

**THE BROKEN PROMISES OF CHINA'S WTO
ACCESSION: REPRIORITIZING HUMAN RIGHTS**

HEARING
BEFORE THE
**CONGRESSIONAL-EXECUTIVE
COMMISSION ON CHINA**
ONE HUNDRED FIFTEENTH CONGRESS
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MARCH 1, 2017

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THE BROKEN PROMISES OF CHINA'S WTO ACCESSION: REPRIORITIZING HUMAN RIGHTS

WEDNESDAY, MARCH 1, 2017

CONGRESSIONAL-EXECUTIVE
COMMISSION ON CHINA,
Washington, DC.

The hearing was convened, pursuant to notice, at 2:08 p.m., in room 216, Hart Senate Office Building, Senator Marco Rubio, Chairman, presiding.

Also present: Senators Todd Young and Gary Peters; and Representative Al Green.

Chairman RUBIO. Good morning. This is a hearing of the Congressional-Executive Commission on China, and the title of this hearing is "The Broken Promises of China's WTO Accession: Reprioritizing Human Rights."

We will have two panels testifying today. The House is currently in votes so I am going to skip my opening comments and welcome our first panel, the House Democratic Leader Nancy Pelosi, and former Member of Congress, Frank Wolf.

Leader Pelosi you're recognized. Thank you for being here.

STATEMENT OF HON. NANCY PELOSI, A U.S. REPRESENTATIVE FROM CALIFORNIA; HOUSE MINORITY LEADER

Leader PELOSI. Thank you very much, Senator, for your leadership and your attention to this very important issue. We're very proud of your participation, those of us who have been involved in this issue for a very long time.

I did not mean for you to skip yours if you'd like to go first.

Chairman RUBIO. No, we have plenty of time.

Leader PELOSI. Okay. Thank you.

Well, it is an honor to be here with you, with our distinguished guests, and with, of course, Congressman Frank Wolf, a true patriot, a champion for human rights in the world. He took risks, he was persistent, he was dissatisfied, and he was our champion, and still is.

It's my privilege to join you in confronting the broken promise of China's World Trade Organization [WTO] accession. You know the background of this Commission so I won't go into it, except to say that when there was the normalization of trade relations with China we knew what was at stake: freedom and prosperity at home and in communities in China.

So the Commission was formed after that to monitor human rights and the development of the rule of law in China, etc. Actually, Congressman Wolf and I were commissioners at the offset.

But let me just say this, because broken promises is the theme. Right from the start at the time of Tiananmen Square, some of us came together and said, what leverage could we use to get the young people arrested at the time of Tiananmen Square freed, what could we do to use our leverage that we had with the U.S. trade deficit to free those prisoners, to stop the proliferation of missile technology to Pakistan, which the Chinese were doing, and also to gain access to China's market. We thought, we have a \$5 billion annual trade deficit, we really had tremendous leverage.

We worked very hard to stop the passage of the most-favored-nation [MFN] status for China, as it was then called. Mr. Wolf, at considerable risk to himself and to others, visited prisoners over and over again, brought home a record for us of prison labor products that we could demonstrate clearly that China was exporting to the United States to make a case to the President of the United States, then President Bill Clinton, that China should not—at the very least shouldn't have most-favored-nation status, but they also—there could be some penalty. We said, treat these people like you would treat intellectual property. You would do some tariff adjustment on intellectual property; treat intellectuals and people the same way.

Well, anyway, we failed. We passed the bill, House and Senate. President Clinton vetoed the bill. We couldn't override the veto in the Senate. We did pretty well all things considered, but we had been rejected by Democratic and Republican Presidents on this score, so our concern is bipartisan in terms of that.

Senator, how are you?

So at the time, though, my point is, at that time, right in the early 1990s, the trade deficit was \$5 billion a year and we thought we had tremendous leverage, right? So they said to us, "Oh, you are all wrong, you have to let peaceful evolution take care of this, human rights will emerge," et cetera, and we will have access to China's market.

Well, when we brought up the bill again, in order to defeat us, they changed the name from most-favored-nation status to normalization, or whatever they called it, but nonetheless, we still continued the fight.

Well, a few years go by: nothing. The trade deficit continues to grow and grow and grow. Today, actually, rather than \$5 billion a year, it is over \$6 billion a year, almost a billion dollars a day. That's what peaceful evolution brought us and the coddling of China. Corporate America was in there, big. I still don't know if they're making a profit in China.

But anyway, then comes along the WTO accession. We tried our best to present our values in terms of whether China should go there, and strictly in a business sense, what's in it for us in terms of access, fair trade, etc.

I will just tell you this little anecdote. After they went into the WTO, which we tried to temper, a few years later when I was Speaker I visited China, was honored by the People's Congress, the President of the People's Congress, who is the second most important person in China.

When he came to Washington, I reciprocated, not quite as elegantly as they did, not that many courses in the dinner, but that

was the very day China was violating the WTO in terms of rubber exports to the United States. That very day was the announcement.

So when he came to the Speaker's office and I was welcoming him I said I'm sorry to have to welcome you in a manner that is sort of a complaint, but China is not honoring WTO and I can't let the opportunity go by without telling you that. He said to me, as he conferred with his associates there, we were told when we joined the WTO that we did not have to honor that provision. I mean, who told you that? Well, the United States was trying to get them into the WTO. So in any event, as I say, we've gone from \$5 billion a year to \$6.2 billion a week because that was going to make matters better.

China continued to proliferate missile technology, still has non-trade barriers to our products going to China, violates our intellectual property rights, and I will say one more thing, when we were complaining about the violating of intellectual property rights, the administration—that would be the Clinton Administration at the time—would say, "Oh, they can't be accountable for what happens in the provinces." You've heard that, right?

Well, one of the first provisions of the bill was that the Trade Office of the Chinese Government must stop using pirated Microsoft in its office. So this was not about what was going on out in the provinces, it was there.

In any event, they have promised to do this, they have promised to do that: they have not done it. I think China is a very important country in the world. It's going to be successful and we rejoice in that success, but so much of it is at our expense. All that trade deficit going to China enabled them to have the foreign exchange that enabled them to buy into economies, buy political support in the rest of the world.

We chose to ride a tiger and the tiger will decide when we get off, and it has curtailed the ability of America to talk about human rights in China because the corporate interests are so great. But I say if we do not—if we hesitate to speak out for human rights in China because of commercial interest, we lose all moral authority to speak out for human rights anyplace in the world.

So this is about who we are as a Nation, our values, trade, our workers, political power, geo-political power on the part of the Chinese, at our expense and it was our decision to ride that tiger. That was during the Clinton Administration and it continued later.

China has changed a great deal in the past 15 years, as you know, but the human rights situation has not improved that much and we are still racking up big deficits from time to time.

So thank you to the Commission for looking into this 15 years later, and I am once again honored to be here.

Chris Smith, who will be joining us after the votes, and Frank Wolf, are two wonderful leaders. We worked in a bipartisan way, willing to criticize Presidents of our own party as well as the other party on the subject of human rights in China and the fact that we were not getting a fair deal on the trade side that they sold our moral authority for.

With that, I thank you again. I thank Senator Peters for joining us today and his work on this Commission.

Thank you, Senator Rubio.
 Chairman RUBIO. Thank you. Thank you, Leader Pelosi.
 Congressman Wolf, welcome. We are glad to have you here.

**STATEMENT OF HON. FRANK R. WOLF, A FORMER U.S.
 REPRESENTATIVE (RETIRED) FROM VIRGINIA**

Mr. WOLF. Thank you, Senator. I want to begin by thanking Chairman Rubio and Cochairman Smith and members of the Congressional-Executive Commission on China for convening this very important hearing.

I also want to recognize your outstanding staff: Elyse Anderson, Paul Protic, and Scott Flipse, who are some of the best staffers I have ever worked with up here.

I also want to thank and recognize Minority Leader Pelosi, whom I'm pleased to join here today for her longstanding support for Chinese dissidents, the people of Tibet, and for her leadership during the annual debate surrounding most-favored-nation trading status for China.

We both vigorously opposed granting permanent normal trade relations [PNTR], then MFN, absent pre-conditions. I wish our concerns had not been borne out, but as today's hearing will no doubt explore, the proponents of this approach can hardly claim that China today is more free or less repressive than it was 15 years ago.

This is not, Senator, a partisan issue, as we demonstrated in our efforts in the late 1990s. Our country is stronger and the dissidents worldwide are bolstered when both parties, Republican and Democrat, and their leadership take the principal stand for human rights and religious freedom.

Evidence continues to show that the government of China has leveraged the wealth and economic growth that accompanied WTO accession to become more corrupt, more repressive, and more dangerous than at any time in modern history.

China has become increasingly belligerent and hostile in its actions in the Spratley Islands that disrupt peaceful navigation in the seas; has led a campaign of unprecedented cyberattacks against the U.S. Government, including Members of Congress; they stripped my computer and a number of other Members' computers. They took everything off of their computers, as well as American companies' computers.

I see the list of the companies they were hitting that the Bureau would have, and every company was basically being hit. It is stunning how little we discussed the Chinese cyberattacks against OPM [Office of Personnel Management] just two years ago that led to the most sensitive information about millions of Americans and their families being compromised, or their attacks on U.S. healthcare records and airline travel records, or the theft of intellectual property that are literally bankrupting American companies and costing us jobs.

The American people and the U.S. Government should be more outraged by these actions. Prior to the passage of PNTR in 2000, there was much debate in Congress and the media as to whether granting such status would help China to become a more open and

free society, leading to greater rights protections for its long-oppressed people and improvements in the law.

It is interesting, in retrospect, that just 10 years after the world was shocked by the brutal crackdown against the Tiananmen Square protester, the young student, the tank man in front of the tank, a school of thought took root which argued for increased trade and economic ties as opposed to sanctions and a tough line. Wishful thinking superseded a genuine understanding of the Chinese Communist Party's goals and objectives.

The state of freedoms in China today, after so many trillions of dollars in wealth has been transferred to the small ruling class that controls the production, is well summarized in the most recent report by the U.S. Commission on International Religious Freedom.

They said "During the past year the [Chinese] Government increased its targeting of human rights lawyers and dissidents, some of whom advocated for religious freedom or represented individuals of various beliefs . . . authorities across China undertook a sweeping dragnet, rounded up lawyers and human rights defenders, including religious freedom advocates, with nearly 300 arrested, detained, or disappeared."

They continued to see "many of these individuals came under government suspicion precisely because they chose to represent politically undesirable religious groups, such as the Uighur Muslims or unregistered Christian leaders and members." Both the Catholic church and the Protestant church are being persecuted by the Chinese Government, and also the Falun Gong.

I curiously glanced at headlines from the past few weeks and here's what the headlines say: "Uyghurs Are Told to Confess Political Mistakes in Mass Meeting." Another headline: "Tibetan Pilgrims Barred from Kirti Monastery by Chinese Police." It's almost cultural genocide against the Tibetan people.

Another headline: "Christian Rights Lawyers Tortured"—Tortured—"in China." Another one: "Chinese Christians Persecuted by the Party's Nationalism." Or there's a Washington Post piece, which I'm sure all of you read, for January 21.

It's painful to read, but the Chinese lawyer Li Chunfu, who was imprisoned in secret detention for 500 days, brutally tortured, and drugged, says he is being released and that he's been diagnosed with schizophrenia. He is not the same person. The ABA [American Bar Association] has spoken and others, but very few people are saying anything. This all was experienced when he was in prison, being held by the Chinese Government.

The irony is that due to the great wealth, as Speaker Pelosi mentioned, the increased economic interconnectivity and international influence that China was able to achieve in the last 15 years, the United States has less leverage than it once did. However, it does not mean we can't and should not use every lever we have to address the egregious human rights violations.

I want to close with some recommendations and actions that the Congress and administration can take this year to improve the situation.

First, we need a more clear and unambiguous resolution to the statements from this Congress and the Trump Administration about our unwavering commitment to human rights, religious free-

dom, and the rule of law in China. Congress should immediately—immediately—take action to rename the plaza in front of the Chinese Embassy in honor of the imprisoned Nobel Peace Prize winner Liu Xiaobo. He is a Nobel Prize winner. He has been in jail for six years. We did this before when we were up against the Russians, Sakharov Plaza. Can you imagine, if you were Xiaobo and your wife came in and said, “Xiaobo, the U.S. Congress just named the plaza in front of the embassy?” I tell you, this would get their attention. I think this could be done very easily.

The administration should also make full use of the new authorities granted under the Global Magnitsky Act to sanction and restrict the travel of Chinese Government officials perpetrating these egregious acts.

In Gao Zhisheng’s latest book, he has the names of who is torturing him. We know who’s involved in some of these activities. Given the immense demands to eliminate U.S. foreign assistance dollars, the Congress and the administration should ensure that any asset seized under this law involving Chinese authorities is spent on human rights and religious freedom.

Second, much more can be done to fight Chinese Internet censorship by putting pressure on agencies such as the Broadcasting Board of Governors [BBG] to increase the allocation of funds to the programs that would prioritize circumvention of the Internet firewall. Congress has urged the BBG—Republican and Democrat—to do this and yet they have not done it. I don’t quite understand it. They have decreased the funding and now this could work in China, in Iran, in Cuba, in Vietnam, in Africa, all over the world. So if we are serious about fighting censorship, our budget should reflect it. The Chinese Government could not be more serious. They spend millions annually on fortifying the Chinese Internet firewall.

We must remain vigilant against efforts by the Chinese Government and state-directed and -owned companies to take advantage of the open nature of the U.S. system to inappropriately lobby and shape public opinion such that human rights violations, censorship, and other terrible actions are effectively normalized or glossed over.

Boy, the number of firms in this town that represent the Chinese Government. I mean, I don’t know how you go home at night and look at your kids and read about Li Chunfu, and then say, I’m representing the Saudis who are doing radical Wahhabism, and I’m representing the Chinese who have Catholic bishops under house arrest, Protestant pastors, bringing back cultural genocide in Tibet.

And by the way, they pay well. I always found in this town the more evil they are, the higher they pay, and they pay a very, very good salary. We have numerous examples, including a recent series of acquisitions of U.S. media companies, that would effectively make them subject to state censorship rules in Beijing.

Last fall, I wrote an op-ed in the Washington Post where I detailed these concerns that advocated for an update to the Committee on Foreign Investment in the United States, CFIUS, to better address the types of transactions that impact cybersecurity, censor the financial services, and soft power.

I will tell you, there will never be another movie, “Seven Years in Tibet.” If this thing is not dealt with now, then Richard Gere

can end his political career because they will never have another movie for Richard Gere in China. There will never be a “Seven Years in Tibet.” They’re beginning to change the very stories in the movies.

I also wrote the need to bolster the Foreign Agents Registration Act, FARA, to ensure that Chinese-funded public opinion and advocacy group efforts in the United States are being appropriately monitored and reported. The Confucius societies in many of these universities, if they’re going to do it and are allowed to do it, we ought to at least—the American people ought to know who they are. The Justice Department’s Inspector General released a very important report last fall making recommendations on updates to the law including closing arrangement loopholes that governments like China use to avoid disclosing their funding.

In closing, I want to thank you for the hearing. The U.S. Government made a critical error, I believe, in extending PNTR to China without real commitments and enforcement mechanisms on human rights and religious freedom. It is never, ever too late to redouble efforts.

We can commit anew to using all the economic, diplomatic, and security tools at our disposal to send a clear signal that America remains committed to the fundamental principles laid out in their founding document, a document which former President Reagan, my favorite President—Reagan said the words in the Constitution and Declaration of Independence were covenant not only with the people in my hometown of Philly in 1776 and 1787 when the Constitution—but a covenant with the tank man, a covenant with a Buddhist monk and nun, a covenant with a Catholic bishop, a covenant with Li Chunfu who has been tortured.

So I believe that what you are doing here is very important. I believe we can reverse it. The American people are with us on this issue and I just hope this Commission can light a fire in this current Congress.

Thanks for the hearing.

[The prepared statement of Mr. Wolf appears in the appendix.]

Chairman RUBIO. And so do we, Congressman. I thank you for your testimony. [Applause].

I’m going to recognize Senator Peters, because he has to go to a Senate Armed Services Committee, for questions.

STATEMENT OF HON. GARY PETERS, A U.S. SENATOR FROM MICHIGAN

Senator PETERS. I’ll just have a quick one here. Thank you, Chairman Rubio, and thank you to the witnesses. Leader Pelosi, wonderful to see you again, and Congressman Wolf as well; compelling testimony from both of you of what has happened with our China relations over these last few years. I can say, as a Senator from Michigan, we have seen the impact of unfair trade practices, in particular with the Chinese, as it has hollowed out manufacturing in particular.

If you look at the auto sector and auto suppliers who want to go to China to do business in China, the Chinese say you’re welcome here but you have to have a Chinese partner in that company, and then as the company goes to China and the Chinese partner then

proceeds to take all the intellectual property and all the manufacturing processes. Then sooner or later, they use that against us in sending materials back to us at a considerably lower price, using whether just low labor, or other conditions that they have there like currency manipulation, which neither one of you mentioned but I know you feel very strongly about as well. Basically, these unfair trade practices are hollowing out good-paying middle-class jobs here in America.

Now, I have been working with the Commerce Department to hopefully push them to use more enforcement actions beyond some of the enforcement that exists now. Normally, these unfair trade practices come to the Commerce Department or the government as a result of a complaint from a major industry group, and that is fine, although we need to do a lot more.

But unfortunately, small business and medium-sized businesses don't have that, and oftentimes they get hurt in significant ways. The Department of Commerce does have an environment mechanism that allows them to take independent action to pursue these types of cases against the Chinese, as well as other countries around the world. Would both of you support giving the Department of Commerce enhanced ability to initiate actions on their own and to aggressively pursue unfair trade practices by the Chinese? Leader Pelosi?

Leader PELOSI. Yes. Thank you, Senator, for your attention to this important matter and your suggestion. If they would do it, it would be a great thing. Let me just say, as you heard from the testimony, you know why we all worship at the shrine of Frank Wolf: when he's on a case, he's on a case. He has been just a champion for human rights and fair trade practices and the rest in China.

Since you mentioned manufacturing, I would just say that due to the trade deficit in China, just since the WTO accession, we have lost 3 million jobs, 75 percent of them in the manufacturing sector. So yes, I would support what you are saying about the Department of Commerce, if they would do it—right? If they would do it. And I support that and what Mr. Wolf—Congressman Wolf, Mr. Chairman, to me, Wolf, has suggested.

I would add one more thing to that, and that is the issue of reciprocity. Next week, March 10, the world will remember the 1959 uprising in Tibet. We will remember the Chinese Government's brutal response on Tibetans, on students and workers in Tiananmen Square, and on booksellers, feminists, or LGBT [lesbian, gay, bisexual, and transgender] people. The list includes anyone who disagrees or poses a threat to the Party in power, yet advocates in China and around the world continue to call on the Chinese Government to fulfill its promise by reprioritizing human rights.

In 2015, I led a congressional delegation to visit Tibet. It was the first delegation in about 10 years or so, a congressional delegation that was allowed into Tibet. As Chairman Wolf mentioned, the brutality of the Chinese in Tibet is something.

So reciprocity is one where they want to have more consuls, consul generals, in the United States, consulates in the United States, and we're saying, well, if you want to do that you should allow us to have a consulate in Lhasa. We haven't had the full cooperation

of any State Department on that. We have some good words, but we will see.

And I just want to make this further point about your question about Commerce, because here's the thing. What we were seeing happening is corporate America, financial services, legal firms, and all the rest were leading the charge for permanent normal trade relations with China, as they renamed it, but it was at the expense of American workers.

Here's what they would do: they would say to these companies—we wonder if they ever made any money in China—but, of course, corporate America, they would say to them, Senators, yes, come here, and they'd see the mirage of the Chinese market. That's what it was, a mirage, because the Chinese Government would say, okay, now that you're here and you're going to manufacture here, we want a copy of your designs.

So they had the copy, and then they say, okay, we don't need you anymore. We have your blueprints, we can do this ourselves. If you still want to manufacture here for export that's up to you, but don't have any thought about accessing the Chinese market.

So they were really suckers, you know. They gave away their intellectual property for the Chinese to use in competition with them, and in some cases they would have a U.S. firm manufacturing here for export to the United States and prison labor right next door. You could walk right through the door into a prison labor factory for export to the United States and for the domestic market as well. So if our country is serious about protecting workers, and I don't mean that in a protectionist way, I mean just in a fair way, the Commerce Department should do as you suggest. Thank you.

Mr. WOLF. I agree completely. I picked socks up off the line in Beijing Prison Number One. They were banned. They were all Tiananmen Square demonstrators making socks with golfers on them and they were all being sold here in the United States. Last, I would urge you to talk to the bureau and ask them to show you the list of who's being hit. You will not believe who they are going after, and I'll just leave it at that. But the bureau can let you see that list. You will be shocked.

