



SENATE FOREIGN RELATIONS COMMITTEE

## “Evaluating U.S.- China Policy in the Era of Strategic Competition.”

February 9, 2023 – 10:00 AM

### OVERVIEW

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On Thursday, February 9, the Senate Foreign Relations Committee held a hearing titled, “Evaluating U.S.- China Policy in the Era of Strategic Competition.” During the hearing Senators and the witnesses discussed a range of topics including: global China strategy; China House at the Department of State; military deconfliction with China; human rights abuses and influence on the international order; sanctions; Confucius institutes and China’s growing influence in the U.S., including harassment of Uyghurs; sanctions; Taiwan; fentanyl; COVID-19; and intellectual property and CHIPS and Science Act.

### OPENING STATEMENTS

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- [Chairman Bob Menendez \(D-NJ\)](#)
- [Ranking Member Jim Risch \(R-ID\)](#)

### WITNESS PANEL

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- [The Honorable Wendy Sherman](#) - Deputy Secretary of State, U.S. Department of State, Washington, D.C.
- [The Honorable Ely Ratner](#) - Assistant Secretary of Defense for Indo-Pacific Security Affairs, U.S. Department of Defense, Washington, D.C.

### QUESTION AND ANSWER SUMMARY

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#### Global China Strategy

Chairman Bob Menendez (D-NJ) asked how the Department of State is ensuring its operations and resourcing, particularly through staffing and experience, are sufficient to meet the diplomatic challenges of China’s increasing global influence. Ms. Sherman agreed the scale and scope of the challenge is enormous and as a result, the Secretary of State asked for a special response in launching the China Office of Coordination (China House) at the Department. She explained the China House is a multi-dimensional, multi-domain integration of all work being done at the State Department. She emphasized it is critical to not only have an integrated strategy toward China but to work with interagency and missions around the world to ensure there is a “bespoke” China strategy. She also noted the FY 2024 budget, which will be released next month, will include a deep commitment and a significant increase in resources for the Indo-Pacific.

Finally, she highlighted how the State Department has taken bold new approaches to position itself in areas where China's influence is growing. She pointed to the opening of the Embassy in the Solomon Islands and posts in Tonga, as well as returning the Peace Corps to that part of the world.

Sen. Tim Kaine (D-VA) inquired about areas of cooperation between the U.S. and China. Ms. Sherman pointed to narcotics, climate, and global health issues as areas of likely common ground.

Sen. Ben Cardin (D-MD) asked about a coordinated strategy beyond East Asia. Ms. Sherman pointed to Secretary Yellen's trip to Africa, where debt was front and center. She noted in Zambia, Secretary Yellen underscored that all creditors including Beijing must meaningfully participate in debt relief efforts. She added that China House liaisons come from every part of the Department and spend time in their bureaus as well as China House to integrate beyond East Asian Pacific (EAP) strategy.

Sen. Cory Booker (D-NJ) asked how the U.S. can continue to use the Development Finance Corporation (DFC) and the Millennium Challenge Corporation (MCC) to expand the toolbox for economic opportunity and diplomacy. Ms. Sherman stated the DFC is working closely with the Partnership for Global Infrastructure and Investment (PGII) initiative. She emphasized the need to bring the private and public sectors together.

Sen. Mitt Romney (R-UT) urged the Administration to implement his legislation, which was co-sponsored by Chairman Menendez and enacted as a part of the NDAA for FY 2022, requiring the U.S. to develop a comprehensive strategy to counter the China threat. Sen. Romney strongly encouraged the State Department to take lead in making sure the advisory board is assembled. Ms. Sherman reassured the Senator that the Department is working on every tactical area of concern. She noted the Secretary does have a foreign affairs policy board and an international security board. She also informed the Senator she will work with the Department on the idea of having a China-focused council. She also reiterated the need for every single mission around the world to have a "bespoke strategy" for their country, because China is present in every single one.

### **Military Deconfliction with China**

Sen. Jeff Merkley (D-OR) asked about military deconfliction with China. Mr. Ratner reiterated the importance of having open lines of communication between the U.S. military and counterparts in China. He emphasized the need to communicate priorities and have serious conversations about strategy issues such as space and cyber.

### **Human Rights Violations and Influence on the International Order**

Chairman Menendez (D-NJ) inquired how the State Department has pushed back against China's systemic effort to subvert the ability of the United Nations (UN) human rights system to confront human rights abuses by China. Ms. Sherman emphasized the importance of the U.S. engagement in the human rights council and engagement broadly at the UN. She explained the Chinese operate in the UN system very effectively and put Chinese people in junior positions to allow them to move up in the chain of the system. She highlighted work by the U.S. Ambassador of the UN, Linda Thomas-Greenfield who is evaluating how China has penetrated the UN system and working with the Bureau of International Organization Affairs on ways to challenge these efforts.

Sen. Merkley inquired about transnational repression in China. Ms. Sherman agreed that transnational repression is a terrible situation and a priority to address at the State Department. She noted that Secretary Blinken met with families who are concerned with their Uyghur families who are being repressed in China because of advocacy in the U.S.

