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ASSESSING CHINA'S BEHAVIOR AND ITS IMPACT ON U.S. INTERESTS

BRIEFING

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ASSESSING CHINA'S BEHAVIOR AND ITS IMPACT ON U.S. INTERESTS

WEDNESDAY, JANUARY 19, 2011

HOUSE OF REPRESENTATIVES,
COMMITTEE ON FOREIGN AFFAIRS,
Washington, DC.

The committee met, pursuant to notice, at 10:35 a.m., in room 2172, Rayburn House Office Building, Hon. Ileana Ros-Lehtinen (chairman of the committee) presiding.

Chairman ROS-LEHTINEN. The briefing will be called to order. Welcome to my fellow members of the committee, our distinguished panel of witnesses, honored champions of the struggle for human rights in China, who are joining us today, ladies and gentlemen. There is an old saying that the Chinese invoke when they wish to avoid political discourse with the central powers in Beijing; the mountains are high and the Emperor is far way.

Well, ladies and gentlemen, this morning there are no mountains to shield us. And China's newest Emperor has just landed in Washington and is at the front lawn of the White House; yet the pressing issues which separate our countries need to be urgently addressed.

Three of those many issues, which will be the focus of today's briefing, include security concerns, human rights, and how our trade imbalance and the Chinese currency manipulation adversely impact our U.S. economy.

When the Cold War ended over two decades ago, many in the West assumed that the threat from communism had been buried with the rubble of the Berlin Wall. However, while America slept, an authoritarian China was on the rise. China became one of our biggest mortgage companies, holding over $900 billion of our international debt. And in these past two decades Western observers forgot that while freedom blossomed in Eastern Europe, reform in China failed.

China was led by a cynical group of leaders who, sobered by the Tiananmen massacre and marked by the blood of its victims, were determined to go forward with economic but not political change. And the China that emerged has fallen far short of the benign China of which former Deputy Secretary of State Zoellick spoke in the coining of the phrase "responsible stakeholder."

Does a responsible stakeholder, as reported in the Western press, allow the transshipment of North Korean missile components to Iran via Beijing airport in open defiance of those U.N. sanctions, which as a Perm-5 Member State, it is duly bound to enforce? Does a responsible stakeholder declare that the South China Sea is one

of its core interests, in open defiance of the navigational and territorial rights of its Southeast Asian neighbors? Does a responsible stakeholder admonish the U.S. Navy that it cannot operate in the Yellow Sea in the very waters where General Douglas MacArthur undertook the heroic landing which turned the tide of the Korean War?

Would a responsible stakeholder refer to the Nobel Peace Prize Committee as a "bunch of clowns" for awarding an honor to a distinguished Chinese human rights advocate? Would a responsible stakeholder arrest the wife of a Nobel Peace Prize winner as further retaliation for speaking the truth about the gross human rights violations in China?

The United States took a big gamble when it voted for permanent normal trade relations for China over a decade ago in what some termed as the most important vote since World War II. The vote was based upon what I see as a sadly mistaken belief that economic openings and a free market reform would lead to democracy, respect for the rule of law, and a full array of political and human rights for the Chinese people.

Yet today as we meet here, the Laogai Research Foundation estimates that there are close to 7 million people currently in Chinese labor camps. It is as if the entire population of Switzerland was being held behind barbed wire. Chinese authorities' ruthless campaign against Falun Gong practitioners, a peaceful organization which promotes truth, compassion, and tolerance, has continued unabated for more than 11 years.

I was proud to be the sponsor of a resolution in the last Congress which received overwhelming bipartisan support addressing the persecution of Falun Gong. The brutal denial of rights to the people of Tibet and the Uyghur people and the forced repatriation of North Korean refugees continue to draw the attention of concerned citizens throughout the world.

And the American people have also borne the brunt of China's mercantile trade policies which promote trade surpluses through cheap exports based upon an artificial depreciation of China's currency. Jobs and American dollars have flown across the Pacific to China for the past two decades as the American people have suffered high unemployment and a diminished standard of living.

Last fall I was pleased to be able to vote in favor of the Currency Reform for Fair Trade Act, which overwhelmingly passed the House 348 to 79. We are back with a new energy from our newly elected Members who are determined to take back America's economy and are committed to a foreign policy that stands with our allies and holds accountable those who threaten our Nation's security interests.

And now I am pleased to turn to my distinguished ranking member for this committee Mr. Berman for his remarks.

[The prepared statement of Chairman Ros-Lehtinen follows:]

Opening Remarks
The Honorable Ileana Ros-Lehtinen, Chairman
Committee on Foreign Affairs
Briefing on: "Assessing China's Behavior and its Impact on U.S. Interests"
January 19, 2011

Welcome to my Fellow Members of the Committee, our distinguished panel of witnesses, honored champions of the struggle for human rights in China, who are joining us today, Ladies and Gentlemen.

There is an old saying that the Chinese invoke when they wish to avoid political discourse with the central powers in Beijing:

"The mountains are high and the Emperor is far away,"

Well, ladies and gentlemen, this morning there are no mountains to shield us, as China's newest Emperor has just landed in Washington and is at the front lawn of the White House.

And the pressing issues which separate our countries need to be urgently addressed.

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China was led by a cynical group of leaders who, sobered by the Tiananmen Massacre and marked by the blood of its victims, were determined to go forward with economic, but not political, change. And the China that emerged has fallen far short of the benign China of which former Deputy Secretary of State Zoellick spoke in coining the phrase "responsible stakeholder."

Does a responsible stakeholder, as reported in the Western press, allow the transshipment of North Korean missile components to Iran, via Beijing Airport, in open defiance of those UN sanctions which, as a Perm-Five member, it is duty bound to enforce?

Does a responsible stakeholder declare the South China Sea as one of its "core interests," in open defiance of the navigational and territorial rights of its Southeast Asian neighbors?

Does a responsible stakeholder admonish the U.S. Navy that it cannot operate in the Yellow Sea, in the very waters where General Douglas MacArthur undertook the heroic Inchon landing which turned the tide of war?

Would a responsible stakeholder refer to the Nobel Peace Prize Committee as a bunch of "clowns," for awarding such an honor to a distinguished Chinese human rights advocate? Would a responsible stakeholder arrest the wife of the Nobel Peace Prize winner as further retaliation for speaking the truth about gross human rights violations in China?

The U.S. took a big gamble when it voted for Permanent Normal Trade Relations (PNTR) for China over a decade ago, in what some termed "the most important vote since World War II." The vote was based upon what I see as a sadly mistaken belief that economic openness and free market reforms would lead to democracy, respect for the rule of law, and a full array of political and human rights for the Chinese people.

Yet, today, as we meet here, the Laogai Research Foundation estimates there are close to seven million people currently in Chinese labor camps. It is as if the entire population of Switzerland were being held behind barbed wire.

Chinese authorities' ruthless campaign against Falun Gong practitioners, a peaceful organization which promotes truth, compassion, and tolerance, has continued unabated for more than eleven years. I was proud to be the sponsor of a resolution in the last Congress, which received overwhelming bipartisan support, addressing the persecution of Falun Gong.

The brutal denial of rights to the people of Tibet and the Uyghur people, and the forced repatriation of North Korean refugees, continues to draw the attention of concerned citizens throughout the world.

And the American people have also borne the brunt of China's mercantile trade policies, which promote trade surpluses through cheap exports based upon an artificial depreciation of China's currency. Jobs and American dollars have flown across the Pacific to China for the past two decades as the American people have suffered high unemployment and a diminished standard of living. Last fall I was pleased to be able to vote in favor of the Currency Reform for Fair Trade Act, which overwhelmingly passed the House 348 to 79.

We are back with a new energy from our newly-elected Members who are determined to take back America's economy and are committed to a foreign policy that stands with our allies and holds accountable those who threaten our Nation's security interests.

Now, I turn to the distinguished Ranking Member for his comments.

Mr. BERMAN. Well, thank you very much, Madam Chairwoman.

And Chinese President Hu Jintao is in Washington this week for a state visit; and as we speak, he and President Obama are meeting at the White House. After an often tense year in U.S.-China relations, the two leaders will try to set the contours of the relationship for the immediate future.

The U.S.-China relationship, one of the most interconnected and complex in global affairs, has major implications for the future of Asia and the entire world. The challenge for the Obama administration is to manage that relationship in a way that strengthens our cooperation with Beijing in areas where we have shared interests, while at the same time addressing the serious concerns we have regarding a number of China's policies.

China is neither an ally nor an enemy. It is both a competitor and a partner in foreign affairs, security, and economics. A key goal of our China policy must be to prioritize our myriad global interests, identify those issues where we are most likely to positively change China's position, and then find and use our leverage with the Chinese to achieve those changes and accomplish our wider foreign policy objectives.

In my view, our highest priority with China should be Iran. Gaining China's acceptance last year for tougher United Nations sanctions on Iran was a significant diplomatic achievement for the Obama administration. But there is ample evidence that Chinese entities continue to invest in Iran's energy sector. This helps Tehran avoid the full impact of sanctions and facilitates Iran's continued development of nuclear weapons capability, which threatens the United States, our allies in the Middle East, and China, which is dependent on stable sources of oil from the Middle East. We must intensify our efforts to ensure China's full participation in the multi-lateral sanctions regime against Iran.

The United States and China must also strengthen our collaboration to denuclearize the Korean Peninsula. As North Korea's economic lifeline, Beijing holds considerable leverage over Pyongyang; yet it has been too slow to make it clear to the North Korean leadership that security and respect can be obtained only by giving up its nuclear weapons and refraining from other aggressive behavior.

The promotion of human rights and political freedom is a central goal of American foreign policy. These universal values must remain a central focus of our relationship with China, whose record in this area remains deplorable. Moreover, those values are in China's self-interest. Both its international image and its economic growth are dependent on developing a society based on the rule of law.

In the sphere of economics and trade, one area of particular concern is China's theft of intellectual property and its indigenous innovation policy. In addition to compliance with the recent WTO decision, China must do more to stop the piracy and counterfeiting that occurs openly on street corners and over the Internet and step up its enforcement efforts.

The crossroads we currently face in the U.S.-China relations present less of a choice for the United States and more of a choice for China. The Obama administration has articulated a pragmatic policy toward China, and in several key areas the administration

has had some modest success. There is no clear indication, however, that China has made a fundamental decision to alter its strategic goals of leveraging the international community to promote its own policies of economic growth, with heightened political control and military modernization, with regional and extra regional power projection, while at the same time insulating China as much as possible from outside influences. As much as the rest of the world looks to China to play a constructive role, it is not clear China wants to play a positive influence beyond its borders.

I look forward very much to hearing the testimony from all of our witnesses today and I yield back.

Chairman ROS-LEHTINEN. Thank you very much, Mr. Berman.

And now I would like to yield 3 minutes to the chairman-designate of the Subcommittee on Asia and the Pacific, Mr. Manzullo.

Mr. MANZULLO. Thank you, Madam Chairwoman, for calling this important briefing concerning China's rise and its impact on the United States. I strongly believe that China's new assertiveness in foreign and economic relations is one of the greatest foreign policy challenges that we must face in this century. China's weight in the global economy cannot be ignored; that nation's rapid modernization represents both opportunity and peril for America.

As chairman-designate of the Subcommittee on Asia and the Pacific, I am keenly aware of the challenges our Nation faces when it comes to dealing with China. As experience has shown, China's unfair trade practices, including currency manipulation, illegal subsidies, and lax enforcement of intellectual property law make it very difficult for the hardworking people of America to compete at a level playing field and benefit from this relationship.

American manufacturers have been hurt most by this unbalanced relationship. Manufacturing is the lifeblood of the 16th Congressional District of Illinois, which I represent. Our congressional district has somewhere between 1,400 and 2,500 factories—no one is quite sure—supporting more than 51,000 jobs. In fact, 24 percent of value-added manufacturing in our congressional district represents exports. It is one of the most dense areas in terms of manufacturing base and one of the most exporting congressional districts in the country. These hardworking men and women want to know what their government is doing to enforce our trade laws with China and preserve America's industrial base.

I hope our distinguished witnesses will focus their remarks on what the administration is doing and what more it can do to urge the Chinese Government to follow the rules. Very little has been done in the past several years.

My experience with the Chinese Government is that it is in fact capable of stopping the violators when they see it is in their interests to do so. With so many Americans out of work, now is the time for this administration to work with Congress to hold China responsible and give American manufacturers a chance to compete with China on a level playing field so our manufacturers can create jobs.

Madam Chairwoman, I commend you for giving the American people a well-deserved voice when it comes to China. I look forward to the testimonies of our witnesses.

Chairman ROS-LEHTINEN. Thank you very much, Mr. Manzullo.

We would be recognizing the ranking member-designate, Mr. Faleomavaega, but he is not present, so we will proceed with the testimony.

We are pleased to have as our witnesses a wonderful panel. Thank you. We are pleased to welcome Mr. Larry Wortzel to today's briefing. Larry is a commissioner on the U.S.-China Economic and Security Review Commission, appointed by Speaker Boehner. Among his many qualifications, Mr. Wortzel served two tours of duty as a military attaché at the American Embassy in China and retired from the Army with a rank of colonel. Thank you for briefing us today.

Also with us is Gordon Chang, who is currently a columnist at Forbes.com. Mr. Chang practiced law in China and Hong Kong for nearly 20 years and has written extensively on China and North Korea. We are grateful to have him today, as he is a much sought after expert on the future of China's economy.

Mr. Yang Jianli is the founder and president of Initiatives for China. In 2002 Mr. Yang was imprisoned in China. And following an outcry by Congress and others for his release, Mr. Yang was freed in April 2007. Immediately following his return to the United States, Mr. Yang formed Initiatives for China, a pro-democracy committee that is committed to peaceful transition to democracy in China.

And lastly, Mr. Robert G. Sutter, who has been a visiting professor of Asian studies at the School of Foreign Services in Georgetown University since 2001. In addition to his full-time position, Mr. Sutter teaches regularly as an adjunct professor of Asian studies in the Elliott School of International Affairs, George Washington University. Mr. Sutter had an extensive government career—an extensive government career in Congressional Research Service and other U.S. Federal agencies that lasted 33 years.

So we will begin with Mr. Wortzel. I am sorry that I am not so great with the pronunciations, but look at my name. I don't get too picky. So I will be rather ruthless with the 5 minutes, so please confine yourself to 5 minutes. Larry, you are recognized. Thank you.

STATEMENT OF MR. LARRY WORTZEL, COMMISSIONER, U.S.-CHINA ECONOMIC AND SECURITY REVIEW COMMISSION

Mr. WORTZEL. Chairwoman Ros-Lehtinen, Ranking Member Berman, members of the committee, thank you for the opportunity to brief you today. The views I present are my own and formed by my service in the U.S. Army, on the U.S.-China Economic and Security Review Commission, and my own research.

In late 2004, Chinese Communist Party Chairman Hu Jintao set out a new set of missions for the People's Liberation Army, or PLA. These new historic missions provide the basis for China's future defense research and weapons acquisition plans. They also set the stage for a more assertive use of the armed forces inside and outside of Asia in pursuit of expanding national interests. The PLA's military modernization efforts provide the means for the armed forces to fulfill these new missions.

China's military modernization efforts are comprehensive, affecting all of the domains of war, including space and cyber operations.

In recent years, China has acquired advanced surface ships and submarines, modern combat aircraft, ballistic and cruise missiles, and advance command and control missions that tie everything together.

In addition, as Admiral Willard, the PACOM commander, recently stated, China will field an antiship ballistic missile, a potential threat against U.S. aircraft carriers in the region. The PLA is still the fallback force of repression for the Communist Party against the populace.

The combination of these new missions and the means to carry them out has brought about changes in China's military operations. Traditionally, the PLA focused on domestic response and local contingencies. Now it is a military with a wider range of missions and activities. The dispatch of Chinese naval vessels in support of antipiracy operations off Africa is one example.

China's national interests are global and the PLA is becoming a force capable of acting beyond China's periphery. A more capable military accompanies a more assertive Chinese foreign policy. This can be seen in China's recent provocative activities concerning its disputed territorial claims in the South and East China Seas and in the exclusive economic zone.

China's military capabilities also stoke Beijing's confidence. China's officials stridently complained about U.S. and allied operations in the Western Pacific. Beijing failed to condemn North Korean attacks on South Korea and strongly objected to joint military exercises in the region between the United States and South Korea.

In military-to-military relations, Beijing continues to circumscribe the range of discussions between China and the United States, refusing to address strategic issues such as cyber warfare and space operations. I am pleased to see that Secretary Gates got to visit the 2nd Artillery Corps and there was some discussion of nuclear doctrine during his visit.

Despite a noticeable improvement in relations across the Taiwan Strait, Beijing continues to insist on the right to use force should it interpret Taiwan's activities as moves toward independence. The cross-Strait military balance increasingly favors China, and Beijing has deployed over 1,100 short-range ballistic missiles opposite the island. In my view, Taiwan's most pressing need is for new or modernized fighter aircraft.

