

## Testimony before the House Select Committee on the Chinese Communist Party

**Anna B. Puglisi**  
**Visiting Fellow Hoover Institution, Stanford University**  
**September 19, 2024**

Chairman Moolenaar, Ranking Member Krishnamoorthi, members of the Committee: Thank you for the opportunity to testify today. I am currently a visiting Fellow at Stanford's Hoover Institution and the founder of a research security consulting firm. I previously served as a Senior Fellow at the Center for Security and Emerging Technology (CSET) at Georgetown University and was the U.S. National Counterintelligence Officer for East Asia. For most of my career I have studied China's science and technology (S&T) development and technology acquisition strategy.

I am grateful for the Committee's continuous spotlight on the challenges that China's policies and actions pose to the U.S. and our allies, especially the values we hold dear as Americans regarding democracy, opportunity, capitalism, open markets, academic freedom, and the rule of law. We find ourselves at an inflection point in time that will have long term implications if we do not stop the policies of China—a nation-state that is ever more authoritarian, does not share our values, and most importantly seeks to actively undermine the very foundations of our society.

I sit before you today because my most recent academic paper, published May 9, 2024 and done through CSET at Georgetown University titled, *China, Biotechnology and BGI: How China's Hybrid Economy Skews Competition*—a deep dive on China's biotechnology ecosystem and how it supports companies in this space—such as BGI, MGI and Complete Genomics—has resulted in those companies threatening to bring the weight of our own legal system down on me. To be clear, none of the facts I present to you are my opinions. The facts are publicly available, and I have assimilated and analyzed them here to convey some very important takeaways.

The key points of the paper are based on research indicating that:

- A majority of MGI and BGI's shareholders have direct or indirect ties to the CCP.
- China's Government Guidance Funds are directly invested in both BGI and MGI.
- Overlapping current and former leadership roles blur the lines between BGI and MGI and the State.

In addition, the paper highlights the following issues:

- Policy solutions need to look beyond traditional trade remedies such as export controls and tariffs because, in the early stages of these new technologies, there are not-yet-produced tradeable goods. Traditional trade remedies such as tariffs and trade sanctions probably will be ineffective at correcting the imbalances in biotechnology, which relies on know-how and expertise, as well as the accumulation of genomic data.
- According to USTR and other sources, China uses market access to protect its global champion and disadvantage other global players. Data on sales/revenue in China highlight how MGI has grown from having almost none of the China market to significant growth in just five years. MGI is currently gearing up to compete—using

Complete Genomics (a subsidiary of MGI)—in the U.S. market, and it has enormous incentive to obscure Complete Genomics ties to MGI, BGI, and the Chinese government.

- It appears that Chinese researchers have access to the same public genomic data as researchers in the U.S. and other nations, plus all of the data China collects. However, Chinese law, based on my research, appears to restrict sharing of China's genomic data. It has been widely reported that China collects genomic data in ways that open democratic societies deem unethical, including a focus on ethnic minorities.

On June 17th, 2024 I received a threatening letter from counsel for BGI, and in July 2024 I received a threatening letter from counsel for MGI. Their counsel are at established American law firms here in Washington, DC. BGI's letter accused me of defamation and asked me and CSET to retract my paper, say I was wrong, and stop discussing this analysis. MGI's letter wanted me to change what I said. They took issue with the following points:

- BGI and MGI apparent ties to China's government and each other.
- Analysis showing that that China's policies give advantage to its companies.
- That biotechnology is a national security issue

These three points are central to the policy discussions happening now with the Bio-Secure Act, as well as the implementation of NSPM-33 and research security at U.S. funding agencies and universities. My points are not defamatory. They are results of research that should be made public for analysis, discussion, and consideration. Are they slightly uncomfortable for China's state-supported entities? Perhaps, but the entities also have the ability to publicly refute my research using their own facts. They have not done so. Instead, they have decided to go after me, a researcher who undertook a comprehensive analysis of public and highly complex data in order to alert the U.S. Government to potential national security risks. The results of my research include:

- **Many of China's commercial entities have ties to the state.** My paper described the support China's commercial entities receive from the state as a result of central government policies. This is based on Chinese laws and policies that are widely available. Fundamentally, these companies take issue with the argument I make that there will always be another company that is the center of the policy debate and what U.S. policy may consider doing is addressing China's system holistically to avoid getting into the "whack-a-mole" game. It is well documented that China's commercial and academic entities do not act the same because of the role of the state/CCP in China's economy.
- **China's industrial policies advantage to its companies at home and abroad.** China's laws create an uneven playing field because they are often vague, favor the domestic actor, and compel the sharing of data or other proprietary information. The evidence of this is the published Chinese laws themselves. Key examples include market certification/product review/licensing (disclosure of corporate secrets), antitrust, corporate structure, and overlap of corporate, party, and state entities.

