength. We see no deterrence on Taiwan.

The American people need security. We need strength. We do not need weakness.

Did you or others at State, including Wendy Sherman or Rick Waters, ever advocate or consult with NSC or other agencies to delay an action like entity listing?

Mr. Kritenbrink. Congressman, again, I'm not going to address pre-deliberative matters under consideration. What I will underscore -- what has this administration done? We have carried out an unprecedented number of strong actions, both in terms of sanctions, entity listings, visa restrictions, strengthening of our relationships with allies and partners, strengthening our military deterrent capability and those of our allies and partners. We are proud of what we've achieved in the China --

Chairman Gallagher. Let the record show the gentleman was asking about past deliberations, and the witness has refused to answer.

Mr. LaHood is recognized for 5 minutes.

Mr. LaHood. Thank you, Mr. Chairman.

As you may know, this committee was established back in January with broad, bipartisan support to create the Select Committee on China, and I would argue there's no more important issue or strategic priority for the Congress or the administration than our approach to China.

And what is very frustrating about today is why we don't have Secretary Blinken, Secretary Austin, and Secretary Raimondo. We have tried to work over the last 2 months to get them here.

And with such a priority and bipartisan support, it's perplexing and frustrating that they're not here today, and with all due respect to you and your testimony here today, they should be here. And they're not.

And by the way, as you look at the other priorities that the Biden administration had, there was no problem, whether it was the CHIPS Act or the IRA or other priorities, to have them here and testify and go through it.

So it borders on unacceptable that they're not here.

I want to focus particularly on China's rising influence in many of the world's multinational institutions and organizations, particularly the United Nations, the World Trade Organization, the World Bank, and the World Health Organization. And I want to share a few statements and examples that highlight this concern.

The first is an op-ed written by DJ Nordquist, former U.S. executive director of the World Bank from 2019 to 2021 in an article titled, quote, "China is using the World Bank as its piggy bank," unquote.

In that article, Ms. Nordquist cites a recent GAO study showing that Chinese state-owned enterprises, SOEs, secured nearly 30 percent of World Bank funds used for procurement for economic development projects, compared to less than 1 percent procurement for U.S. firms.

In the op-ed, Ms. Nordquist writes, quote, "Why would China be willing to underbid and lose money on projects? It is playing a long game. Building capacity in relationships through these contracts to further enmesh itself in the economies of developing countries. It is using the World Bank to create new client states, contemplating the work of its Belt and Road Initiative to sink tentacles into countries with no-questions-asked loans."

Mr. Chairman, I'd ask unanimous consent to submit this article from The Wall Street Journal as well as the GAO study she cites into the record.

Chairman Gallagher. Without objection, so ordered.

[The information follows:]

***** COMMITTEE INSERT *****

Mr. LaHood. Thank you.

Additionally, in 2021, Secretary Blinken raised serious concerns over China's influence in the World Health Organization report on COVID-19 origin, stating, quote, "We've got real concerns about the methodology and process that went into that report, including the fact that the government in Beijing apparently helped write it," unquote. And finally, we have seen this continue to become a real problem at the United Nations and elsewhere. China uses financial contributions and increased employment of Chinese nationals within these organizations to strong-arm developing countries and advance CCP priorities.

The question is really open to all of you, but I'll start with Mr. Kritenbrink. Let me ask you, can you give us specific initiatives and what the Biden administration is doing about China's rising influence in these global organizations?

And maybe if you could respond to the comments I made regarding the World Bank and whether there are currently diplomatic initiatives or priorities that the administration is engaged in.

Mr. Kritenbrink. Thank you, Congressman. I would say, first of all, on international organizations, the best way to respond to that challenge is to make sure that we're very active in running our own candidates in and in supporting like-minded candidates who share our values for how --

Mr. LaHood. And is the administration doing that?

Mr. Kritenbrink. We absolutely are.

Mr. LaHood. And give me some examples. What are you doing specifically?

Mr. Kritenbrink. I can bring back to you a couple of examples, but certainly, I believe it's the head of the International Organization of Migration, we've run a successful

campaign for the U.S. candidate -- for the U.S. candidate.

But we've run a number of these campaigns over the last few years --

Mr. LaHood. Besides that example, can you cite others, specifically here today on what you're doing?

Mr. Kritenbrink. I will come back -- I'd be happy to come back to you on that, sir.

Mr. LaHood. Can you --

Mr. Kritenbrink. But this is an absolute priority, and we recognize the challenge that you outlined. That's why we've approached it so aggressively, again, in running our own candidates and supporting other like-minded candidates.

Mr. LaHood. Can anybody else cite any examples?

Ms. Kendler. Yes, Congressman. Ian Saunders from the Commerce Department was recently -- he's recently made the new head of the World Customs Organization.

Mr. LaHood. Thank you.

Chairman Gallagher. Thank you.

With that, questioning time has ended. I'm shocked that we made it with votes having been called.

I want to thank our witnesses for being here. I do want to foot-stomp what Mr. LaHood said, that we appreciate your presence and your testimony and the exchange of ideas, tense though it may be at times.

We fully expect that your bosses will join the committee before the year's end. We hope you bring that message back to them.

And I want to remind members that questions for the record are due 1 week from today on July 27th, and without objection, the committee hearing is adjourned.

[Whereupon, at 10:09 a.m., the committee was adjourned.]