China continues arms sales in support to international pariah states such as North Korea, Burma and Iran. In addition, the food and energy and foreign investment that China provides to North Korea indirectly enabled Pyongyang to continue its nuclear efforts. It showed its economic power by a stoppage of the supply of rare Earth minerals to Japan when it was unhappy with Japanese policy.

Madam Chairwoman, members of the committee, thank you for the opportunity to address you today. I look forward to your questions.

[The prepared statement of Mr. Wortzel follows:]

A Rising China and East Asian Security: Implications for the United States

Briefing before the Committee on Foreign Affairs

House of Representatives

By

Dr. Larry M. Wortzel

Commissioner
U.S.-China Economic and Security Review Commission

Wednesday, January 19, 2011

Rayburn House Office Building

A Rising China and East Asian Security: Implications for the United States

Dr. Larry M. Wortzel

Chairman Ros-Lehtinen, Ranking Member Berman, Members of the Committee, thank you for the opportunity to appear today to discuss how the rise of the People's Republic of China, its increasing military capabilities, and its growing assertiveness in foreign affairs affect U.S. interests.

The views I will present here today are my own. They are a product of my service on the U.S.-China Economic and Security Review Commission, some 40 years of experience assessing China for the U.S. military, and my experience from two tours of duty at the American Embassy in China as a military attaché.

For a number of years, diplomats and officials from China argued that Beijing will rise peacefully as a major power without upsetting the global system.[1] This "Peaceful Rise" theory advanced by China, however, was a matter of debate not only in the United States, but also inside the Chinese Communist Party. Former Party Chairman Jiang Zemin received push back regarding the theory from members of the People's Liberation Army (PLA), some of whom argued that the concept could limit China's ability to defend its own interests.

That inner-Communist Party debate was settled by a speech by new Party Chairman Hu Jintao to the PLA on December 24, 2004. Chairman and PRC president Hu Jintao set out what he described as four "Historic Missions" for the PLA.

This characterization of the PLA as having a series of "Historic Missions" provides the ideological basis for future defense research and the acquisition of new weapon systems. From the perspective of this committee, the formulation provides for a more assertive use of the armed forces inside and outside the region in defense of stated Chinese interests. For the PLA and the Chinese Communist Party, it is a transparent justification for the pursuit of a wider concept of national interests.[2] The "Historic Missions" are:

- To reinforce the armed forces' loyalty to the Chinese Communist Party in order to ensure the Party's vice-like grip on power;
- To help ensure China's sovereignty, territorial integrity, and domestic security in order to continue its national development;
- To help safeguard China's expanding national interests, especially in the maritime, space and cyber domains;
- To help ensure world peace and promote mutual development.[3]

As the U.S.-China Economic and Security Review Commission documented in its *2009 Report to Congress*, "the effect of the *Historic Missions* speech on the People's Liberation Army has already translated into observable changes in China's military and security activities abroad."[4] The Chinese military is transforming from one that primarily focused on domestic response and local contingencies on China's periphery to one that has a wide range of missions and activities.

The changes in military orientation have been accompanied by a more assertive foreign policy on the part of China. During the Commission's visit to China in 2010, and in other meetings with Chinese military personnel, government officials and scholars, I had the opportunity to discuss this more forceful stance. Although some American observers maintain that the more assertive posture is because of increased influence of the PLA in foreign policy-making, Chinese interlocutors deny that it is the military that is shaping policy. They attribute the change in policy to a general sense of nationalism and economic strength among China's populace, inside and outside of government.

The direct manifestations of the more assertive policy stance can be seen in China's recent activities in regards to its disputed territorial claims in the South and East China Seas. The Commission's *2010 Report to Congress* notes that China has pressured foreign energy companies to halt operations off the coast of Vietnam. Additionally, China has imposed fishing bans on parts of the South China Sea that are claimed by Malaysia, Vietnam and the Philippines. In the East China Sea there are conflicting claims in the Senkaku (or Diaoyutai) Islands, claimed by China, Japan and Taiwan, leading to incidents between Japan's Coast Guard and Chinese fishing vessels.[5]

Beijing also has forcefully objected to South Korean and United States military activities in international waters in the Yellow Sea. At the same time, Beijing ignored North Korea's sinking of a South Korean navy corvette, where 46 South Korean sailors perished.[6] Beijing also refused to support a UN resolution condemning North Korea's recent shelling of a South Korean island, which resulted in the death of four South Koreans.[7]

The Commission's annual reports detail China's military modernization efforts. On December 27, 2010, Admiral Robert F. Willard, Commander, U.S. Pacific Command, told a Japanese newspaper that a new "anti-ship ballistic missile system in China has undergone extensive testing," reaching an initial operational capability.[8] This antiship ballistic missile system is part of what the United States refers to as the PLA's "anti-access/area denial" capabilities intended to hinder U.S. military access to the region.[9] Other elements of this PLA effort involve supersonic antiship and land-attack cruise missiles, advanced submarines, fast attack craft, sea mines, and longer range fighters with refueling capabilities.[10]

When the United States moved two aircraft carrier battle groups into the vicinity of Taiwan in response to a series of threatening ballistic missile tests by China in 1996, PLA leaders were surprised and, for the most part, powerless to react. Not long after that, while I was in Beijing, I was told by a senior Chinese military officer that China would develop its missiles capabilities and devise a way to target an aircraft carrier battle group with ballistic missiles.

Since then, the PLA methodically put together a set of integrated military capabilities across all the domains of war (sea, air, land, space, and cyberspace or electromagnetic spectrum) to strengthen its operations. The PLA's new command, control, communications, computers, intelligence, surveillance and reconnaissance (C4SIR) systems facilitate a capacity to mass precision fires with missiles or artillery, bring multiple weapons together to bear on targets simultaneously, and to network combat ships, aircraft and missile systems in joint operations.[11] The Chinese military methodically built capabilities that will allow it to fight a campaign out to

about 2,000 kilometers from China's coast supported by electronic warfare, cyber warfare, and, if necessary, space warfare.[12]

Complementing these capabilities is a rapid growth in the PLA's capacity to conduct conventional missile strikes throughout the region. As the Commission points out in our most recent report, China has actively improved the number, accuracy, range, and payload of its conventional ballistic and cruise missile arsenal. For example, since 2000, the PLA has increased the number of brigades fielding conventional short range ballistic missiles seven fold. Most alarming for the United States, "the PLA's current missile force alone may be sufficient to close down U.S. air bases in the region in the event of a conflict between China and the United States."[13]

Backed by the confidence the PLA feels in this integrated military operations architecture, China has been more strident in its complaints about United States and allied operations in the western Pacific. Beijing strenuously objects to United States air and naval reconnaissance activities in international waters, advancing claims to waters in its exclusive economic zone, but beyond China's territorial limits, that no other country accepts. In the Yellow Sea, despite North Korea's aggression, PLA leaders have spoken out strongly against defensive exercises between the United States and South Korea.

Likely this assertiveness will not change with new Chinese leadership. The new cohort of leaders that the Communist Party is preparing to put into senior positions in the PLA is drawn from the relatives of some of the founders of the Chinese Communist Party. These new leaders, like Xi Jinping, who will probably replace Hu Jintao in 2012, are nationalistic and will not move to create a set of policies on security issues more accommodating to American interests.

Much of what the PLA has achieved originally was based on observing American military operations in Iraq, the Balkans, and Afghanistan. Today, however, the PLA is able to create its own unique military doctrine. Many of the new weapons and C4ISR capabilities originally were developed with Russian assistance or through technology purchased from some of our own allies. Today, China's military industrial complex is increasingly able to build its own indigenous systems. Our Commission's *2010 Report to Congress* points out that some technology and know-how that China's aviation industrial base is acquiring from its interactions with Western aviation manufacturers are being directly transferred to the defense sector.[14]

I also note that recently in Europe there was again talk of lifting the arms sales embargo against China. This was originally imposed in response to the Tiananmen Massacre in 1989. European nations have sold a great deal of military technology to China in the intervening years, but no weapons systems. Still, these sales have helped China's military to develop significantly. When I was at The Heritage Foundation, I proposed that if European defense contractors begin arms sales to China, they should be forced to make business decisions. That is, Congress should forbid those European companies from participating in U.S. defense programs or sales in the same technology areas as those companies choose to transfer to China. Let our European allies make choices—earn a few billion in an arms sale to China or take part in multi-billion dollar cooperative development programs with the United States. It also is useful if the Department of State actively reminds our European partners that human rights conditions have not improved in

China and that the PLA is still the main force of repression on which the Chinese Communist Party depends. As Congressman Henry J. Hyde wrote in 2005, "the choice for Europe could not be clearer: it is between policies that promote the development of democracy in China or those that support China's military buildup and threaten U.S. security interests."[15]

Our Commission, in a contracted report on "The Capability of the People's Republic of China to Conduct Cyber Warfare and Computer Network Exploitation," provided a case study of a multi-day penetration into the computer systems of an American high technology company and how the data was acquired and transferred to an Internet Protocol address in China.[16] The report also discussed the principal institutional and individual "actors" in Chinese computer network operations as well as the characteristics of network exploitation activities that are frequently attributed to China. Cyber warfare is a strategic issue that the U.S. and Chinese defense establishment must address in some form of confidence-building and threat reduction measures, along with nuclear doctrine and space warfare doctrine.

With respect to Taiwan, improvements in economic and trade relations across the Taiwan Strait have not been matched by a reduction in the military threat from China. The Commission's *2010 Report to Congress* notes that the cross-Strait military situation increasingly favors Beijing.[17] China now has over 1,100 conventionally armed short-range ballistic missiles deployed opposite Taiwan and is developing and deploying a long-range, large caliber multiple rocket launcher system.

Most seriously, as our annual report notes, Taiwan's capacity to maintain air superiority over its territory is handicapped by its inability to maintain its combat air fleet. Taiwan's aircraft are aging, and the PLA Air Force has eclipsed Taiwan's fleet in technology and weaponry. Our Commission concluded that "the cross-Strait military situation is of serious concern. China's continued military buildup across from Taiwan is increasing the gap in military capabilities between the two sides. In particular, Taiwan's air defense capabilities are degrading as its air force ages and the PLA's air and missile capabilities improve."[18]

My personal view is that Taiwan could do more by fully deploying a networked C4ISR system for its own forces. But Taiwan's air forces badly need an infusion of new, more robust fighter aircraft.

China continues to provide weapons and equipment to international pariah states. For example, as the Commission's 2010 report states, between 2000 and 2009, China sold Burma almost $168 million worth of arms, including antiship cruise missiles, targeting radar, naval guns, and corvettes.[19] In addition, from 2000-2009, China exported approximately $810 million worth of arms to Iran, accounting for almost 30% of all Iranian weapon imports.[20] Chinese missile assistance has helped Iran to create its own modest antiaccess/area denial capabilities, which in turn could eventually affect the movement of U.S. maritime forces and hinder the flow of oil in the region.[21] Data on China's exports of arms to North Korea are generally not available. However, China does report its trade in small arms and bombs, grenades, and cartridges with North Korea. Although from 1995-2000, these sales reached over $900 million, in recent years these reported sales have remained relatively small; in 2008, China sold only $28,000 worth of small arms. Nevertheless, as North Korea's main supplier of food, energy, and foreign direct

investment, China has indirectly enabled the North Korean regime to continue its nuclear proliferation efforts.[22] Furthermore, China does not participate in international nonproliferation programs, such as the Proliferation Security Initiative, which seek to counter North Korea's proliferation efforts.[23]

With respect to the expansive territorial claims China has made in the South China Sea and the more assertive actions taken to reinforce those claims, my view is that Secretary of State Clinton and Secretary of Defense Gates have set the appropriate tone in response in their remarks at the ASEAN meetings in Hanoi and the Shangri-La Dialogue in Singapore. The United States has strong interests in freedom of navigation in the open seas and opposes the use of force in resolving the disputes.

In the Yellow Sea, and outside China's territorial waters and airspace, my view is that the United States should continue to insist on free passage and to conduct normal patrol and reconnaissance activities. In addition, neither South Korea nor the United States should modify their exercise activities because of the strident complaints of China's military.

It is critical to understand that the new antiship ballistic missile system that China is fielding means that in the event of conflict, or even heightened tension, military operations will necessarily extend into space, cyberspace, and the electromagnetic spectrum. Our missile defenses are likely inadequate to neutralize this new threat. But the missiles and their guidance systems depend on space surveillance, a shared picture of the operating area through data exchange, and the automated distribution of common command and targeting data. Military operations therefore would necessarily extend into wider domains of war.

Madame Chairman, members of the Committee, thank you for the opportunity to address you today. I look forward to your questions.

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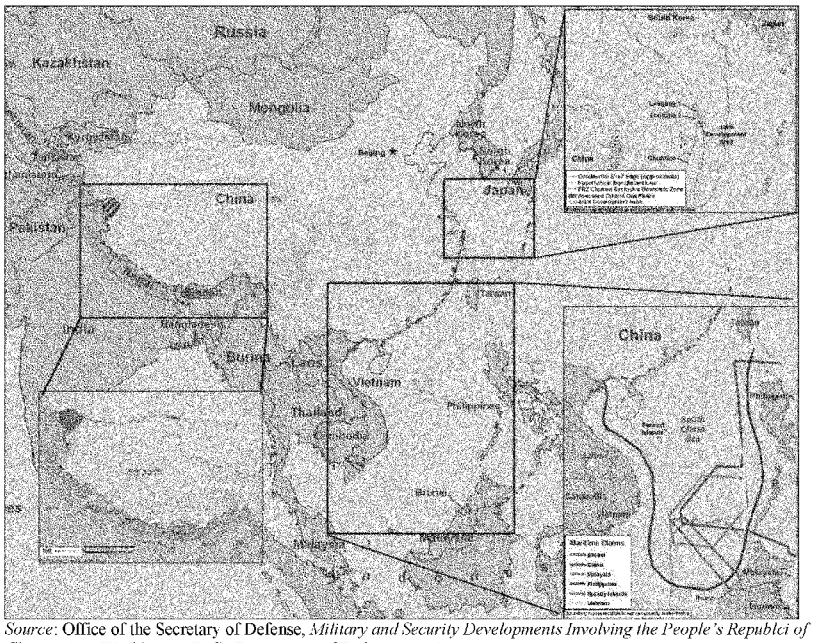
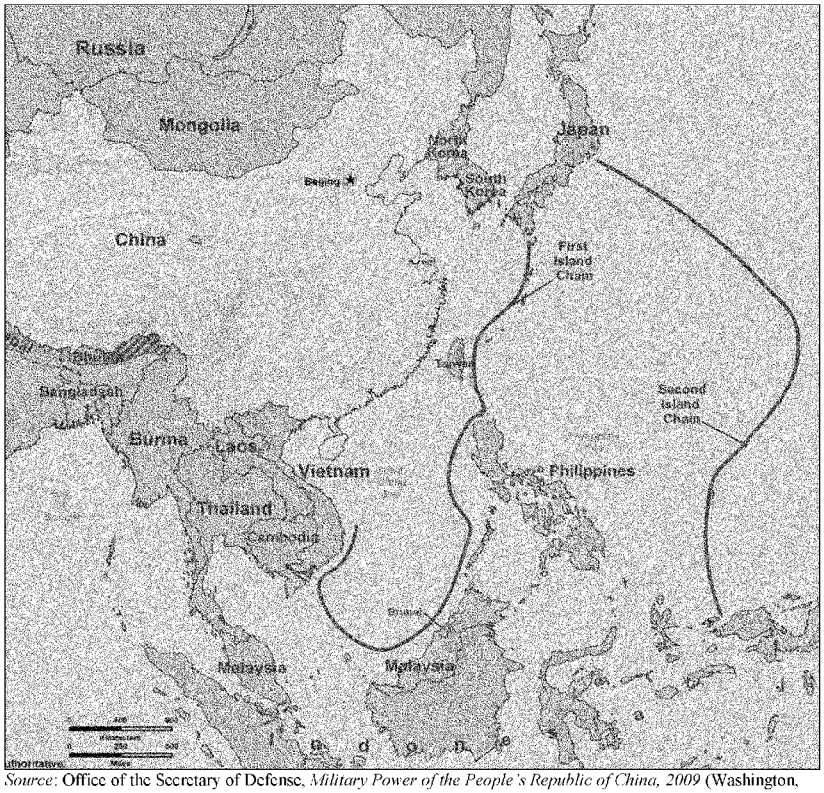
Charts and Figures for Dr. Larry Wortzel Testimony

Figure 1: China's Territorial Disputes



Source: Office of the Secretary of Defense, *Military and Security Developments Involving the People's Republci of China, 2010* (Washington, D.C.: Department of Defense, p. 16.

Figure 2: The First and Second Island Chains



Source: Office of the Secretary of Defense, *Military Power of the People's Republic of China, 2009* (Washington, DC: Department of defense, 2009), p. 18.