- In 2021 China’s Ministry of Finance and Ministry of Industry and Information Technology’s “Buy China” policy, or Order 551: Guidance of Government Procurement of Imported Products, outlined new rules for procurement that encompass MGI and other companies’ products. MGI has openly stated that it sees this “trend of domestic substitution” as an opportunity to increase its market share.
- **China is willing to use biology in ways the West is not.** This is well documented. Published sources indicate that China’s use of biotechnology includes exploring the genomic basis of race, using prenatal testing as a key pillar of its health policies to ensure a decrease in birth defects, and establishing a central gene bank that includes global data that it does not share. This creates ethical asymmetries in research and development. China collects genomic data in ways that open democratic societies deem unethical, including a focus on ethnic minorities.

However, what is also concerning is that my story also highlights our country’s own elite capture that aids China and silences or tempers the work of many others, as I have not received the support I need from and was promised by Georgetown University to respond to BGI’s threats of lawfare. My paper documented research I conducted regarding the likely actions of a nation state, but it received scathing opposition within CSET at Georgetown—despite having 5 peer reviewers, and a fact check completed without issue. The internal review comments on my papers at CSET—are unfortunately, and very curiously—remarkably similar to the points that the lawfare counsel for the Chinese companies make about the paper.

- Georgetown University has to this point refused to indemnify my defense to the lawfare brought by these Chinese companies I have criticized.

My analysis bumped up against an entrenched world view that ignores the well-documented risks posed by the CCP, treats China as a neutral actor, and *assumes that China’s companies, research institutions, and universities function like our own or those of our allies.* I was criticized at CSET for my work, and told I was “not being flexible in my thinking,” and that points I was making were a “dog-whistle.”

- I was asked to remove statements about the shortcomings of using western financial sources to analyze Chinese commercial entities from my paper. These sources are used in other CSET analysis.

Unfortunately, the perspective from a great number of members of the academic and think tank world is that “scholarship” is taking a soft stance on China and publishing results of credible research, rather than research that has been censored and muted due to fear of CCP retaliation, is dogmatic. What I presented is potentially damaging to these Chinese companies because it lays out the complexity of their structures and their ties to China’s government, and this information I present is based on the CCP’s own data, information published by these Chinese companies themselves, and analysis of other credible research conducted by other experts. To conceal the results of my research would be damaging to the freedom of thought that is so critical to American academic institutions and Western democracy.

- It is also damaging to other researchers that rely on western commercial sources for their research, judge China's success or failure through the lens of western economic indicators, and do not use Chinese language materials.

In addition, in September of 2023, as my work on the paper was nearing the finish line, CSET's Executive Director gave my direct email address to a Chinese state official. I then received an email from the 1<sup>st</sup> Secretary of the Chinese Embassy criticizing my testimony before the Senate HELP committee, the Canadian House of Commons, and my statement to the US press about the shortcomings of the US-China S&T agreement. In particular—his comments focused on my highlighting the lack of reciprocity in collaborations.

What has happened to me can happen to anyone that conducts research that China's state-supported entities and the government in Beijing don't like. This is a growing trend that we as a country need to act on or it will fundamentally change *our system*.

In my previous testimonies before Congress, I have often likened those that are the targets of China's technology acquisition efforts as individual researchers and small businesses up against the resources of a nation state. Unfortunately, I feel that way today as a result of the threats I have received and their unresolved nature, as well as the treatment I have received from Georgetown University.

### **Technology and Continued Access to US Labs and Data Drives China's Behavior**

Upending the status quo of how we deal with China's commercial and research entities matters to Beijing because China seeks technology to continue its military modernization and grow its economy. This is the core purpose of the Military-Fusion strategy, about which the State Department warns on its website. The Chinese government has also published policies showing its intent to dominate the technologies and industries of the future—AI, advanced communications, and biotechnology—and these policies not only advantage its own researchers and companies, but disadvantage others. The way it has structured its system to reach this goal is inherently at odds with key assumptions of the global norms of science and existing commercial structure which are built on transparency, reciprocity, and information sharing. This is all evident in the Chinese government's own writings as corroborated by the U.S. Government.

- As my own experience evidences, China has controlled the narrative despite violating the global norms of business and research, and as a result many of the impacted groups do not recognize the growing challenge that this rivalry poses and often question if there is actually a problem, despite the growing evidence that China is doubling down on its policies and programs.

China's system is different from our own because the role of the State is far-reaching and controls the research and economic ecosystem—including R&D and universities. China blurs public and private, civilian and military, to the point they are indistinguishable.

One could postulate that China's actions in the last decade are not consistent with a country that wants to participate in open scientific exchange. China's engagement with U.S. companies, universities, and civic organizations has not led to a more open society in China or an equal playing field for Western companies in China. On the contrary, it has led to U.S. companies self-censoring when it comes to human rights and issues of importance to China—such as Taiwan, Hong Kong, Xinjian, and Tibet—and U.S. universities accepting limits on academic freedom and freedom of speech because they value the funding they receive from Chinese nationals more than adhering to these core academic values.

