
CHINA'S ROLE IN THE MIDDLE EAST

HEARING

BEFORE THE

SUBCOMMITTEE ON NEAR EAST,
SOUTH ASIA, CENTRAL ASIA,
AND COUNTERTERRORISM

OF THE

COMMITTEE ON FOREIGN RELATIONS
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CHINA'S ROLE IN THE MIDDLE EAST

THURSDAY, AUGUST 4, 2022

U.S. SENATE,
SUBCOMMITTEE ON NEAR EAST, SOUTH ASIA,
CENTRAL ASIA, AND COUNTERTERRORISM,
COMMITTEE ON FOREIGN RELATIONS,
Washington, DC.

The subcommittee met, pursuant to notice, at 10:33 a.m., in room SD-419, Dirksen Senate Office Building, Hon. Christopher Murphy presiding.

Present: Senators Murphy [presiding], Shaheen, Van Hollen, Young, and Hagerty.

OPENING STATEMENT OF HON. CHRISTOPHER MURPHY, U.S. SENATOR FROM CONNECTICUT

Senator MURPHY. We are going to convene this subcommittee today to discuss China's role in the Middle East. I thank our witness for being here today as well as my colleagues.

As much as it is possible in an open setting, my goal in this hearing is to have a frank conversation so that we can appropriately factor China's Middle East goals as we right-size American goals.

The United States has been the dominant power in the Middle East for decades. America's deal with regional despots, particularly in the Gulf, has long been a pretty straightforward one, providing security in exchange for the steady provision of oil to the global economy.

For the past 20 years, several of the dynamics that underpin this arrangement have changed. First, back in 1980, the United States relied heavily on energy imports to power our economy. At that time, one-third of all oil that we use in the United States came from the Gulf.

Today, the United States produces as much oil as it gets from abroad, or only 9 percent of these imports come from Gulf countries. Today, the U.S. is not totally dependent on Gulf fossil fuels, but China is. Today, more than 50 percent of China's oil comes from the Gulf states.

Second, our allies in the Gulf no longer honor the deal that was made decades ago even though we still have a big physical military presence in the Gulf, bigger than ever before, and we keep giving Gulf nations a pass on human rights violations.

Too often our Middle East allies act in conflict with our security interests. Recently, for instance, it took a high-profile trip from the American President to Riyadh in order to simply convince our sup-

posed allies in the region to produce more oil to address spiraling global prices.

Third, today, China now needs the Middle East more than we do. Consider this stunning fact. The value of Saudi fossil fuel exports to China has grown from \$1.5 billion in 2000, just about 20 years ago, to \$43 billion today.

It is no secret why China is deepening its ties to the region. It is the Chinese economy, not the U.S. economy, that has become completely dependent on Middle East oil.

This hearing gives us an opportunity to explore China's role in the Middle East and help us craft a policy that enables us to counter China's influence in the areas that threaten U.S. interests while finding ways to cooperate in the limited areas where our interests align.

There is no question that China's growing presence in the Middle East presents a challenge to the United States that we have to confront. With such a large U.S. military footprint in the region, we must assure that China does not get its hands on our most sensitive technology.

Frankly, that is why I have opposed selling F-35s and Reaper drones to the UAE. While Middle East oil does not matter to us as much as it used to, it still matters. We do not want China to get a monopoly on the Middle East energy trade.

China is also an attractive partner to dictators of the region who are looking for more tools of repression and surveillance that the Chinese have perfected. As the world's leading human rights and democracy defender, the U.S. should push back on the spread of these tools of repression.

At the same time, I hope this hearing considers whether it is worthwhile to approach every Middle East issue through a lens of U.S.-China competition.

For example, China's recent sale of armed drones to Saudi Arabia does not mean that we should rush to provide those drones ourselves. The Saudis have a clear record of misusing such weapons against civilians in Yemen and we are right to distance ourselves from these abuses.

In addition, Chinese investments into the vanity projects, the shiny new cities for Egypt's President Sisi and the Saudi Crown Prince, they post questionable returns for investors. There is no compelling reason why the United States should be seeking to counter China's investments in these projects with our own funding.

Of course, there are limited areas where China and the U.S. share interests. We should not ignore them. For example, both China and the United States have a shared interest in securing shipping lanes in the Gulf. Both benefit from an Iranian nuclear deal to avoid proliferation and both the United States and China benefit from stability in the region.

Finally, we should recognize that while China's influence in the region is increasing, it has limits and that the United States commitment to the region, despite much hyped fears of abandonment, continues as we remain the leading security partner for every country in the region except, of course, for Iran.

We should not be so insecure as to believe that our partners in the Middle East think China can be taken seriously as an alternative to the United States. For example, while the United States preserves the security of the shipping lanes in the Gulf as a global public good, it is hard to imagine China acting to preserve anything, but its own shipments.

Let us face it, if a war erupted between the Arab Gulf countries and Iran, the Chinese navy is not sailing to anyone's defense.