Figure 3: China's Main Conventional Missile Arsenal

Missile Type	*# of Missiles*	*Estimated Range*	*Targets*
Ballistic Missiles			
DF-11	700-750	300 km	Taiwan only
DF-15	350-400	600 km	Taiwan, South Korea
DF-21C	*85-95*	*1,750 km*	Taiwan, South Korea, and Japan
DF-3	*15-20*	*3,000+ km*	Taiwan, South Korea, Japan, and Guam
ASBM (DF-21D)	*Underdevelopment*	*1,750+ km*	Large surface vessels
Cruise missile			
DH-10	*200-500*	*1,500+km*	Taiwan, South Korea, and Japan

Source: Adapted from U.S.-China Economic and Security Review Commission, *2010 Report to Congress* (Washington, DC: Government Printing Office, November 2010), p. 149. *http://www.uscc.gov/annual_report/2010/annual_report_full_10.pdf*

Figure 4: China's Networked C4ISR Capabilities

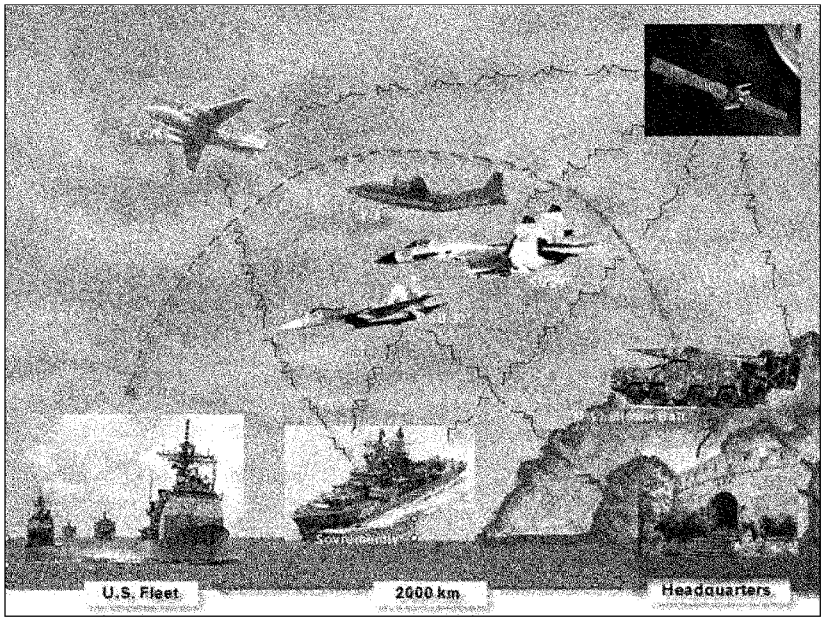
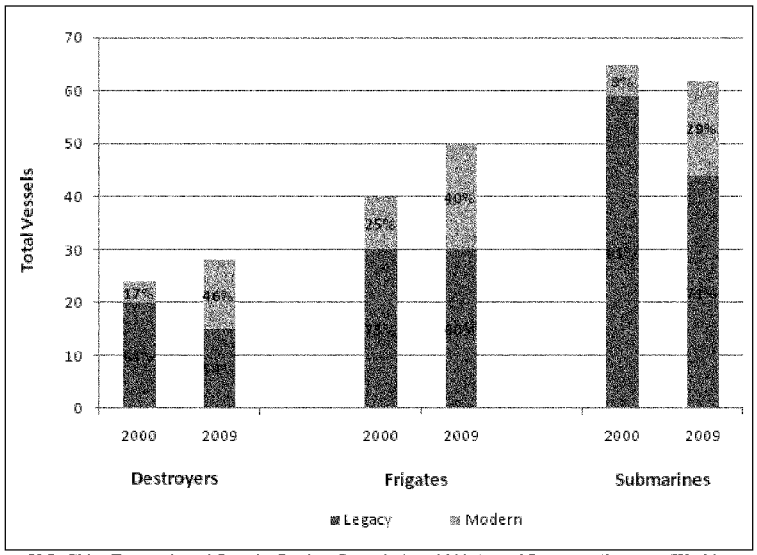


Figure 5: Comparison of Modern* and Legacy PLA Navy Combatants

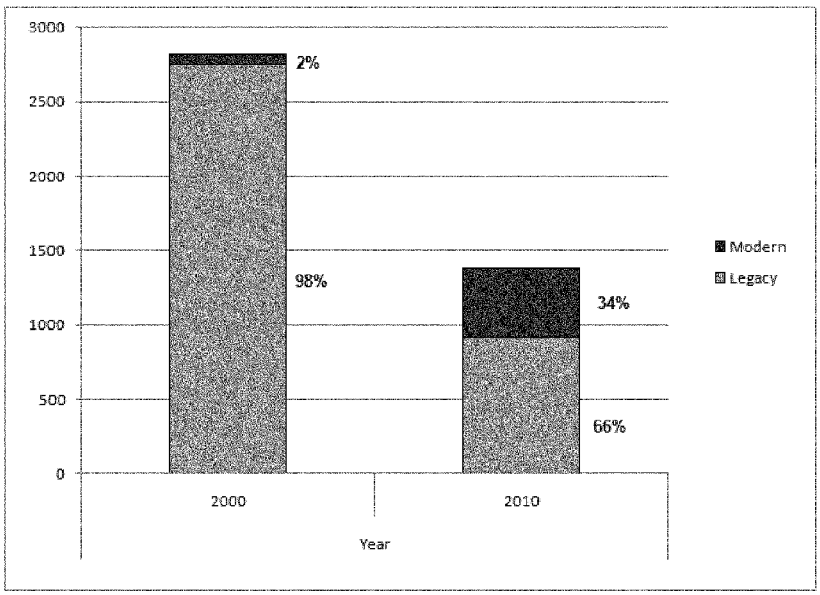
(2000 vs. 2009)



Source: U.S.-China Economic and Security Review Commission, *2009 Annual Report to Congress* (Washington, DC: U.S. Government Printing Office, November 2009), p. 129.

*This chart categorizes the following Chinese classes as modern vessels. Destroyers: *Luhai, Luhu, Luyang (I & II), Luzhou,* and *Sovremenny;* frigates: *Jiangkai (I & II),* and *Jiangwei (I& II);* and submarines: *Jin, Kilo, Shang, Song,* and *Yuan.*

Figure 6: Comparison of Modern* and Legacy Fighter Aircraft in the PLA Air Force (2000 vs. 2010)



Source: U.S.-China Economic and Security Review Commission, *2010 Annual Report to Congress* (Washington, DC: U.S. Government Printing Office, November 2010), p. 76.

* Here modern fighter aircraft include 4th generation fighters, such as China's SU–27, SU–30, J–10, and J–11, as well as older-generation fighters that have been outfitted with modern components, such as advanced radar or avionics. Examples include recently improved variants of the J–7, the J–8, and the JH–7.

Chairman ROS-LEHTINEN. Thank you so very much, and thank you for the time limit.

Mr. Chang, we appreciate your time. Five minutes, please.

STATEMENT OF MR. GORDON CHANG, AUTHOR OF "THE COMING COLLAPSE OF CHINA," FORBES.COM COLUMNIST

Mr. CHANG. Chairwoman Ros-Lehtinen, Ranking Member Berman, distinguished members of the committee, thank you for the opportunity to be here today.

The dominant narrative in the United States and elsewhere is that China has the upper hand when it comes to the United States, and that is why President Obama is hosting a state visit for an autocrat, Chinese President Hu Jintao.

But does China really have the upper hand? I think that most Americans misperceive the economic relationship between the United States and China, and today I would like to comment on three of those misperceptions.

First of all, everybody says that China is decreasing its dependence on the United States. Well, China has an economy that is geared to selling things to us. The Chinese economy is dependent on exports, and its export sector is especially reliant on sales to the United States. Last year, when all the statistics are in, I think that we are going to see that more than 140 percent of China's overall trade surplus related to sales to the United States. That is up from an already stupendous 90.1 percent in 2008. Now, China's trade dependence on us gives us enormous leverage, because China is not a free trader. China has accumulated its surpluses because of real clear violations of its obligations under the World Trade Organization.

Second, everybody says that China's debt provides—our debt held in the hands of China—provides a weapon that the Chinese can use against us. Since August 2007, the Chinese have talked in public about using debt as a weapon, and of course they call it, appropriately, "the nuclear option." Well, China hasn't used the nuclear option since it first started talking about it, and the reason is they know their attack plan won't work. Let's think about the worst possible scenario, that the Chinese drop all of our debt at one time. Well, we have got to look at the way the global markets operate. If the Chinese do that, they have got to buy something, which means they have got to buy things denominated in pounds, euros and yen. That would send those currencies soaring through the ceiling in their values, which means that London, Brussels, and Tokyo would have to go out into the global markets to rebalance their currencies; in other words, to bring their currencies back down in value. And the only way they can do that is to buy dollars. There would be turmoil in the global markets, but it wouldn't last very long, just a few weeks, maybe a calendar quarter at the most. And after this is all done, we would have our debt held by our friends rather than a potential enemy. I think the global markets are deep and they can handle just about everything, and although I don't think the United States should be accumulating debt, and certainly I don't want the Chinese to hold it, I also don't think it gives them a weapon.

Third, you hear many commentators say that China's currency manipulation is not the sole cause of America's trade deficit. Well, of course that's right, because there are a number of reasons that relate to our trade deficit, but China's currency manipulation is an important reason. Due to Beijing's active manipulation of its currency—it intervenes in the markets every day—the discount value of the renminbi to the U.S. dollar is somewhere in the vicinity of 20 to 40 percent. Maybe 30 percent would be a good estimate for today. A discount of that magnitude, of course, is significant.

When I practiced law in Asia, many of my clients were U.S. manufacturers, and I would just watch my clients haggle for days over pennies on unit prices. That is how important price is.

So it is counterintuitive to think that a discount of 30 to 40 percent—and that is what we are talking about—would not have an effect on our trade deficit. But you don't have to take my word for it. Chinese Premier Wen Jiabao, the top economic officer in China, came to the United States last September and he said—he talked about the possibility of "countless Chinese enterprises going bankrupt and countless Chinese workers becoming unemployed if the renmimbi increased in value." Well, if that is what the currency does to China's manufacturers and their employees, then what do you think it does to ours?

Nonetheless, many economists say, well, you know, you shouldn't do this, this currency bill, H.R. 2378, which passed the House. I think that we certainly need to do that. China won't change its destructive currency practices if we appeal to its self-interest, which is what the Bush administration and the Obama administration were doing. I think that we have to apply pressure.

[The prepared statement of Mr. Chang follows:]

Statement of
Gordon G. Chang
Before the
House Committee on Foreign Affairs

January 19, 2011

Chairwoman Ros-Lehtinen and distinguished members of the Committee:

It is a privilege for me to appear before you today, and I thank you for this opportunity.

My name is Gordon Guthrie Chang. I am a writer and live in Bedminster, New Jersey. I worked as a lawyer in Hong Kong from 1981-1991 and Shanghai from 1996-2001. Between these two periods, I frequently traveled to Hong Kong and China from California. I continue to travel there now.

I am the author of *The Coming Collapse of China* (Random House, 2001) and *Nuclear Showdown: North Korea Takes On the World* (Random House, 2006). I am a Forbes.com columnist and write regularly about China.

Most Americans fundamentally misunderstand the economic relationship between the United States and China. I want to comment on three of these misunderstandings: China's dependency on the American market, America's dependency on China buying American debt, and the effect of Beijing's currency manipulation.

China's Dependency on America

First, most of us believe that the Chinese economy has become less dependent on ours. The generally accepted narrative is that, as the American economy tumbled during the Great Recession, China's exporters looked to other markets.

In 2008 and 2009, every China analyst—including me—believed Chinese exporters were successful in diversifying away from the U.S. This storyline seemed true because it made so much sense. Trade numbers, however, tell a different story.

In 2008, 90.1% of China's overall trade surplus related to sales to the United States. So what happened in 2009, the first full year of the downturn? That percentage increased to 115.7%.

And what happened last year? China's trade surplus last year was $183.1 billion, according to the official Xinhua News Agency.

Through the first 11 months of last year, U.S. Commerce Department figures show China's trade surplus against the United States was $252.4 billion. That's up from $208.7 billion for the same period in 2009, a 20.9% increase.

The Commerce Department has not released the December trade number yet. China's surplus for that month should end up somewhere around $22 billion. Yet let's assume, purely for the sake of argument, that China's December surplus was zero. If December's surplus was zero—not very likely—137.8% of China's overall trade surplus last year related to sales to the United States.

China's increasing trade dependence on the United States gives Washington enormous leverage over Beijing, especially because a large portion of the Chinese surplus is attributable to violations of its World Trade Organization obligations. China has an increasingly turbulent economy, heavily dependent on exports. And its exporters, despite all the talk about their "diversification," increasingly need the American market.

Beijing's Holding of U.S. Debt

Second, just about everybody says that Beijing's holding of American debt gives China a hold over the United States.

They are right—but only because we think it does. China's holding of Treasury debt—$906.8 billion as of October 2010—would not be a weapon if we properly understood how global markets work.

Because of China's increasing dependence on exports to America, Beijing has to buy American debt as a practical matter. It receives dollars from its export sales and has to invest those dollars somewhere. The Chinese could convert their dollars into other currencies, but no other currency has a deep-enough market. Furthermore, the euro, an alternative to the dollar, may not exist, say, two years from now, complicating Beijing's diversification plans. China is stuck with the dollar for as long as it is stuck with the American market.

Chinese officials periodically threaten to diversify their holdings and to stop buying U.S. Treasury obligations. It seems there has been some diversification of China's foreign exchange reserves but not enough to make a difference to the Treasury Department's fund-raising plans. Even when Beijing sells Treasuries from accounts analysts watch, it

appears the Chinese buy through nominee accounts—in other words, they try to hide their purchases.

Chinese officials have publicly threatened to dump our debt in global markets since August 2007. They call this tactic, appropriately enough, the "nuclear option."

China's officials have not nuked us because they know their attack plan won't work. Let's suppose the worst case scenario of Beijing trying to dump all its dollars at one time. What would happen? The Chinese would have to buy something, as a practical matter, pounds, euros, and yen. The values of those currencies would then shoot up through the ceiling. London, Brussels, and Tokyo, to bring down the values of their currencies, would then have to go into global markets to buy . . . dollars. In short, there would be a great circular flow of cash in the world's currency markets.

There would be turmoil in those markets, but it would not last long, perhaps just a few weeks. And we would end up in just the same place that we are now, except that our friends would be holding our debt instead of our adversary. Global markets are deep and flexible and can handle just about anything.

Hillary Clinton, in 2005, famously said we can't argue with our Chinese bankers. I think we can.

I hasten to add that I do not want China to hold a single cent of our debt, but, because it does, we need to understand the limits of the power that such holding confers on Beijing.

China's Manipulation of the Renminbi

Third, you hear many commentators say that changing China's currency practices will not solve America's trade deficit. Of course that's true—but only because Beijing's currency manipulation is not the *sole* reason for the plight of American manufacturers and workers. Yet Chinese manipulation is an *important* factor.

China has, during various periods, pegged its currency and allowed a "dirty float." Throughout all these times, the yuan, as the renminbi is informally know, has been kept at an artificially low level. Today, Beijing continues to intervene in its market so that the currency hits a target in the middle of a moving band, and it does so to give an advantage to its exporters. Due to this active intervention, no one knows the true value of the renminbi, but the discount to market value is thought to be somewhere in the vicinity of 30 percent.

A discount of that magnitude is, of course, significant. I practiced law for more than two decades, much of it in Asia. I represented parties involved in trade between China and the United States and often saw them haggling for days over pennies when negotiating unit prices. A swing either way of a few cents had a disproportionate effect on the success of the business of my clients. So it is counterintuitive to think that currency

manipulation, which can change the price of a product by thirty or forty percent, would have no affect on our country's trade deficit.

But don't take my word for it. Listen to China's top economic official. Premier Wen Jiabao, last September, raised the possibility of "countless Chinese enterprises going bankrupt and countless Chinese workers becoming unemployed" if the renminbi were to appreciate substantially. If China's enterprises and workers would suffer if he did not manipulate the renminbi, then how can anyone maintain that our manufacturers and our workers are not disadvantaged by his currency policy?

Nonetheless, economists and analysts tell us we shouldn't complain about China's predatory currency policies. For instance, they maintained that the China currency bill the House passed late last September—H.R. 2378, the Currency Reform for Fair Trade Act—was the result of misguided protectionism.

It is a mystery to me why trying to do something about protectionism is itself considered protectionist. In my view, the United States should do all it can to bring Chinese currency practices in line with those of China's trading partners. The real risk for us—America and the rest of the global community—is that Beijing will take too long to do so. Asian nations are already depressing the value of their currencies to make their exports more competitive with China's. In the 1930s, tariff walls deepened the Great Depression and prolonged it. This time, more subtle—but probably as destructive—measures look like they will produce the same effect.

China won't change its destructive currency policies if we merely appeal to its self-interest—the approach of the current administration and the preceding one. China will change its currency policies only when the United States acts to defend its manufacturers and workers. If the administration won't act, Congress should.