STATEMENT OF HON. MARCO RUBIO, A U.S. SENATOR FROM FLORIDA; CHAIRMAN, CONGRESSIONAL-EXECUTIVE COMMISSION ON CHINA

Chairman RUBIO. Thank you, Senator.

So let me—first of all, this is a great opportunity for everyone to see how, on this issue of human rights, democracy, and respect for trade laws, that this is really not a partisan issue.

Leader PELOSI. No.

Chairman RUBIO. You have, obviously, Leader Pelosi, who's been the leader of the Democratic Party, and Congressman Wolf, who has been consistently a conservative Republican, and yet this is an issue that unifies, and should unify, all Americans. So the comment I'm about to make which prefaces my question is not meant to be partisan in any way, shouldn't be read in for politics. This is just a question that I think is important and fundamental to our foreign policy.

Yesterday, the Secretary of State met with the Chinese State Councilor and the read-out of the meeting underscored the following. It said the two discussed, "Maintaining a mutually beneficial economic relationship between the two largest economies." This read-out included not a single mention of human rights concerns, did not include the names of any political prisoners, and the like.

So, obviously, it's a young and a new administration. Secretary Tillerson has been there just a number of weeks. The State Department is not fully staffed. But I wanted you both to kind of testify a little bit as to, from your travel around the world, your interaction with people that have been oppressed by totalitarian regimes everywhere how important it is, even if it's just in a conversation, even if it's just in a meeting, how critical it is for the voice of the U.S. Government, often expressed through the Secretary of State or the President or the Vice President, how important it is that human rights, that the names of individual prisoners, that the cause of individual causes be named so that people can see this and how much it matters to the oppressed to know that the United States of America, at the highest level, has not forgotten them.

Leader PELOSI. Chairman Wolf has asked me to go first. Thank you for your question, Senator, because it is absolutely essential. The Chinese really have a—let's go in the background and laugh out loud after such a meeting when, for all of our talk about promoting human rights throughout the world in a country where we have this big commercial interest, we are silent.

I hope that the print-out is not complete. I am ever hopeful that our government at any opportunity would talk about human rights in China and Tibet, Tibet being part of China but specifically mentioning Tibet because of the particular oppression that is happening there. The reduction of democracy in Hong Kong should be an issue of concern to America and China's aggressive behavior in other parts of the world. You just can't ignore any of it, but you certainly cannot ignore human rights.

Some of us were invited to Norway for the Nobel Prize presentation. Chris Smith and I did go for the presentation of the Nobel Prize to a Chinese dissident and the Chinese would not let him go to receive it, so an empty chair—you probably remember—with the award there, and the rest. I don't think any of us could think of a bigger honor than to be asked by the family to be part of that delegation representing Chinese dissidents—not just Liu Xiaobo, but Chinese dissidents—in China, and relate the messages throughout the world.

I'll just close by saying this. Nothing they say causes more—the Chinese think that nothing causes more excruciating pain to a political prisoner than to say to him or to her—and I say her because, as we know, Sandy Gillis is detained by the Chinese Government—nothing causes more stress to a prisoner than for the Chinese to say to them, nobody even knows you're here, or why, or cares.

So to your question, nothing is more important than—one of the most important things we can do then is to make sure that the names of the prisoners are always given to them in meetings, that we talk about it on the floor of the House and in public statements,

and the rest, because we don't want to be accomplices to the torture that the dissidents are subjected to in prison by the Chinese regime.

Mr. WOLF. I agree. I'll give you two examples. I met with Natan Sharansky. Sharansky said when people advocated for him, his life got better. The commandant of the camp, Colonel Osa, said why are all these letters coming in? I better be careful. This guy better get enough food; I better be careful. Sharansky said it invigorated him. He knew people were—and if you listen to Reagan, improved Camp 35 when Reagan gave—remember the E1 Party speech? They were tapping on the wall in Perm 35, telling everybody that Reagan had spoken out. Secretaries of State in both administrations used to go to Moscow. Secretary Schultz would go to Moscow, they would meet with the dissidents, and if the dissident was in jail they would sometimes go to their house, go up into the apartment and meet with them.

So not to speak out—now, I don't know Mr. Tillerson and I know he's going to do a good job. I hope he does; he has an impressive background as the beginning. But he really has to because, you know, to whom much is given, much is required.

He's been given one of the greatest honors, to be the Secretary of the State of America, and not to advocate for the persecuted in China, the persecuted in—the Yazidi girls who have been taken hostage in Raca, not to advocate for Asa Bebe, the Christian Catholic woman who's been in jail for six years under a death sentence in Pakistan—six years. Six years—and not to say anything about it? He's got to. History will judge him poorly. You need to raise these.

I'll end with the last thing. You can do it, Senator, in a respectful way. Let me give you an example. President Reagan said, "Tear down that wall. . ." President Reagan called them "the evil empire. . ." President Reagan went to the Danilov Monastery and stood next to Gorbachev and spoke out for religious freedom.

If you recall, who came to Reagan's funeral? Gorbachev. Gorbachev respected Reagan. He respected him for speaking out. He did it respectfully. He didn't do anything—but I think the model is Ronald Reagan speaking out at all times. But it really, really—just call Sharansky the next time he's in town and say, Natan, tell me, and he'll tell you, it is so powerful. So every person—and lastly, I think a congressional delegation should go.

In the old days, they would always call down, Republican—Tom Lantos never left the country without having a list of dissidents who were imprisoned in that country. The first thing that former Congressman Lantos would do is he'd give them the list. I mean, it was non-negotiable. They would get it out of the way and proceed, but it made a difference. So it makes a big difference.

Chairman RUBIO. Well, in that light—and I know, Leader, you have a hard stop to get out of here at 2:50, so I wanted to ask you one more question. I know you had mentioned it briefly in your testimony about a congressional delegation that was allowed to go into Tibet. I wanted to just talk about that a little bit further, the conditions. As the new administration develops its foreign policy, what are the most critical priorities in terms of the Tibet-specific policy? And I think to both of you, by the way, on that.

Leader PELOSI. Thank you very much. The Tibet issue has been very much a part of our human rights in China issue all along.

The most important thing is for the Chinese to negotiate, to be engaged in dialogue, with the Dalai Lama. We've been asking for that for a long time. In fact, it was promised to His Holiness at the time that he acquiesced to the PNTR—remember that sad day?—action by President Clinton. President Clinton represented that he would initiate the dialogue with the Dalai Lama and the Chinese leadership. At a different level, some dialogue has taken place, but not the dialogue that we anticipated with that. So, the dialogue.

I've been asking for a—we've been asking for a visa to go to Tibet for a long time. When the President of China was here a year and a half or so ago in September, Senator Feinstein and I asked him about Tibet, the dialogue, et cetera. He said, why don't you just go there yourself and find out? And so I said, fine, give us a visa. That's what we want to do. So we got the visa, put a delegation together a few months later. In November, we went to Tibet.

What we saw was like a Potemkin Village. They would say to me, see, we gilded the roof of the temple. I said, I'm not so interested in your gilding the roof of the temple, I'm interested in what's going into the minds and the heads of the children if you are preventing them from learning their culture, their religion, their language, who they are.

Gilding the roof, I don't care about that. What I do care about is what goes into their heads. Look at what we're doing for infrastructure here. They were doing that throughout all of China, so thank you for doing it in Tibet as well.

But the second thing I would say, is in addition to the dialogue, is the reciprocity. We want people to be able to go to Tibet to see because if it's a permanent kingdom—that's really Korea. But if it's a hidden place, then people won't see what is happening. The Han Chinese kind of taking over the culture of this beautiful Tibet, the people, the culture, the language, the faith. So the reciprocity in terms of consulates would be a good place.

They said, we want more Americans to come here to go to school. Well, let's have a consulate because parents are not going to let their children go to school in a place where they have no connection. So I think a consulate—Jim McGovern, the co-chair, he was with Mr. Pitts, co-chair of the Lantos Commission, keeps asking for that. We have legislation to that effect.

In his testimony before the Senate, the Secretary of State-to-be then, Tillerson, then nominee, said, "Reciprocity is an important part of our relationships with other countries and I'll make judgments about it as I go along." So it was a semi-positive response, but I don't know what judgment he will make in light of what you just said.

So it is—again, on the 10th of March, we will have an observance of what happened in Tibet, raising the profile of issues, continuing our assistance for Tibetans leaving Tibet. On our first visit to see the Dalai Lama in India, Republican Leader now in the Immigration Committee in the House, he will be coming with us on the trip and he—I don't know if he will want me to be using his name here publicly before we announce the trip.

So on visas, for assistance for Tibetans leaving, we all have to sustain that. It is in the legislation and has been every year. Hopefully it will continue to be there so we can show our support. But the torture, the horror, the intimidation that is going on in Tibet now is really inhumane and we cannot ignore it. So, I thank you for your question.

Mr. WOLF. I agree with Minority Leader Pelosi. We slipped into Tibet in the late 1990s with a young Buddhist monk. I went as a trekker. I got my passport out of Chicago. He took us back in the bowels of about 10 monasteries. Every monastery has Public Security police monitoring it. The stories we heard from Buddhist monks and nuns of torture at the Drapchi Prison was unbelievable. So, I agree with Minority Leader Pelosi.

I think, one, the Dalai Lama ought to be able to return to visit. It's almost a visit to kind of culminate his life, if you will. Second, the culture. The Potala is an amazing building. Across from the Potala is an open—it's like a Russian—there's a Russian Mig in there. It's a parade ground, if you will. They have bull-dozed many Tibetan homes and things. So culturally, they need to maintain their culture. So I would say, (1) let the Dalai Lama return; and (2) let them maintain their culture. I mean, you're going to wipe out your culture? I mean, you want to remember. You want to remember the languages.

Last, I think what Minority Leader Pelosi said, reciprocity. You want somebody there, let us open a visa. They had great booming. There were many Americans that used to go there for trekking. So, yes, that's really important. We want to do it before too long because this country is losing the cement that holds it together, the language, the culture.

In some areas of Lhasa it's like a Chinese city. It isn't even a Tibetan city anymore.

Chairman RUBIO. Yes. So I know you touched on this question that I'm about to ask you in your testimony as well, but I'd be curious about both of your input on this. I would venture to guess that in the audience here today there are lobbyists representing the Chinese Government and public relations firms here in the audience as well. Some of these entities that engage in what can only be described as lobbying on behalf of the Chinese Government, they failed to register under the Foreign Agents Registration Act, which some have argued is outdated, it's antiquated.

Would you agree, first of all, that we need to reform those laws? Do you have any ideas about what we could be doing to update those laws as needed so that everyone has a better understanding of who is representing particularly totalitarian governments before or trying to influence policymaking in Washington on behalf of totalitarian governments like the Chinese Communist Party?

Leader PELOSI. Well, I would just say this, because you remind me. When we were making our fight against most favored nation, we were idealistic and corporate America was out there. When we were going to our hearings, this would be the list, page after page—two columns, page after page after page. They had hired just about everybody in Washington, DC, wouldn't you say?

Mr. WOLF. I would.

Leader PELOSI. Just about everybody.

Chairman RUBIO. They meaning the Chinese Government or the businesses interested in doing business there as well?

Leader PELOSI. Well, both.

Chairman RUBIO. Yes.

Leader PELOSI. A combination. The Chinese interests.

Chairman RUBIO. Okay.

Leader PELOSI. The Chinese lobby. They had page after page after page. They had hired everybody in DC. In fact, so many people said to me—because we persisted with this fight. They said, you know, you keep having these victories, because we would win votes but we just couldn't quite—Clinton, really, that was largely when we got rejected with the vetoes and stuff.

But the people would come up to me and say, thank you so much for your advocacy on behalf of human rights in China, you sent my children to college. These lobbyists were making a lot of money off of our advocacy for these poor people in China. But they were admitting that with the gravy train of all time, the Chinese Government lobbying for what was most favored nation, changed to PNTR, so that it would have a different impression in the public mind.

So yes, I think the public should know. People should register if they're representing a foreign government, no matter what it's for.

Mr. WOLF. I agree with Minority Leader Pelosi and I think the answer is in the IG report. He did a great report. He is a good IG. Everybody is recommending everything to him. He's pretty non-partisan. Look at his report. He makes some really powerful recommendations. I think that Congress, at a minimum, has to do that because if you don't we will never know who is doing what.

So yes, the IG—I'm sure he'll come up and brief you, brief your staff, but he has some pretty good recommendations that ought to be able to pass whether you're for China, lobbying against China, lobbying—everyone ought to know who's involved.

Chairman RUBIO. Well, you've both been incredibly generous with your time. I don't know if there's any other topic you wanted to touch upon. We have a second panel waiting. We're grateful to both of you for being a part of this.

Leader PELOSI. And if I just may, Senator, I really want to thank you for your interest in this subject. I remember when we had our fateless breakfast the last time the President of China was honored in the White House in September of not last year, but the year before, that you sent us a video and it was a high point of our statement about human rights in China and Tibet, and we thank you for that.

I'd just say this because this has been kind of negative, but some of us were a little—way before your time we were told at the beach if we dug a hole deep enough we would reach China, so we feel connected to China and we would hope that our two countries could enjoy a brilliant future together as we are doing on some scores, the climate change issue and the rest, and that's important to Tibet as well, the water issues in Tibet, the rivers being a source of water for much of Asia. But the fact is that they won't respect us if we don't respect our own values. So I thank you for giving us this opportunity.

Chairman RUBIO. By the way, you make a great point because often we talk about China, or any country for that matter, and we always have to make the distinction, we are not talking about the people of those nations—

Leader PELOSI. No.

Senator RUBIO (continuing).—with whom we hope to have a fantastic relationship, nor are we talking about the containment of China, which is a great nation and a great civilization who we hope will join the ranks of responsible global actors. We're talking about the government, particularly the Chinese Communist Party, and the way it treats its own people. That is what we're discussing here.

Leader PELOSI. That's right.

Chairman RUBIO. Not the people of a great nation and of a great civilization with whom we hope to have a warm and productive relationship in the years to come. Our objection is to the practices of a specific government and a group of leaders who are oppressing a whole host of different individuals and groups within their population. So it's a great point that you raise. I thank you both for your years of advocacy on this behalf.

Leader PELOSI. Thank you.

Chairman RUBIO. I know how busy you both are. Congressman, thank you. Did you want to add something?

Mr. WOLF. Well, I was just going to say, when you speak out it really makes a difference. I appreciate what you have done on some of these issues. It is really—you know, again, President Reagan, I think, was the model. I think by your speaking out and advocating, I think—and I believe that the Chinese people are a wonderful people.

The fact is, and this is going to turn into a religious meeting, but I pray for the Chinese people every single night. I believe in my lifetime I will see freedom and democracy there. I think what is taking place—there's a hunger. So the people are wonderful, it's the Chinese Communist Government that's the problem.

The more you're speaking out, and other members, in a bipartisan way—this hearing will get to China and it will make a difference. Right now if you go to China and go into an Internet cafe and put in Minority Leader Pelosi, she doesn't exist. You don't exist. But the Chinese people have a way and they're here.

While you're speaking out, it can make all the difference. If I'm right—I used to pray—our visit to Romania in 1985 with Chris Smith. I came back and I pledged to pray every night. In 1989, I was in a television store buying a television, an American-made television, and I saw that revolution was taking place in Romania.

I think the Chinese found Ceausescu's play book and I think they're operating on it. I think they're going to go down and I think we're going to see freedom and democracy. The more you speak out, it can really make a difference. Thank you.

Chairman RUBIO. Thank you.

Leader PELOSI. Senator, it's an honor to be here with Chairman Wolf, but thank you for your beautiful closing remarks—assuming they were closing remarks. I certainly associate myself with your characterization of our aspirations and friendship with the people of China. Thank you, Mr. Chairman.

Chairman RUBIO. Thank you both for your time. Thank you.

As we'll transition, I'm going to announce our second panel. That will include Michael R. Wessel, the president of the Wessel Group, and a Commissioner on the U.S.-China Economic and Security Review Commission; Mr. James Mann, the author of "The China Fantasy" and several other books on China and U.S. foreign policy; Jeff Gillis, who is the husband of American businesswoman Sandy Phan-Gillis, who has been detained in China for the past two years; and Sophie Richardson, who is the China Director at Human Rights Watch.

I want to thank all of you for being here, as you take your seats, to discuss an issue that I believe is of growing significance, not simply in terms of our economy and of our national security, but also in terms of the principles that should animate our foreign policy. Your testimony today will be important.

As is the case this time of year with so many votes going on, you may see members come in and out. You saw Senator Peters had to leave early. I will be here, obviously, but we're running this meeting and we're very excited about the fact that you are all going to be here testifying. I know all of you have prepared statements.

I would encourage you to, to the extent that you can—sounds like an oxymoron coming from a Senator—but try to limit it so we can get into the questions and make sure we can get as many of the answers as possible into the record, because even the members that are not here will read the record, and we can go back time and again.

But what happens after your testimony here today, even though we don't necessarily—CNN isn't here, whatever it may be, we are always citing back to this testimony in the floor speeches, in our legislation, when we're called to testify before a committee. We are constantly pointing back to the testimony, which is why this is so important, to be able to have it as an anchor for the policies we pursue and the arguments that we make.

So I appreciate all of you for being here. I would just begin with you, Mr. Wessel, and ask you for your opening statement. We thank you again for being a part of this panel.

STATEMENT OF MICHAEL R. WESSEL, PRESIDENT, THE WESSEL GROUP AND COMMISSIONER, U.S.-CHINA ECONOMIC AND SECURITY REVIEW COMMISSION

Mr. WESSEL. Thank you, Mr. Chairman. It's an honor and a privilege to appear before you today. Let me make clear that the views I express are my own. It's also a deep honor to appear on a panel right after two people who I believe are heroes of the human rights/democracy movement in Congress. We need more of them. Your leadership and that of the members of this Commission is deeply appreciated.

Let me start with my conclusion: Promoting human rights and the rule of law isn't just the right thing to do, it is critical to our economic and national security interests. These issues are inextricably intertwined. The failure of the last two administrations to hold China accountable has essentially granted China a license to steal: our jobs, our economic strength, our national security, and the rights of their people.

From human rights, to intellectual property, to the law of the sea, China has ignored international norms and the rules essentially without consequence. The world is less safe, less secure, and human rights are increasingly at risk because of China's refusal to be a responsible stakeholder and our own government's refusal to hold them accountable for not adhering to the rule of law and the protection and advancement of human rights.

You heard in the last panel some of the statistics on the failure of China's entry into the WTO to yield the economic benefits for our country: we have almost \$4 trillion in cumulative trade deficits with China since its entry into the WTO; estimates, as Leader Pelosi indicated, are more than 3.4 million jobs lost alone due to the bilateral imbalance; dozens and dozens of trade cases filed and won against Chinese products subsidized and dumped into our market; cyberespionage that has resulted, as the former head of the NSA [National Security Agency] said, was the greatest transfer of wealth in history.

The so-called economic promise of China has turned into an economic nightmare. The United States has repeatedly shown that enforcing the laws and the norms isn't a real priority. Virtually every trade case brought against China was done by the private sector. Our responses to Chinese laws restricting economic access, from the anti-monopoly law to new restrictions on NGOs [non-governmental organizations], should be more assertive.

We have failed to engage in a robust effort to stem human rights abuses. When China began reclaiming rocks and reefs in the South China Sea, our response was limited. When our government decides that it is not going to challenge China's rule-breakings and holds its tongue in the face of rampant human rights abuses, it simply empowers China's leaders. If the United States won't stand up, who will?

The massive transfer of wealth from the United States to China because of a deficient WTO accession agreement, inadequate enforcement of the laws, inaction against Chinese cyberespionage and essentially complete denial of currency manipulation, just to name a few failures, has enabled China to build one of the world's most capable militaries, with rising force projection capabilities and a domestic security apparatus capable of choking the human rights activities and aspirations of its citizens. Mr. Chairman, in my prepared testimony I go deeper into many of these points.

Let me quickly turn to some potential recommendations I offered, and I will move quickly to try and give the maximum amount of time to Q&A.

Members of Congress—and this was emphasized by the last panel—must raise their voices on behalf of those fighting for their rights, freedom, and very lives in China. The Chinese leadership must know that we will not rest until there is justice for those unfairly and unjustly imprisoned, detained, or treated poorly. Members of Congress must also speak out on the need to preserve the remaining democratic attributes of the Hong Kong system. We must not lose our voice in terms of movies and the media, which Mr. Wolf talked about in the last panel.

We should use the renegotiation of the Memorandum of Understanding between the People's Republic of China and the United

States regarding films for theatrical release to try to ensure that access for U.S. films is not limited simply to the products of those companies that the Chinese have purchased.

A minimum of 50 percent of the limit on films covered by the agreement should be allocated to non-Chinese-owned firms. That is if the administration's negotiators can't open the market completely, which should be the goal.