This is evidenced by those that criticize the Chinese government being denied visas, and the harassment of foreign journalists abroad and students and scholars on our own shores. For example, the Chinese government's policies have done the following:

- Placed restrictions on the sharing of its academic papers.
- Restricted access to its own genomic data.
- China's National Security Law compels its citizens and entities to share information and data with Chinese entities if asked—regardless of the restrictions placed on that data<sup>1</sup> and more importantly—who owns it.

China's business and S&T collaborations seem to be designed for one overarching purpose—to deliver maximum returns to the Chinese state. Although Beijing has not always been successful in this endeavor, its strategy illustrates a government with a plan and the political will to take a long-term view of development, invest in infrastructure and people and put in place the building blocks it needs to support China's economy and military modernization. It is masterful at setting the terms of those engagements to achieve long-term goals determined by the state.

*My paper focused on biotechnology and genomics, but we have seen this story before.* What China did with 5G—and supporting Huawei—is a well-documented example of how China pursues technologies that are critical foundational elements of the modern world. China uses its instruments of national power to position its companies in leading roles in critical technology niches, such as the next generation of communications infrastructure. China does this because it recognizes the many economic and security benefits these sectors will produce. This is what is at stake.

China is using a similar playbook to develop biotechnology, supporting BGI. My research suggests that China has supported sequencing capacity and collection of genomic data, as well as fostering a constellation of companies that make up its national champions. This blueprint—which worked successfully with fostering Huawei and China's development of 5G—enabled China to drive technical standards, become the supplier of choice worldwide due to support from the Chinese government, and dominate in this foundational technology. The tools China used include R&D subsidies, process reforms, export financing, diplomatic support, and procurement rules for a guaranteed market in China—pushing out foreign competition because of unfair market access environment. The U.S. Government has produced ample reports evidencing this.

**Moving forward it will be important to remember the following:**

- When China cannot win on the facts, or on the merits of its policy positions, it turns to threats and intimidation. My academic paper discussed the results of my research with respect to China’s biotechnology goals and its support for its national champion—BGI and MGI—and this research has put me in the crosshairs of those companies and led to threats of lawfare.
  - If China’s intimidation strategy is allowed to continue, people will increasingly temper their words and be afraid to speak out.
- Speaking out today may put me in further jeopardy but I feel if we begin to self-censor because of the actions of an authoritarian regime we become more like them and less like an open democracy.
- Two things can be true at the same time—we can encourage international collaboration and still highlight the behavior of a nation state that doesn’t share our values; we can work to promote our own innovation base and still put in guiderails to prevent it from being exploited. This should not be considered “hawkish” because business as usual does not work.
- China’s system is different than our own—it blurs public, private, civilian, and military. We need mitigation strategies against that system—and its entities that portend to be something they are not.
  - China’s researchers, companies and universities continue to obscure their ties to China’s government and how their research supports China’s strategic programs as a way to maintain access to our national labs, campuses, and markets
- Ethical asymmetries are real in the development of emerging technologies. There are proactive steps the U.S. and other democracies can take to ensure that the research and tools of discovery reflect democratic values and are not controlled by a strategic competitor. It will require a holistic approach that recognizes those areas where national security and the market diverge.
- China’s system creates market distortions and undermines the global norms of science by leveraging researchers and academic and commercial entities to further the goals of the state, rather than open collaborations that benefit both parties, or fair commercial competition free from market-distorting subsidies and restrictions.
- Our institutions were not designed to counter the threat to academic freedom and manipulation of public opinion that China’s policies and actions pose. Beijing in many ways understands our societal tensions and its statecraft is directed at them---promoting the idea that speaking out against its policies is a kin to ethnic profiling or as representing a narrow worldview. This is a well-funded effort.

**In conclusion, we need policies for the China we have—not the one we want, but what**

will make this difficult is that the reality that China is presenting is inconvenient to those benefiting in the short-term. This includes companies looking for short-term profits, academics that benefit personally from funding or University leadership that want to keep tuition-dollars flowing, former government officials who cash in as lobbyists for China's state-owned and state-supported companies, and high priced law firms that send threatening letters to people like me exercising my right in an open democratic society to point out the behavior of a nation state that doesn't share our values, doesn't play by the rules, and seeks to dominate in key technology areas.

I want to thank the Committee for continuing to highlight these issues. These are hard conversations that we must have if we are to protect and promote our competitiveness, future developments, and our values. If we do not highlight and address China's policies that violate global norms and our values—and increasingly target people within our own borders—we give credence to a system that undermines fairness, openness and human rights. The Chinese people deserve better. The U.S. people deserve better. Our future depends on it.

---