Thank you.

Chairman ROS-LEHTINEN. Thank you Mr. Chang. Thank you so much.

Mr. Yang.

STATEMENT OF YANG JIANLI, PH.D., PRESIDENT, INITIATIVES FOR CHINA AND HARVARD FELLOW

Mr. YANG. Thank you, Your Excellency. Thank you for the opportunity for me to testify on a very fundamental matter in the relationship between the United States and China that must be addressed. It is the matter of how the Chinese Government treats its own citizens. China is the country with the most prisoners-of-conscience in the world, including a Nobel Peace Prize winner. Among thousands, if not tens of thousands of prisoners-of-conscience, is Dr. Liu Xiaobo who got the longest prison term, life imprisonment. His two children, Song Tung, and a daughter Tiana are here with us today.

In addition to the official prison system, it is practically public knowledge that in China there exist hundreds of black jails established and run by local governments of various levels. These prisons take in numerous innocent petitioners arbitrarily.

Going beyond this prison system, there are three new types of measures of control that the Chinese authorities have been increasingly using in the past 3 years.

Number one, direct violence. The direct violence against dissidents, human rights activists, and petitioners has increased in recent years. The people who have been doing this are local policemen or rogues hired by the police. In some cases governmental officials are also involved.

Number two, house arrest. In recent years, house arrest has become more and more widely used as a means for limiting dissidents and their families. Yuan Weijing and Liu Xia are two typical examples. As the wife of the blind human rights lawyer Chen Guangcheng, Yuan Weijing was placed under house arrest not long after her husband had been arrested. Ever since Chen Guangcheng was released after serving 4 years and 3 months in prison last September, the entire family has been put under house arrest. The Chens, the entire family, has been cut off from all contacts with the outside world. Those who tried to visit them were badly beaten. Liu Xia, Liu Xiaobo's wife, has been put under house arrest ever since last year, when her husband won the 2010 Nobel Peace Prize. And her communication with the outside world has been completely cut off since October 20th, last year.

Number three, "made disappearances." I also urge you to pay attention to the disappearance of Chinese citizens as the result of the government's unwarranted actions. The most notorious case is Gao Zhisheng. He has not been heard from ever since last April, after repeatedly being detained and severely tortured. And his wife is with us today here.

Another important case is Mongolian scholar Hada who was arrested in December 1995 for peaceful activities demanding more autonomy for the Mongolian region. He was later sentenced to 15 years in jail. His prison term was set to end on December 10th last year, but a few days before that the Chinese authorities detained his wife and their son. Hada was never seen getting out of prison. And to date, the entire family has not been heard from.

Around the time of the Nobel Peace Ceremony, more than 100 of Mr. Liu's friends, family members, and supporters, including Tiananmen mother Ding Zilin and her husband, were either put under house arrest or made missing.

So coming back to the issue I raised at the outset, the question is why should China's treatment of its citizens be an important concern for U.S. foreign policy toward China? Pundits and laymen can give a slew of analysis on and answers to this question, and some people can even denounce this question as irrelevant. But I just want to echo Phelim Kine's question from his Wall Street Journal article last Monday: Will a rising power that fails to honor commitments to its own people act responsibly to fulfill its commitments to other nations and their peoples?

[The prepared statement of Mr. Yang follows:]

Testimony at Congressional Briefing

Jan.19, 2011

Yang Jianli

I understand that there are matters of urgent concern to the U.S. as far as foreign relations toward China are concerned. Trade, currency exchange, peace on the Korean peninsula, as well as arms sales to and relations with Taiwan, are but a few of the outstanding issues. But I want to respectfully point you to an even more fundamental complexity in the relationship that must be addressed. Assuming it is the goal of both countries to improve and expand their existing political and economic foundations for a mutually beneficial relationship over the coming decades, this issue simply will not go away.

It is the matter of how Mr. Hu's government treats its own citizens.

Today, China is the only country in the world that imprisons a Nobel peace prize winner. To make matters worse, after Liu Xiaobo won the Nobel Prize, his wife was put under house arrest and lost all the contact with the outside world. This was done all without any proper legal procedure. This alone tells us one thing: the Chinese government's abuse of human rights goes beyond anything we imagined.

China is the country with the most prisoners-of-conscience in the world. I bring along a partial list of 109 names of imprisoned writers. None of the men and women on this list has engaged in violence or any other form of criminal activity. All they did was exercising China's constitutional right of the freedom of expression, yet they were imprisoned under harsh sentences.

In addition, it is practically public knowledge that in China that there exist hundreds of un-registered prisons established and run at various levels of Chinese local government. These prisons take in numerous innocent citizens without any legal procedures, as long as the government suspects them of "affecting society's stability." Currently, my organization, *Initiatives for China,* is carrying out projects to systematically investigate and expose this phenomenon.

Furthermore, China's policies and practices on land expropriation and house demolition have seriously interfered in people's lives and basic human rights. We estimate that over the past decade, at least 10,000 people have lost their lives directly due to land expropriation and housing demolition. China's economic growth is actually not only built upon large–scale robbery of its own citizens, but is paid with the price of people's freedom and lives.

Due to time constraints, I will not elaborate on all of the human rights violations in China. Instead, I want to briefly report to you on the three new types of measures that the Chinese authorities have been increasingly using in the past three years to control and persecute dissidents, which go beyond the official prison system.

1. Direct Violence against Dissidents

Direct violence against dissidents and human rights activists has increased in recent years. Liu Xiaobo, Sun Wenguang, Ai Momo, Li Heping, Cheng Hai, Zhang Kai, Li Chunfu, Liu Linna, Liu Dejun, Xiao Qingshan, Chen Yunfei, Zhu Juru ,etc. are among those who were beaten in various areas of China. The people who have been doing these things are local policemen or rogues hired by the police. Some government officials are also involved. When these dissidents and human rights activists reported the crimes against them, neither the police nor the local government did anything to punish the perpetrators or prevent such violence from happening again.

2. House Arrest

In recent years, house arrest has gradually become more widely used by local governments as a means for limiting dissidents and petitioners. Such means are even applied to the family members of dissidents and petitioners. Yuan Weijing and Liu Xia are two typical examples. As the wife of the blind human rights lawyer Chen Guangcheng, Yuan Weijing was placed under house arrest not long after Chen Guangcheng had been arrested. Ever since Chen Guangcheng was released after serving 4 years and 3 months in prison last September, the entire family has been put under house arrest. The Chens have been cut off from all contact with the outside word. Those who have tried to visit them were badly beaten. Liu Xia, Liu Xiaobo's wife, has been put under house arrest ever since Oct.8, 2010, when the Norwegian Nobel Committee announced they would award the 2010 Nobel Peace Prize to Liu Xiaobo, and her communication with the outside world has been totally cut off since Oct. 20. 2010. One can only imagine what she has been through and what her current situation is.

3. "Made Disappearance"

I also urge you to pay attention to the "disappearance" of Chinese citizens as the result of the government's unwarranted actions. The most notorious case is Gao Zhisheng. Gao Zhisheng, a prominent human rights lawyer who represented religious minorities in China, was "disappeared" by the government in April 2010. His wife, Geng He, who secretly fled to the United States and sought asylum with her two children, Peter and Grace, has come to Washington this week and joins us here today. Though named by the Ministry of Justice as one of China's top lawyers in 2001, after he took politically sensitive cases, the government revoked his license, shuttered his law firm, and placed his family under surveillance. Repeatedly detained, authorities severely tortured him in 2007 after he wrote a letter to the United States Congress detailing human rights abuses in China. In February 2009, authorities held him without charge for over a year, during which time his captors again tortured him. After intense international pressure, the government briefly released him in March of last year. However, after only a few weeks, the government abducted him again in April. He has not been heard from since.

Mongolian scholar Hada was arrested in Dec. 1995 because of founding the Southern Mongolian Democratic Alliance and subsequently organizing a number of peaceful demonstrations demanding more autonomy for the Mongolian region. On Dec. 6, 1996, after a year of detention without trial, he was charged with the crimes of separatism and espionage for (the independent state of) Mongolia and sentenced to 15 years in jail. His 15-year prison term was set to end on Dec. 10, 2010. However, a few days before that, Chinese authorities arrested his wife, Xinna,

and son, Uiles. Hada was never seen getting out of prison, and to date, neither he nor his wife, nor his son have been heard from. The only thing suggesting that they are together are five pictures that the Chinese authorities anonymously posted onto an overseas Internet forum, boxun.com, days after his scheduled release date. The pictures showed Hada along with his wife and son in what appears to be a hotel room. The post had only a brief caption saying Mongolia's Hada released after 15 years and reunited with his family. The exact same pictures were handed over to Hada's sister-in-law the next day on a CD at her residence with no explanation being given. Days later, only after repeated demands, the authorities told her that Hada and the family members are "enjoying a quiet reunion in a five-star hotel" and did not wish to be disturbed. But no location for the hotel was given.

And around the time of the Nobel Peace ceremony, more than 100 of Mr. Liu's friends, family members and supporters, including Tiananmen mother Ding Zilin and her husband, were either put under house arrest or made missing.

While it is conventional wisdom that economic growth will help to improve human rights and promote democracy, this wisdom simply does not apply to China as well as people expect. So far, we have seen just the opposite in China, where the fruits of economic growth only strengthen the Government's confidence in its ability to perpetrate human rights violations. In some special yet widespread cases (such as land expropriation and house demolition, etc.), the need for economic development has become a ready excuse and motivation for human rights violations. As the 32 congressional members said in their letter to President Obama last week, "China touts its continued economic progress and integration into the world economy while refusing to acknowledge and uphold universal standards applicable to human rights. This was clearly manifest in the run-up to the Nobel Peace Prize ceremony,"

I urge the international community to stay alert to these severe human rights violations and put pressure on the Chinese government to change their ways. In the mean time I urgently call for your concrete support of Chinese grass-root civil rights activists.

Coming back to the question I raised at the outset, why should China's treatment of its citizens be an important concern for U.S. foreign policy toward China? Pundits and laymen can give a slew of analysis on and answers to this question, and some people can even denounce this question as irrelevant. But I just want to echo Phelim Kine's question from his Wall Street Journal article last Monday: Will a rising power that fails to honor commitments to its own people act responsibly to fulfill its commitments to other nations and their peoples?

Chairman ROS-LEHTINEN. Thank you. That is a good question. Thank you.

Mr. Sutter.

STATEMENT OF MR. ROBERT G. SUTTER, VISITING PROFESSOR, SCHOOL OF FOREIGN SERVICE, GEORGETOWN UNIVERSITY

Mr. SUTTER. Thank you very much, Madam Chairwoman and members of the committee.

The U.S. relationship with the People's Republic of China has been troubled throughout its twisted history. Important areas of converging interests between the two powers are usually accompanied by important areas of differences. The relationship has become very broad ranging, multifaceted and complicated, and it is the most important bilateral relationship in the world today.

A pattern of seeking to advance common ground while managing differences prevailed throughout most of the George W. Bush administration. Like President Bush, President Obama showed a course with China involving pursuing constructive contacts, preserving and protecting American interests, and dealing effectively

with challenges posed by rising Chinese influence and power. A strong theme in President Obama's initial foreign policy was to seek cooperation of other world powers, including China, to deal with salient international concerns. He worked very hard at this, but he found the Chinese leaders offered only limited cooperation on issues like climate change and others.

More worrisome were the challenges that the Chinese administration posed for the Obama government, and this has been well documented by my colleague, Mr. Wortzel, particularly about the maritime areas about the periphery of China, but also a hard line on the President's arms sales to Taiwan, on his meeting with the Dalai Lama, and the U.S. interventions in the South China Sea and other issues.

The Obama government reacted calmly and firmly to what Secretary of State Clinton called these tests or manifestations of new assertiveness by China. It gave no ground on any of the Chinese demands. It also found that Chinese assertiveness with the United States in neighboring countries over various issues damaged China's efforts to portray a benign image in Asia.

These Asian governments became more active in working more closely with the United States and encouraging an active U.S. presence in the Asia Pacific. The overall effect was a decline in China's position in the Asia Pacific and a rise in the position of the United States.

Meanwhile, the Obama government made clear to the Chinese Government and to the world that the United States is prepared to undertake military measures needed to deal with the buildup of Chinese forces targeting Americans and American interests in the Asia Pacific. It also helped to move China to curb North Korea's repeated provocation by warning privately as well as publicly that the United States viewed North Korea's nuclear weapons development as a direct threat to the United States.

Over the past few months China has tried to ease differences with the United States in the period leading up to the current visit of President Hu Jintao. We have done a number of different things in calming the situation between the United States and China over these various areas of differences. Looking out, President Obama wants to pursue closer engagement with China as part of his administration's overall reengagement with the Asia Pacific. His administration also has made clear that it will not give in to Chinese assertiveness or pressure and, if needed, will respond to such Chinese actions with appropriate military diplomatic or other means.

Given China's recent assertiveness, it may appear less certain that President Hu Jintao shares President Obama's interest in reengagement. On the other hand, China's recent assertiveness has proven much more costly than beneficial for China's broader interest.

It is against this background it seems likely that prevailing circumstances will preserve and reinforce the positive equilibrium in U.S.-China relations for three general reasons. First, both administrations seek benefit from positive engagement in various areas. Second, both administrations see that the two powers have become so interdependent that emphasizing the negatives in their relationship will hurt the other side but also will hurt them. Third, both

leaderships are preoccupied with a long list of urgent domestic and foreign priorities. In this situation one of the last things they would seek is a serious confrontation in relations with one another.

Thank you for your attention. I look forward to responding to your questions.

[The prepared statement of Mr. Sutter follows:]

Date: January 19, 2011
Panelist: Robert Sutter
Visiting Professor of Asian Studies, School of Foreign Service, Georgetown University
Testimony before the House Committee on Foreign Affairs
Title of Briefing: "Assessing China's Behavior and Its Impact on US Interests"

Opening Statement

Chairman Ros-Lehtinen and Members of the Committee, thank you for the opportunity to testify on this important topic at a time when our president, Barack Obama, and China's President Hu Jintao are conducting important meetings in Washington, setting the course for future Sino-American relations.

The US relationship with the People's Republic of China has been troubled throughout its twisted history during the past 60 years. Important areas of converging interests between the two powers are usually accompanied by important areas of differences. The relationship has become very broad ranging, multifaceted and complicated. And it has become the most important bilateral relationship in the world.

Leaders on both the Chinese and the American sides in the past decade have seen their countries' interests best served by pragmatic efforts to build closer ties in the areas where US and Chinese interests converge; they try to manage the many differences between the two countries in ways that do not fundamentally challenge the positive equilibrium that prevails between the two administrations.

This pattern of seeking to advance common ground while managing differences prevailed throughout most of the George W. Bush administration. Presidential candidate Obama was unusual in recent US presidential politics in *not* making an issue of his predecessor's China policy. Like President Bush, the new president showed a course with China involving pursuing constructive contacts, preserving and protecting American interests, and dealing effectively with challenges posed by rising Chinese influence and power.

A strong theme in President Obama's initial foreign policy was to seek the cooperation of other world powers, including China, to deal with salient international concerns such as the global economic crisis and recession, climate change, nuclear weapons proliferation and terrorism. He and his team made strong efforts to build common ground with China on these and related issues. China's leaders offered limited cooperation; they focused much more on their own interests than the need for global responsibility urged by President Obama. Chinese officials suspected that added global responsibilities would hold back China's economic development and modernization.

More worrisome, some Chinese actions and assertions directly challenged the policies and practices of the United States. Chinese government patrol boats confronted US surveillance ships in the South China Sea; China challenged US and South Korean military exercises against North Korea in the Yellow Sea; Chinese treatment of US arms sales to Taiwan and President Obama's meeting with the Dalai Lama was harsher than in

the recent past; Chinese officials threatened to stop investing in US government securities and to move away from using the US dollar in international transactions; and the Chinese government for a time reacted very harshly to US government interventions urging collective efforts to manage tensions in the South China Sea and affirming that the US-Japan alliance provides for American support for Japan over such disputed territories as islands in the East China Sea controlled by Japan but claimed by China.

The Obama government reacted calmly and firmly to what Secretary of State Clinton called these "tests" or manifestation of new assertiveness by China. It gave no ground on any of the Chinese demands. It also found that Chinese assertiveness with the United States and neighboring Asian countries over maritime, security and other issues seriously damaged China's efforts to portray a benign image in Asia. These Asian governments became more active in working more closely with the United States and in encouraging an active US presence in the Asia-Pacific. Their interest in closer ties with the United States meshed well with the Obama government's broad effort to "re-engage" with the countries of the Asia-Pacific, ranging from India to the Pacific Islands. The overall effect was a decline in China's position in the Asia-Pacific and a rise in the position of the United States.

Meanwhile, the Obama government made clear to the Chinese government and the world that the United States is prepared to undertake military measures needed to deal with the buildup of Chinese forces targeting Americans and American interests in the Asia-Pacific. It also helped to move China to curb North Korea's repeated provocations by warning privately as well as publicly that the United States viewed North Korea's nuclear weapons development as not just a regional issue and concern for global non-proliferation but a direct threat to the United States.