We should also assess Chinese activities relating to students, researchers, and other nationals here in the United States. The last panel talked about reciprocity, which is completely imbalanced in this area, from Confucius Institutes to the Thousand Talents programs, to a variety of other problems that we face.

Finally, we must include the impact of certain acquisitions of U.S. companies by China on human rights as a consideration on whether to approve a transaction through CFIUS.

As an example, Congressmen Smith and Pittinger just published a piece in the Wall Street Journal that identified the potential threat that might exist with the acquisition of MoneyGram by China's ANT Financial if approved.

In their piece they said, "The Chinese Government is a significant shareholder of ANT Financial. Should this transaction be approved, the Chinese Government would gain significant access to, and information on, financial markets in specific international consumer money flows.

"As the Chinese Government increasingly cracks down on the political, religious, and human rights activists, we must fully examine how the MoneyGram network may be used by the Chinese Government to target these voices."

Again, thank you, Mr. Chairman, and I look forward to your follow-up questions.

Chairman RUBIO. Thank you so much.

Mr. Mann? Thank you, and welcome.

[The prepared statement of Mr. Wessel appears in the appendix.]

STATEMENT OF JAMES MANN, JOHNS HOPKINS SCHOOL OF ADVANCED INTERNATIONAL STUDIES (SAIS) AND AUTHOR OF "THE CHINA FANTASY" AND OTHER BOOKS ON CHINA AND U.S. FOREIGN POLICY

Mr. MANN. Mr. Chairman, thank you for giving me the opportunity to appear before you.

In the year 2000, when Congress gave its approval for the entry of China into the WTO, the dominant view in Washington was that China's admission would bring changes that extended well beyond mere trade and economics. Bringing China into the WTO, it was argued, would help open the way for gradual political liberalization and the rule of law in China.

Leaders of both political parties regularly embraced this view. Bill Clinton said at one point, "trade and economic changes in China would help to increase the spirit of liberty over time. I just think it's inevitable, just as inevitably the Berlin Wall fell."

On the Republican side, President George W. Bush said, "trade freely with China and time is on our side."

At the time, I believed this view was wrong. My conviction was based on the fact that I'd been a foreign correspondent based in

China in the 1980s, and even during what was viewed as the era of reform in China you could sense the intense and growing opposition within the Chinese Communist Party toward any significant political change, and that resistance remains.

It was these broad claims about the impact of trade that prompted me to write the book, “The China Fantasy.” In it, I argued that the Chinese regime was not going to change in the way that American leaders had predicted. In the book, I laid out three different scenarios put forward by various people for China’s future. One was what I called the “soothing scenario,” and it’s what I’ve just discussed, that with growing trade and development, China would inevitably open up its political system.

A second was that China would disintegrate into chaos. You don’t hear this idea as much anymore, but in the decade after the Tiananmen crackdown, there were predictions that China would break or collapse.

Then there was what I called the “third scenario”—that with trade and growing wealth, China will simply become a vastly richer authoritarian state. I thought this third scenario was the most likely.

It’s now been exactly 10 years since that book, “The China Fantasy,” was published. Sad to say, the third scenario I wrote about is exactly what we see today, a richer, more repressive China. Indeed, over the past few years the regime has been entering the new types of repression, arresting lawyers, severely restricting NGOs, staging televised confessions of those who are detained.

What we’re seeing today is in fact the opposite of what many American leading politicians and China experts predicted: development and prosperity have yielded a regime that curtails dissident and independent political activity more than it did 5, 10, or 20 years ago.

We are seeing now what I would call the “New China Paradigm.” It is one that could apply in other countries like Turkey or Egypt. In a modern authoritarian society with a sophisticated security system, the more prosperous and educated a society becomes and the more there are stirrings from the public toward development of a civil society, then the more repressive the state will become in response in order to prevent greater threats to its control.

So what is to be done? What options are there for the U.S. Government in devising its China policy today? Of course, there are no easy answers, but in my prepared testimony I sketch out four. One, is simply to drop the China fantasy, although you hear it less often than you used to, people still sometimes say that over time China is going to liberalize and the trade will play an important part in that.

My second recommendation is that U.S. Government officials should not refrain from speaking against political repression. The United States should speak out as forthrightly as possible on behalf of human rights and the rule of law. This subject has been covered by others at this hearing already. I would point out as well that Liu Xiaobo, the winner of the 2010 Nobel Peace Prize, remains incarcerated in China, yet U.S. officials talk about him in public less and less.

My third subject is to insist on the concept of reciprocity in the U.S. relationship with China. If you have heard that at the hearing so much that it sounds like a broken record at this point, that's all to the good because the concept of reciprocity is extremely important. I would single out not just business organizations, but news media where the asymmetry has become truly ridiculous.

In China, American news organizations find their websites blocked, the Chinese Government denies visas to reporters it doesn't want, there are severe restrictions on reporters' access and their travel, while here in the United States, Chinese state-run news organizations enjoy the freedom to print propaganda inserts you can find in your local newspapers. China's state-run television gets full access to the broadcast spectrum, and so on.

The fourth recommendation, finally, is we need to break out of the habits of personalized diplomacy. This goes to the very style of our negotiations with China. I could spell this out more later on. But when you see, as you do even yesterday at the White House the same person negotiating with China, Yang Jiechi, a very skilled and very polished diplomat, first got to know American officials in 1977, 40 years ago, when he was the translator for a visit to China by George Bush, Sr. and James Lilley.

We keep retreating to the Kissinger model and, in ways that I lay out in my paper, it doesn't work. It often proves harmful to our interests because it puts a single top-level official within the U.S. Government on the hook to receive China's complaints and to keep China happy. This official, usually the National Security Advisor, then calls others in the U.S. Government, such as cabinet members, and tells them to soften or rein in whatever actions their own rules and regulations tell them are required in dealing with China.

Let me stop there, and I'd be happy to answer your questions.

Chairman RUBIO. Thank you. Thank you so much.

Mr. Gillis, thank you for being with us.

[The prepared statement of Mr. Mann appears in the appendix.]

STATEMENT OF JEFF GILLIS, PH.D., HUSBAND OF AMERICAN BUSINESSWOMAN SANDY PHAN-GILLIS, DETAINED IN CHINA FOR THE PAST TWO YEARS

Mr. GILLIS. Chairman Rubio, Cochairman Smith, and commissioners of the CECC, thank you for this opportunity to testify at this hearing and for the chance to tell Sandy's story.

Sandy is an American citizen, a wife, a mother, a businesswoman. She was detained by China's state security on March 19, 2015, while on a trade mission to China with Houston mayor pro tem Ed Gonzalez to promote business between Houston and China.

Sandy made this trip in her capacity as a member of the Mayor's International Trade and Development Council and as president of the Houston Shenzhen Sister City Association. She was seized one day after meetings that she arranged between officials of Houston and Shenzhen. Sandy was detained by China State Security. This is the Chinese spy agency, not China Public Security, China's police force. China State Security is the Chinese agency that sends spies to America to steal commercial and national secrets.

Sandy's first six months were spent in designated-location residential surveillance where she was subjected to solitary confine-

ment, torture, and relentless questioning in a torture chair. This chair has been described as a short, four-legged stool with raised teeth in the seating area.

She was subjected to repeated threats, including the threat to take away her access to doctors and medicine. Sandy suffers from a number of serious medical conditions and she takes seven prescription medicines a day. Threatening to take away her access to doctors and medicine is not much different than threatening to kill her.

For a time, Sandy was denied access to medicine. State Security used torture to force Sandy to make a false confession. Sandy was hospitalized twice as a direct result of her horrific treatment by China State Security. One of these hospital stays was for five days after Sandy had a fear-induced heart attack during a brutal interrogation. How would you feel if your wife was treated in this way, or your child was treated in this way?

The Working Group on Arbitrary Detention in the Office of the UN High Commissioner for Human Rights looked at Sandy's case and determined that Sandy's rights had been arbitrarily violated. She'd been arbitrarily detained and her rights had been violated under international law. This is the first time in history that the United Nations had ever ruled that an American citizen had been arbitrarily detained by China. Part of the reason for the ruling by the United Nations was admission by Chinese officials to treating Sandy in ways that violated international law.

Sandy was not allowed to speak with her lawyer for over a year. She was not charged with a crime for over a year.

For about the first year and a half, China State Security, the very people who tortured Sandy, were monitoring her visits with the consul whenever those happened. Chinese authorities eventually did file charges. They claimed that Sandy was a spy for the FBI [Federal Bureau of Investigation], which is not even a spy agency. She is specifically accused of going on two spy missions to China on behalf of the FBI in 1996, and then helping the FBI catch and convert two Chinese spies in the United States to double agents to spy against China.

The FBI has denied that Sandy ever worked for them. In addition to that, we have a mountain of evidence, which I won't go into but I do document some in the written comments. One thing is that we have her passport from 1996 that shows that she never went to China that year.

Sandy has spent her career encouraging interaction between the United States and China: business, cultural exchange, educational exchange. She founded, and for years ran, Houston's longest running Chinese New Year festival. She served as either the vice president or president of the Houston Shenzhen Sister City Association over 20 years. She was that association's representative to the Sister Cities of Houston board for over 20 years.

She has worked extensively and for decades with the Chinese Foreign Ministry, the City of Houston, the Chinese consulate in Houston, the Municipal Government of Shenzhen, and the Public Security Bureau of Shenzhen. She has introduced hundreds of Americans to China and hundreds of Chinese to America, including school kids. She's hosted Chinese dignitaries. She's arranged for

doctors and nurses to receive training in Houston. She's arranged for medical care and medicine in Houston for injured Chinese police officers.

She even helped introduce Houston to a very young Yao Ming, when she introduced some goodwill basketball games in China between Houston NCAA [National Collegiate Athletic Association] all-star players. They played many games against Chinese teams, including a number of games against the China National Team, and the newest member of that team at the time was a teenaged Yao Ming.

Houston Mayor Sylvester Turner, the Houston Shenzhen Sister City Association, and the Sister Cities of Houston have documented many of Sandy's good works for China and for Houston-China relations, and it is not just one or two pages. It is, quite literally a book. I could spend days talking about what Sandy has done that has been in support of China and for China-Houston relations.

Any Americans traveling or considering traveling to China should ask themselves the question, if their story, in terms of goodwill to China, is as good as Sandy's. In all honesty, if China State Security can arbitrarily detain and torture Sandy they can arbitrarily detain and torture any American citizen. If Sandy isn't safe in China, no American is safe in China.

Sandy is not some top-secret agent for the FBI. She is a wife, and a mother, and a businesswoman with aging parents, including a father who is still hospitalized after suffering a major heart attack. It is breaking Sandy's heart that she can't be with her father right now to help take care of him.

Sandy suffers from many serious health problems, including high cholesterol, high blood pressure, and high blood sugar. She takes many medicines a day and I worry very much about her health. Should she be sentenced to prison, Chinese prisons are forced labor prisons. I doubt she would last very long in such an environment with her health. We need to find a way to bring Sandy home and I would appreciate anything that this group, the wider Congress, or the administration can do to help bring her home.

Sandy is in a desperate situation and needs all the help that she can get. She's been detained for far too long, and I will ask a couple of questions here: Where is the outrage; where is the action; where are the consequences for China?

I'll give an example that gets to the heart of this committee's meeting. Fifteen years ago, at the time that China was being considered for the WTO, there was a very similar case. There were four academics that were detained in China that had some standing in the United States, two citizens, two green card holders, and they were detained, accused of being spies.

There was public condemnation by the President, public condemnation by Members of Congress, public condemnation by the State Department. All four of those prisoners were released within five months. So far, there have been no consequences for China for detaining Sandy, and that needs to stop.

The question I'll ask that's related to that is that when it comes to human rights in China, has China's admission to the WTO changed China for the better or has it changed us for the worse?

Thank you for your interest in Sandy's case. I would appreciate anything that you can do to help her.

Chairman RUBIO. Thank you, Mr. Gillis. Congressman Green is here. I know he represents you and your family in that District, and I'm going to give him an opportunity in a minute to either make a statement or ask a question. Your case is one that we will continue to highlight. It's unbelievable to me how few Americans know of this case. I think you make some good points and I look forward to exploring that with you in just a moment.

Ms. Richardson, thank you for being here and being a part of this.

[The prepared statement of Mr. Gillis appears in the appendix.]

**STATEMENT OF SOPHIE RICHARDSON, PH.D., CHINA
DIRECTOR, HUMAN RIGHTS WATCH**

Ms. RICHARDSON. Chairman Rubio, Commissioner Young, and Representative Green, thanks very much for your ongoing concern about human rights abuses in China. This is extraordinarily important leadership.

Senator Rubio, on behalf of Human Rights Watch I would also like to thank you for your particularly ferocious interventions on behalf of human rights diplomacy and confirmation hearings. We think that was a very important moment and we're grateful for it.

When China joined the WTO, it committed to greater respect for the rule of law, openness, and adherence to international standards. But since that time, and particularly since the beginning of the Xi Jinping era in March 2013, the Chinese Government has not only failed to implement key legal reforms, but also pursued the adoption of highly abusive policies on issues ranging from cybersecurity, to terrorism, to NGO "management," all of these decisions in tension with China's human rights obligations under domestic and international law.

It has not only failed to support peaceful civil society, individuals and groups who work on issues ranging from rural literacy to constitutional reform, but instead it has turned on that community and punished it with detentions, disappearances, and torture. Not only has China demonstrated extraordinary bad faith in the mechanisms ranging from human rights dialogues to U.N. treaty body reviews, it has also increasingly sought to remake those instruments in the ways that serve its purposes, not the goal of defending human rights.

Some have argued that while China may not have made progress on human rights, WTO accession and entry into other global trade regimes have brought about greater openness for business and trade. But if that is the case, why did 8 out of 10 AmCham China respondents, in January 2017, say they felt less welcome in China. Why is a business person, an ambassador like Jeff's wife, being detained and held incommunicado?

Why is it that business associations, who presumably thought that by this point in time they would be treated with greater respect and have more room to operate, are now, in fact, facing the kinds of restrictions that domestic civil society has put up with by way of the new Foreign NGO Management Law? It's hard to see

how there's been really meaningful progress that even sustains those particular interests.

Human rights abuses in China exist and persist in part because the United States has failed to address those holistically and has failed to impose a price for those abuses. It is now painfully clear that reformers in the Chinese Government do not have influence. We believe they exist, but they're sure not the ones calling the shots.

Arguments that China just needs a little more time or a little more exposure to the outside world do not hold water, and that senior Chinese officials patently reject the argument that greater respect for rights leads to stability. The argument that opening to trade would lead to greater political openness was woefully wrong and, as a result, the world now faces the prospect of dealing with an aggressive, affluent, and utterly rights-disrespecting Chinese Government.

So if China is to become the kind of viable, predictable partner, a global player many—including us—want it to be, we need to redouble efforts to promote human rights improvements. But doing that effectively requires absorbing another key lesson of the last 15 years: that Beijing generally only responds to the threat of negative consequences.

Now, the Trump Administration appears willing to be at least tough rhetorically on China with respect to trade, Taiwan, and the South China Seas, but it is not yet clear whether or how human rights fit into that picture.

What can Congress do to educate the administration and help arrest the downward spiral of human rights in China? First, urge the administration to publicly articulate its China policy and ensure that human rights are a priority across the administration, not just for the State Department.

We are concerned that not just one, but three read-outs of meetings between Secretary Tillerson and Chinese counterparts include no references to human rights at all—not just no references to individual cases, but no references to rights. As we all know from past administrations, what happens early on matters enormously. That bar has to be set high, and set high now.

Second, ensuring that failures by the Chinese Government to mitigate human rights abuses have meaningful consequences, ideally on issues that matter most to Beijing. That could include the United States publicly declining to engage with China on corruption-related issues, which are a priority for Beijing, unless and until the latter can show that it can provide due process consistent with international human rights standards.

In a similar vein, the next time the United States becomes aware of Chinese police or Communist Party officials who are in the United States on tourist visas, but who are hunting allegedly corrupt officials from the mainland, those people should be detained and prosecuted, not quietly chastised and sent home.

The Chinese Government prefers to tolerate shallow rule of law dialogues as substrates for meaningful human rights discussions, but why not insist that all Chinese human rights lawyers be released before scheduling any further interactions with the Ministries of Justice, Public Security, or State Security?

As Beijing seeks to expand its propaganda operations worldwide rather than respect meaningful press freedom at home or abroad, let journalists from Xinhua and People's Daily come here, but oblige them to register as foreign agents with the Department of Justice. We strongly support the recommendations that have been made about both FARA and about CFIUS.

Third, if the United States is uncomfortable with the current reality that stems from having pursued trade at the cost of promoting rights, it should now use China's need for access to the outside world, including its commercial and financial priorities, as forms of leverage.

Not only do we look forward to working closely with you on implementing the Global Magnitsky Act, but why not also demand that Chinese companies investing in the United States and elsewhere perform human rights due diligence and demonstrate that they are addressing problems or face civil actions? Why not require greater transparency of investments by Beijing's sovereign wealth fund, the CIC [China Investment Corporation]? From Burma to South Africa, tactics like these have helped stimulate positive change.

Fourth, consider Commission travel, as Leader Pelosi and Mr. Wolf talked about, to places like Beijing, Hong Kong, Lhasa, or Urumqi. Those kinds of visits invariably generate positive consequences on human rights issues.

Fifth, please support U.S. engagement at the U.N. Human Rights Council. This is the place where the United States scored, arguably, the greatest China human rights victory in 2016 by leading on an unprecedented joint resolution. Eleven other countries signed on. There is interest in doing one at the June session, but I think that is not going to happen unless the United States supports it.

Last but not least, we have to ask you to continue doing, or do more of, something that you've excelled at in the past, and that is highlighting, paying attention to, listening to independent civil society activists. This is the place where they have been heard, they have been remembered, whether it's Liu Xiaobo or Wang Yu, whether it's Gao Zhisheng or the Panchen Lama, whether it's Ilham Tohti, or many others. This is the place where those voices that are critical to informing U.S. policy are heard and know they have a home. We hope you continue to welcome them in the coming year.

Thanks.

Chairman RUBIO. Thank you all for your testimony.

Congressman Green is here, and I know that the Gillis family are your constituents. I wanted to recognize you for a moment. I know you had some items that you wanted us to put in the record as well.

[The prepared statement of Ms. Richardson appears in the appendix.]

**STATEMENT OF HON. AL GREEN, A U.S. REPRESENTATIVE
FROM TEXAS**

Representative GREEN. Thank you, Mr. Chairman. I especially thank you for allowing me to be an interloper today. I want to give you an apology because I arrived a little bit late. I anticipated being here to hear all of the witnesses give their testimony; I did hear Mr. Gillis. We did have votes and I left right in the middle of those votes to get here because this is important to me.

Mr. Chairman, I would like to introduce into the record, with unanimous consent, a resolution titled H.R. 153. This is a resolution that is sponsored by Mr. Poe and I to make an appeal to the government of China, and to all persons, to try to get Sandy released. The last part of the resolution was probably most important. It reads that "we request the immediate release of Sandy Phan-Gillis by the government of the People's Republic of China." There are a number of whereases and wherefores, but I think that's important.

Chairman RUBIO. This resolution will be submitted into the record, without objection.

Representative GREEN. Thank you again.

And I would like to also thank Mr. Andrew Duncan, who has been very helpful. He came to my office with Mr. Gillis and it means a lot to me that he has made this a special part of his mission in life.

Mr. Gillis is a very dear friend now. He started out as a constituent, but this has evolved into a friendship. We are now on a mission of mercy. We were initially seeking justice, and we still seek justice, but this has metamorphosed into a mission of mercy because, quite candidly, Mr. Chairman, regardless as to what is perceived in China, it is my belief that mercy is a measure that should be applied to this circumstance.

Mr. Gillis has already testified about the health of his wife, the health of her father. These are circumstances that I believe would merit some consideration. I have called these circumstances to the attention of the appropriate officials with the Chinese Government in Houston, Texas.

I have made appeals on many occasions to see what we can do from our end as a Member of Congress to acquire not only an opportunity for Mr. Gillis to see his wife, but for us to have other persons see her as well.

We have, thus far, not been successful. This is especially painful for Mr. Gillis, Mr. Chairman, because there is no playbook, there are no instructions. There is nothing to say to him, here's where you start and here's what you do next. There's nothing to give him a sense of, where am I, where am I going? He doesn't see a light at the end of the tunnel. He only wakes up every morning knowing that he has another day to agonize over his wife's detention. It is especially painful for him. I cannot feel his pain, but I do see it and I do comprehend how it is having an impact on him.

So, Mr. Chairman, what I'm going to do now, if I may, with your consent and permission, is ask Mr. Gillis just a couple of questions and I will then yield back, with your consent.

