

**“Defending America from the Chinese Communist Party’s
Political Warfare, Part I”
Committee on Oversight and Accountability
10:00AM, April 17, 2024
Statement for the Record
Rep. Gerald E. Connolly (D-VA)**

More than forty years ago, the United States and the People’s Republic of China (PRC) established official diplomatic relations. Since that time, China has transformed into an economic powerhouse with a growing middle class, an emerging military juggernaut, and an increasingly urbanized population all supported by significant investments in education and infrastructure. Competition with the PRC represents the greatest challenge to American foreign policy and a rules-based international order. Under the leadership of Chinese President Xi Jinping, China has exerted its economic, political, cyber, and military or quasi-military force to shift the power dynamic in the Indo-Pacific in their favor. Over the last decade, China has accelerated its foreign investment, expanded its foreign influence operations, and leveraged unfair economic and trading practices into greater economic development.

The flagship of Beijing’s tactics, especially within the economic sphere, is the Belt and Road Initiative (BRI). A massive infrastructure project that China promises will attract more than \$1 trillion of investment over the long-term, BRI projects often solicit unsustainable debt burdens for recipient countries, employ Chinese state-owned enterprises or labor, and lack transparent financing and contracting practices. Countries like Sri Lanka or Djibouti have entered into agreements with China, only to regret their participation in the BRI. In Sri Lanka, a Chinese state-owned company took control of the deep-sea port it had built in Hambantota after the Sri Lankan government was unable to service its loans. In Djibouti, China Merchants Bank signed a lease for property and subsequently developed a military base. Understanding China’s playbook will be critical to shape U.S. strategy to counter its malign influence.

These pernicious practices underscore why I, as President of the NATO Parliamentary Assembly (NATO PA), urged NATO to put China on its agenda. In November 2020, I wrote a report for the NATO PA Political Committee entitled, “The Rise of China: Implications for Global and Euro-Atlantic Security” to encourage NATO to adapt to a new balance of power that reflects China as a world power. In this report, I urged my colleagues to include reference to China’s actions in NATO’s strategic documents, including the Strategic Concept which was unveiled in April 2022 and highlighted the stated ambitions and coercive policies that challenge the Trans-Atlantic Alliance’s interests, security, and values. I welcome the newly adopted NATO Strategic Concept which does just that.

China has limited foreign competition in its domestic market and props up private enterprises with Chinese state funding and intelligence. For example, to bolster China’s semiconductor industry, the Chinese government launched a \$150 billion public-private fund to subsidize investment, acquisitions, and the purchase of new technology from 2015 to 2025. The Chinese government has also restricted U.S. cloud service providers from providing services in China. In the 117th Congress, under the leadership of President Biden, we passed the CHIPS and Science Act, legislation that will bring investments in semiconductor development and supply chains to \$150 billion. Democrats also passed the Uyghur Forced Labor Prevention Act, the Inflation Reduction Act which increased competitiveness in electric vehicles and renewable energy, and our committee held a 4-day markup for the Equal Access to Green cards for Legal Employment Act (EAGLE) Act, legislation that every Republican voted against. As biased PRC policies flood global markets with cheap supply, undercut foreign competition, and create an environment

where it is impossible for U.S. companies to compete, the United States responded emphatically to make our own significant investments.

Congress must also protect Americans and their data from the Chinese Communist Party. While I believe that ByteDance should divest from TikTok, the Protecting Americans from Foreign Adversary Controlled Applications Act (H.R. 7521) goes too far and would set a dangerous precedent. We cannot be in the business of singling out individual companies by name and bypassing the usual systems put in place to regularize this process. Instead, the Committee on Foreign Investment in the United States should take up the issue of ByteDance and TikTok, conduct a thorough investigation, and adjudicate fully and openly the threats posed by foreign ownership of TikTok. This is a transparent, deliberative, and well-established process and one that Congress, and the Executive have already used to address foreign corporate threats in the past.