The period leading up to the current visit of President Hu Jintao to Washington has been accompanied by actions from China designed to ease recent tensions and set a smoother course for US-China relations. The harsh rhetoric criticizing US policies and practices has subsided; the Chinese put aside their objections to high-level military exchanges and Secretary Gates reestablished businesslike ties at the top levels of the Chinese military during his recent visit; China used its influence to get North Korea to stop its provocations against South Korea and to seek negotiations over nuclear weapons issues; China avoided undercutting international sanctions to press Iran to give up its nuclear weapons program; China has allowed the value of its currency to appreciate in recent months; and Chinese officials were more cooperative over climate change issues at the recent meeting in Cancun than they were a year earlier.

Looking out, one can be cautiously optimistic that the current US-China summit will help to sustain positive momentum in US-China relations. The enormous differences between the two countries also will continue.

President Obama has made it clear that he wants to pursue closer engagement with China as part of his administration's overall re-engagement with the Asia-Pacific. His administration also has made clear that it will not give in to Chinese assertiveness or

pressure, and if needed will respond to such Chinese actions with appropriate military, diplomatic or other means.

Given the recent signs of assertiveness in China, it may appear less certain that President Hu Jintao shares President Obama's interest in re-engagement. On the other hand, China's recent assertiveness against the United States and other countries over differences China has with them over territorial and other issues has been much more costly than beneficial for China's broader interests. On balance, it has weakened China's position and strengthened the position of the United States in the Asia-Pacific

Against this background, it seems likely that prevailing circumstances will preserve and reinforce the positive equilibrium in US-China relations for three general reasons:

- Both administrations benefit from positive engagement in various areas.
- Both administrations see that the two powers have become so interdependent that emphasizing the negatives in their relationship will hurt the other side but also will hurt them.
- Both leaderships are preoccupied with a long list of urgent domestic and foreign priorities; in this situation, one of the last things they would seek is a serious confrontation in relations with one another.

I look forward to responding to any questions you may have.

Chairman ROS-LEHTINEN. Thank you so much to an excellent set of panelists. I will be recognizing members for 5 minutes of questions and answers in order of seniority, for those who were in their seats when the gavel fell, and in order of arrival for those who arrived after the briefing began. I would like to yield my 5 minutes for questions and answers to Congresswoman Buerkle of New York. The Congresswoman is recognized for 5 minutes.

Ms. BUERKLE. Thank you, Madam Chairwoman. I will direct my question to Colonel Wortzel, but if anyone else on the panel would like to comment, I would welcome the answer as well.

First of all, thank you for your service. According to recent news reports, China facilitated the transshipment of missile parts from North Korean aircraft to Air Iran cargo flight at Beijing's airport. How involved are both the Chinese Government officials and Chinese companies in weapons procurement for Iran and in the development of Iran's nuclear and missile programs?

Mr. WORTZEL. Congresswoman Buerkle, they are pretty heavily involved. They accept those transshipments from North Korea through China. They facilitate them. Those things don't happen without the concurrence of central authorities in the provinces and from a national air control system. They have got their own customs people, so they are well aware of it and they could stop it. They have refused to participate in the Proliferation Security Initiative which would have the effect of at least helping to control North Korean proliferation. I mean, they simply have very different interests in Iran than we do. And I would argue that one of their

interests is frustrating United States policy and creating a second potential military competitor that is at least a barb down in that part of the world. That limits what we can do. That means we have to be a lot more careful in how we act.

They have sold—everything falls below the limits of the missile technology control regime, but they have sold short-range missiles, they have sold cruise missiles, anti-aircraft missiles. So they are not doing a thing to reduce the potential level of violence and tension in that region.

Ms. BUERKLE. Thank you very much.

Chairman ROS-LEHTINEN. The gentlelady yields back. I would like to recognize the ranking member, Mr. Berman, for 5 minutes.

Mr. BERMAN. Well, thank you very much, Madam Chairwoman. And I would like to get Mr. Chang's response and also perhaps hear from Mr. Wortzel and Sutter on the very interesting thesis that Mr. Chang had, essentially looking at the issue of our debt obligations to China and our trade deficit as perhaps more our leverage than China's leverage, and to ask you to play that out a little longer.

To what extent are you suggesting we use that leverage and whether it is in countervailing duties or in passing the kind of legislation that the House passed last year, and for what policy purposes should they be restricted to persuading and pushing China to live within the WTO ground rules, or should they be utilized to achieve broader geopolitical and military purposes? So that is one question. I will ask them all right now.

And then the second question, 15, 20 years ago, there was a notion that in its heart of hearts, China liked American presence in the Western Pacific, that that was a lot better for them than Japan reconsidering its traditional military policy, thinking about its own nuclear weapons; more recently, what South Korea might decide to do. But in a way there was a beneficial effect. Is that just out the window now?

Is the Chinese military modernization so strong now that they are not concerned about that, and they are truly seeking to have us reverse a position we have had since the end of World War II?

And add to that, if either Robert Sutter or Larry Wortzel would do it, this notion that this weekend, that this isn't the visit of the most recent Emperor of China, that there is a People's Liberation Army out there that is starting to do their own things without necessarily under the direct direction of the leadership of the Communist Party. Is there anything to a couple of those stories that have emerged recently?

And then finally, if we can get it—I don't know if there will be time—Mr. Yang, you were eloquent regarding the issue of political disappearances and the families and the abuse and what goes on inside China. But what you weren't able to get into is how do you think we—what role can we play in affecting and changing that? I do worry that there won't be time for that last one, but go ahead.

Mr. CHANG. First of all, I would like to thank the Congressman for being so polite in his characterization of my views. Most people think that I am wrong, and you were very nice in saying so, in saying what you just did.

I think there are a couple of things that we need to do. First of all, we need a little bit less diplomacy. We are feeding China's self—a sense of self-importance. I think we don't need new agreements on economic matters, because everyone says when there is a problem with China let's go out and negotiate a new deal. We have tons of deals with the Chinese. All we need to do is enforce them; and we need to enforce them more vigorously, which means that we need to take cases to the WTO more quickly. And also because of the real problem that China does pose to American manufacturers, as I heard earlier, I think we need to do a little bit of self help, which is H.R. 2378; in other words, imposing penalties at an early stage for Chinese subsidies. Of course, currency manipulation is one.

Mr. BERMAN. Basically, you want to limit that to the economic issues—the currency valuation, the violation of trade rules, the subsidies—not to larger geopolitical issues? We only have 30 seconds. I would just like to get real quickly from Mr. Wortzel and Mr. Sutter.

Mr. WORTZEL. I think the PLA is not an independent actor. It is currently under the control of the Politburo Standing Committee of the Chinese Communist Party and the Central Military Commission. I think China is ambivalent about the U.S. presence. It is very happy that extended deterrents restrains Japan from becoming a nuclear power but wants a more forceful role in the Pacific. And I think Gordon is absolutely correct on U.S. treasuries.

Chairman ROS-LEHTINEN. Thank you. We will continue with Mr. Sutter at another time.

Before yielding to Mr. Smith, I would like to recognize, as has been pointed out, the presence of Chinese human rights dissidents in the audience, representing a cross-section of oppressed groups inside China, including representatives of Liu Xiaobo, the Falun Gong, the Uyghurs, the wife of Mr. Gao, one of several Chinese political prisoners unjustly imprisoned by the Chinese regime.

And now I am pleased to recognize Mr. Smith, the chairman-designate of the Subcommittee on Africa, Global Health, and Human Rights for 5 minutes.

Mr. SMITH. Thank you very much, Madam Chairwoman. Besides being the jailer of Liu Xiaobo, the 2010 Nobel Peace Prize winner, we have to ask ourselves a very serious question: Who is Hu Jintao? Let us not forget that in 1989, just a few months before the massive Tiananmen Square, the massacre at Tiananmen Square, Hu Jintao was Beijing's iron fist in Tibet, the man who ordered the savage beating of Tibetan nuns and monks, even children—there are eyewitness accounts of children being pummeled to death—and the murder of hundreds of Tibetans.

Hu Jintao presides over a gulag state, clearly a dictatorship. President Hu is directly responsible for the systematic detention and torture of millions of peaceful Chinese, Tibetans, and Uyghurs. Harry Wu, who is here with us, spent almost two decades in the Laogai. He knows what happens in those gulags—torture, cattle prods put under the armpits and at the genitals. President Hu Jintao presides over that sickness and that perversity.

President Hu's secret police hunts down Christians, Uyghur Muslims, Falun Gong, and Tibetan Buddhists and beats them often

to death, especially the Falun Gong who are massively being killed in China today. President Hu is responsible for the barbaric, and really the worst violation of women's rights, in my opinion, ever: The one-child-per-couple policy, which relies on forced abortion to achieve its goals.

In President Hu's China, brothers and sisters are illegal. They are illegal. Anyone in the audience who has a sibling in China, you are only allowed one. As a direct result, the cumulative effect of this barbaric policy, there are 100 million missing girls in China. Why haven't the feminists—most of them have been silent about this terrible gendercide directed against little girls.

Let me ask Yang Jianli who has been an outspoken leader on behalf of Chinese human rights. It seems to me that when a man like Hu Jintao comes in, the press give him a free pass. There will be a press conference. I would ask the press to ask the hard questions, not just the generic questions about human rights. Ask specifics about what is happening in the Laogai, what is happening to Liu Xiaobo, what is happening to Gao, whose wife is with us today, missing, who has been repeatedly tortured, and the misuse—and the terrible burden they put on the children of the dissidents. Ask the tough questions of the press.

And to President Obama and Secretary Clinton, please be very specific in your conversation with Hu Jintao. Just a glossing over of we talked about human rights, something on a list of talking points simply won't cut it. Be specific and press this man who I believe ought to be at The Hague being held to account for crimes, rather than being treated with a state dinner. So I would ask Mr. Yang Jianli, please.

Mr. YANG. I agree, Congressman Smith, and I will answer Congressman Berman's question also—I think the U.S. Government should, at least what the U.S. Government can do and should do is to raise the specific occasions in various meetings with their counterparts.

This upcoming—I mean this meeting, for example, if Obama really raised the cases like Liu Xia, Liu Xiaobo, it works. It worked with my case; it will continue to work with the other cases. And look at the practice of the U.S. Government in the past 2 years. The government believes that the private talking will work more effectively. But look at the record. The U.S. Government has not been successful in the past 2 years in helping get any of the prisoners out of the prison. So we have to do it, we have to apply pressure, raising specific cases, both privately and publicly. And that is the least the U.S. Government can do and should do.

And another way to do it is to engage with Chinese democracy movements directly. Now we have recognized the leadership. Then we have a shared principle that is enshrined in China weight. As the democracy movement is viable in China, so engagement with China contains a part that is engaged with the people, with the China's democracy movement. Thank you.

Mr. SMITH. Thank you. And you emphasized the word "publicly," not just private conversations.

Mr. YANG. Yes, also public.

Mr. SMITH. Conversations with President Obama must be very public.

Chairman ROS-LEHTINEN. Thank you. The gentleman's time is expired.

I am pleased to recognize Mr. Payne, the ranking member-designate of the Subcommittee on Africa, Global Health, and Human Rights for 5 minutes.

Mr. PAYNE. Thank you very much for yielding, Ms. Chairperson. I would like to focus my line of questioning on China's economic interest in Africa and impact and implications of China's engagement with African nations for governance, economic growth, and human rights across the continent.

The expansion of China's investment in Africa that we witness today began in the 1990s. In that decade alone, China's investment grew by an impressive 700 percent. Accompanying this economic expansion was the wave of Chinese migrants, some 750,000 in 2007, who live in Africa now, mainly construction, mining workers, and oil workers and private traders, but not an expansion of the Africa middle class that would normally accompany infrastructure development.

There has been complex and varied reactions among analysts regarding the implications of China's engagement in Africa. These range from enthusiasm and guarded optimism to concern over potential Chinese strategy and economic threats to Western or African interests.

So I would like to get your thoughts on the overall scope of China's growing ties with Africa. What are the main political and economic goals? What are the main potential benefits and drawbacks for Africa of these ties? Also, in what way would you say China's relations with African governments have a negative impact on human rights in Africa? And what are the potential opportunities for U.S.-China cooperation on political humanitarian development priorities in China?

They have had a meeting where 43 countries were invited to China; 42 showed up, heads of states in Africa. On the one hand, they have opened fire on workers who protested about poor working conditions in Zambia. Chinese soldiers just fired on them and wounded 11 or 12 of them. But on the other hand, they give 4,000 scholarships a year to African students, and that may be to indoctrinate them as to China. So maybe Mr. Wortzel or Mr. Sutter would like to take that.

Mr. SUTTER. Thank you very much, Congressman. This is a very complicated and important issue. Keep in mind that China—I think the driving force of China's high profile in Africa is somewhat desperate in a way. They need resources. And so what you find is a highly competitive environment where companies of China are in Africa getting these resources. In a way, the government is sort of lagging behind these companies as they search and get these resources.

The intensity of the Chinese economic development is such that for the Chinese to improve their GDP they have to use four times the level of resources that are used in the United States for the same amount of improvement. They need stuff. And so they are all over Africa trying to get the material that they really need to promote their economic development.

At the same time, China is full of competitive companies that are looking to sell things, and the Chinese administration wants to have a balanced trade with Africa. And they have one because all these Chinese enterprises, very competitive with one another, are building things throughout Africa, selling things. And as you say, these migrants have gone to Africa to sell these sorts of things. It is a very understandable way to keep a balanced type of relationship that the Chinese seek with Africa.

So if you understand it this way, you can see the driving force isn't really to control Africa; it is really to get the stuff and to make money at the same time. And there are several good books on this. Deborah Brautigam of American University has done an excellent book on this if you are interested in this topic. I am sure as you are interested. And so the upshot of Chinese behavior vis-à-vis the United States and so forth, it is secondary. They are out to get the material. And as a result there is collateral damage, if you will, there is a variety of things that aren't very good.

Just a small point. I am not sure the PLA were the people that shot these people in Zambia; I think it may have been guards of some sort.

Mr. WORTZEL. Congressman, thank you for the question. I agree with Mr. Sutter. I do not believe there are PLA soldiers in Africa. I believe they are people out of the PLA working for government-controlled security companies. And we have done a lot of work on that in our committee.

Mr. PAYNE. In Ethiopia in the Ogadan region they were soldiers that actually were killed by the OLF. They are in the Ogadan region.

Mr. WORTZEL. I think they were U.N. peacekeepers, United Nations peacekeepers, but I will look at that.

Mr. PAYNE. All right. No, they were there protecting the oil reserves in Ethiopia.

Mr. WORTZEL. I will have to look at that. I may be incorrect. China is interested in the extraction of resources. They don't care about human rights in those countries, and they bring in their own labor and transfer no jobs whatsoever to the African citizens. And that is the major dissatisfaction in Africa.

Chairman ROS-LEHTINEN. The gentleman's time has expired. I recognize Mr. Rohrabacher, the chairman-designate of the Subcommittee on Oversight and Investigations, for 5 minutes.

Mr. ROHRABACHER. Thank you very much, Madam Chairwoman. And also I would like to thank you for having this hearing at this moment, because we have to understand that as we speak, our country is officially welcoming President Hu as if he had the same stature and acceptability here as a democratic leader. And we welcome him the same as we do countries that are democratic and respect their human rights. This is wrong. We should not be granting monstrous regimes that are engaged with massive human rights abuses. And, in this case, the world's worst human rights abuser is being welcomed to our White House, with respect. Now, what does that do to those people in China who are our only hope for a peaceful future with that large chunk of humanity? The people of China are America's greatest allies. The people of China who want democracy, the people of China who want to respect human

rights, and are looking forward to a more humane system at peace with the world, those are our allies. What do we do to them when we welcome their oppressor, their murderer, the one who is murdering their children, here to the United States with such respect?

And as we look to this visit with President Hu, if our government, if our President follows suit the way our former Presidents have as well—this isn't just President Obama—we are doing a great disservice not only to the people of China and to our future, the cause of peace, but we are doing a great disservice to the American people. Because what is happening? We have for three decades leaned over backwards for this regime. We have permitted the regime in China, a monstrously human rights abusing regime, to have trade benefits that we wouldn't give to democratic countries. We have built them with technological transfers, with investments. We have let them get away with murder, economically as well as human rights—in the area of human rights.

Well, these are things we have got to call them to task for or our situation will continue to deteriorate. We are now vulnerable to a regime that was weak 30 or 40 years ago. We are vulnerable to them. If we do not change our way of dealing with that regime, they will destroy the peace of the world and we will be to blame for that, not only the repression of their own people.