Mr. Gillis, you have given what I consider to be very important testimony, salient testimony. But I do want to know, do you have

any policy recommendations? Are there things that you would recommend that we do to make this circumstance much more palatable for the next person, if there is another? God knows that I pray that there won't be, but if there is another, are there any policy recommendations that you have for us?

[Resolution H.R. 53 appears in the appendix.]

Mr. GILLIS. I do have some policy recommendations. In fact, I think the biggest problem right now is that there have been absolutely no consequences to China for doing this. Seizing an American citizen, torturing her, there have been no consequences. There needs to be consequences.

Chairman RUBIO. I'm sorry to interject. I wanted to ask as part of this question, do you know—and I don't know the answer off-hand—is there a State Department advisory on travel to China as a result of her detention?

Mr. GILLIS. There is not. One of my recommendations is there should be. So the State Department does a number of things. They maintain country notes and what they've done is they've taken Sandy's case and they've taken some of the details of it and they've put a note in there, but this is the fine print.

This isn't what people look at to determine whether or not it's safe to go to a country. People look at a travel advisory. I think that a travel advisory, under these circumstances, would be entirely appropriate. That is one of my recommendations.

Another recommendation is that Chinese officials that are involved in arbitrary detention and torture of an American citizen, really they should be barred from entering the United States, their families should be barred from entering the United States. I would support a policy of seizing any assets they have in the United States and applying them toward people that have been maltreated by their actions.

One of the recommendations I have has to do with a current Chinese program called Operation Fox Hunt, where they go around the world trying to retrieve so-called economic criminals and return them to China to face criminal prosecution and to retrieve the funds that they've stolen.

In point of fact, we work with China on these issues. China sent a lot of people—as Sophie mentioned, China sent officials to the United States to essentially extort compliance from some of these people and make them go back, and we caught them and we just told them to go. We just kicked them out. We didn't arrest them and throw them in jail and try and prosecute them or try and use them to maybe win freedom for Sandy.

Instead, the FBI works with this organization to help them find people and return them. The FBI maintains an office in Beijing, where one of their major responsibilities is to work with China to help track these people down. The Justice Department works to return these people. I think that cooperation with China on the return of these officials should be completely halted until Sandy, and others like her, are returned.

China has long sought an extradition treaty with the United States. I would in no way advocate an extradition treaty, but I think it should be made very clear to China that we will not even

talk to them about an extradition treaty as long as prisoners like Sandy are being held.

Congressman Green, I thank you very much for the resolution that you have filed. This is House Resolution 153. I fully support that resolution and I hope that the full House will support that resolution.

I would say also that another consideration that has come to me since I look at what could happen if Sandy is put in prison. There is forced labor in prison and the forced labor is used to manufacture products that are frequently exported to Western countries, including the United States. Some of these products are things that would horrify us. Christmas lights? For crying out loud. Manufacturing Christmas lights with slave labor is a horrifying thought.

The fact of the matter is that we really do not do anything to try and police that, and to me that is unconscionable. I think that the American people would have a thought of slave labor being used to make Christmas lights and they would say, we should do something about that, and by God, we should. There should be penalties for companies that import things using prison slave labor. That should be illegal and there should be serious penalties for it.

Representative GREEN. One additional question. Mr. Gillis, you have presented much evidence to support your wife's innocence. Would you kindly, if you would, please, just give us some indication of empirical evidence that you have with reference to where she would have been at the time these incidents are alleged to have occurred?

Mr. GILLIS. Okay. Very good. So in 1996, the Chinese are accusing her of having gone on two spy missions to China. I mentioned that we have her passport that shows she had no travel to China. I also have a response to a FOIA [Freedom of Information Act] request from Customs and Border Control that shows she had no international travel of any kind in 1996. I have Sandy's pay stubs from her job at the Houston Police Department that show that she was on the job and had only like 11 hours of time off during one of these supposed travel missions to China.

I have receipts and credit card slips signed by Sandy in Houston at the time she was supposedly on a spy mission. I have Sandy's appearance and mention in a local newspaper article during that time in question. She was doing an event with Sam Houston Race Park and her name was mentioned, her photograph is in that article, and it was supposedly while she was in China on a spy mission.

Sandy was also an officer in the Texas Asian Republican Caucus. She was actually a presenter during the Statesman of the Year program for that organization during one of these supposed spy missions. I have also received a response to a FOIA request from the FBI indicating that Sandy did not appear in any FBI files, which means that she was not associated with the agency.

Earlier was mentioned the hack of the OPM [Office of Personnel Management] database. One of the things that was stolen from that database is the background investigation for every single FBI officer that has ever served. The fact that that happened meant OPM put a process in place where you can find out, did you have any data stolen. So I put in a request, and Sandy had no data that

was stolen as part of the database hack. That in itself also proves that Sandy was never someone who worked for the FBI.

So these are a few of the things. I have more, but these are some of the most relevant. I think it's quite clear Sandy was not an FBI agent. Sandy was not there on a spy mission.

Representative GREEN. Thank you, Mr. Chairman.

With respect to China, I would simply say this. We have respected the sovereignty of the nation of China, but I also believe that it's time now for the nation of China to respect the rights of an American citizen, and let's get Sandy brought home as quickly as possible.

I yield back the time, Mr. Chairman.

Chairman RUBIO. Thank you, Congressman. Thank you for being here today and for your advocacy on this important issue.

We welcome Senator Young to the Commission. We welcome him to this meeting. I just want to make a note, at about 3:55 or so I will have to leave. So I am going to let him do his questions and I've got a few more. I want to have a few minutes to talk to all of you, and then I have to go to the floor and speak on another pressing human rights challenge in the world, which is Russia. We have our hands full these days. We have no shortage of human rights violators on the planet.

Senator, welcome to the Commission. I recognize you for questions.

Senator YOUNG. Well, thank you, Chairman. Thank you for your leadership on this matter. It is also good to be here with my former colleague on the House side, Mr. Green. So, I look forward to our continued work together on these issues.

Thank you all. Thanks for your testimony. I arrived a bit late. Mr. Gillis, I found your testimony, as I heard it, compelling. Thank you so much for delivering a basketful of constructive policy proposals that we might adopt as we think critically about how to best help out Sandy and others similarly situated, or who might be similarly situated in the future.

I recently convened a group of several Senators here on the Hill and the occasion was the release of a task force report. Some of you may be familiar with it. It was conducted jointly by Asia Society Center on U.S.-China Relations and University of California San Diego's 21st Century China Center.

The task force concluded that the Chinese Government has taken "steps to more severely restrict, and in some cases block, U.S. think tanks, non-governmental organizations, media outlets, and Internet companies from operating freely in China, while their China counterpart organizations and firms operate with complete freedom and in growing numbers here in the United States." We may well have some of those entities present and among us here today.

So on one hand, U.S. scholars, correspondents, NGO staffers—the list goes on and on—are selectively denied visas, yet we welcome, come one, come all. So the task force argues that this has created an increasingly imbalanced situation.

Mr. Mann, in your prepared remarks, I know that you discussed the issue of reciprocity. As I heard Mr. Gillis rattle off some things, one could construe that some of those specific recommendations fall within the ambit of reciprocity.

But maybe I could just get thoughts that any of you might have about the report's assessments from the task force regarding lack of civil society reciprocity from China, and what do you think the United States should do about it?

Mr. MANN. Well, Senator, I think in various ways each of us has been talking about reciprocity and I think it should be a very high priority now. There was an argument in the past that is purported to be enlightened, but I just thought was wrong-headed—that we should not insist on reciprocity because we want to grant China as much information as possible about our own society. That was the argument.

The response to that is we are denying ourselves access to information about China because if we do not insist on equal access, we learn less about China, which is often what the Chinese Government wanted in the first place. I would point out that China understands the concept of reciprocity extremely well. It has been actually part of our relationship since the very beginning. In a diplomatic context, when we want a consulate and China wants a consulate, we trade. We have the same number of consulates, they get opened at the same time.

On intelligence, if you go back really to the early 1970s when each country opened a liaison office before diplomatic relations, each got one acknowledged—publicly acknowledged—intelligence officer. We have had reciprocity all the time in diplomacy, but we need to extend it now well beyond diplomacy.

Senator YOUNG. Do any of you have anything to add? I thought that was helpful to me.

Ms. RICHARDSON. One of the most interesting aspects of the debate around China's foreign NGO management law was the breadth of people who pushed back against it. Normally, there are very specific constituencies that object to certain proposed Chinese law and they tend to be quite narrow. I lost track after the Association of Southwestern High School Marching Bands called us asking for our views. We got called by museums, we got called by business groups. The response was broad and horrifying.

To be fair, I think these were communities that were, for the first time, facing the prospect of trying to engage with China under the same kinds of restrictions that Chinese NGOs have had to put up with years: scrutiny by the police, being raided, having their financial transactions scrutinized. These are organizations that I think for a long time have seen themselves as being a real ballast in the bilateral relationship.

Is the right answer to either somehow limit U.S.-based NGOs or academic institutions or journalists, all the kind that we want to be in China and demonstrating the good work that they do? Is the right answer to that—are limitations on them to impose limits on Chinese Government-affiliated NGOs to operate here? No, I don't think that's the right answer. I don't think the right answer is for the United States to limit those kinds of groups from coming here.

I do think the right answer is for the U.S. Government, the Congress, the administration to do that much more to welcome non-government Chinese views into everything, from policy discussions to hearings, and give those voices recognition.

Senator YOUNG. Do you mind if I interject at that point?

Ms. RICHARDSON. No.

Senator YOUNG. Mr. Mann, could you respond to Sophie's seemingly different perspective on this?

Mr. MANN. I respect, again, her point of view. I do think I am, I admit, thinking mostly of scholarship and journalism. I think that at this point we would be more helped by insisting on reciprocity.

Senator YOUNG. Other thoughts?

Mr. WESSEL. If I could, just quickly. I also fully understand what Ms. Richardson says, and we do not want to ever wear the hat of our adversaries, if you will. But there are activities the Chinese are involved in in our own country, whether it's the Confucius Institutes, whether it's the Thousand Talents programs, whether it's any of a number of bilateral exchanges which are usually lopsided which do not advance not only our human rights and democracy concerns, but our increasing intelligence and national security threats.

If one talks to our law enforcement or intelligence agencies, you will find a great deal of information about those rising threats. You've seen it in cyberintrusions, but it also exists in human intelligence, et cetera.

I think we have to have an evaluation of what is going on, press the Chinese, as we are, in human rights and in individual cases, but also the need to have more openness in the dialogue, and that includes those who are coming here to take advantage of all that we have to offer.

Ms. RICHARDSON. May I just follow up with that?

Senator YOUNG. Oh, absolutely. Please.

Ms. RICHARDSON. Just to clarify, I want to be very clear, we absolutely support the United States, for example, arguing hard for access to China for all manner of American journalists and scholars. We think that's extremely important. Also, we certainly agree with the idea that if there are Chinese entities here that present some kind of threat, obviously those need to be dealt with in accordance with the law.

I do think, though, for example, the recent brouhaha about whether the Dalai Lama should indeed be the commencement speaker in southern California this spring, there's been quite an uproar about this. The school has stood firm, which is great.

They've made the right decision, and in the face of real objection, particularly by the Chinese Students and Scholars Associations in the area, to having him as the commencement speaker. I think in that, the school has done the right thing in defending its choice and demonstrating what real academic freedom is.

I think the organizations that are objecting are really shown clearly to be obviously what they are, which is vehicles for Chinese political interests. They're not independent organizations. I think letting Americans see that, or letting the world see that, has a certain utility.

Senator YOUNG. I want to be respectful of the Chairman's time. I honestly can't see the clock under the klieg lights here, so I do have another question.

Chairman RUBIO. It's 3:49. Go ahead.

Senator YOUNG. All right. Congressman Wolf—I wasn't here for his testimony earlier, so I don't know whether he spoke to his re-

cent Washington Post op-ed where he discussed the Department of Justice, their IG report which they released last September related to the update of the Foreign Agents Registration Act.

Congressman Wolf argued in that piece that FARA should be updated to consider the role of foreign censorship and influence in U.S. media ownership. Of course we want to carefully respect our First Amendment freedoms. Some of you spoke to that or alluded to that moments ago. But there is this question whether foreign media operations in the United States should be covered by disclosure and reporting requirements, as well as Federal civil investigative demand authority.

In his prepared testimony, Congressman Wolf specifically argues that FARA should be bolstered to ensure that Chinese-funded public opinion and advocacy efforts in the United States are being appropriately monitored and reported. I suppose one could apply this to other areas. We have got a very popular television station out there, RT, a different country, different scenario. It's Sputnik, another outlet. So what's your assessment of Congressman Wolf's proposal?

Mr. WESSEL. First of all, I think the Congressman raises a number of important issues, as the IG report did, and goes to a more troubling problem that we are facing here, which is Chinese influence in a number of ways into our political and public policy system. A major Chinese entity was a sponsor of the Former Members of Congress dinner two years ago.

There are a number of other activities that are going on, seemingly under broad lobbying statutes, but much of it goes to basic influence gathering. As I think Jim indicated earlier, the question of inserts in local papers, that there should be full disclosure and recognition by the public that these are propaganda efforts.

They are designed to influence the outcome of our opinions and our public policies in a way to advantage a different country. People can then determine how best to assess that and, if there are additional security risks, as I mentioned with Confucius Institutes and other efforts, that we take that appropriately.

Senator YOUNG. So is sunlight the best disinfectant? That seems to be, in summary fashion, what Mr. Wessel said. Affirmative nod by Ms. Richardson, let the record show.

Mr. MANN. I would add, actually, this is not like barring a news outlet from operating or anything else, it is simply a matter of disclosing the state funding. So this is not a restriction of any kind on speech, it's requiring the disclosure—how different is it from requiring political figures in this country to make public their financing?

Ms. RICHARDSON. Yes. I'll just add to that, that President Xi is now regularly in the habit of visiting the news rooms of all of the state media and telling them—and this fact is then broadcast—that their function is to serve the interests of the Party, both inside and outside the mainland. So I think it is not even—I would actually go a step beyond Jim, that it's not just about the financing, but the explicit political imperative that the so-called media outlets serve.

Mr. WESSEL. If I could just briefly add, I believe it was Mr. Wolf who also raised the issue of Hong Kong. We have seen over the last years self-censorship by many of their papers because of influence

of, whether it's ad dollars from Beijing, et cetera, so the pervasive influence of this does have an impact on the issues before this commission of human rights, democracy, and freedom, and we have to make sure that there is an open and free voice at all times.

Senator YOUNG. Thank you all.

Chairman RUBIO. And so we were scheduled to finish here very soon, but I did want to make a couple of points. First of all, I want to thank all of you for being a part of this. This is extraordinarily useful and I think it serves as a real catalyst to get more of our colleagues engaged in Sandy's case and in the broader context. With so much discussion going on about Russia, this is, in a different way, equally important.

I want to reiterate what I said to the first panel, this is not about the people of China with whom we have tremendous respect and affection and want a good relationship with.

I want to basically summarize a couple of points. The first, is this Commission was actually created in the aftermath of the WTO accession to ensure that there was a mechanism for monitoring the notion that an economic engagement and welcoming China into the nations of the world and evolving the economy would also lead to democratic and political opening.

In fact, what we have learned is that what it has done more than anything else is it has turned a poor totalitarian state into a rich totalitarian state, and at the expense, often, of American industry and American principles when it comes to free speech and the like. I think that is an important point to raise because there is this notion amongst those in the Chinese Communist Party that our goal is to contain them. That is just not accurate. I do not feel that way.

I think most Americans would welcome another large, powerful nation to shoulder some of the international burdens that we face, but not if that nation's government has views on human rights and the dignity of all people that are in direct conflict with our founding principles and what we believe are the natural rights of all men and women on this planet, which is why it is so important that Americans remain engaged in the world and that human rights remain a critical component of our foreign policy. Realpolitik doesn't work. It always backfires in the end, and I believe will do so again if that is the route that we pursue in the 21st century.

The one open question I have is about Sandy, and that is, the Chinese know she's not a spy. They are not a third world intelligence agency, they are a first-rate intelligence agency. Do you have any theory as to why they chose her, out of all the people that had to travel, out of all the American citizens that go in and out? Why her?

Mr. GILLIS. Yes. So right now there's all sorts of witch hunts going on. If you're not one of Xi's buddies, you can find yourself in all kinds of trouble. It's been widely reported that a lot of the anti-corruption campaign is also specifically targeting enemies of President Xi.

Over the years, Sandy has worked with many different people in China and in many different governmental levels and has met a lot of people. When you meet a lot of people you can't really know who some of them are friends with. It is very possible that some people that Sandy has met from very long ago, because they are talking

about things from 20 years ago—it is very possible that some people that she met 20 years ago are on the outs and have been thrown into horrific detention and torture and have given up Sandy's name. It is very possible. I mean, this sort of thing is happening quite a bit.

We do not see it so much in the outside world, but it is taking place in a massive way inside China. My suspicion is that these are as a direct result of people that she knew 20 years ago, which is why there are no claims that she has done anything more recently.

I would go a little bit further than that, too, as to the fact that they know she's not a spy. I mean, the fact of the matter is that Sandy had almost no involvement in Nanning. As far as I can tell, she visited one time, whereas she had been to Guangdong Province more than 30 times. I think that if, at the national level, State Security felt that Sandy was a spy, you would have heard about hundreds of Chinese being arrested as a result of that and there are none.

Chairman RUBIO. Well, I appreciate all of you being here. The record will remain open for 48 hours. Without objection, I will submit for the record testimony provided by several non-governmental organizations that have been working on this issue. I thank all of you, again, for being a part of this today. We will remain engaged with you. We are going to continue to meet. We are going to continue to work on all the issues discussed here, and others, in the months and weeks to come. I thank you all for being here.

With that, the hearing is adjourned.

[Whereupon, at 3:58 p.m. the hearing was concluded.]

APPENDIX

PREPARED STATEMENTS

PREPARED STATEMENT OF HON. FRANK R. WOLF

MARCH 1, 2017

I would like to begin by thanking Chairman Rubio, Chairman Smith and the Members of the Congressional-Executive Commission on China for convening this important hearing on the consequences of the accession of China to the World Trade Organization and its impact on human rights, religious freedom and our security.

This Commission plays a critical and unique role in conducting necessary oversight and promoting human rights, religious freedom and the rule of law in China. I know that I am not alone when I say that your work is invaluable.

I also want to recognize your outstanding staff, including Elyse Anderson, Paul Protic and Scott Flipse, who are some of the finest staff I have worked with during my time in Congress.

I also want to recognize the Democratic Leader, Nancy Pelosi, who I am pleased to join here today, for her long-standing support for Chinese dissidents and the people of Tibet and for her leadership during the annual debate surrounding Most Favored Nation trading status for China. We both vigorously opposed granting China Permanent Normal Trade Relations, absent preconditions. I wish our concerns had not been born out, but as today's hearing will no doubt explore, the proponents of this approach can hardly claim that China today is more free and less repressive than it was 15 years ago.

This is not a partisan issue, as we demonstrated in our efforts in the late 1990s, and our country is stronger, and dissidents worldwide are bolstered, when both parties and their leadership take a principled stand for human rights and religious freedom.

This topic could not be more timely, as evidence continues to show that the government of China has leveraged the wealth and economic growth that accompanied WTO accession to become more corrupt, more repressive, and more dangerous than anytime in modern history.

China has also become increasingly belligerent and hostile in its actions in the Spratley islands to disrupt peaceful navigation of the seas, and has led a campaign of unprecedented cyberattacks against the U.S. government—including Members of Congress—and American companies.

In fact, it's stunning how little we discuss the Chinese cyberattack against OPM just two years ago that led to the most sensitive information about millions of Americans and their families being compromised. Or their attacks on U.S. healthcare records and airline travel records. Or the theft of intellectual property that is literally bankrupting American companies and costing us jobs. The American people, and the U.S. government, should be more outraged by these actions.

Prior to the passage of PNTR in 2000, there was much debate in Congress and the media as to whether granting such status would help China become a more open and free society, leading to greater rights protections for its long-oppressed people and improvements in rule of law.

It's interesting, in retrospect, that just ten years after the world was shocked by the brutal crackdown against the Tiananmen protesters, a school of thought took root which argued for increased trade and economic ties—as opposed to sanctions and a tough line.

The push for PNTR was borne, I believe, of wishful thinking rather than evidence or a genuine understanding of the Chinese Communist Party's goals and objectives.

Rather than extend to the "Butchers of Beijing" the successful policies of the Reagan Administration that helped bring down the Soviet Union, a coalition from the business community, academia and others in government argued that the Chinese regime was different and could change, if only it was provided an opportunity to grow its middle class and wealth.