We must also take stock of the need to curb outbound investment to China without damaging U.S. competitiveness and economic and national security interests. This administration has wisely and deliberately levied more export controls against Chinese technology than any administration prior. Under the leadership of President Biden, the Democratic-led Congress passed the CHIPS and Science Act of 2022, which mandated and implemented new sectoral outbound investment restrictions. This bill made clear Congress' intent to ensure companies receiving U.S. taxpayer money would not produce semiconductor technology in China below the 28-nanometer node for 10 years.

The United States had an opportunity to set the rules for economic engagement in the Asia-Pacific with the Trans-Pacific Partnership (TPP), which accounted for 40 percent of global GDP and 20 percent of global trade. A high-quality TPP deal would have given the United States the tools it needed to combat China's gray zone tactics by strengthening ties to emerging partners and creating a rules-based order that set the parameters for labor, environmental, human rights, and intellectual property standards. Conversely, the U.S. withdrawal from TPP created a vacuum that gave an unbelievable gift to the Chinese. They continue to pop champagne in Beijing.

In the Trump Administration, the story of U.S.-China relations was one of gob smacking incoherence. President Trump complained about China's unfair trade practices, yet it was he who abandoned the Trans-Pacific Partnership, allowing China to write the region's trade rules. He also purposefully and repeatedly incited racist sentiments within our country resulting in real and very violent consequences for Americans across our country. Using inflammatory statements such as calling COVID-19 "the China virus," or the "kung flu," he perpetuated and gave legitimacy to the conspiracy theory that coronavirus was engineered as a biological weapon in a Chinese lab.¹

As a result, despite an overall decline in hate crime rates in 2020, Asian Americans faced a staggering increase of nearly 150 percent across major U.S. cities.² This trend continued to escalate, with hate crimes against Asian Americans rising by 339% from 2020 to 2021. Furthermore, between March 2020 and March 2022, over 11,400 hate incidents targeting Asian Americans were reported nationwide, including the tragic fatal shooting of eight individuals in the Atlanta area, six of whom were Asian

¹ <https://apnews.com/article/pandemics-beijing-only-on-ap-epidemics-media-122b73e134b780919cc1808f3f6f16e8>

² <https://www.theguardian.com/society/2022/apr/23/asian-american-fighting-rising-hate-crime>

women. In 2022, a Pew survey revealed that one-in-five Asian Americans express daily or near-daily concerns about potential threats or attacks based on their race or ethnicity and over one third of Asian adults reported adjusting their daily routines in the past year due to fears of being targeted or attacked.³ Trump used the trauma of COVID to divide us, at a time when we needed to unite the most.

President Biden fortunately charted a new path and signed the COVID-19 Hate Crimes Act into law, which assigned a point person at the Department of Justice (DOJ) to expedite the review of COVID-19-related hate crimes, provided support for state and local law enforcement agencies to respond to these hate crimes, and coordinated with local and federal partners to mitigate racially discriminatory language used to describe the pandemic. He also established a COVID-19 Equity Task Force committee on addressing and ending xenophobia against Asian Americans, allocated \$49.5 million of funding for Asian American and Pacific Islanders (AAPI) survivors of domestic violence and sexual assault, and reinstated and reinvigorated the White House Initiative on AAPIs, with an initial focus on anti-Asian bias and violence.

President Biden also increased his budget requests for aid to the Indo-Pacific and working with partners and allies in the region to develop the Indo-Pacific Economic Framework. The Biden Administration's reversal of our unilateral withdrawal from the Indo-Pacific will buttress U.S. economic engagement in the region and finally place the United States in a position to compete with China.

China is playing the long game. For the United States to compete strategically, we need to make investments beyond the immediate horizon. Under the 117th Congress controlled by Democrats, we did just that with the CHIPS and Science Act and the development of an Indo-Pacific Economic Framework. Now, we must follow up on that work and ensure the United States, as a pacific power, sustains long-term engagement in the Indo-Pacific.

³ <https://www.pbs.org/newshour/nation/what-you-can-do-to-fight-violence-and-racism-against-asian-americans>; <https://www.pewresearch.org/short-reads/2022/05/09/about-a-third-of-asian-americans-say-they-have-changed-their-daily-routine-due-to-concerns-over-threats-attacks/>