So I would like to ask Mr. Wortzel in particular, China now, not only does it have a more peaceful stand to the rest of the world, we see claims, slowly but surely, more land claims and sea claims coming out. China is making claims in the Pacific that threaten Korea, Japan, the Philippines, and commerce throughout that area. We see claims against India and Vietnam. And, frankly, let me just say, our Russian friends someday are going to wake up and find out that they have now become partners with a country that means them great harm and is willing to take away their territory. Do these Russian—do you see any major threat to the peace of the world in the expanding territorial claims of China?

Mr. WORTZEL. Mr. Rohrabacher, first of all, I think it is ironic that while China is brutally repressing the Falun Gong, the Chinese Government is flooding the United States with Confucius institutes, that are universities that are supposedly spreading this peaceful Chinese culture.

With respect to their security claims, as they get stronger militarily, they are simply becoming more forceful in the region and they are expanding their claims. And that affects all the countries in Southeast Asia and all the countries on their periphery.

For that reason, I think it was very important that both Secretary Clinton and Secretary Gates took pretty forceful stands on ensuring the peaceful resolution of these disputed claims in the South China Sea and East China Sea. And I think it is very important that our military works with and backs up Japan, even though we don't take a position on the disputed claims, because it is a threat to peace and stability.

Mr. ROHRABACHER. Let me just note that this government which we have bolstered with policies that we knew would make that country stronger under the idea if it was more prosperous it would be more peaceful, that strategy hasn't worked. And this country

now is the head of an alliance of rogue nations that threaten the peace and freedom of the entire world.

Chairman ROS-LEHTINEN. The gentleman's time is expired.

I would like to recognize Mr. Sires of New Jersey for 5 minutes.

Mr. SIRES. Thank you, Madam Chair.

You know, as I read the newspaper, some of the accounts, I am always fascinated by the statement that the Chinese simply have different interests in many parts of the world than we do. I think that that hides an awful lot.

I do think that the Chinese have a hidden agenda. And their agenda, in my eyes, is more like world domination. Somehow they want to go back to 2,000 years ago, and I think they never lost that. But we seem to help them in their goals. They just fill the void wherever we are not.

Take North Korea, for example. They do nothing. They do nothing, and they use North Korea to their benefit.

The relationship with Iran. All they do is just boost Iran. And everywhere we seem to have a void they are there.

I look at South America, and I see going in South America many of the businesses. I look at what they are doing in Africa, the way they are using Africa.

I don't know. We just don't seem to get it. And I was just wondering, Dr. Yang, you have been a spokesman for human rights and the abuses that have gone on in China. Do you still fear for your life or your family's life back home?

Mr. YANG. Yes.

Mr. SIRES. You still do, after all these years?

And some of the members that are here today from some of the other groups, I assume that they also fear for their families as they speak up against this, you know, this monster that is developing before our eyes. I was just wondering if you could comment on that. Do you still get threats? Does your family still get threats back home?

Mr. YANG. Yes. My family members in China need to report to the authorities on a regular basis.

Mr. SIRES. They have to report to the authorities on a regular basis?

Mr. YANG. Yes, so that is why I minimize my correspondence with them, to minimize the trouble to them. And my case may not be the worst. I think many of my colleagues and their family members are being with us today. And I want to emphasize that China has the largest Communist system in the whole world, and it is still able to put anybody in prison, disappear anybody if it determines to do so. So this government is not responsive to its own people, and treats its own people harshly.

So I am wondering this kind of a government will do any good in the rest of the world. So we have to keep asking this question once and once again. So when we come to the foreign policies toward China, we cannot forget this component. And I often hear many people in this country talking about Cold War mentality. So whenever we hear the word Cold War we will fear. So I don't understand. But I, my comment is, we just cannot simply explain away the component which can be described as Cold War in the relationship between U.S. and China.

Look at the U.S. allies, friends with China, Japan, South Korea, Taiwan, these countries are democratic, and these two countries, U.S. and China, have fundamentally conflicting values which you just cannot explain away. It will not go away in the days to come. So there is a component that can be called Cold War. And the only difference is that U.S. and China has economic interdependence that the Cold War did not. The United States has no such close economic relationship with former Soviet Union and Eastern Europe. But that is the only different element.

But I echo what Mr. Gordon Chang said. There is a myth in this country that China always has upper hand in economic relationship with U.S.

Chairman ROS-LEHTINEN. The gentleman's time has expired. Thank you.

I recognize Mr. Manzullo, the chairman-designate of the Subcommittee on Asia and the Pacific.

Mr. MANZULLO. Thank you, Madam Chair. As I mentioned in my opening statement, manufacturing is the backbone of our economy in northern Illinois. This question is for Mr. Chang, but others on the panel are obviously welcome to answer. I spend much of my time working with numerous small and medium size manufacturers that have been harmed in one way or another in China. Most of the time the issue is theft of intellectual property and piracy, which is the case with a waste water treatment company in my district called Aqua Aerobics. We actively engaged the Chinese embassy and asked them to intervene and actually got a favorable ruling in the Chinese courts on that issue. But how many companies can pick up the phone or go to their Congressman to get a direct intervention on an obvious IP violation?

Other times the problem is more complicated, such as the case of the office shredder maker Fellows. It is, I think, the number one paper shredder maker in this country. They are fighting a fierce battle in China on a joint venture where they were locked out, inventory stolen, machine tools, business practices and IP. And if you are big you can succeed. But the small guys or the medium sized manufacturers are having an extraordinarily difficult time. And so how do we encourage the national provincial and local governments of China to enforce the law? And beyond the rhetoric and grand themes there has to be a better way of dealing with China.

I guess that is an easy question.

Mr. CHANG. Right. And I think the important thing that we have to do is start, as I said, less diplomacy in a way. But I also think that we need to follow the approach of H.R. 2378, which is really to impose penalties whenever we see that there are violations of China's trade obligations because this gives us immediate relief. You talk about the problems of small manufacturers. They can't wait for the 3 or 4 years that it takes to get through the dispute resolution mechanism of the World Trade Organization. That is just not a practical remedy for them. And that is why I think that we need legislation, which is really tough, because when we do that the Chinese will understand. They have reacted to pressure, and this is really about the only way I think that we can do it in terms of saving small manufacturers because their plight is not only important, it is also urgent.

Mr. MANZULLO. And sometimes it is like Whack-a-Mole. You go in there, I have testified twice before the ITC on tires, recreational vehicle tires and automobile tires, and once was on the surge and the other two were on dumping and illegal subsidies. And you get the remedies, and then they come right back again and all of a sudden someone is doing the same thing under a different name. It is over and over and over and over and again, and these companies spend fortunes on attorney's fees trying to protect their intellectual property.

Isn't there, can't there be a mechanism that our government can have, for lack of a better word, an 800 number for people who are the objects of piracy that simply can't afford attorneys to go in there and do battle for them?

Mr. CHANG. Well, we certainly could do that in many ways. That would basically involve beefing up the commercial sections of our embassy in Beijing and in the consulates around China, but also in the Department of Commerce. It just needs to be put at a higher priority that we have.

Normally, what happens in trade disputes, as you point out, is you have this enormous litigation, and the United States really relies on injured parties to bring their case and to prosecute it. I think that your suggestion is an excellent one, which is really to have the government be much more proactive and to bring all sorts of proceedings, both internally in the United States and through the WTO because that is about the only way we can do it. We need to speed up the process because time, I think, is critical.

Mr. MANZULLO. I would look forward to meeting you in my office and putting our heads together and try to come up with some type of remedy there.

Mr. CHANG. I will be there.

Mr. MANZULLO. Thank you very much. I yield back my time.

Chairman ROS-LEHTINEN. Thank you very much, Mr. Manzullo.

We are proud to recognize Mr. Cicilline of Rhode Island. Welcome to our committee, sir.

Mr. CICILLINE. Thank you, Madam Chairman. I appreciate the opportunity to ask some questions. My questions also relate to the impact of our relationship with China on American manufacturing. And I know that, I think it has been pretty clear to most of us that the Chinese have really woefully been weak in addressing the theft of intellectual property, and it is presenting real problems for American businesses, and so I would like to hear your thoughts on what actions we might take to really protect American businesses from this theft of intellectual property, the seizing of assets in joint ventures, and the refusal to meet contractual obligations. And related to that, I am particularly interested in your thoughts on what mechanisms we have, in particular on the opportunity that exists for the production and development of renewable energy. I know there was a recent complaint filed at the WTO against the Chinese subsidy policy which the administration contends favored Chinese producers of wind equipment and that there have been examples where those kinds of conflicts have been resolved at the U.S.-China Joint Commission on Commerce and Trade.

So in answering that, I am wondering whether you think those are an effective place for resolution, if there are changes we need

to make that really will help American manufacturers be sure that we are enforcing in every way policies that protect the American manufacturers and the jobs connected to those manufacturers.

Mr. CHANG. We really have two problems. One of them is China's internal rules such as the new indigenous innovation product accreditation rules that President Hu Jintao has been pushing. Those would basically force a transfer of American intellectual property to joint venture companies for anyone who wants to sell to government or state enterprises. And that is really an issue for the United States itself in its discussions with China. The Obama administration has put this up at a higher priority because it is so important. And I think that it is just a question of these needing to be discussed all the time.

The other point which as you raised, which is just the outright theft, this is extremely difficult because you can't litigate in the Chinese courts because the courts are controlled by the party and often controlled by local interests that have been, really, the culprits. And so the only way the United States can deal with this issue really is to have the commercial section in the embassy and in the various consulates make it known to both national and provincial authorities that this is a case which is of importance to the United States which oftentimes is sending the Ambassador or the Consul General to a court case to show the presence of Washington and its importance to us. But this is extremely very difficult.

Mr. CICILLINE. Mr. Sutter, do you have anything to add?

Mr. SUTTER. I would agree. I think you need to keep the pressure on. It has to cost the Chinese. I think you are advocating an approach, you are pushing on an opening door with the Obama administration, it seems to me. Listening to the Secretary of Commerce and the USTR, they very much want to do this kind of thing. Maybe they need more people. Maybe they need some funding from the Congress to help in this regard. But I think there is a broad sentiment in the Obama government that this should be done, that you have just what Mr. Chang was saying. You need case-by-case, you need to work these issues, you need to pressure in a way that is credible. And I think that high level attention to it with officials is a way to go. And I think that is going to, as I say, it is going to win some support, I think, from the USTR and the Commerce Department.

Mr. CICILLINE. Thank you very much. I yield back the balance of my time.

Chairman ROS-LEHTINEN. Mr. Cicilline yields back. Thank you for that.

I recognize Mr. Rivera of Florida for 5 minutes.

Mr. RIVERA. Thank you very much, Madam Chairman. I am going to ask about two island nations, Cuba and Taiwan, one, an island prison and the other a bastion of democracy surrounded by a fortress of tyranny. And we will start with Cuba.

Given China's involvement in Cuba, and this question specifically we will start off with Dr. Wortzel. Given China's involvement in Cuba, I wonder if you could give us your thoughts as to China's geopolitical intentions in Cuba, perhaps as establishing another beachhead in Latin America, generally, and specifically, what you believe China is up to with regard to oil drilling, given information

that has been published regarding the company involved with oil drilling also having a nexus with Iran. So generally speaking, China's geopolitical interest in Cuba, and specifically with regard to oil drilling.

Mr. WORTZEL. Thanks for the question. First of all, China has taken over, as I understand it, the entire signals intercept complex that the Soviet Union had in Cuba. So there is, without question, a military and an intelligence purpose for their relationship. I think part of it is also support for another socialist state, and I think you can link Chinese activities with Venezuela and support there, their support in Cuba and for Cuba.

With respect to resources, I think they would be very happy to extract resources any way they could get it. But if you look at the visits of Chinese military leaders and political leaders, I always ask myself why the head of China's strategic rocket forces, the Second Artillery, is visiting Cuba? We are not going to be in another Cuban missile crisis, but there is certainly something to a military relationship going on there, and the same goes with Venezuela.

In some cases their relationships in Central America and Latin America are related to diplomatic relations with Taiwan, and they have managed to wean a couple of countries away from recognition of Taiwan and toward recognition to China. And that is part of it. I think it is fair to say, and I sum it up, that they sure don't recognize the Monroe doctrine.

Mr. RIVERA. Thank you very much. With respect to Taiwan, and I will direct this question to Mr. Chang, and the issue of the F–16s and this administration's decision or decisions, previous decisions on prolonging shipment of F–16s to Taiwan and what you believe is your perspective on how this affects the Taiwan Relations Act and fulfillment of the Taiwan's Relations Act.

Mr. CHANG. I would love to talk about this topic, but I am sitting next to the world's expert, and so perhaps——

Mr. RIVERA. I yield to Mr. Wortzel. Thank you.

Mr. WORTZEL. Taiwan's Air Force really needs modernized aircraft. The debate is F–16 CD, which has longer range and could be used for deeper strikes inside China if their military chose to do that, versus modernizing the AB. When I talk to aviation engineers, they think you could take the AB, put in brand new avionics, new radar and targeting equipment, it needs new refrigeration to be able to handle that, and that they would then have a very, very capable aircraft. It is not one that would necessarily satisfy the Taiwan legislature. And there would still be a fight over the programming for the weapons systems and the avionics. They are going to want program codes. We are not going to transfer them. We never do. So they need it. If you have made the decision, I don't think there is any guarantee that they would accept the way we make it. And then there is the political cost of approving a brand new system that China would object to. They are going to object no matter what we do, but they need the aircraft and I think they have to have that need addressed.

Mr. RIVERA. Thank you. Thank you, Madam Chair.

Chairman ROS-LEHTINEN. Thank you, Mr. Rivera.

I am pleased to recognize Mr. Connolly of Virginia. Welcome back, my friend.

Mr. CONNOLLY. Thank you very much, Madam Chair. And thank you for your service. I want to thank the panel. And particularly Bob Sutter. Bob, we used to work together when I was on the Senate Foreign Relations Committee and you were at CRS, as I recall, so great to see you on the other side of the table. Let me ask you, Bob, understanding serious, serious human rights issues in China, and lots of other issues that we are concerned about that have been enumerated here at this dais: In your view, given the fact that since Richard Nixon we have had a level of relations with the head of state of that country notwithstanding, is it a mistake for this administration to receive the President of China?

Mr. SUTTER. Thank you, Congressman. It is great to be here. I think what you find is that we have a very complicated and interdependent type of relationship. We have so many priorities, we have to balance them. And as you have indicated, every President that we have had since Nixon has done this. And so people can object in various ways and have very good reasons for this, but obviously Republican and Democratic Presidents, they prioritize these things and they determine no, this is the best way to go.

We may be at a crossroads now. We may have to change the situation. China may be trying to dominate the world and this type of thing. I don't think so. I think China has got too many problems. I think the United States is the leading power in the world, and that is going to stay that way for some time. And so it gives me a lot of confidence in this situation.

But I think the bottom line is, you have to figure out where do you come down on these priorities and I think it is, and as you have indicated, every President of the United States has endorsed this kind of approach.

Mr. CONNOLLY. Thank you. Mr. Wortzel, you were talking a little earlier about Taiwan's defense capability, and you said they are in bad need of an upgrade of their fighter aircraft. Is there any reason to believe that the government in Taiwan is not capable of defending itself in the event of a military incursion?

Mr. WORTZEL. I don't think that that is the issue. I think that the issue is how capable would they be of doing it and what form might any attack take. They would have a hard time defending against all those 1,100 ballistic missiles which could do a lot of damage. I think they would be very hard pressed if there were massive special operations insertions into Taiwan to disrupt infrastructure. They themselves could do more to harden some of their air fields and their storage facilities. I think they have been woefully deficient in the way they dribbled in the command and control and data links for their current forces. I mean, if I—and I said this to their Minister of Defense. If there is one thing you could do to immediately improve your capabilities, it is take the whole data link and C–4 ISR package and link all your ground and naval and air assets and missiles so they could take part in cooperative targeted engagements.

But they are doing things, and they have bought a lot, not everything that we offered. They are also developing their own modable launch rocket systems. They could probably use assistance with precision guided rounds.

Mr. CONNOLLY. Let me ask you another part of that, given the limitation of time. We have 1 minute. Is there—one of the things that always concerns somebody about the Taiwan Straits is that there is a misunderstanding about the nature of the United States' commitment to the security of Taiwan.

In your view, does the current government of China fully understand the nature of the U.S. commitment to Taiwan?

Mr. WORTZEL. I think the government of China does. I think at times some of the political actors in Taiwan misinterpret our support as—I mean, I had a legislator from Taiwan say, you know, we are glad to get this $16 billion arms package. As far as we are concerned it is a $16 billion insurance policy that you will come to our defense. They have to be ready to defend themselves.

Mr. CONNOLLY. That is right. Mr. Chang, we have 20 seconds, but you wanted to answer that, too.

Mr. CHANG. I think that with the remilitarization of Chinese politics and policy, there is a danger that Beijing does not understand our commitment and thinks that we will not defend Taiwan.

Mr. CONNOLLY. Thank you.

Chairman ROS-LEHTINEN. Thank you so much, Mr. Connolly.

I would like to recognize Congresswoman Ellmers of North Carolina; so pleased that you selected our committee. Welcome.