Sen. Todd Young (R-IN) referenced bipartisan legislation with Sen. Chris Coons (D-DE) which would allow the U.S. to quickly provide tangible assistance to those on the receiving end of coercion victimized by malign activities. He asked if the U.S. has sufficient tools to deal with coercive activities by malign influences. Ms. Sherman noted the State Department is in close contact with the Senators to work on this legislation and to expand the economic coercion toolbox.

Sen. Marco Rubio (R-FL) asked about the Administration's strategic vision on the new order of the world. Ms. Sherman argued U.S. democracy in the rules-based international order is being challenged and the country needs to meet that challenge. She recommended efforts to increase U.S. investment in our infrastructure and allies to meet the competitive need.

### **Sanctions**

Chairman Menendez (D-NJ) questioned what the Administration is doing to increase the cost on China for helping Iran evade U.S. sanctions related to Chinese imports of uranium oil, which have exceeded 1 million barrels per day over the past three months. Ms. Sherman asserted the State Department will sanction companies that are undermining the U.S. sanctions regime.

### **Confucius Institutes and China's Influence in the U.S.**

Ranking Member Jim Risch (R-ID) inquired what the State Department has done to monitor Confucius Institutes in the U.S. Ms. Sherman highlighted the decline in Confucius Institutes in the U.S. since 2018. She expressed support for putting a spotlight and pressure on universities to understand what is happening and how China is trying to increase its influence. She noted the State Department is also conducting oversight of police stations being created by the Chinese and asking governments and universities to be vigilant. She emphasized the importance of not closing off people-to-people exchanges and being aware of an increase in anti-Asian American hate.

Sen. Kaine pointed to China's global campaign to target the Uyghur community in the U.S. He asked what the State Department is doing to ensure the reach of "authoritarian China" to people living in the U.S. is limited. Ms. Sherman highlighted work with the FBI to shut down police stations specifically set up to target and harass certain Chinese populations living in the U.S.

### **Taiwan**

Ranking Member Risch asked what military materials the Taiwanese are requesting. Ms. Sherman highlighted work by Jessica Lewis, the Assistant Secretary for Political Military Affairs who last year notified 13 different sales to Taiwan. She noted since 2010, the U.S. has notified Congress of over \$37 billion in arms sales to Taiwan including more than \$21 billion since 2019. She expressed support for helping Taiwan with asymmetric weapons capabilities and training and integrating their reserves to ensure they have mobile and agile systems.

Sen. Chris Murphy (D-CT) inquired if leaders at the Department of Defense (DOD) believe China has decided to pursue reunification with Taiwan through force and if the armed conflict between China and the U.S. is inevitable. Mr. Ratner noted Secretary Austin and leaders at DOD do not believe an invasion of Taiwan is imminent. He asserted DOD continues to focus on deterrence efforts and work with allies to ensure a free and open Indo-Pacific.

Sen. Rubio asked about the likelihood of China acting against Taiwan. Mr. Ratner asserted China might have the intention, but argued that U.S. leaders do not think China will commit major aggressions against Taiwan in this decade.

Sen. Bill Hagerty (R-TN) referenced the Taiwan Resiliency Act included in the FY23 NDAA. He then asked if there is support for the full implementation of the \$2 billion in annual grants of foreign military financing in Taiwan. Ms. Sherman expressed the need to look at every possibility to ensure the needs of Taiwan are met. Mr. Ratner noted the DOD made it clear that any authorization in the NDAA should be met with appropriations as it relates to Taiwan security support.

### **Fentanyl Crisis**

Sen. Murphy questioned how the U.S. can rebuild cooperation with China related to the trade of illicit fentanyl into the U.S. Ms. Sherman stated this is a large priority for the President and Secretary Blinken. She noted this will be a topic discussed when Secretary Blinken travels to Beijing. She explained previously the People's Republic of China (PRC) agreed to impose class-wide controls on fentanyl in 2019, which brought direct shipments to the U.S. to almost zero. She stated the U.S. continues to see PRC precursor chemicals being used

in illicit fentanyl production and now fentanyl comes through Mexico. She added the State Department is working with countries to put pressure on China to prevent this drug from coming to U.S. borders.

## **COVID**

Sen. Rand Paul (R-KY) asked if the State Department funds coronavirus research in China. Ms. Sherman stated that she did not believe so.

## **Intellectual Property and CHIPS and Science Act**

Sen. Young inquired about the consequences of the lack of IT security and how the PRC is exploiting U.S. systems. He also inquired about the implementation efforts of the CHIPS and Science Act. Ms. Sherman expressed strong concern about China stealing intellectual property. Ms. Sherman also noted the Department is creating baselines for the year in the lead-up to the five-year horizon laid out in the provision.

Sen. Chris Van Hollen (D-MD) referenced a bill he authored that protects U.S. intellectual property. He then asked what efforts the U.S. is taking to protect U.S.-origin technology with support from allies. Ms. Sherman noted the strategy is to protect the most sensitive U.S.-origin technology and encourage partners who have developed technologies to agree not to export their sensitive technologies. Ms. Sherman added the Trade and Technology Council led by the Secretary of Commerce is focused on technology. She also noted the Secretary has focused on modernization at the State Department and stood up the Cyber and Digital Policy Bureau and Emerging Technology Envoy.

*Please click [here](#) for the archived hearing*