Recognizing these limitations to China's influence gives us real leverage in the region and we need to use it to reset our relationship. For decades, our approach to the Middle East has been overly militarized at the expense of economic diversification and inclusive political reform, which leads me to my last and most important point.

We should not deprioritize political and economic reform priorities in the Middle East for the sake of competing with China. Poor, corrupt, and unequal societies make for a combustible mix that can quickly cause superficially stable regimes to collapse quickly.

In the long run, the most stable countries are democracies and we should not lose sight of that goal.

I look forward to the witness' testimony today to learn more about how the State Department is diagnosing and taking on this important issue.

With that, I will turn to the ranking member for opening remarks.

**STATEMENT OF HON. TODD YOUNG,
U.S. SENATOR FROM INDIANA**

Senator YOUNG. Thank you, Mr. Chairman, for holding this hearing, and thank you, Assistant Secretary Leaf, for being here today.

I believe this topic is critical for us to examine as great power competition is not confined to one geographic region.

While we rightly seek to prioritize countering the Chinese Communist Party, we must acknowledge that Beijing is not just a challenge in the Indo-Pacific, but also a challenge to our interests across the Middle East, in Africa, and beyond.

America's role in the Middle East is at a critical moment and our approach to our relationships with our partners will speak volumes to our allies and our adversaries alike.

Perception is vital, and given some of the Administration's policy missteps, one could come to an erroneous conclusion about America's role, intent, and influence in a region where we have traditionally been the partner of choice.

The withdrawal from Afghanistan, a somewhat nebulous Indo-Pacific strategy, and Iran policy that could disrupt the delicate balance of power, restrictive arms sales policies, the Biden administration's belated embrace of the Abraham Accords, it is not hard to see how our adversaries are weaving these threads into a broader narrative of U.S. disengagement.

As our perceived light wavers, China is seeking to fan theirs into a flame. We already know the region is key to Beijing's economic ambitions. A substantial portion of its overland and maritime trade routes rely on regional access, requiring not just stability, but influence no matter the cost.

A GCC ministerial visit to China in January show that the desire to deepen economic cooperation is mutual. Regional governments want to diversify their economies and Foreign Minister Wang's efforts to continue talks of a free trade agreement represent an opportunity that is too good for our Gulf partners to pass up.

Militarily, we only need to look at the overtures Beijing has made to anyone willing to listen, including both partners and adversaries of the United States.

Since the end of the U.N. conventional arms embargo on Iran, China has a new and willing partner who will flood the region with Chinese arms, including to proxies intent on the destruction of Israel.

These examples show how Beijing has studied our example and is playing to what it perceives as our vulnerabilities. Where America must hold herself and our partners to a higher moral standard, Beijing instead distances itself with talks of mutual benefits and neutral engagement.

This is the CCP party line when partnering with countries at ideological odds with each other. Where we must tie U.S. foreign assistance to positive steps in health, human rights, food security, and any other number of themes, Beijing only opens its checkbook.

While the CCP might claim that the countries of the Middle East should be free from U.S. influence, they are taking every possible means to exert their own influence and control.

Perhaps this may offer an opportunity. As its interests in the region grow, China will not be able to maintain an image of distant objectivity.

Deepening engagement with ideologically opposed regional players will eventually drag China into a geopolitical quagmire.

Secretary Leaf, I hope you can address these concerns today and answer some key questions today such as what will it take to win that competition and what can Congress do to support that goal.

We want to help, all of us. When it comes to national security, we cannot afford to spend time playing politics. I believe we are at a crossroads in our relationship with the region. The steps we take now will determine if the Administration's actions will permanently alter the geopolitical landscape or reinforce why America has been a stalwart and dependable ally of choice to our allies there for over 70 years.

I am pleased that we are here to discuss such an important issue.

Thank you, Mr. Chairman.

Senator MURPHY. Thank you, Senator Young.

It is now my pleasure to introduce the Honorable Barbara Leaf, Assistant Secretary of State for Near Eastern Affairs.

Assistant Secretary Leaf assumed that role in May 31 of this year after an interminably long confirmation process. She has served as Special Assistant to the President and senior director for the Middle East and North Africa at the National Security Council, previously served as our Ambassador to the UAE which is, I think, where I first met Secretary Leaf, and various other high level positions both in Washington and abroad, including Rome, Sarajevo, Cairo, Tunis, and Jerusalem.

Ambassador Leaf, we welcome you to the committee. We ask that you limit your opening remarks to about 5 minutes and the rest of your testimony will be submitted for the record.

STATEMENT OF THE HONORABLE BARBARA A. LEAF, ASSISTANT SECRETARY OF STATE FOR NEAR EASTERN AFFAIRS, U.S. DEPARTMENT OF STATE, WASHINGTON, DC

Ambassador LEAF. Chairman Murphy, Ranking Member Young, members of the subcommittee, thank you for this opportunity to share our assessment of the People's Republic of China's activities in the Middle East and North Africa.

Let me first convey on behalf of the Secretary and the Department of State as a whole our deepest condolences on the tragic loss of Congresswoman Walorski and her two staff members yesterday. It was shocking and, indeed, our prayers and our thoughts are with the families and loved ones.