The state of freedoms in China today, after so many trillions of dollars in wealth have been transferred to the small ruling class that controls production, is well summarized in the most recent report by the United States Commission on International Religious Freedom (USCIRF), stating:

"During the past year, the [Chinese] government increased its targeting of human rights lawyers and dissidents, some of whom advocated for religious freedom or represented individuals of various beliefs . . . authorities across China undertook a sweeping dragnet rounding up lawyers and human rights defenders, including religious freedom advocates, with nearly 300 arrested, de-

tained or disappeared. Many of these individuals came under government suspicion precisely because they chose to represent politically-undesirable religious groups, such as Uighur Muslims, unregistered Christian leaders and members, and Falun Gong practitioners.”

A cursory glance at headlines from the past few weeks provides another indication that the situation continues to deteriorate:

“Uyghurs Are Told to Confess Political ‘Mistakes’ in Mass Meetings,”
“Tibetan Pilgrims Barred From Kirti Monastery by Chinese Police,”
“Christian Rights Lawyers Tortured in China,”
“Chinese Christians Persecuted by Party Nationalism.”

Or there is the Washington Post piece from January 21st, about the Chinese lawyer, Li Chunfu, who was imprisoned in secret detention for 500 days and brutally tortured and drugged. Since his release he has been diagnosed with schizophrenia as a result of what he experienced while in prison.

The irony is that due to the great wealth, increased economic interconnectivity and international influence that China was been able to achieve in the last 15 years, the U.S. has less leverage than it once did to push back against these abuses.

However, it doesn’t mean that we can’t—and shouldn’t—use every lever we still have to address the egregious human rights violations of one of the most repressive regimes in the world.

I want to close with several recommendations, actions that the Congress and the Administration can take *this year* to improve this situation:

First, we need more clear and unambiguous resolutions and statements from this Congress and the Trump Administration about our unwavering commitment to human rights, religious freedom and rule of law in China.

For example, Congress should immediately take action to rename the plaza in front of the Chinese Embassy in honor of the imprisoned Nobel Peace Prize Winner, Liu Xiaobo. I originally offered this successful amendment on a House appropriations bill before leaving Congress, and the Senate passed a stand-alone resolution authored by Senator Cruz late last year. The effort needs to start anew in this Congress and hopefully the Trump Administration will be receptive unlike its predecessor.

The Administration should also make full use of the new authorities granted under the Global Magnitsky Act to sanction and restrict the travel of Chinese government officials perpetrating these egregious human rights abuses. Given the immense demands on limited U.S. foreign assistance dollars, the Congress and the administration should ensure that any assets seized under this law involving Chinese authorities are spent on human rights and religious freedom promotion and advocacy in China.

Second, much more must be done to fight Chinese Internet censorship by putting pressure on agencies such as the BBG to increase the allocation of funds towards programs which prioritize the circumvention of the internet firewall. Over the last few years the budget for such programs has decreased, from \$25.5 million in FY 2014 to \$12.5 million in FY 2017. If we’re serious about fighting Chinese censorship, our budget should reflect it. The Chinese government could not be more serious . . . they spend million annually on fortifying the Firewall.

Finally, we must remain vigilant against efforts by the Chinese government and state-directed and owned companies to take advantage of the open nature of the U.S. system to inappropriately lobby and shape public opinion such that human rights violations, censorship and other troubling actions are effectively normalized, relativized or altogether glossed over. We have seen numerous examples of this, including a recent series of acquisitions of U.S. media companies that would effectively make them subject to state censorship rules in Beijing.

Last fall, I authored an op-ed in the Washington Post where I detailed these concerns and advocated for an update to the Committee on Foreign Investment in the United States (CFIUS), to better address the types of transactions that impact cybersecurity, sensitive financial services and soft power—such as Internet and media ownership in the U.S.

I have been encouraged by the great work done by Congressman Pittenger and his colleagues to have GAO review possible updates to CFIUS this year, and also support legislation that will soon be introduced by Senator Cornyn to advance some reforms.

We also need to bolster the Foreign Agents Registration Act (FARA), which I also addressed in the op-ed, to ensure that Chinese-funded public opinion and advocacy efforts in the United States are being appropriately monitored and reported.

The Justice Department's Inspector General released a very important report last Fall making recommendations on updates to this law, including closing a range of loopholes governments like China use to avoid disclosing their funding.

In closing, I appreciate the opportunity to testify today and this Commission's important work. While the U.S. government made a critical error in extending PNTR to China without real commitments—and enforcement mechanisms—on human rights and religious freedom, it's never too late for us to redouble our efforts. We can commit anew to using all of the economic, diplomatic and security tools at our disposal to send a clear signal that America remains committed to the fundamental principles laid out in our founding documents—documents which former President Reagan argued represented a “covenant with all of mankind” to include the imprisoned Tibetan nun, the harassed Christian house church pastor and the tortured Chinese rights lawyer.

PREPARED STATEMENT OF MICHAEL R. WESSEL

MARCH 1, 2017

Mr. Chairman, Members of the Commission. It's an honor and a privilege to appear before you today as we evaluate the past, and assess the future of China's approach to human rights and the impact of our policies.

I am a Commissioner on the “other China Commission”—the US-China Economic and Security Review Commission. While we have different mandates, our two Commissions are united in the goal of improving the lives of the American people, and the people of China. Let me make clear that the views I express today are my own.

As a former Congressional staffer who worked in the House for more than 2 decades, let me start with my conclusion, as I know the demands on everyone's time. Promoting human rights and the rule of law isn't just the right thing to do, it is critical to our economic and national security interests. These issues are inextricably intertwined.

The failure by the last two Administrations to hold China accountable has essentially granted China a license to steal—our jobs, our economic strength, our national security and the rights of their own people. From human rights to intellectual property to the Law of the Sea, China has ignored international norms and rules essentially without consequence. The world is less safe, less secure and human rights are increasingly at risk because of China's refusal to be a responsible stakeholder and our own government's refusal to hold them accountable for adhering to the rule of law and the protection and advancement of human rights.

Our two Commissions were created in conjunction with Congress' consideration of the grant of Permanent Normal Trade Relations (PNTR) with China that paved the way for China's entry into the World Trade Organization in 2001. A little over fifteen years has passed since China's entry and, in my opinion, the proponents of PNTR got it wrong. For many of the proponents, their optimism and enthusiasm has turned into pessimism and realism about China's future path. These concerns are increasingly voiced by the business community, who once saw China as the avenue for enormous profits and opportunity. The harsh reality of China's approach to foreign businesses has been publicly highlighted in the most recent report of the American Chamber of Commerce in China which found that 80% of businesses felt less welcome than before in China.

But, beyond the failure of China's market to yield the profits that were expected, China's entry into the WTO was supposed to bring with it a new, and increasing, respect for the rule of law. Businesses thought that membership in the WTO would help create a foundation that would yield greater certainty about how laws were promulgated and implemented. Time after time, however, they have confronted a system that is opaque, unfair and discriminatory.

In the short period since its accession to the WTO, China has become not only a manufacturing powerhouse, but an increasingly tough competitor in advanced sectors. Our nation now runs an annual trade deficit with China in Advanced Technology Products exceeding \$110 billion. What started with toys and textiles is now computers, aerospace equipment and other goods at the leading edge of the competitive landscape we face.

Almost half—46%—of China's exports to the U.S. emanate from foreign-invested enterprises. China has proven to be a significant export platform for foreign businesses rather than the destination of our exports to their consumers. China isn't interested in free trade, it is interested in winning the economic competition at all costs.

There has been a natural evolution of China's approach. It started with Made in China, where China provided incentives for foreign companies to locate there to produce their products. Then they moved up the ladder to Made with China, and approach that focused on joint ventures and other ways of getting foreign firms to help teach China how to make the products that their consumers, and ours, were hungry for. Now, it's Made by China, where China's government is squeezing foreign firms out of the market, especially as growth slows, to promote the interests of indigenous Chinese firms.

China is quite public about all of this. It's 13th Five Year Plan identified a broad range of sectors where China wants to be the world leader. Separate policies such as China 2025 identify how China wants to be among leaders in advanced manufacturing of high technology by mid next decade. More than \$1.5 trillion has been allocated to help ensure the success of the latest Five Year Plan.

China's discriminatory and mercantilist approaches have ranged from forced joint ventures, required technology transfers, performance requirements, standards setting and a variety of other approaches to rob our companies of their technology, their know-how while strengthening China's competitive posture at the same time.

We have seen foreign firms and their staff forced to deal with everything from accusations under the State Secrets Law for publishing market information to enforcement of China's relatively-new Anti-Monopoly Law in ways apparently discriminatory to foreign firms. China has used its laws to try and force our firms to provide the source code—their crown jewels—to gain access to the market.

China has enhanced its power, and advanced its economy through overt and covert mechanisms. When they need something that they can't procure through legal means, they often turn to illegal means. These actions have essentially gone unchallenged, despite high-level attention in the Obama Administration.

Leaders in the manufacturing sector have long complained about China's currency manipulation and the impact it has had on their companies. Indeed, the Economic Policy Institute estimated that currency manipulation has contributed to the loss of millions of jobs (an estimated 3.4 million jobs between 2001 and 2015) and our overall trade deficit with China.

Despite broad agreement in industry, and passage of legislation in each House of Congress that would make currency manipulation subject to our countervailing duty laws, Administration after Administration has refused to act. We are all waiting to hear what the current Administration will do on this critical issue.

Indeed, almost 2½ years ago, the US Attorney for the Western District of Pennsylvania, David Hickton, obtained an indictment against five hackers from the People's Liberation Army for their intrusions into the computer networks of the United Steelworkers, Alcoa, US Steel, Allegheny Technologies, Westinghouse and SolarWorld. Today, those five hackers may not be able to vacation in the U.S., but for China, there has been no other penalty. Arguments and foot dragging in the Administration, despite the valiant efforts of some, have simply empowered and emboldened the Chinese.

Intellectual property theft is rampant—both in terms of U.S. firms doing business in China and those operating within our borders. A very conservative estimate by the Intellectual Property Commission several years ago identified the loss at more than \$300 billion a year. That probably represents just a portion of the damage inflicted on U.S. companies on an annual basis.

Support for China's entry into the WTO, via the grant of PNTR, was based on a faulty premise: Western ideals of "reform" and rule of law are very different than those of the Chinese leadership. Too many here heard what they wanted to hear. In part, they didn't listen carefully enough. In part, they failed to recognize the unique characteristics of the Chinese system.

One area of Chinese mercantilism deserving particular attention is the massive buildup of industrial overcapacity in a broad array of sectors ranging from steel to aluminum to chemicals to shipbuilding, to paper and solar and a number of others. China continues to expand its capacity despite, in the case of steel, for example, the Chinese having more than 400 million metric tons of productive capacity beyond what it needs domestically. They continue to subsidize their producers, dump their products in our and other markets, and jeopardize our economic and national security. Of course, China is not bound by market economics, most of their companies don't have to turn profits and the goal is maintaining domestic harmony and the power of the Communist Party leadership by keeping their people employed.

At the end of the day, the Chinese economic system is not truly a market-based system. The goals, are designed to strengthen the state and the party. As Thilo Haneman of the Rhodium Group recently stated at a hearing of the Commission I serve on, "China's state-dominated financial system and the lack of rule of law means that state involvement can be pervasive, even if a firm is nominally privately

owned. China wants to be designated as a Market Economy under U.S. trade law, which would proffer significant advantages to their companies in terms of how they are treated, despite continuing subsidies and dumping. But, it is impossible to separate the actions, policies, intervention and support of the state in looking at how Chinese companies “compete.”

It is critical that China know that the U.S. will not grant market economy status anytime in the near future. Our underlying statutory provisions would preclude that. As the annual report of the U.S.-China Economic and Security Review Commission indicated in its latest report,

“A review of the U.S. statutory test for determining whether an economy can be classified as a market economy—including the extent to which the currency is convertible, the extent to which wage rates are determined by free bargaining between labor and management, the extent to which joint ventures or other investments by foreign firms are permitted, the extent of government ownership or control of the means of production, and the extent of government control over the allocation of resources—reveals that China is not currently a market economy and is not on the path to become one in the near future.”

The European Union has also taken a stance against the broad grant of Market Economy Status to China. In December, China indicated that it would pursue actions against both the EU and U.S. for their failure to automatically confer such status. Regrettably, the EU has reportedly refused to cooperate with the U.S. in a joint response strategy to China’s actions potentially allowing China to pit the U.S. and EU against each other. A combined and coordinated response would yield the greatest opportunity for success at the WTO.

And, while the underlying statutory test as to how China must be treated is clear, the fact is that the Administration has broad authority to determine otherwise. While it is doubtful the current Administration would grant such preferential treatment to China, Congress should assert its Constitutional authority over trade in this critical area.

We are seeing China’s policies being promoted and advanced through its outward investment strategies and acquisitions. Indeed, as part of achieving their state goals, the leadership promoted a “go out” strategy. Major offshore investments by Chinese entities must be approved by the state and, of course, any investment by a State-Owned Entity is designed to promote state goals. With the advent of new capital controls, the scrutiny of outbound investments has increased and we should assume that any that are approved directly advance the state and CCP’s interests.

Concerns in this area not only touch upon what have traditionally been considered national security assets. Take, for example, the purchase several years ago of Smithfield Foods, our leading pork producer, by a Chinese entity supported by billions of dollars in state bank loans.

For years, U.S. pork producers had been trying to access the Chinese market to sell their products. China had virtually closed the market to our exports. But, as the income of the Chinese people rose, their desire for increased amounts of protein in their diets began to exceed domestic supplies. But, rather than open their market to all foreign pork products that met their standards, they decided to acquire our leading firm. For the most recent year where data is available, the statistics show that 97% of all pork exports from the U.S. to China were from Smithfield Foods.

This has repercussions across a broad range of industries and is a threat to our capitalist system. If China will not allow U.S. exports on a broad basis into their market unless they acquire the underlying assets, it adds to the outdated nature of the “comparative advantage” theory. And, the ability of other U.S. producers, those who aren’t owned by Chinese firms, to compete in the world marketplace is diminished as they will have to compete based on market terms, rather than with the assistance of state financing and other benefits.

This also has implications for the freedom of speech and expression. In recent years, Chinese firms have acquired a number of U.S. media properties—studios and production companies, for example. There have been widespread stories of production companies changing story lines, altering filming locations and other activities to curry the favor of Chinese censors who have complete control over what films may be shown in Chinese theaters. The outright ownership of these assets adds to the potential for self-censorship as companies look to market their films in China.

While there have been stories recently of delayed and denied acquisitions, we don’t know whether this is a short- or long-term issue.

China limits the number of U.S. films that can be shown in their theaters. As with pork, are we going to see a majority of films that can access their market be those where the studio is owned by Chinese investors? That is not only an economic

and market access issue, it further threatens the ability to share American values with the Chinese people.

Movies are a uniquely American art form. We brought them to life. We made them talk. We gave them color. We have used them to highlight some of the great moral problems facing society. Our entertainment industry is the envy of the world. We must not allow its voice to be silenced.

As Congressman Pittenger identified earlier this year in a letter signed by 16 members of congress, silencing our voices in movies does have propaganda value and ultimately could impact on our national security interests. Before approving other acquisitions, we should carefully review what is in our national interest.

At the same time, the freedom of the press—our press—is under attack. China has repeatedly refused to allow access for our news providers to their public. Reporters for U.S. news organizations have been denied visas. Pressure is put on international news organizations, especially those operating in Hong Kong which are most at risk, to write favorable stories on Beijing’s actions and publishers increasingly engage in self-censorship to toe the Party line.

China’s propaganda machine is hard at work. Reuters ran a story entitled “Beijing’s covert radio network airs China-friendly news across Washington, and the world”. Beijing operates Confucius Institutes at colleges and universities across the country. They operate the so-called “Thousand Talents” program. All of this essentially goes unanswered and unchallenged while it undermines our ability to hold China accountable.

China’s refusal to respect the rule of law directly impacts our national security interests. While China appears to have become more diligent about policing international weapons proliferation regimes in recent years, that is not out of concern for world interests, but their own. China has been linked to the proliferation of weapons technologies that have advanced the nuclear capabilities of Pakistan, for example. China is actively promoting arms exports to nations of concern.

And China’s lack of respect of the rule of law has created new and lasting security threats in the South China Sea. Although China is a signatory to the United Nations Convention on the Law of the Sea, it refused to acknowledge the jurisdiction of the Permanent Court of Arbitration at the Hague which was assigned to hear the complaint of the Philippines on the validity of China’s claims in the South China Sea. China has continued to reclaim reefs and rocks to create habitable islands with military facilities. If their activities continue, military experts have indicated that China will soon have the capability to assert control of the entire South China Sea and accurately target U.S. naval forces with Anti-Ship Ballistic Missiles.

Proponents argued that engagement would yield expanded rights and freedom. They believed that engagement, and China’s membership in the WTO with its rules-based approach, would bring about reform there. China’s economic policies and the failure of the U.S. to have a clear, consistent and comprehensive response have simply made China stronger. Our government’s inaction has empowered and emboldened China’s leadership. The business community’s complaints and concerns may have come too late.

And, for the Chinese people, they have seen their hopes of so-called “reform” shattered. Crackdowns on dissent are increasing. China allegedly resorted to kidnapping five booksellers when they were travelling claiming that they were a threat to the state (check). They refused to consult with the Vatican about the choice of church officials, naming their own. They are in the process of potentially trying to choose the next Dalai Lama, rather than allowing his followers to make their own choice. Leaders and followers of the Falun Gong have been targeted.

The list goes on and on and, indeed, this Commission deserves enormous credit for documenting, analyzing and disseminating critical information that calls international attention to the human rights abuses that are occurring daily.

China PNTR fueled the power of the state, increased America’s dependence on China’s manufacturing products and limited the willingness of the business community, and our government, to respond.

China has repeatedly used this power. Perhaps the best example of this is the case of China’s export limitations on the export of rare earth minerals, products that are critical in manufacturing, technology and defense applications. China used its virtual monopoly on these materials as a weapon against Japan to back them down during a dispute over the Senkaku Islands in 2010.

While we await an indication from the new Administration on its policies and approach to China’s economic transgressions and its human rights abuses, there are several potential areas that Congress can act on. And, as has been the case with China in the past, leadership on this issue may very well only come from Congress.

It was Congress, in the aftermath of the Tiananmen Square Massacre that called for sanctions. The Clinton Administration even backed away from a voluntary code

of conduct for U.S. companies operating in China designed to promote human rights. While the Clinton Administration fought for Most Favored Nation status for China on a yearly basis, it offered no serious approach to confront China. Activism on human rights was primarily fostered by Members of Congress who demanded attention to the issue. And, it was Congress that demanded the creation of this Commission to ensure that, after China was granted PNTR, that the issue of human rights would not be ignored.

And, over the years, and throughout the process, it was Members of Congress—people like Representatives Wolf, Smith, Lantos, Pelosi and others—who never lost sight of the need to fight for those dissidents, detainees and democracy advocates whose lives depended on their attention and activism. I'm honored to be seated here with Jeff Gillis and want to add my voice of thanks to his for the attention you are giving his wife's plight here today.

Congress must, once again, demand that our values be embedded in our policies.

While there is a broad array of options to consider, let me offer a couple of recommendations here today:

- Members of Congress, whenever possible, must raise their voices on behalf of those fighting for their rights, freedom and very lives in China. Members traveling to China must make clear to the Chinese leadership, that we will not rest until there is justice for those unfairly and unjustly imprisoned, detained or treated. And, there needs to be more attention on this critical issue more generally, not just associated with potential travel.
- Members of Congress must also speak out on the need to preserve the remaining democratic attributes of Hong Kong's system. There has been a continuing erosion of the commitments made in conjunction with the 1997 handover, under the iron hand of Beijing but we must highlight the rights and privileges that are at risk.
- Similarly, we must not lose sight of the uniqueness of Taiwan in the context of the recently reaffirmed "one China policy". Our responsibilities under the Taiwan Relations Act, and our support for the country, must continue to guide our approach.
- We must not lose our "voice" in terms of movies and the media. We should use the renegotiation of the Memorandum of Understanding between the People's Republic of China and the United States of America regarding films for theatrical release to try to ensure that access for U.S. films is not limited simply to the products of those companies that the Chinese have purchased. A minimum of 50% of the limit on films covered by the agreement should be allocated to non-Chinese owned firms—that's if the Administration negotiators can't open the market completely, which should be the goal. And, we should carefully examine the purchase of our media assets to determine what impact there may be on the independence and strength of the American voice.
- We should examine the impact of Chinese propaganda efforts here in the U.S. more closely. And, we should highlight and renew our efforts to open China to our news organizations.
- We should also assess China's activities relating to students, researchers and other nationals here in the U.S. and ensure that not only our national security interests are protected, but that we are able to get increasing and equal access to Chinese schools, research institutions and workplaces.
- We must begin to seriously address China's protectionist and predatory trade practices. This, of course, is a comprehensive problem. But, for far too long, a majority of complaints that have been lodged and the actions taken to address China's violations of trade law have had to be filed by the private sector. Most, if not all, of the cases that have been filed could have been initiated by the Administration. Failing to do so has undermined our economic and national security and empowered and subsidized the massive expansion of the power of the Chinese Communist Party and its leadership.
- As the US-China Economic and Security Review Commission recommended in its most recent report, Congress should enact legislation requiring Congressional approval prior to any change in China's Market Economy Status. That would apply not only to the designation of the entire country as market oriented, or for individual sectors or companies, as has been discussed in the past.
- We must include the impact of certain acquisitions of U.S. companies by China on human rights as a consideration in whether to approve a transaction through the Committee on Foreign Investment in the United States (CFIUS). Congressmen Pittenger and Smith just published a piece in the Wall Street Journal that identified the potential threat that might exist if the acquisition of MoneyGram by China's Ant Financial is approved. In their piece, they said: "the Chinese government is a significant shareholder of Ant Financial . . .