Mrs. ELLMERS. Thank you, Madam Chairman. I would like to thank our distinguished panel, and I would also like to reach out to the individuals and family members who have suffered human rights violations in China. You are a constant reminder to us that we need to be vigilant around the world to human rights violations and how fortunate we are here in the United States.

My question is for Dr. Wortzel, do you prefer to be referred to as Colonel? Doctor?

Mr. WORTZEL. It doesn't matter, ma'am. Either are very polite. I have been called a lot of other things.

Mrs. ELLMERS. Along the security issues that we have been discussing, last September a Chinese fishing boat, thought to be a spy vessel, deliberately collided with some Japanese Coast Guard vessels in the vicinity of the Senkaku Islands. Tensions rose to an unprecedented level before the Chinese boat captain was released. How close did the two sides come to military conflict? And in your opinion, what are the implications for the United States, given our treaty obligations with Japan?

Mr. WORTZEL. I don't think in that instance they came close to military conflict, but it was a very serious diplomatic spat, and it still continues to reverberate among the populace in both countries. But I think these things can escalate and could escalate if there are other incidents.

We have a treaty obligation with Japan. It is a very, very important ally. And without question, if Japan got into a conflict, a military conflict with China, we would be at their side. I think that the Pacific Commander and the Secretary of State have taken very strong and principled positions not recognizing the sovereignty of the island, of the islands, but at the same time, ensuring that the Chinese understand that the United States is fully supportive of its treaty ally, and I think the Japanese understand that. We need to be very close to them. We need to work very closely with them. And

even under the Democratic Party in Japan I know the Foreign Minister well, they have got a strong leadership that understands the threats from China.

Mr. SUTTER. If I could say something about this, it is part of a pattern we have seen over the last 2 years of China being very assertive about the maritime area around their periphery, South China Sea, Yellow Sea, this type of thing. The net effect of this has really damaged China's position in the Asia Pacific region. China is weaker today than it was a year ago because of this behavior. The United States is much stronger and the Obama government has this re-engagement of Asia strategy which this just feeds into. And so what you are doing is reinforcing America's stature and strength in Asia while weakening China.

If I were a calculating person in China I would say this is really dumb policy. We have to stop doing this type of thing. And so the thing to watch, after Mr. Hu Jintao's visit is will they stop. Will they stop doing this kind of thing? Because it really is dumb. It is hurting them. And I think this is how you get the attention of the Chinese leaders. It costs them. You make it hurt them and then they stop. And I think the Obama government has done a very good job, very quietly, of intervening in various ways and saying, we are not going to allow this; this isn't going to happen. And I think it has been quite effective. And so let's watch. Let's see what happens.

If we have a situation where the military is out of control in China, if it is being remilitarized, as Mr. Chang suggested, then it could be a more dangerous situation. But at this point I would have to agree with Mr. Wortzel. I think the civilian leaders do have ultimate control and when they look at their cost and benefits this kind of behavior hurts them, and so I think they have to calm it down.

Mrs. ELLMERS. Thank you very much. And thank you, Madam Speaker. I yield back the remainder of my time.

Chairman ROS-LEHTINEN. Thank you so much. The gentlelady yields back.

I am pleased to recognize Mr. Ackerman, the ranking member-designate on the Subcommittee on Middle East and South Asia.

Mr. ACKERMAN. Thank you, Madam Chair. The Chinese have always been bad actors. They were the national focus of attention for being almost exclusively the world's number one recluse until Richard Nixon, as was pointed out, came along and decided to have an intervention, and decided it was a better policy to try to engage the Chinese rather than to continue with China bashing, which to some seemed counterproductive to reaching a particular policy and behavior change end. Now we have noticed that there is a small club of recluse nations, and the Chinese and the North Koreans have found each other, and have formed Recluse Anonymous, with China being the recovering recluse, trying sometimes very unsuccessfully to affect the behavior of the North Koreans. Both seem to be engaging in very provocative activities on and off, especially of late.

Can the Chinese really affect the behavior of the North Koreans? They seem to be looking like they are trying, sometimes looking like they are not. Is that something that they dial up, dial down,

depending on China's needs, kind of a control? Or do they lack any influence in the end?

Mr. WORTZEL. I don't think it is a can they. The question is will they?, Congressman Ackerman.

Mr. ACKERMAN. You are saying they can?

Mr. WORTZEL. Well, they provide somewhere between 70 and 90 percent of North Korea's energy needs, somewhere around 40, 50 percent of their fuel needs, and a great deal of foreign investment. So, yes, they can. They fear that if they cut some of that, it would lead to instability in North Korea, and they would end up with South Korea, Japan, and the United States on their border. That is one thing.

Second, my view is that they absolutely enjoy the fact that the United States is pretty heavily dependent on them, at least perceptually, to interact with North Korea, and that certainly restrains, in my view, a lot of the State Department's diplomacy against China—or toward China.

Mr. SUTTER. I think China could help with North Korea, too, and I think their interest is very much on stability. That is what they want. And they worry that pressure on North Korea not only could lead to the effects that Mr. Wortzel pointed out, but North Korea, you could see them as an enemy. The North Koreans talk like this quite often, how hostile their feeling is toward China. And so—but the net effect is what will the Chinese do? I would think they will seat their interest in stability. If the situation in North Korea looks like it is going to become very unstable then they will intervene. And I think they did intervene in the case of the North Korean provocation at the artillery barrage that killed several South Koreans later, in the latter part of last year. And the United States has maintained to the North Koreans that North Korea's provocations, and particularly its development of nuclear weapons, is a direct threat to the United States.

So the United States put I think very good pressure on the Chinese to get them off the dime to move the North Koreans into their tactical——

Mr. ACKERMAN. You are saying that the Chinese have an actual 12-step plan?

Mr. SUTTER. No, they don't have a 12-step. I think this the idea of China rising and being in control. They are not in control. They are riding the tiger on this one. They don't control North Korea. They have a lot of influence over it, but this is——

Mr. ACKERMAN. The same can be said with their very different but also dangerous relationship with Iran.

Mr. SUTTER. Iran is much further away and their influence in Iran is much lower than it is in a place like North Korea. They are fundamental in North Korea. It is right on their border, it is very——

Mr. ACKERMAN. But they are dealing with a nuclear power and a nuclear wannabe. And the Chinese are usually pretty farsighted. Don't they see this as a threat, not just to us, but to themselves?

Mr. SUTTER. They see the more near term threat more dangerous. The danger of instability, not so much the geopolitical. It is the geopolitical element of South Korea being on the border of China. It is the basic whole idea of instability.

Mr. ACKERMAN. You are talking about the economic instability?

Mr. SUTTER. Exactly. It is bad for business.

Mr. ACKERMAN. And they are threatened more by that than the nuclear instability?

Mr. SUTTER. I believe they are, yes, sir.

Mr. ACKERMAN. I yield back the remaining 4 seconds.

Chairman ROS-LEHTINEN. Thank you very much, Mr. Ackerman.

I recognize Mr. Burton, chairman-designate of the Subcommittee on Europe and Eurasia.

Mr. BURTON. Thank you, Madam Chair, for having this hearing. I am going to ask, after I ask a couple of questions, I am going to yield my time to my good friend, Mr. Smith. First of all, you may have answered this question, Mr. Yang, but is there any, do you have any idea how many people, how many million people are in Communist gulags?

Mr. YANG. It is really difficult to get a number, for the obvious reason. And I am talking about a prison system. I have to talk to two prison systems. One is official. Through the court, you can get a record of how many people they detained. But there is another prison system that is black jail. There are hundreds of them in China now run by local government on various levels. So you just cannot find out how many people are being detained. And on top of that, many people are made missing, and many people are being put under house arrest. So you just don't know how many people.

Mr. BURTON. Well, we have been told it is in the millions. And I presume that you would agree with that.

Mr. YANG. I don't have a specific number, and I would say many. I would say China has the most prisoners of conscience in the world. Yeah.

Mr. BURTON. One of the things that I gathered from listening to these learned people is that I believe China is not dumb. I believe they are very smart. They are leaders and I think that they are playing chess and they are doing it over a long period of time. They are moving as they can into the Caribbean and into South America. They are making friends and supporting tyrants who are not socialists, but many of them are just plain out Communists. And they are putting us in a trick bag because of the economic things that they are doing to us. Right now we have a $270 billion trade deficit with them. I think we are well over $1 trillion in hock to them as far as what we owe them. And if they started pulling those strings, which I think they probably will at some point, they can make us, at least to some degree, dance to their tune.

And so I would like to get from you gentlemen your perception on the long term goals of China and whether or not they are doing what I think they are doing, both economically and militarily. They are building their military up dramatically, and so they have got us by the throat as far as our debt to them. And that would threaten our economy long term. And if they are building up their military and making these connections around the world, does that pose as a real long-term threat to the United States and our security? And I yield to Mr. Chang and Mr. Wortzel.

Mr. WORTZEL. Let me say that, in my view, there is a long-term historical and cultural——

Mr. BURTON. Can you sum up pretty quickly?

Mr. WORTZEL. Yes, long-term cultural affinity for the accrual of power and dominance in China, and that creates the sense of suzerainty where Chinese leaders believe they can almost dictate to other independent states how they should behave. And that is the way I read a lot of their behavior, particularly around their periphery.

Mr. CHANG. I believe that they want to be a peer competitor to the United States. They want to drive the United States out of Asia, which I think is very clear. They would like the renmimbi, their currency, to be the world's reserve currency. And certainly, they want to dominate nations on their periphery.

This is clear from what the Chinese have been doing. And as we have seen in this past year, it has been very concerned about their relations with Japan, South Korea, India, where we see military or semi-military moves against these countries, which are after all our allies. So clearly, China is an adversary, and one that we have to be very careful about because, yes, I do think that they do play chess. But the one thing though is that they often make very serious strategic errors. They are very good on tactics, but long-term strategic moves may be not so good, as we saw in this past year, and as Dr. Sutter talked about.

Mr. BURTON. Thank you. I yield to Mr. Smith.

Chairman ROS-LEHTINEN. Mr. Smith is recognized.

Mr. SMITH. Thank you very much. Let me just make a point. My friend and colleague, Mr. Connolly, a moment ago asked the question about receiving, you know, a Chinese President like Hu Jintao. It is not that you don't meet with or receive, it is how you do it. And the concern that many of us have is that a state dinner, when Bush had a working lunch in 2006, it sends a message, especially when he is the jailer of Liu Xiaobo.

Chairman ROS-LEHTINEN. Thank you, Mr. Smith. Thank you.

We welcome Congresswoman Bass of California to our committee. Thank you. And I am pleased to recognize Mr. Chabot of Ohio. We are so pleased to have you return to serve with us. Thank you. The gentleman is recognized.

Mr. CHABOT. Thank you very much, Madam Chair. Mr. Wortzel, I have a couple of questions for you first. I was, for quite a few years, one of the cochairmen of the Congressional Taiwan Caucus and so have been very interested in those issues and been there many times over the years. And relative to their defense, you had mentioned the fighter planes, in particular. Could you discuss, at the time there was a move for some submarines as well, and that ultimately didn't go anywhere. I see you frowning. What are your thoughts about that?

Mr. WORTZEL. It is a very difficult problem. It is a problem for the United States Navy because they really don't want to have to work on or produce diesel submarines.

Mr. CHABOT. They were talking about doing it in France or Europe or someplace.

Mr. WORTZEL. The French got away with bribing enough Chinese and Taiwanese to get some destroyers there. Everybody involved in that had an accident falling off a tall building. I don't think that will work a second time. They need this submarine. I mean, if the United States could get Costa Rica to buy a dozen submarines from

Germany and then transfer them it doesn't hurt anybody, if the Germans look the other way on the retransfer license. If we brought them and retransfer, they need them. But I don't think it is viable to think that they are going to begin to produce them from nothing and then fill out the rest of their defense budget.

Mr. CHABOT. Okay. And relative to the missiles, I think when we first organized the caucus, and this has been 12, 14 years ago or so, I think the number then was 400 or 500 missiles, then it went to 600 or 700, kept going up now to 1,100. I mean, clearly China has been threatening Taiwan for many, many years now, and bullying to a considerable degree. Relative to the missiles, is there anti-missile technology that would be helpful? There was talk about that at the time. You mentioned some missile system. Could you elaborate on that slightly?

Mr. WORTZEL. Well, we have sold them ballistic missile defense technology. They bought a limited amount. It will help them. It could protect specific areas. That is still an awful lot of missiles. My personal view, and this is really a United States defense need, we need to be working on a laser. We don't want to be shooting two or three missiles at another missile. We need to melt them right out of the sky quickly.

Mr. CHABOT. Okay. And then slightly off topic, but not really that much, again, continuing in the Taiwan vein, President Chen Shui-bian has been in prison now for some time. And you know certainly he has been punished for his alleged transgression. Isn't enough enough? Isn't it about time—I mean, have they reached the point where you have perhaps the criminalization of politics here?

Mr. Chang, I see you nodding. If you want to jump in you are welcome to do so.

Mr. CHANG. I think the real issue with former President Chen is the procedures under which he was convicted, and at this point there needs to be a thorough review of the way that the current government, the Kuomintang government, has been prosecuting and persecuting members of the Democratic Progressive Party. This is really a very bad story. The United States needs to pay attention. Freedom House has talked a lot about the erosion of human rights in Taiwan and it is going to be a big story in Taiwan for the next 2 or 3 years.

Mr. CHABOT. Okay. Thank you.

Mr. SUTTER. Congressman, if I could just say something about Chen Shui-bian and your comments about Taiwan. One thing about the—first, on the Chen Shui-bian side, yes, there have been problems perhaps with the due process. But, my God, the charges against him that have been proven are very damning. So the fact that he is in jail it seems to make a lot of sense to someone like me.

Mr. CHABOT. How long has he been in prison now?

Mr. SUTTER. 2 years maybe, a little less than 2 years.

Mr. CHABOT. Family members in prison as well, son, I think wife.

Mr. SUTTER. Yes. His wife. I am not sure where she is right now but she has been convicted. So this is big corruption, sir. And so I think the charges are worth looking at carefully. On the military side, just keep in mind, with the one reservation I have about this,

one of the most important ones, is Taiwan willing to buy? Taiwan, their GDP, their military budget is less than 3 percent of their GDP. You are not dealing with a country that really wants to militarize itself or build itself up militarily.

Mr. CHABOT. And I have only got 5 seconds. That was one of the frustrating parts. We kept pushing them to buy the weapons system and the legislature just couldn't find a way to do it.

Chairman ROS-LEHTINEN. Thank you. And we thank Ms. Bass of California for yielding her time. And recognize Mr. Marino of Pennsylvania who will be yielding his time to Mr. Smith. If you could make that motion.

Mr. MARINO. Madam Chair, I do yield my time to Mr. Smith. Thank you.

Chairman ROS-LEHTINEN. Mr. Smith is recognized.

Mr. SMITH. Thank you, Madam Chair, for that courtesy, and my good friend and colleague, the new member. Just a couple of questions in follow-up. I kind of ran out of time a moment ago about the issue of how you receive a person who, with his past and present, raises serious issues about what we are actually doing, especially to the dissidents who we know in the laogai throughout all of China, including Liu Xiaobo and his wife who is under house arrest, that the jailer of Liu Xiaobo is getting a state dinner. These aren't nuances. These are profound issues that are raised here.

So if you could perhaps some of you might want to speak to that issue. And let me also say that and the distinguished chairlady mentioned a moment ago that in this audience are some of the greatest and finest human rights defenders and their loved ones. Liu Dejun was abducted out of Vietnam right as the President took over in 2002. They have not seen their father. They try to get in to see him. He was abducted out of Vietnam back to China where he is now spending a horrific, enduring a horrific ordeal in the laogai. Geng He, who is Gao's wife, who is here today, she made a 2000 trek to Thailand with her two children, after her older daughter was so despondent, perhaps even suicidal because she was being so mistreated.

What we often forget, it is not just the dissidents, but it is their families who share in the cruelty meted out by the Chinese dictatorship. She made it, thankfully, and her children. But again, it raises the question about how can a man who is responsible, and I would say directly responsible, he gets a state dinner. When Frank Wolf and I made several trips to the PRC we met with Li Peng, premier. I believe we do have meetings like that. We had a list of prisoners. We had issues dealing with forced abortion, religious persecution. We laid it all out. He wasn't happily in receipt of all that, but it was a very, very real conversation. And I wonder if, when the toasts are made later on tonight and there is all of this hoopla around a state dinner that all of that kind of like simmers into the background and what message have we sent?

Also, if you can speak to this then I will yield to you, the bad governance model. You know, I chaired, when I chaired the Africa Subcommittee years ago, three hearings on what China is doing in Africa, you know, when people like Bashir in Zimbabwe, Mugabe and so many others who are dictators love the Chinese model of control and secret police. And I am very worried about the influ-

ence that their bad governance model and their bad human rights model is having, unless we really speak loud and clear. And I would again make my appeal to the President, to the Press Corps, be public. Don't namby pamby, don't walk on egg shells. Speak boldly about, especially President Obama, about his fellow Peace Prize winner, because he won it last year, this year obviously Liu Xiaobo, who is languishing guilty in prison and his wife under house arrest.