Should these transactions be approved, the Chinese government would gain significant access to, and information on, financial markets and specific international consumer money flow. As the Chinese government increasingly cracks down on political, religious and human rights activists, we must fully examine how the Moneygram network may be used by the Chinese government to target these voices.”

Mr. Chairman, Members of the Commission. I again want to thank you for the opportunity to appear before you today and look forward to your questions and working with you in the coming days.

PREPARED STATEMENT OF JAMES MANN

MARCH 1, 2017

Mr. Chairman and members of the Commission:

Thank you for giving me the opportunity to appear before you.

In the year 2000, when Congress gave its approval for the entry of China into the World Trade Organization, the dominant view in Washington was that China’s admission would bring changes that extended well beyond mere trade and economics. Bringing China into the WTO, it was argued, would help open the way for gradual political liberalization and the rule of law in China.

Leaders of both political parties regularly embraced this idea. Bill Clinton said trade and economic changes in China would help to “increase the spirit of liberty over time . . . I just think it’s inevitable, just as inevitably the Berlin Wall fell.” George W. Bush declared, “The case for trade is not just monetary, but moral . . . Trade freely with China, and time is on our side.”

At the time, I believed this view was wrong. I had been a foreign correspondent based in China in the 1980s. Even during what was viewed as the era of the reform in China, you could feel the intense and growing opposition within the Chinese Communist Party towards any significant political change. That resistance to change reached its peak with the decision to use violence in 1989 to eradicate demonstrations at Tiananmen Square and elsewhere in China.

Before the vote to admit China to the WTO, there had been a series of annual debates in Congress, during the 1990s, over whether to renew China’s most-favored nation trade benefits in this country. Covering those debates in Washington, I was repeatedly struck by the fact that proponents seemed to believe they couldn’t win the argument by justifying trade simply as trade. Instead, they fell back again and again on the assertion that trade would open up China’s political system.

It was these broad claims about the impact of trade that prompted me to write the book “The China Fantasy.” In it, I argued that the Chinese regime wasn’t going to change in the way that American leaders said it would—that trade and prosperity were not, in fact, going to open up its political system.

In the book, I laid out different scenarios put forward for China’s future. One was what I called the “soothing scenario”—the one Clinton and Bush envisioned, that, with growing trade and development, China would inevitably open up its political system. A second scenario was that China would disintegrate into chaos—a possibility that I discounted but that some China specialists were putting forward in the decade after 1989. Then there was what I called the “third scenario”—that with trade and growing wealth, China will not open its political system at all but simply become a vastly richer authoritarian regime. I thought this Third Scenario was the most likely.

It has now been exactly ten years since “The China Fantasy” was published. Sad to say, that third scenario I wrote about is exactly what we see today: a richer, more repressive China. Indeed, over the past few years the Chinese regime has been entering into new types of repression—arresting lawyers, severely restricting NGOs, staging televised confessions of those who are detained.

The leadership has fewer outside constraints on what it can do. Its security apparatus has become more sophisticated. In fact, what we are seeing today is the very opposite of what many leading American politicians and China experts predicted at the time China entered the WTO: Development and prosperity have yielded a regime that curtails dissent and independent political activity more than it did five, ten or twenty years ago.

In fact—and this is important—I think we are now witnessing in China a new dynamic. Call it the New China Paradigm, although it might also apply in various ways to some other countries, such as Turkey or Egypt: In a modern authoritarian society with a sophisticated security apparatus, the more prosperous and educated a society becomes, and the more there are stirrings from the public towards develop-

ment of a civil society, the more repressive that authoritarian state will become in response, in order to prevent possible threats to its control.

What then is to be done? What options are there for the United States government in devising its China policy today?

There are no easy answers, but I can at least sketch out some suggestions.

1) The first is simply to drop the China Fantasy—to stop assuming that trade and economic advancement will gradually open up China’s political system or that political change in China is inevitable. To the extent we want to trade with China, we of course should do so—but with the understanding that the rationale for this trade is simply economic, not political or moral.

2) Do not refrain from speaking out. The United States should speak out as forthrightly as possible on behalf of human rights and the rule of law in China, as well as the larger value of political freedom and the right to dissent. Doing so not only upholds our own values but also gives recognition to those dissidents and others who are persecuted in China. For example, Liu Xiaobo, the winner of the 2010 Nobel Peace Prize, remains incarcerated in China, yet U.S. officials talk about him in public less and less. It would help if both senior U.S. officials in Washington and our ambassador in China—that is, Governor Branstad, if he is confirmed—would make appeals for human rights and the rule of law a regular, consistent, even insistent part of their public statements.

3) Insist on reciprocity. The United States should emphasize the concept of reciprocity in virtually all aspects of its dealings with China. What China permits or denies to Americans operating in China should equally be permitted or denied to Chinese operations in the United States. This principle should be applied to business negotiations, to non-government organizations, to the news media. When China penalizes American businesses or the news media, the United States should respond with similar limits on Chinese entities.

Let me take the news media as an example of the need for reciprocity. At the moment the asymmetry has become truly ridiculous. In China, American news organizations find their websites blocked; the Chinese government denies visas to reporters it doesn’t want; there are severe restrictions on reporters’ access and their travel. Here in the United States, Chinese state-run news organizations enjoy the freedom to print regular propaganda inserts in American newspapers. China’s state-run television, CCTV or CGTN as it is now called, not only isn’t blocked but is allowed full access to the broadcast spectrum.

There can be no question that China does understand well the concept of reciprocity. Over the past 45 years, the principle has been applied regularly in formal diplomacy: China got a new consulate in the United States when the United States got a new consulate in China. In the earliest days of the Nixon opening, when the two countries first opened liaison offices in Washington and Beijing, each side was permitted to have one recognized and acknowledged intelligence officer. It is long past time to apply this principle to business, news media and other aspects of the American relationship with China.

4) Break out of the pattern of personalized diplomacy. My last suggestion involves something less concrete: the very style and nature of the dealings between China and the United States at the very top. In simplest terms, this is a plea to break out of the distinctive pattern of personalized diplomacy that has come to hamstring and limit the dealings between the United States and China.

Here is the pattern—one that I see repeated by administration after administration, and which I’ve seen signs of in the Trump administration’s earliest dealings with China. A new team takes over. Its leading officials—the president, national security advisor, secretary of state—have little or no personal experience in dealing with China. So they quickly study up on the past, starting with the Kissinger opening. And in one way or another, they decide that China is unique, and that the rules and ideas that govern their dealings with other countries don’t apply in China—that instead you have to deal in China secretly, and largely through a single individual inside an administration.

They are encouraged in this notion by Chinese officials, who arrive in Washington at the beginning of each administration saying that they need a single interlocutor, a high-level U.S. official they can talk to and pass messages through. And they are often also helped along, I have to say, by a handful of Americans such as Henry Kissinger himself, who suggests to one administration after another that they need his help and they need a single intermediary, namely him. I’m sorry to have to personalize this—but the personalization of American relations with China is precisely how he carried out diplomacy in the past and what he continues to urge today.

The result is that whatever U.S. official becomes China’s principal interlocutor inside an administration—usually the national security advisor—is treated as a

“friend of China,” the person Chinese officials regularly go to with one request or complaint after another. And then it’s not long before this high-level official is calling up everyone else in the government, at the State Department or the Pentagon, for example—to demand that such-and-such action against China must be softened or dropped, that this line in a speech should be taken out.

It’s now been a full 45 years since the Nixon opening to China. We need a thorough review of American China policy, in light of the many, many changes in both countries. At this point, doing things the old way, with personalized and secretive diplomacy, does far more harm than good. If we care about fostering the abstract rule of law in China, then we do not help that cause by falling back again and again on the idea that what counts above all is personal relationships.

I look forward to answering your questions.

PREPARED STATEMENT OF JEFF GILLIS

MARCH 1, 2017

MESSAGE TO AMERICAN BUSINESS IN CHINA: NO ONE IS SAFE

Chairman Rubio, Co-Chairman Smith, and Commissioners of the CECC,

Thank you for this opportunity to testify at this hearing, and for the chance to tell Sandy’s story.

Fifteen years ago, there was great optimism by many as China was admitted into the WTO. The belief was that if Western Governments engaged China in trade, China would learn from the West, not just about business, but also about rule of law, property rights, human rights, and human dignity. My wife, Sandy Phan-Gillis, was a strong believer in engagement with China, and a firm supporter of China’s entry into the WTO. She has spent her entire career promoting trade and positive relations with China. Unfortunately, in terms of human rights, admitting China to the WTO has turned out to be a very bad deal. Many of China’s promises have been broken, especially in the areas of human rights and rule of law. That has been clearly shown in my wife’s detention in China by China State Security.

The timing of this hearing is important. March of 2017 marks two years that my wife, Sandy Phan-Gillis, has spent in detention in China.

Sandy is an American citizen, a wife, a mother, and a resident of Houston, TX for almost 40 years. She was detained by China State Security on March 19, 2015 while on a trade mission to China with Houston Mayor Pro Tem Ed Gonzalez, to promote business between Houston and China. Sandy made this trip in her capacity as a member of the Mayor’s International Trade and Development Council, and as President of the Houston Shenzhen Sister City Association. She was seized one day after meetings that she arranged between Houston Mayor Pro Tem Ed Gonzalez and Vice Mayor of Shenzhen Tang Jie. Note that Sandy was detained by China State Security, China’s spy agency, and not by China Public Security, China’s police force. China State Security is the Chinese agency that sends Chinese spies to America to steal US government and commercial secrets.

China State Security used isolation and threats against Sandy to keep her travel companions and her family from finding out about her initial detention. Her family did not know about her detention until after I filed a missing person report with the US Consulate in Guangzhou.

Sandy’s first six months were spent in designated-location residential surveillance. There she was subjected to solitary confinement, torture, and relentless questioning in a torture chair. This chair was described as a short 4-legged stool (with no back or armrests), and with raised teeth in the seating area. This form of torture has been described by other detainees in China as the torture of “sitting on a small stool”. Sandy was subjected to repeated threats, including the threats to take away her access to doctors and medicine. Sandy suffers from a number of serious medical conditions, and threatening to take away her access to doctors and medicine is not much different than threatening to kill her. For a time, Sandy was denied access to medicine. China State Security used torture to force Sandy to make a false confession.

Sandy was hospitalized twice as the direct result of her horrific treatment by China State Security. One of these hospital stays was for five days after Sandy had a fear induced heart attack during a brutal interrogation.

Use of torture during designated location residential surveillance became so widespread and notorious that the Chinese government announced new guidelines for the initiation and oversight of such detention shortly after Sandy was moved into

a regular jail. Sandy is now in Nanning #2 Detention Center, initially under solitary confinement, but now with a cell mate.

Sandy has been denied many of the rights she is entitled to under Chinese and International Law. As one example, Sandy, her lawyers, and her family have never received a copy of the warrants for her detention or her arrest. When pressed to provide these critical legal documents, Chinese officials responded that these documents were not required since Sandy is a foreigner.

The Working Group on Arbitrary Detention in the Office of the United Nations High Commissioner for Human Rights reviewed Sandy's case and determined that Sandy had been arbitrarily detained and that her rights had been violated under International Law. The ruling also documented some of the violations of Sandy's rights under Chinese Law. This is the first time in its history that the United Nations has made a ruling that China had arbitrarily detained a US citizen. One of the key factors in the UN's determination was the response from Chinese authorities, in which they admitted to treating Sandy in ways that violated International Law.

Sandy was not allowed to speak with her lawyer for well over a year. She was not charged with a crime for well over a year. For about the first year and a half her monthly 30 minute visits with the US Consul were supervised by agents of China State Security, the very people who tortured her. She still isn't allowed to have unsupervised visits with the US consul. After nearly 2 years, there still is no scheduled trial date. Sandy still hasn't had a single appearance before a Judge.

Initially we were told that Sandy was being investigated for Stealing State Secrets. China has a tendency to call anything it wants a state secret, so it really didn't help us to understand what was going on. In China's response to the UN investigation on Sandy's arbitrary detention, Chinese authorities informed the UN after a year of detention that Sandy was being investigated for "Assisting a Third Party to Steal State Secrets". This is important, because she wasn't accused of being a spy, and she wasn't accused of stealing state secrets. She was accused of assisting someone else who stole state secrets. Just a few months later, Chinese authorities filed charges in which Sandy is accused of being a spy for a foreign nation. Specifically, Sandy is accused of being a spy for the FBI, which isn't even a spy organization.

Sandy is accused of the following three specific things:

- (1) going on two spy missions to China in 1996 to spy on China for the FBI
- (2) helping the FBI in 1997 to capture two Chinese spies who were sent by China to spy on the US
- (3) helping the FBI in 1997-1998 to turn these two Chinese spies into double agents who would spy on China for the FBI

In addition to denials from the FBI that Sandy ever worked for them, we have a mountain of evidence that these charges are false. Below are just a few examples. We have many more:

- (1) Sandy's passport indicates that she didn't travel to China in 1996. There is no China visa, and no entry or exit stamps. Sandy is accused of traveling to China under the guise of "education", but Chinese authorities didn't even check to see if she traveled to China that year.
- (2) A response from U.S. Customs and Border Protection to a FOIA request shows that Sandy had no international travel in 1996.
- (3) Sandy's pay stubs from her job at the Houston Police department show that she was working full time, with only 11 hours of time off during the time of an alleged spy mission in China for the FBI.
- (4) Receipts and credit card slips signed by Sandy show that she was in Houston during the time she was supposedly on a spy mission in China for the FBI.
- (5) Sandy is mentioned in a local newspaper article (including a photo of Sandy) about an event for Houston's Sam Houston Race Park during the time that Sandy was allegedly in China on a spy mission for the FBI.
- (6) Sandy was an officer in the Texas Asian Republican Caucus during the time that she is accused of being a spy for the FBI. During an alleged spy mission to China in September 1996, Sandy was a presenter at TARC's Statesman of the Year award ceremony.

Additionally, we have the following evidence:

- (7) A response to a FOIA request to the FBI shows that Sandy isn't mentioned in any FBI files. This shows that Sandy did not do any work for the FBI.
- (8) A response to a query to the United States Office of Personnel Management shows that Sandy did not work for the FBI. Anyone who works for the FBI is required to undergo a background investigation. Files for these background investigations were all compromised as part of the OPM database hack that has

been widely reported in the media. As such, the OPM has set up a system for individuals to verify if they have had any information that was stolen as part of the OPM database hack. The OPM confirmed that Sandy did not have any data in the hacked OPM database. This indicates that she did not undergo an FBI background check, and did not do work for the FBI. It is widely believed that the OPM hack was done by agents of China, which indicates that Chinese authorities have had this proof themselves for some time.

The Chinese Foreign Ministry and the Chinese Consulate in Houston took steps to block this and other evidence from being legalized for several months to keep it from being used at trial. After a media campaign by me and some strong action by the State Department and my Congressman Al Green, the Chinese Consulate legalized our evidence so that it could be used at trial.

Chinese officials (including the Ministers of Public Security and State Security) have been asked repeatedly by Sandy's lawyers and by me to provide evidence from Chinese government databases of Sandy's China visas, China entries, and China exits. So far, the Chinese government has refused to do this, even though concealing such evidence is a crime under Chinese law. Meritorious service to China is an important consideration under China law. I have asked the China Foreign Ministry, the Municipal Government of Shenzhen, and Shenzhen Public Security to provide evidence of Sandy's substantial meritorious service to China. Thus far, they have refused. Feedback to me from the China Consulate in Houston has been that they don't think Sandy is a spy, but they can't help in a case involving State Security. China's Ministry of State Security is arguably the most powerful institution in China, and every other government agency is afraid of it.

Beyond the hard proof for the defense, there is a great deal about the allegations against Sandy that just doesn't make sense. It was 20 years ago. Some of the allegations are from over 20 years ago.

At the time she is accused of being a spy for the FBI:

- (1) Sandy worked full time as a Clerk/Typist for the Houston Police Department.
- (2) Sandy had a 9 year old daughter (who is now 30 years old).
- (3) Sandy was operating a side business organizing Houston's Chinese New Year Festival and Houston's Moon Festival, and marketing Sam Houston Race Park to the Asian community in Houston.

The allegation of spying is in Nanning, a Chinese city that as far as I can tell Sandy visited one time (and not during the alleged spying timeframe of 1996–1998).

There are some key issues in Sandy's case that go well beyond the arbitrary detention and torture of a lone American citizen, and touch on important considerations of the safety of American citizens, Homeland Security, and International Law:

- (1) Under China law, you are considered a spy if you join a foreign espionage organization. Part of the evidence against Sandy is a statement by China State Security that the FBI is an espionage organization that spies on China. This statement by China State Security places in jeopardy anyone who has ever actually worked for the FBI. The FBI has a field office in Beijing. Officers there have diplomatic immunity, which offers some degree of protection. However, there would be no protection for any current or former FBI agents in China for vacation or business. The evidence being used against Sandy could be used to pick up anyone who ever worked for the FBI, prosecute them, and throw them in prison for years, just because they had worked for the FBI. If the Chinese government was the source of the OPM database hack (as is widely believed), then they likely have a complete list of FBI employees as of a couple of years ago.
- (2) The allegations that Sandy helped catch Chinese spies, and convert them into double agents for the FBI are false. However, even if they were true, these would be the actions of an American citizen doing lawful (arguably even heroic) work on US soil. China State Security, the Chinese Procuratorate (the Prosecutor), and the Chinese courts are investigating, prosecuting, and trying an American citizen for allegations of violating Chinese law in the United States 20 years ago. In essence, China is claiming the right to enforce Chinese law against anyone in the world, anywhere in the world, at any time in the world. Chinese sovereignty should end at the borders of China. Chinese officials should not be trying to apply Chinese law to an American citizen for alleged 20 year old actions on US soil. If China can arrest and try any American for any alleged violation of Chinese law that occurred in the US, then no American should feel safe in China.
- (3) Perhaps most of all, this:

Sandy has spent her career encouraging engagement between the US and China, and building positive relations between our two countries. She founded, and for years ran, Houston's longest running Chinese New Year Festival. She served as either Vice President or President of the Houston Shenzhen Sister City Association for over 20 years. She was the HSSCA representative to the Sister Cities of Houston board for over 20 years. She has worked extensively for decades with the Houston Mayor's office, the China Foreign Ministry, the Chinese Consulate in Houston, the Municipal Government of Shenzhen, China, and the Public Security Bureau of Shenzhen. She has introduced hundreds of Americans to China, and hundreds of Chinese to the US (including school kids). She has hosted Chinese dignitaries. She has arranged for Chinese Doctors and Nurses to receive training in Houston. She has arranged for medical care and medicine in Houston for injured Chinese Police Officers. She even helped introduce Houston to a very young Yao Ming when she organized a good will basketball tour of Houston NCAA all-star players. They traveled to China in the summer of 1998, and played a number of games against the China National Team, including its youngest member, teenager Yao Ming. Houston Mayor Sylvester Turner, the Houston Shenzhen Sister City Association, and the Sister Cities of Houston have documented many of Sandy's good works for China and for Houston-China relations. It isn't just one or two pages. It is in all honesty a book. Any Americans considering travel to China should ask themselves if their story is as good as Sandy's. If China State Security can arbitrarily detain and torture Sandy, they can arbitrarily detain and torture any American citizen. If Sandy isn't safe in China, then no American is safe in China.

Sandy isn't some top secret spy for the FBI. She is a wife and a mother, with aging parents (including a father who just had a major heart attack). She suffers from many serious health problems such as high blood pressure, high blood sugar, and high cholesterol, and needs to take 7 prescription medicines a day. Chinese prisoners are required to do forced labor manufacturing products for export to the US and other countries. Sandy probably would not live long under the rigors of forced labor in Chinese prison. If we can't find a way to bring Sandy home, she is going to die in a Chinese prison. I would appreciate anything that you can do to help keep that from happening. Sandy is in a desperate situation, and she needs all the help that she can get.