Mr. YANG. Congressmen, I am personally upset about the honor that Hu Jintao is receiving. So it is not a matter whether to meet or to receive Hu Jintao. It is how to do it. I agree with you totally. And giving Hu Jintao this honor will send two messages to China, one to Chinese government and the other to Chinese people. To the Chinese government that can be described as that we can get away with the atrocities we perpetrated in the past. Disappearing people. Put Nobel Peace Prize winner in jail. We can get away with any human rights violations.

The message to the people, that is, U.S. may not be that sincere about human rights issues in China. And I want to emphasize that China is a very practical, very rational player. Chinese government legitimacy is performance based; namely, the only source of legitimacy for this regime to continue its rule in China is fast economic growth.

So we have too much imposed fear on ourselves thinking that if we take a stronger position on human rights issues, that will jeopardize our economic relationship with China. Why should I fear? They are the persons, it is them that we should fear, you know, any jeopardizing of economic relationship with the United States and the rest of the world because the slow economic growth will leave bare all the problems we have been accumulating in the past years that will cause the government to collapse.

Mr. SMITH. Thank you.

Chairman ROS-LEHTINEN. Thank you very much, Mr. Marino, for yielding the time to Mr. Smith.

And now, batting cleanup, one of our committee's super stars, Mr. Royce, chairman-designate of the Subcommittee on Terrorism, Nonproliferation, and Trade, is recognized for 5 minutes.

Mr. ROYCE. Thank you, Madam Chair. I was going to ask Larry a question. I think this is an issue that maybe everybody who is representative of the business community who does business in China should be thinking about. There was an article on extortion in the Harvard Business Review in December entitled "China vs the World: Whose technology Is It?" It is an exhaustive study of the actual consequences for U.S. businesses in China. Let me just read you, Larry, one of the conclusions that the authors wrote here:

> "Chinese officials have learned to tackle multi-national companies," including U.S. companies, "often forcing them to form joint ventures with its national champions and transfer the latest technology in exchange for current and future business opportunities. Companies that resist are simply excluded from projects. The Chinese Government uses the restrictions to drive wedges between foreign rivals vying to land big projects in the country and induce them to transfer the technologies that state-owned enterprises need to catch up."

This is extortion, and we all know numerous examples. We have heard from witnesses; I think 2 years ago we heard from Nancy Weinstein, of Nancy's Lifestyles, who opened a business in Beijing, only to have it stolen out from under her. She was in Shanghai. That was a Shanghai example. But since that hearing I have probably heard from a half dozen businesses that said we don't want to go public, but this is their modus operandi. Now this appears in the Harvard Business Review, laying out the case that this is the modus operandi for the Chinese Government.

Could I have your thoughts on that.

Mr. WORTZEL. Mr. Royce, it is the modus operandi. Now, I have to say that American companies that are induced to do that do that of their own volition because they hope that, based on the ability to enter the marketplace, they can earn a lot of money. Some do, some don't.

Mr. ROYCE. Larry, we understand that part. But the next chapter is once the technology is stolen, that company had better be prepared for a pretty quick exit out of China because its contracts are often about to change, its work force doesn't show up the next morning. This is in violation of any number of new rules, its leases are terminated. We have heard the stories over and over again.

Mr. WORTZEL. Well, I would only suggest a legislative strategy to remedy it, and that is if a company can legitimately demonstrate that its products or its technology were stolen, then prohibit the sale of that stuff in the United States.

Mr. ROYCE. Well, that is a good remedy. But from the experience that we have had going to bat with our constituents out in California, and Nancy Weinstein would be an example, we have not been able, through the court system in China, to have any success and, to my knowledge, I don't know of any success.

I wondered if you would agree with one of the points made in this report, and the authors conclude, it might be useful for the United States to dispense with the premise that it can have an economically compatible relationship with China; in other words, knowing that these are two radically different systems and China has failed to bring their system into compliance with any of the international norms for commercial activity or for rule of law.

Mr. WORTZEL. I don't know why you would choose to do business with a documented thief.

Mr. ROYCE. Well——

Chairman ROS-LEHTINEN. Excuse me. Did you say "documented thief"?

Mr. WORTZEL. Yeah.

Mr. ROYCE. My hope would be that there are many other countries in Asia that have an interest in closer relations with the United States. We see this in polling all the time, and I think a key aspect of managing China's rise will be our alliances with China's neighbors across East Asia and South Asia. I think that giving reassurance to our friends and placing a check on China's regional ambitions is going to be necessary. But, what more should we be doing with these countries to encourage trade investment? And what more should we do to let the U.S. business community know their return on investment is a negative one in terms of China? That gets out occasionally in the Journal, but not often enough.

Chairman ROS-LEHTINEN. Thank you, the gentleman's time has expired. And now for truly our last question and answer, 5 minutes, will be Mr. Fortenberry of Nebraska, a strong pro-life legislator, Mr. Fortenberry to close out our hearing.

Mr. FORTENBERRY. Thank you, Madam Chair, for the time. And thank you, gentlemen, for appearing before us today. I have a fairly lofty sentence in front of me. Basically it says, I want to stress the importance of managing our complex relationship with China in a manner that honors the transcendent principles that define our national purpose and identity.

But let me stop there. As I look out into the audience here, I see a number of young people. And I think it is important to get your mind around this. Many of you are perhaps newly married or hope to be married in the future. Let's suppose you were in China, and the authorities come by and say, how many children do you have? We have one, and we have one on the way. Well, that is one too many. Come with us.

Can you imagine that in the United States? We can't even get our mind around these concepts. And yet, this is President Hu Jintao's China of today. Now, I sincerely hope that as the President meets with—as President Obama meets with President Hu, that human rights issues are going to figure most prominently in these discussions and the White House has indicated some direction in that regard. But since I have been serving in Congress, members of both sides of the aisle have boldly challenged Beijing on the ruthless treatment of democracy activists and their families, Internet freedom activists, religious minorities, and women and families victimized by a callous policy of coerced abortion.

Now, let's turn to economics. A full estimate is that we owe about $2 trillion to China, and we have a bilateral trade deficit approaching $300 billion and, of course, this poses weighty concerns. Where appropriate, I believe we must challenge China to abandon its unbridled mercantilism which manifests itself in massive subsidies and other trade distorting practices that contribute to this staggering imbalance. I think also we must look ourselves in the eye in the United States and take action to get our fiscal house in order, to revive our stagnant manufacturing industries, refurbish our industrial base and take responsibility for our economic future.

The reality is we buy their stuff and they buy our debt, and this is a truly dysfunctional marriage. So I think we have an obligation to forthrightly address the sources of tension in this relationship with China, and our commitment to mutual respect should never entice us to ignore these very serious concerns. And I hope that the administration will echo these concerns in their meetings today with the Chinese leadership.

My question to the panel is this: The Chinese give cover to the North Koreans. The Chinese do business with Iran. The Chinese do not respect human rights. What type of world does China envision? What is their end game? A nationalistic surge underwritten by a new capitalistic Communist model never foreseen in the history of the world? Can you comment on that, please?

Mr. SUTTER. I would be very happy to comment. I think the Chinese objective is very much focused on the here and now. Mr. Yang emphasized that they have a legitimacy deficit. And their legit-

imacy rests on economic performance and to do that they need stability. And to do that they have to interact with the world on a lot of different ways, in a lot of different ways, with economic development being primary. And so to confront the United States in a major way is something that I think is not fundamental to what they are about right now. Their long-term plans are very vague. They have got a very big agenda for the short term, and it is going to keep them busy for a long time.

Mr. FORTENBERRY. So does raising the concerns that I raised, as well as many others today, help address or give rise to more legitimacy concerns as they further distance themselves from what we would consider to be the international community of responsible nations?

Mr. SUTTER. The idea that we should address all the issues that you have mentioned in a forthright way is very, very clear. We should do that. No question. But I think your idea that somehow the Chinese have this plan for domination and control of the world, I think, a better image is that China is a bit scrambling, trying to keep legitimacy, trying to keep control over their very, very vibrant economic and social situation, that isn't under good control in many respects.

Mr. FORTENBERRY. Does raising the issues I just raised hinder their quest for this legitimacy.

Mr. SUTTER. I think it could. It could.

Mr. FORTENBERRY. Or do you not care, because economics trumps everything?

Mr. SUTTER. No, economics does not trump everything because prestige is important as well and their position is important as well.

Chairman ROS-LEHTINEN. Thank you. The gentleman's time has expired.

It is a testament to the great interest that this topic has that members keep coming back. So pleased to recognize Mr. Deutch, my Floridian colleague, for 5 minutes.

Mr. DEUTCH. Thank you, Madam Chair, I appreciate it. I appreciate your leadership of this committee.

I would like to spend a couple of minutes talking about the way in which the Chinese Government has been willfully weak in enforcing intellectual property rights. The creativity, the imagination, the innovation of American workers, their intellect, is being stolen and it is being stolen on a regular basis in China. It is being stolen by illegal downloads, it is being stolen by pirated DVDs, it is being stolen by seizing, again, the intellectual property of our Nation.

What can we do to increase the pressure on the Chinese Government to be more serious in enforcing and protecting the intellectual property rights of our citizens?

Mr. CHANG. I think the one thing that we can do if we really are serious about it is start adding tariffs for goods of countries that do engage in willful theft of intellectual property. This is a really important thing for us to do, and I think it is probably about the only way to do it.

There are a number of other strategies. And one thing the Obama administration has done is, it has gone after these indigenous innovation rules that President Hu Jintao has sponsored and

really does put American companies at a serious disadvantage if they want to do business in China. So that is one thing.

But when it comes to the actual theft, which is another issue, I believe that the only way to deal with this is sanctions of some sort, penalties of some sort. And they probably are going to follow the general trajectory of H.R. 2378.

Mr. DEUTCH. Dr. Wortzel, are you nodding your head?

Mr. WORTZEL. I agree with Mr. Chang. We have to avail ourselves of the available World Trade Organization remedies, and we are not always doing that. They are more limited than we might like, but we must avail ourselves of them. And we have to work particularly with our European allies and friends, so that when a case is brought, it is not just brought by one country. I think that helps.

Countervailing duties is another potential remedy that I think would be useful.

Mr. DEUTCH. I would like to broaden the discussion to the implications of the theft of intellectual property to the links between stealing intellectual property and the funding of terrorist organizations like Hezbollah and Hamas. A majority of the counterfeit goods originate in China and wind up in places like the tri-border region of South America, where millions of dollars in direct contributions have then been to Hezbollah. One such specially designated global terrorist entity in Paraguay provided a lump-sum payment of $3.5 million to Hezbollah.

Is there a way, even moving beyond the important nature of intellectual property rights on its own, to helping, to reinforcing the severe implications of these violations in our own and helping to protect our national security?

Mr. WORTZEL. I kind of think you just pointed the way toward a response to that. And that would be to take a look at the Iran Sanctions Act, and with the terrorism nexus see if legislation could be modeled along the lines of the Iran Sanctions Act that would specifically sanction the Chinese violators that are engaged in that activity.

Mr. DEUTCH. And along those lines, Dr. Wortzel, under the Iran Sanctions Act and the legislation that we passed last year, by all accounts there are Chinese firms that ought to be sanctioned. They have not been. Do you have thoughts on the actions taken by these Chinese companies, state-owned in Iran, in helping them to overcome the sanctions that have been imposed on other companies?

Mr. WORTZEL. You know, here you really have to get the Oversight Administration and Enforcement. If they are not doing the job, they are not doing the job.

Mr. CHANG. You know, we sanctioned individual Chinese enterprises, but essentially they all are controlled by the state. So essentially what we should be doing is thinking about sanctions that go beyond just the individual enterprise. Because essentially what we are doing is, we are going after the pinkie when we really should be going after the head.

Mr. DEUTCH. In the remaining seconds on that specific issue, how do we go after the head?

Mr. CHANG. It would be basically putting sanctions on goods from countries that are involved in certain prohibitive behavior. This is

going to be very difficult for the United States to do. We haven't, up to now, had the will to do it. But when it comes to things like Iran sanctions or selling arms to the Taliban, something else, we really have to think about our priorities.

Mr. DEUTCH. Thank you. Thank you, Madam Chair.

Chairman ROS-LEHTINEN. Thank you very much, Mr. Deutch. Thank you, panelists, for excellent testimony. And thank you to the members who participated, thank you to the audience. And the briefing is now adjourned. Thank you.

[Whereupon, at 12:43 p.m., the committee was adjourned.]

APPENDIX

Material Submitted for the Briefing Record

FULL COMMITTEE BRIEFING NOTICE
COMMITTEE ON FOREIGN AFFAIRS
U.S. HOUSE OF REPRESENTATIVES
WASHINGTON, D.C. 20515-0128

Ileana Ros-Lehtinen (R-FL), Chairman

January 18, 2011

You are respectfully requested to attend an OPEN briefing of the Committee on Foreign Affairs, to be held in **Room 2172 of the Rayburn House Office Building (and available live, via the WEBCAST link on the Committee website at http://www.hcfa.house.gov):**

DATE: Wednesday, January 19, 2011

TIME: 10:30 a.m.

SUBJECT: Assessing China's Behavior and its Impact on U.S. Interests

BRIEFERS:

Mr. Larry Wortzel
Commissioner
US-China Economic and Security Review Commission

Mr. Yang Jianli, Ph.D.
President
Initiatives for China and Harvard Fellow

Mr. Gordon Chang
Author of "The Coming Collapse of China"
Forbes.com Columnist

Mr. Robert G. Sutter
Visiting Professor
School of Foreign Service
Georgetown University

By Direction of the Chairman

The Committee on Foreign Affairs seeks to make its facilities accessible to persons with disabilities. If you are in need of special accommodations, please call 202/225-5021 at least four business days in advance of the event, whenever practicable. Questions with regard to special accommodations in general (including availability of Committee materials in alternative formats and assistive listening devices) may be directed to the Committee.

COMMITTEE ON FOREIGN AFFAIRS

MINUTES OF FULL COMMITTEE ~~HEARING~~ BRIEFING

Day *Wednesday* **Date** *January 19, 2011* **Room** *2172 Rayburn*

Starting Time *10:35 am* **Ending Time** *12:40 pm*

Recesses [ ] (____to ____) (____to ____) (____to ____) (____to ____) (____to ____) (____to ____)

Presiding Member(s)

Chairman Ileana Ros-Lehtinen

Check all of the following that apply:

Open Session [✓]
Executive (closed) Session [ ]
Televised [✓]
Electronically Recorded (taped) [✓]
Stenographic Record [✓]

TITLE OF ~~HEARING~~: BRIEFING

Assessing China's Behavior and its Impact on U.S. Interests

COMMITTEE MEMBERS PRESENT:

Attendance sheet attached

NON-COMMITTEE MEMBERS PRESENT:

~~HEARING~~ BRIEFING WITNESSES: Same as meeting notice attached? Yes [✓] **No** [ ]
(If "no", please list below and include title, agency, department, or organization.)

STATEMENTS FOR THE RECORD: *(List any statements submitted for the record.)*

Representative Connolly's remarks
Representative McCaul's QFR

TIME SCHEDULED TO RECONVENE _____
or
TIME ADJOURNED *12:40pm*

Mark Gage, Deputy Staff Director

Hearing/Briefing Title: *Assessing China's Behavior and its Impact on U.S. Interests*

Date: *January 19, 2011*

Present	Member
X	Ileana Ros-Lehtinen, FL
X	Christopher Smith, NJ
X	Dan Burton, IN
X	Elton Gallegly, CA
X	Dana Rohrabacher, CA
X	Donald Manzullo, IL
X	Edward R. Royce, CA
X	Steve Chabot, OH
	Ron Paul, TX
	Mike Pence, IN
	Joe Wilson, SC
	Connie Mack, FL
X	Jeff Fortenberry, NE
	Michael McCaul, TX
X	Ted Poe, TX
X	Gus M. Bilirakis, FL
X	Jean Schmidt, OH
X	Bill Johnson, OH
X	David Rivera, FL
	Mike Kelly, PA
X	Tim Griffin, AK
X	Tom Marino, PA
X	Jeff Duncan, SC
X	Ann Marie Buerkle, NY
X	Renee Ellmers, NC

Present	Member
X	Howard L. Berman, CA
X	Gary L. Ackerman, NY
	Eni F.H. Faleomavega, AS
X	Donald M. Payne, NJ
X	Brad Sherman, CA
	Eliot Engel, NY
	Gregory Meeks, NY
	Russ Carnahan, MO
X	Albio Sires, NJ
X	Gerry Connolly, VA
X	Ted Deutch, FL
	Dennis Cardoza, CA
X	Ben Chandler, KY
	Brian Higgins, NY
	Chris Murphy, CT
X	Frederica Wilson, FL
X	Karen Bass, CA
	William Keating, MA
X	David Cicilline, RI

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