In response to repeated pleas by American officials, including, I am told, National Security Adviser Susan Rice and President Obama, Chinese officials have repeatedly stated that "all of her rights are guaranteed". However, this is categorically false. Chinese authorities do not use the law as a tool for justice. They use the law as a weapon when it is convenient to do so, and they ignore it when it is convenient to do so.

Torture is illegal under Chinese law, and confessions obtained through torture are inadmissible under Chinese law. The problem is that Chinese officials, particularly within China State Security, do not follow Chinese law. They regularly obtain confessions through torture, as they did in Sandy's case. Chinese authorities are required to investigate allegations of torture, and they recently completed the investigation of torture in Sandy's case. The investigation was done by China State Security, by the very people who tortured her.

Sandy has been detained for far too long. Where are the consequences for China's horrific treatment of an American citizen? There has been a lot of talk, but it is time for action. Below are some specific policy suggestions:

- (1) Concealing and fabricating evidence are illegal under Chinese law. However, officials of China State Security routinely lie, torture defendants, and conceal and fabricate evidence, as they have done in Sandy's case. Chinese officials who engage in torture, and their family members, should be barred from entering the US. If they own property in the US, it should be confiscated and sold, with the proceeds used as compensation for the false imprisonment and torture of American citizens.

- (2) China has been engaged for some time in the infamous "Operation Fox Hunt", in some cases using highly questionable means to track down and bring back alleged Chinese economic criminals who have fled to other countries. The Obama administration cooperated with the Chinese government in these efforts, and returned a number of high priority Chinese economic fugitives, getting nothing in return. In November of 2016, the US returned Yang Xiuzhu, China's most wanted economic fugitive, getting nothing in return. China State Security has repeatedly told Sandy that she should encourage the US government to negotiate her release through a prisoner exchange. There is no doubt in my mind that Chinese officials would have been happy to release Sandy for the return

of Yang, their highest profile economic fugitive. There are hundreds of Chinese economic fugitives, with assets on the order of billions of dollars. The US government, including the Department of Justice and the FBI, has continued to cooperate with the Chinese government on the return of these fugitives. The FBI even maintains an office in Beijing with a key responsibility of assisting China in these efforts, even as China State Security accuses the FBI of spying on China. All such cooperation should be halted immediately until China State Security drops their claims of spying against the FBI and Sandy, and returns Sandy to the US.

(3) China has long sought an extradition treaty with the US. I would not advocate for such a treaty. However, we should make it clear that we won't even discuss the possibility of such a treaty while China continues to subject American citizens to arbitrary detention and torture. Release of Sandy and others like her should be a primary condition of entering into any discussions of an extradition treaty with China.

(4) Congressman Al Green has filed House Resolution 153, calling for Sandy's release. I would like to see full support from the House Foreign Affairs Committee and from the full House for this resolution.

(5) Recent events have shown that China has become a more dangerous place for foreigners to do business, yet many businesses and individuals remain woefully uninformed about the risks. The State Department should consider implementing a travel advisory for China.

(6) China continues to use slave labor in Chinese prisons to manufacture goods for export. Some examples are Christmas lights and silk flowers sold by some of America's best know companies. The US should take strong steps to ban the import of products produced by slave labor in Chinese prisons, including strong penalties for American companies that import these products.

The Chinese government is making a bet that our economies have become so intertwined, and that we have become so addicted to cheap Chinese products and so obsessed with access to Chinese markets, that we don't dare challenge China on human rights in cases like Sandy's. With China's kidnapping of foreign citizens in Thailand and Hong Kong, the televising of forced confessions of foreign citizens on Chinese television, detention of many American businesspeople in China over business disputes, and Sandy's treatment by China State security, China seems to feel that they can get away with anything. If we continue to remain quiet, they will have been proven right.

Just before China was admitted to the WTO (over the space of about 5 months in late 2000 and early 2001) China State Security seized 4 different US residents who had either US citizenship or permanent residency and accused them of spying. The detainees were all academics, and there was never any credible evidence presented against them. The Chinese government was met with strong public condemnation from the State Department, President Bush, and both chambers of the US Congress. Within about 5 months, all four were released. Now Sandy Phan-Gillis faces a charge of spying for the FBI, with no credible evidence against her. She has been arbitrarily detained, deprived of her rights, subjected to solitary confinement and torture, and held for 2 years without so much as a hearing in front of a judge, let alone a trial. Where is the outrage, where is the action, and where are the consequences for China? When it comes to human rights in China, has China's admission to the WTO changed China for the better, or has it changed America for the worse?

Thank you for your interest in Sandy's case, and for the opportunity to speak with you today.

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PREPARED STATEMENT OF SOPHIE RICHARDSON

MARCH 1, 2017

Chairman Rubio, Co-chairman Smith, members of the Commission,
First, many thanks for your leadership on and concern about human rights abuses in China, and your support to human rights defenders.

As my fellow witnesses have detailed, China has indeed broken the human rights promises it made in exchange for WTO membership. When it joined, Beijing committed to greater respect for the rule of law, openness, and adherence to international standards. But since that time, and particularly since the beginning of President Xi Jinping's tenure in March 2013, the Chinese government has:

- Not only failed to implement key legal reforms, but also pursued the adoption of highly abusive policies on issues ranging from cybersecurity to terrorism to NGO "management," all of them in tension with China's human rights obligations under domestic and international law;
- Not only failed to support peaceful civil society across China—individuals and groups work on issues ranging from rural literacy to constitutional reform—but instead turned on that community and punished it with detentions, disappearances, and torture; and Beijing has
- Not only demonstrated bad faith in mechanisms ranging from human rights dialogues to UN treaty body reviews, it is also increasingly seeking to remake those instruments in ways that suit Beijing's demands—thus weakening already-weak tools.

Now, some have argued that while China may not have made progress on human rights, WTO accession and entry into other global trade regimes have brought about greater openness for business and trade. But if that's the case, why did 8 out of 10 respondents in AmCham's January 2017 survey said they didn't even feel welcome in China? Why are businesspeople like Sandy Phan-Gillis who are working to promote trade detained? Presumably business associations expected over time to have more respect and room to operate—not to have to grapple with the kinds of constraints they too now face under the new Foreign NGO Management Law.

Human rights abuses in China exist, and persist, in part because the US and others haven't insisted on holistic progress, and haven't imposed a price in response to them. It is now painfully clear that reformers in the Chinese government don't have influence, that arguments that China just needs more time or more exposure to the outside world don't hold water, and that senior Chinese officials patently reject the argument that respect for rights leads to stability. The argument that opening to trade would lead to greater political openness was woefully wrong, and, as a result, the world now faces the prospect of dealing with an aggressive, affluent, and utterly rights disrespecting Chinese government.

So if China is to become the kind of viable, predictable partner or global player many—including us—want it to be, we need to redouble efforts to promote human rights there. But doing that effectively requires absorbing another key lesson of the past 15 years: that Beijing generally only responds to threats of negative consequences.

Now, the Trump administration appears willing to be tough at least rhetorically on China with respect to trade, Taiwan, and the South China Seas. But it's not yet clear whether or how human rights fit into the picture.

What can Congress do to educate the administration and help arrest the downward human rights spiral in China?

First, urge the administration to publicly articulate its China policy, and ensure that human rights are a priority across the administration (not just for the State Department). We're concerned that the public readouts of Secretary Tillerson's first three interactions with Chinese officials contain no references to human rights. As we all know from experience, what new administrations say to Beijing at the outset of a relationship matters enormously. Your oversight in this area is critical.

Second, ensure that failures by the Chinese government to mitigate human rights abuses have meaningful consequences, ideally in areas that matter to Beijing. For example:

- The US can and should publicly decline to work with China on corruption-related issues—a priority for Beijing—until the latter can show it can provide due process consistent with international human rights standards. In a similar vein, the next time the US becomes aware of Chinese police or Communist Party officials who are in the US on tourist visas but are hunting down allegedly corrupt mainland officials, those people should be prosecuted—not quietly sent home with a stern warning.
- The Chinese government prefers to tolerate shallow rule of law dialogues as substitutes for meaningful human rights discussions; why not insist that all Chinese human rights lawyers be released before scheduling any further interactions with the Ministries of Justice, Public Security, or State Security?
- As Beijing seeks to expand its propaganda operations worldwide rather than respect meaningful press freedom anywhere, let journalists from Xinhua and

People's Daily and CCTV come to the US to work—but oblige them to register with the Department of Justice as foreign agents.

Third, if the US is uncomfortable with the current reality that stems from having pursued trade at the cost of promoting rights, it should now use China's need for access to the outside world, including its commercial and financial priorities, as forms of leverage.

- We're of course pleased to help vigorously implement the Global Magnitsky Act.
- But why not also demand that Chinese companies investing in the US and elsewhere perform human rights due diligence, and demonstrate they are addressing problems or face civil actions? Why not make CFIUS examinations of China more visible?
- Why not require greater transparency of investments by Beijing's sovereign wealth fund, the CIC?
- From Burma to South Africa, tactics like these have helped stimulate positive change.

Fourth, consider Commission travel to Beijing, Hong Kong, Lhasa, and/or Urumqi in the coming year. These kinds of visits invariably generate helpful attention to human rights concerns.

Fifth, please support US engagement on China at the UN Human Rights Council. This is venue in which the US lead on its best China/human rights initiative of 2016—an unprecedented statement with 11 other governments, which certainly landed a punch in Beijing. We hope for a follow-up effort in June, and support to a robust review of China in 2018.

Last but not least, we'll have to ask you to do more of something you have always excelled at: reaching out to, highlighting, listening to independent voices from China, Tibet, and Xinjiang. Independent civil society there has endured multiple body blows in recent years, and the coming year—with the anniversary of Hong Kong's return to Chinese sovereignty, the autumn Party Congress, the beginning of China's next review by the UN Human Rights Council—is unlikely to be better. Your inviting independent voices to detail human rights abuses, comment on US policy, or simply share their stories is more important than ever to sustaining their work in these very tough times.

PREPARED STATEMENT OF HON. MARCO RUBIO, A U.S. SENATOR FROM FLORIDA;
CHAIRMAN, CONGRESSIONAL-EXECUTIVE COMMISSION ON CHINA

MARCH 1, 2017

Good afternoon. This is a hearing of the Congressional-Executive Commission on China. The title of this hearing is "The Broken Promises of China's WTO Accession: Reprioritizing Human Rights."

We will have two panels testifying today. The first panel will feature House Democratic Leader Nancy Pelosi and former Member of Congress Frank Wolf.

The second panel will include: Michael R. Wessel President of The Wessel Group and a Commissioner on the U.S.-China Economic and Security Review Commission; James Mann, author of "The China Fantasy" and several other books on China and U.S. foreign policy; Jeff Gillis, Husband of American businesswoman Sandy Phan-Gillis, detained in China for the past two years and Sophie Richardson, China Director at Human Rights Watch.

Thank you all for being here to discuss an issue that I believe has growing significance not simply in terms of our economy, and our national security but also in terms of the principles that animate our foreign policy.

Last October when the CECC released its flagship Annual Report, we noted that December 2016 would mark 15 years since China's accession to the WTO. In fact this Commission was created in connection with debate surrounding whether or not to grant China Permanent Normal Trade Relations (PNTR), in response to concerns by many Members of Congress that granting PNTR would deprive Congress of a legislative mechanism to examine and debate China's human rights record every year.

At that time proponents of normalized trade relations with the Chinese government argued that increased trade and economic growth would result in greater political liberalization, improvements in human rights and the expansion of rule of law.

Some stalwart supporters of human rights, including His Holiness the Dalai Lama, were among those who saw the merits to this approach. In a May 2000 interview with Reuters, he said, in reference to China's WTO entry, "I have always

stressed that China should not be isolated. China must be brought into the mainstream of the world community.”

Other advocates for WTO entry, and PNTR were found in more traditional spheres—namely the business community. Their arguments for passage of PNTR were naturally economically oriented, though interestingly, as one of our witnesses Jim Mann notes in his prepared testimony, rarely did advocates for PNTR—be they in the business community or political leaders—feel comfortable making the case on economics alone.

Against this backdrop—despite the brutality that the world witnessed at Tiananmen Square—the notion that increased trade and investment would necessarily bring about greater political openness took root. Republican and Democrat administrations alike embraced this premise. It has been a bedrock of U.S.-China relations for the last three decades.

And it has proven to be utterly false.

Without question, China has experienced vast economic growth—now the second largest economy in the world. Chinese government officials rarely miss an opportunity to tout how many of China’s citizens have been lifted out of extreme poverty as a result of this rapid economic growth.

China is the largest provider of U.S. imports and one of the largest markets for U.S. exports. It also owns a sizeable portion of U.S. debt and contributes significantly to the U.S. global trade deficit.

But, this growth, which has resulted in a much richer ruling Communist elite, has not been accompanied by greater human rights protections or the rule of law. Quite the opposite.

Instead we see a China today that is more repressive and less free than it was at the time of WTO accession.

Human rights lawyers are rounded up with impunity, reports of torture are rampant.

Labor activists and women’s rights advocates are arbitrarily detained; televised, coerced confessions are on the rise.

Chinese citizens who desire to peacefully worship and live out their faith are viewed with suspicion and face increasing repression as documented in a Freedom House report released just yesterday which found that “Combining both violent and nonviolent methods, the (Communist) Party’s policies are designed to curb the rapid growth of religious communities and eliminate certain beliefs and practices.”

This is true for Christians (Protestant and Catholic, Registered and Unregistered), Uyghur Muslims, Tibetan Buddhist, and Falun Gong practitioners.

The Commission’s Annual Report outlines the deteriorating trajectory for human rights and rule of law in China in painstaking detail. And, a cursory glance at the Commission’s Political Prisoner Database reveals the very real human toll of this repression.

So too, China is emboldened in its extraterritorial reach. It is chipping away at the autonomy guaranteed Hong Kong. It is collaborating and colluding with other authoritarian states about how best to stifle independent civil society.

It has engaged in brazen cyberattacks on the U.S. government and U.S. commercial interests. Intellectual property theft is rampant. It is arbitrarily detaining American citizens—we are very pleased to have with us today Mr. Jeff Gillis, the husband of one such American.

Meanwhile U.S. companies, including major household names, daily weigh the enticement of the Chinese market against staying true to their own core principles and missions. Do they curb speech to gain access? Do they curry favor with the authorities by sharing sensitive technology that can be employed by the Communist Party to further surveil and repress Chinese citizens?

Does a Hollywood producer self-censor before the Chinese censors have a chance to, in order to gain market access for a new film? Does an American university, home to a Chinese-government funded Confucius Institute, opt not to invite the Dalai Lama to speak at their campus for fear of losing financial support?

I’m afraid we know the answers to many of these questions and they point less toward a changed China and more toward a changed America.

What I hope today’s hearing will make clear is that if you care about China honoring its trade agreements, then you must care about the imprisoned rights lawyer seeking to foster rule of law within China. If you care about intellectual property theft, then you must care about the American businesswoman arbitrarily detained in China. If you care about China being a responsible stakeholder, then you must care about the Catholic priest in China fearfully administering the sacraments this Ash Wednesday.

Much remains unknown about what type of foreign policy the new administration will pursue. President Trump's statements before taking office tended to focus more on the trade dimension of the relationship.

Just yesterday, Secretary of State Tillerson met with Chinese State Councilor Yang Jiechi. The State Department's read out of the meeting underscored that the two discussed "maintaining a mutually beneficial economic relationship between the two largest economies" but included no mention of human rights concerns, no names of political prisoners.

I hope today's hearing will underscore that any policy toward China that does not prioritize human rights and rule of law is shortsighted at best.

Not only is there a moral imperative to prioritize these issues in our bilateral engagement with China, there is a strategic imperative. No nation that fears its own citizens and daily tramples on their most fundamental rights can reasonably be expected to be a responsible global stakeholder that abides by its international commitments and obligations.

With that, let's turn to our first panel.

Leader Pelosi and Congressman Wolf represent the left/right coalition that existed in Congress and among civil society organizations in opposition to granting China PNTR. A liberal Democrat from California and a conservative Republican from Virginia were united in their belief that it was a strategic misstep and morally indefensible to delink China's egregious human rights abuses from America's trade policy. They are a tangible reminder of the bipartisan nature of these issues, which is part of the DNA of this Commission and they are also a powerful reminder of the important role that Congress has to play in shaping U.S. foreign policy.

PREPARED STATEMENT OF HON. CHRISTOPHER H. SMITH, A U.S. REPRESENTATIVE
FROM NEW JERSEY; COCHAIRMAN, CONGRESSIONAL-EXECUTIVE COMMISSION ON CHINA

MARCH 1, 2017

Over the years, I have chaired 62 congressional hearings on human rights abuses in China.

In 1994, the Clinton Administration de-linked Most Favored Nation status from human rights. Mrs. Pelosi, Mr. Wolf, and I were critical. By 1996, the State Department said, "All public dissent against the party in government was effectively silenced by intimidation, exile, the imposition of prison terms, administrative detention or house arrest. 'No dissidents,' the report goes on to say, "were known to be active at year's end."

On December 8, 1999, I chaired a hearing entitled *China, the WTO, and Human Rights* and in my opening statement I asked the threshold question whether at that moment in history, "bringing the PRC into a permanent and more privileged trading relationship with the United States and other WTO members will make it act more humanely toward its own people."

Tragically—and predictably—the answer was then—and now—an emphatic "no."

At the same hearing, Charlie Wowkanech, the president of the New Jersey State AFLCIO testified and said, "Chinese economic policy depends on maintenance of a strategy of aggressive exports and carefully restricted foreign access to its home market. The systematic violation of internationally recognized workers' rights is a strategically necessary component of that policy. Chinese labor activists are regularly jailed," he testified, "or imprisoned in reeducation camps for advocating free and independent trade unions, for protesting corruption and embezzlement, for insisting that they be paid the wages that they are owed, and for talking to journalists about working conditions in China. In January 1999, police attacked a group of retired factory workers in Wuhan, who were protesting unpaid wages and pensions. Many of the retirees were beaten."

A decade later, I chaired another hearing *Ten Years in the WTO: Has China Kept Its Promises?* Again, the record showed a complete failure—promises made were not kept, and human rights violations had gotten worse.

In 1991, Frank Wolf and I visited Beijing prison #1. It was just two years after the Tiananmen massacre and many of the protesting students had disappeared, were killed, or been arrested.

I am still haunted by what we saw that day—the shaved heads and gaunt, hollow faces of prisoners—who gave us looks of fear and despair. I will never forget their emaciated bodies, dressed in rags, making forced labor goods for the US and other foreign markets. They looked more like Jewish victims of the holocaust than the other Chinese people we met on that trip.

The passion to oppose unfettered trade with Communist China came from looking at these faces of persecution.

My passion for human rights in China has remained strong after meeting women whose babies were forcibly aborted in service of the evil “One-Child Policy”; assisting blind rights advocate Chen Guancheng escape from China; and by working with the champions of democracy, human rights and religious freedom—Wei Jingsheng, Harry Wu, Bob Fu, Chai Ling, Bishop Su Zhimin, Rebiya Kadeer, Yang Jianli, the Dalai Lama, and so many others over the years.

During the 1990s, many Members of Congress sought to link increased China trade with human rights improvements. We could not comprehend how US trade policy could put profits before the poor and the persecuted.

We could not comprehend how the so-called “realists,” who still drive much of US foreign policy toward China, could argue that increased trade and investment would lead to political reform and human rights improvements.

We know now that this was a “fantasy” as Mr. Mann book “The China Fantasy” described so well.

It was a bipartisan fantasy.

Bill Clinton predicted that trade would open China’s political system. Chinese democracy, he said, was “inevitable, just like when the Berlin Wall fell.” George W. Bush also focused on the inevitability of history saying “trade freely with China and time is on our side.”

The arc of Chinese history has not bent toward justice. Just the opposite in fact has happened. Chinese authoritarianism proved remarkably resistant to reform or change.

President Xi has presided over an extraordinary assault on the rule of law and civil society using repressive policies and new laws that threaten freedom advocates in China and challenge both U.S. interests and U.S.-China cooperation and goodwill. The CECC has a list of over 1,400 known political prisoners.

China is in a race to the bottom with North Korea for the title of world’s worst violators of human rights. The hope that an economically prosperous and “rising China” would embrace political reform and human rights has been completely destroyed. It is time for a new approach.

The U.S. cannot be morally neutral about human rights improvements in China. We cannot be silent in the face of the Chinese government’s repression. We must show leadership and resolve because only the U.S. has the power and prestige to stand up to China’s intransigence.

The new Administration should not shy away from “shining a light” on human rights problems in China—not just in private meetings but in public as well.

China’s leaders need to know that the United States stands for the freedom of expression, the freedom of religion, the rule of law, transparency and an end to torture as critical interests, necessary for better bilateral relations, and linked to the expansion of mutual prosperity and integrated security.

The U.S. must not shy away from meeting with the Dalai Lama or other dissidents. We must use visa bans and financial sanctions on Chinese officials who perpetuate the worst types of human rights violations.

The U.S. must also connect Internet and press freedoms as economic and human rights priorities. And we must demand, repeatedly and clearly, that the unconditional release of political prisoners is in the interest of better U.S.-China relations.

It is tempting to be pessimistic about China’s future and the future of U.S.-China relations. I am not pessimistic, but hopeful, because I know that constant repression has not dimmed the desires of the Chinese people for freedom and reform.

I believe that someday China will be free. Someday, the people of China will be able to enjoy all of their God-given rights. And a nation of free Chinese men- and women will celebrate the prisoners from Beijing Prison #1. They will be honored as heroes, along with all others like them, who have sacrificed so much, and so long, for freedom.

SUBMISSIONS FOR THE RECORD

[Reprinted from the Washington Post, September 15, 2016]

WILL CHINA SOON CONTROL AMERICAN MOVIES?

By Frank Wolf

Frank Wolf, a Republican from Virginia, served in the U.S. House of Representatives from 1981 to 2015.

It may surprise most Americans to know that more than 140 Tibetans—including many Buddhist monks and nuns—have set themselves aflame over the past five years to protest the growing abuses of their people. In most cases, these protesters died in an effort to raise global awareness of Beijing’s targeted oppression, which the Dalai Lama has called a “cultural genocide.”

Last month, The Post published an important and underreported story about the growing abuses against the Tibetan people by the Chinese government, including a Tibetan woman who was found hanged—possibly by police—and the brutal crackdown against her family and community when they challenged the authorities over the lack of an investigation of her death.

This article documented one of countless examples of Beijing’s ever-increasing oppression of its people—especially ethnic and religious minorities targeted for raising legitimate grievances and examples of human rights abuses. Yet the Chinese government, thanks to its extreme efforts to control reporting and speech within China, has been able to largely block coverage of this and similar cases domestically.

There is growing concern that Chinese government influence over Western media organizations will lead to direct censorship or pressure to self-censor content to Beijing’s liking. This concern will only grow due to a surge of Chinese investment in the United States. Over the past five years, Chinese investment here has grown from \$2 billion per year to an estimated \$20 billion this year. This growth is significant given that Chinese companies are effectively controlled—whether through state ownership or strict direction—by Beijing.

It should be no surprise that a major focus of China’s investment in the United States is media companies, which produce the news and entertainment that so often shape our understanding of the world. One Chinese company, Dalian Wanda, has purchased the Hollywood movie studio Legendary Entertainment for \$3.5 billion and is now seeking a 49 percent stake in Paramount Pictures, as well as purchases of America’s two largest movie theater chains: AMC and Carmike Cinemas. Wanda’s goal is to control 20 percent of the global box office by 2020—and it may reach that threshold sooner. This doesn’t include other Chinese investments in film studios, which would push the total share of Chinese box office control even higher.

Why should we be concerned? By controlling the financing and distribution of American movies, and subjecting them to censorship to gain access to the Chinese market, Beijing could effectively dictate what is and isn’t made—providing powerful control over America’s greatest cultural exports.

We have already seen examples of studios editing movie content to appease Chinese censors, such as “Mission: Impossible III,” “Skyfall,” “World War Z” and the remakes of “The Karate Kid” and “Red Dawn.” A recent report by the U.S.-China Economic and Security Review Commission noted that “China views film as a component of social control: in a 2014 speech, President Xi [Jinping] reaffirmed Mao Zedong’s dictate that ‘[Chinese] art serve politics.’ Through strict regulations governing film content, the CCP’s concerns are positioned above all other interests.”

Media self-censorship in the West is already becoming a serious concern. Noted Chinese human rights lawyer Teng Biao wrote in a July op-ed in The Post about being told that an offer from the American Bar Association to publish his book on human rights in China was rescinded over concerns that it might anger Beijing. In Britain there are new concerns about deepening ties between Western news organizations and Chinese government propaganda. Earlier this year, the Daily Mail—which operates the world’s most-visited English-language news website—entered into a partnership with the People’s Daily, which is published by the Chinese government.

What will be the impact of state-controlled Chinese companies owning more of the Western media? Would movies like “Seven Years in Tibet” be put on ice for fear of offending major studio owners? Will content that portrays the U.S. military or human rights activists in a positive light be rejected or edited out to gain favor with Beijing’s censors or attract Chinese investment?

There are several steps the United States could take now to address these serious concerns without reducing our competitiveness for global investment.

First, Congress and the Obama administration should consider expanding the charter for the Committee on Foreign Investment in the United States to cover strategic “soft power” sectors, allowing the committee to review how foreign ownership from autocratic regimes might restrict creative freedom.

Second, the Foreign Agents Registration Act, originally passed in 1939 to address concerns about Soviet and Nazi propaganda, should be updated to consider the role of foreign censorship and influence in U.S. media ownership. A Justice Department Inspector General report released this month called on the department to update its FARA enforcement strategy, specifically citing foreign media operations, among others, as entities that should be covered by disclosure and reporting requirements, as well as federal civil investigative demand authority.

And finally, recent provisions in the annual defense and intelligence authorization bills before Congress to create an entity in government to monitor and respond to foreign propaganda and misinformation should be expanded to cover authoritarian foreign ownership of U.S. media.

Following these steps can keep the United States a place where people aren’t afraid to challenge human rights and religious freedom abuses—in Tibet and beyond.

115TH CONGRESS
1ST SESSION

H. RES. 153

Expressing concern over the detainment of Sandy Phan-Gillis, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 27, 2017

Mr. AL GREEN of Texas (for himself and Mr. POE of Texas) submitted the following resolution; which was referred to the Committee on Foreign Affairs, and in addition to the Permanent Select Committee on Intelligence, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

RESOLUTION

Expressing concern over the detainment of Sandy Phan-Gillis, and for other purposes.

Whereas Sandy Phan-Gillis, a naturalized United States citizen of Chinese ancestry and Texas businesswoman, has been detained by the Chinese State Security since March 2015;

Whereas Sandy traveled to China to promote business opportunities in her hometown of Houston, Texas;

Whereas Sandy was detained by Chinese security agents as she was passing through an immigration control connecting mainland China with Macau;

Whereas Chinese authorities held Sandy for six months in solitary confinement;

Whereas Sandy was denied access to a lawyer for over a year;

Whereas Sandy was hospitalized twice while in detention, and suffers from several serious medical conditions;

Whereas in June 2016, a United Nations panel ruled that China had violated international human rights by denying Sandy access to legal assistance and holding her without bringing her before judicial authorities, the first time in its history that the U.N. has ruled that an American citizen had been arbitrarily detained by China;

Whereas Sandy is accused of spying on China from 1996 to 1998;

Whereas Sandy's passport for 1996 had no Chinese visa, no Chinese entry stamps, and no Chinese exit stamps;

Whereas Sandy's pay stubs from the Houston Police Department, where she worked from 1993 to 1998, showed that during the time in question she took a total of 11 hours of vacation;

Whereas Sandy has denied any wrongdoing and said her detention was political and not criminal, according to a letter transcribed by a United States consular official in China;

Whereas China has provided little information about its allegations, saying only that she is suspected of stealing and spying on its national secrets and that over a year after her initial detention a new crime of espionage was uncovered;

Whereas the Department of State has said consular officials meet every month with Phan-Gillis and are monitoring the case closely; and

Whereas the father of Sandy Phan-Gillis is currently hospitalized in intensive care, and would benefit from his daughter's presence: Now, therefore, be it

1 *Resolved*, That the House of Representatives—

2 (1) expresses its ongoing concern about the de-
3 taining of Sandy Phan-Gillis in Guangxi Province,
4 People's Republic of China, since March 2015;

5 (2) encourages the Department of State and
6 the intelligence community to jointly continue inves-
7 tigations and to consider all plausible explanations
8 for Sandy's detainment;

9 (3) urges the Department of State and the in-
10 telligence community to coordinate investigations
11 with the Government of the People's Republic of
12 China and solicit information from appropriate re-
13 gional affairs and law enforcement experts on plau-
14 sible explanations for Sandy's detainment;

15 (4) requests that the Department of State and
16 the intelligence community continue to work with
17 and inform Congress and the family of Sandy Phau-
18 Gillis on efforts to recover Sandy and to resolve her
19 detainment; and

1 (5) requests the immediate release of Sandy
2 Phan-Gillis by the Government of the People's Re-
3 public of China.

○

China Being Granted PNTR and Entering the WTO Has Caused a Human Rights Disaster
-- Wei Jingsheng's Written Testimony to CECC's Hearing "The Broken Promises of China's WTO
Accession: Reprioritizing Human Rights"
on March 1, 2017

At the beginning of this century, China was granted PNTR and entered the WTO. It has caused a human rights disaster in China. China has not progressed in terms of human rights protection, but in fact has retreated from where it was in 1980's and 1990's. People now know the phenomenon of backtracking. What I want to talk about mainly is the reasons that caused it.

China being granted PNTR and accession to the WTO are the policies of the USA. One of the major arguments in deciding on this policy was that economic development would automatically bring political progress and human rights improvement. The subtext of this premise is that the Communist regime itself has the motivation to improve human rights and reform the political system.

This premise and the subtext is simply a huge mistake. The basic theory of the Chinese Communist Party (CCP) is that it may not be Marxism, but it must be despotism; it may not be the despotism of Maoism, but it must be despotism with a handful people monopolizing power.

Since the bureaucratic capitalists cannot deceive the Chinese people through ideology, it relies on repression. Therefore, the essence of this system of government is to continuously rely on human rights violations to maintain stability. It cannot have the motive to protect human rights. The economic progress will only strengthen its power to suppress the people, instead of automatically bring democracy and freedom. The facts from the past seventeen years have proved Americans' judgment in the past was wrong.

After China was granted PNTR and entered the WTO, its economy had rapidly developed. Meanwhile, the US economy got in trouble, with the main reason for the US recession due to subsidized cheap goods and the relocation of the businesses seeking cheap labor in China. Trump's administration vowed to move the lost business back to revive the US economy. Thus, the human rights issue in China has to be an important issue that must be addressed.

First, China's working class does not have the right to organize trade unions for reasonable wages, which is the main cause of cheap labor. Facing the competition of cheap commodities from China, naturally American workers are at a disadvantage. From a macroeconomic point of view, most US companies will not move back to the United States.

Second, there are no opposition parties, nor press freedom and justice in China. China's trade

unions cannot exist independently. Foreign enterprises cannot have protection in human rights and property, cannot have normal business operations. Competitive goods from the United States will not enter the Chinese market normally.

Third, there is no justice and human rights protection in China. Enterprises of China and the United States must rely on bribery to maintain their business. The Chinese government will force them to become lobbyists for China in the United States and become a powerful tool for the Chinese government to intervene in American politics. Its influence is the main reason why the United States cannot reform the wrong policy. This influence is rapidly expanding, and will create further wrong policies which are favorable for China, and but more adverse to the United States.

Summarizing the above reasons, we can reach the conclusion that the United States must reform its trade and human rights policy about China. Not only does it need trade reform, but it also needs to issue policies that are strong in human rights. Without policy to correct its mistakes on both issues, yet simply relying on its trade and military efforts, the US will not achieve the desired results. This is exactly the conclusion that the Chinese government has reached after it observed the Trump administration. The Chinese government is very happy that the Trump administration has not paid attention to human rights, because the Chinese government has the ability to deal with United States trade and military efforts.

(Above is Wei Jingsheng's written statement to CECC hearing on March 1, 2017.)

中国得到永久最优惠国待遇 PNTR 和加入世贸组织 WTO 造成人权灾难
 -- 魏京生在美国国会及行政当局中国委员会听证会上的书面发言
 二零一七年三月一日

本世纪初让中国得到永久最正常贸易关系/优惠国待遇 (MFN/PNTR) 和加入世贸组织 WTO 之后, 在造成了中国的人权灾难。在人权保障方面中国不但没有进步, 而是从八九十年代的水平上倒退了。倒退的现象大家都了解, 我想谈的主要是造成倒退的原因。

中国得到 PNTR 和加入 WTO 是美国的政策。在决定这个政策的时候, 给出的一个主要前提, 就是经济的发展会自动带来政治的进步和人权的改善。这个前提的潜台词, 就是中共自己有改善人权和改革政治体制的动机。

这个前提和前提的潜台词根本就是个巨大的错误。中共的基本理论是, 它可以不是马克思主义, 但必须是专制主义; 可以不是毛泽东主义的专制体制, 但也必须是一小撮人垄断权力的专制主义。

官僚资产阶级没办法在意识形态上欺骗人民, 就只能靠镇压。所以这个体制的本质, 就是不断依靠侵犯人权来维持稳定。它不可能有保障人权的动机。经济的进步只会加强镇压人民的力量, 不会自

动带来民主和自由。十七年以来的事实证明美国人过去的判断是错误的。

中国得到 PNTR 和加入 WTO 之后，经济在快速地发展。美国的经济却陷入了困境，受到补贴的廉价商品，和向廉价劳动力的中国搬迁的企业，成为美国经济衰退的主要原因。川普政府发誓要把流失的企业迁回来，振兴美国的经济。那么，中国的人权问题就是必须关注的重要问题。

第一，中国的工薪阶层没有组织工会争取合理工资的权利，是造成廉价劳动力的主要原因。美国的工人在面对中国的廉价商品竞争时，就必然处于劣势。从宏观经济学的角度来看，多数美国的企业就必然不会搬回美国。

第二，中国没有反对党和反对派，没有新闻自由和司法公正。中国的工会不可能独立存在。外国的企业也不可能人权和财产方面得到保障，不可能正常经营。美国的有竞争力的商品也不会正常地输入中国的市场。

第三，中国没有司法公正和人权保障，中国和美国的企业都必须依靠行贿的方式维持他们的经营。中国政府会迫使他们在美国成为中国的游说者，成为中国政府干涉美国政治的有力工具。其影响力正是造成美国不能改革错误政策的主要原因。这种影响力正在迅速扩大，将会进一步制造出对中国更加有利，而对美国更加不利的政策错误。

总结上述原因后的结论是：美国必须改革对中国的贸易和人权政策。不仅在贸易上改革，在人权问题上也必须出台强有力的政策。不在这两个问题上同时改变错误的政策，单纯在贸易和军事上努力，将不会达到预期的效果。这正是中国政府对川普政府观察后的结论。他们很高兴川普政府没有关注人权。因为中国政府有能力对付美国单纯在贸易和军事上的努力。

THE BROKEN PROMISES OF CHINA'S WTO ACCESSION:
REPRIORITIZING HUMAN RIGHTS

MARCH 1, 2017

Witness Biographies

Representative Nancy Pelosi, House Democratic Leader

For more than 28 years, Democratic Leader Nancy Pelosi has been one of Congress' strongest champions for democracy and human rights in China and Tibet. Days after the Tiananmen Square Massacre in 1989, Pelosi introduced the Emergency Chinese Immigration Relief Act to help Chinese citizens seeking asylum in the United States. Two years later, while the Chinese Government continued its censorship and brutal suppression of the memory of that tragedy, Pelosi joined a bipartisan human rights delegation to Beijing. After eluding their official handlers, Pelosi and other Members of Congress went to Tiananmen Square, where they unfurled a banner that read "To Those Who Died for Democracy in China" and laid silk flowers on the Monument to the People's Heroes in honor of the democracy activists. In 2009, Pelosi hand delivered a letter to Chinese President Hu Jintao calling for the release of political prisoners. When Chinese democracy advocate Liu Xiaobo, a political prisoner, was awarded the Nobel Peace Prize in 2010, Pelosi attended the Nobel Peace Prize In-Absentia Ceremony to celebrate his courage and bring attention to his imprisonment. In 1998, Pelosi, as co-chair of the Congressional Working Group on China, opposed the Clinton Administration and led bipartisan opposition to Normal Trade Relations with China. Pelosi proposed legislation that would connect China's Most Favored Nation status with its human rights record and commitment to removing trade barriers that bar U.S. products for its markets. Shortly after becoming a Member of Congress, Pelosi met His Holiness the Dalai Lama in 1987, beginning a decades-long friendship with the Tibetan spiritual leader. In 2007, Speaker Pelosi presented His Holiness with the Congressional Gold Medal, in a ceremony attended by President George W. Bush. The following year, Speaker Pelosi became the highest-ranking U.S. official to meet with His Holiness the Dalai Lama in Dharamsala. In November 2015, Leader Pelosi led the first U.S. Congressional delegation to Tibet since the 2008 demonstrations and violence, where the delegation was able to speak with Tibetan university students and meet with key Chinese officials.

Representative Frank R. Wolf, (Ret.)

Mr. Frank R. Wolf is Distinguished Senior Fellow at the 21st Century Wilberforce Initiative. He was elected to Congress in 1980 and served Virginia's 10th District for 17 terms. Wolf authored the landmark International Religious Freedom Act and was the founder and co-chair of the bipartisan Tom Lantos Human Rights Commission. He was a vocal opponent of normalized trade relations with China in the years leading up to China's WTO accession due to persistent concerns about the human rights situation. In 1997, he snuck into Tibet posing as a tourist. Wolf's honors include the 2015 Wilson Chair in Religious Freedom at Baylor University, the Presidential Eleanor Roosevelt Award for Human Rights, and the Chuck Colson Center for Christian Worldview's William Wilberforce Award. He served as a CECC Commissioner from 2001–2006 and 2011–2014.

Michael R. Wessel, President, The Wessel Group and Commissioner, U.S.-China Economic and Security Review Commission

Mr. Michael R. Wessel is an original member of the U.S.-China Economic and Security Review Commission. He served on the staff of former House Democratic Leader Richard Gephardt for more than two decades, leaving his position as general counsel in 1998. He currently serves as staff liaison to the Administration's Advisory Committee on Trade Policy and Negotiations as well as the Labor Advisory Committee to the U.S. Trade Representative and Secretary of Labor. Previously, he served on the U.S. Trade Deficit Review Commission which issued its report to Congress in 2000. Commissioner Wessel is also President of the Wessel Group Incorporated, a public affairs consulting firm and serves on the board of the Goodyear Tire and Rubber Company.

James Mann, Johns Hopkins SAIS and author of "The China Fantasy" and other books on China and U.S. foreign policy

Mr. James Mann is fellow in residence at Johns Hopkins University's School of Advanced International Studies. He spent the first three decades of his career as a newspaper reporter, foreign correspondent, and columnist, primarily for the Los Angeles Times, where he served for many years as Beijing bureau chief and as Washington correspondent specializing in America's relations with China. In 2001,

he left newspaper work to become a full-time author. In 2007, Mann wrote *The China Fantasy*, an extended essay on America's reigning assumptions about China, questioning the idea that trade and investment will lead inevitably to political change and that China's authoritarian system cannot last long.

Jeff Gillis, Ph.D., husband of American businesswoman Sandy Phan-Gillis, detained in China for the past two years

Mr. Jeff Gillis is a 55-year-old resident of Houston, TX. He holds a B.S. degree in Chemical Engineering from the University of Texas at Austin, and a Ph.D. in Chemical Engineering from the University of California, Berkeley. He has spent his career doing Engineering, Project Management, and Engineering Management for Exxon, Honeywell, and Schlumberger. He has served as an At-Large board member of the Sister Cities of Houston since 2012, and he served as the volunteer producer and manager of the Sister Cities Stage at the Houston International Festival from 2006–2014. His time is now spent advocating for the release of his wife of 14 years, Sandy Phan-Gillis, from her detention in China. Ms. Phan-Gillis is an American citizen who served as Vice President and later President of the Houston-Shenzhen Sister City Association for over 20 years. She was also a member of the Mayor's International Trade and Development Council. Ms. Phan-Gillis worked for decades on projects to benefit China and Houston-China relations until she was detained on March 19, 2015, while on a trade mission to China with businessmen and the Houston Mayor Pro Tem, Ed Gonzalez.

Sophie Richardson, Ph.D., China Director, Human Rights Watch

Ms. Sophie Richardson serves as the China director at Human Rights Watch. A graduate of the University of Virginia, the Hopkins-Nanjing Program, and Oberlin College, She is the author of numerous articles on domestic Chinese political reform, democratization, and human rights in Cambodia, China, Indonesia, Hong Kong, the Philippines, and Vietnam. She has testified before the European Parliament and the U.S. Senate and House of Representatives. She has provided commentary to the BBC, CNN, the Far Eastern Economic Review, Foreign Policy, National Public Radio, the New York Times, the Wall Street Journal, and the Washington Post. Dr. Richardson is the author of "China, Cambodia, and the Five Principles of Peaceful Coexistence" (Columbia University Press, Dec. 2009), an in-depth examination of China's foreign policy since the 1954 Geneva Conference, including rare interviews with policymakers.