As we assess China's influence in the region today in those areas that matter most, our national security. We retain a clear advantage and that is due to a long legacy across administrations of U.S. leadership on crucial issues of security, conflict resolution, and engagement with partners over the decades on all the issues that matter most to the peoples of the region.

The PRC's economic ties with the region, however, as you have both noted, reveal growing influence that requires our scrupulous attention and action.

In 2000, PRC trade with the Middle East and North Africa was about \$15 billion. By 2021, it had reached \$284 billion. That jump was driven in no small part by China's voracious appetite for the region's energy as well as its quest for markets for its exports in the region and beyond.

It remains in our national interest as the leader of the global economy to ensure the energy supply reaches world markets and that sea lanes remain open and secure.

The PRC has shown neither the desire nor the capability to assume that role and, frankly, nor should we want it to. My concern with this economic trajectory lies in two critical areas, and then there is a third set of issues on which we must remain vigilant.

First is the PRC's unfair or unsavory practices in attempting to leverage its investment and trade, especially in critical areas of research and technology to increase its global edge unfairly.

That can mean theft of IPR or misuse of access to national telecoms networks, and PRC acquisition of strategic infrastructure—ports, for example—may open new vulnerabilities for some states in the region.

My second concern is the longer-term impact of the PRC's steady accretion of economic ties and how Beijing might use those relationships for political and even coercive advantage.

There is no question, we are already seeing a more competitive environment in the region for the U.S. and this creates conditions where the PRC can coerce countries on U.N. votes and support for its positions on issues like Taiwan, the Uyghurs, and Russia's brutal war in Ukraine.

Third, while—and, importantly, while China's current military engagement in the region is relatively limited, there is clear poten-

tial over the longer term for economic relations to morph in the direction of more robust defense relationships, as the PRC markets its military hardware aggressively, and where PRC acquisition of strategic infrastructure goes, there is a potential, almost a certainty, for dual use or outright military presence.

As President Biden underscored last month in Jeddah, this Administration advancing aggressively an affirmative framework for America's engagement in the region, deescalating regional conflicts, enhancing our partnerships for collaborative work on issues that affect the whole region, and promoting regional integration in economic, political, and security terms, and that includes Israel.

President Biden made clear in engaging with regional leaders in July that we are here to stay. We are not going anywhere and we are certainly not going to leave a vacuum in the Middle East for Russia or China or Iran, for that matter, to fill.

Secretary Blinken has underlined that our approach to the challenges offered by the PRC globally is to invest, align, and compete—invest in the foundations of our strength at home, align with partners and allies, and harness those assets to compete with the PRC and that means in the Middle East as much as around the world.

We are aligned with partners concerning the critical threat posed by Iran on the need to work in common on challenges ranging from climate change, food and water insecurity, contesting the forces of extremism, dealing with fragile states, supporting refugees, and resolving the still unresolved issue of a two-state solution for Israelis and Palestinians.

We are engaging both bilaterally as well as through regional organizations and through new structures that we have helped create, the Negev Forum as one of them, that will build on the new relationship, expanding relationships between Israel and Arab states.

The PRC has not just been absent from this space that I have just described. In some significant instances, Beijing has actively acted against the region's security, whether in its relations with Iran or Syria, or its sales of advanced weaponry—UAVs as an example—that are used by nonstate actors against our Gulf partners and others.

For all the region's challenges, the U.S. deep and decades-long strategic cooperation with regional partners remains an asset that no country, certainly not the PRC, can hope to match. We must remain engaged and continue to demonstrate the collaborative leadership the region requires and desires.

Thank you very much, and I am happy to take your questions.
[The prepared statement of Ambassador Leaf follows:]

Prepared Statement of Ambassador Barbara A. Leaf

Chairman Murphy, Ranking Member Young, Members of the Subcommittee, thank you for this opportunity to share our assessment of the People's Republic of China (PRC)'s activities in the Middle East and North Africa.

Time and again, we're reminded how important the Middle East and North Africa remains to our national security. The region's sea lanes are essential to a secure global supply chain and commerce. The region's energy resources remain vital for market stability and the global economy. The vulnerability of fragile states in the region, left unaddressed, may mean refuge for terrorists with transnational aspirations on the one hand, or conflict that produces wider instability and flows of refu-

gees on the other. And an increasingly dynamic, internet-savvy youth population makes the region an important audience for U.S. policy priorities—and influence.

For decades, we have worked to prevent conflicts and terrorism from threatening the security and stability of the United States and that of our partners and allies; to prevent the proliferation of weapons of mass destruction; and to ensure the security of our closest partners, including an ironclad commitment to Israel's security.

As we assess the PRC's influence today in the Middle East and North Africa, in these areas that matter most to our national security, we retain a clear advantage that the PRC is unable to challenge.

A clear-eyed analysis of the PRC's economic ties with the region, however, reveals growing influence and areas that require our attention. We must be careful to discern signal from noise within this growing volume of economic activity, but we must also remain attuned to trends that may more directly impinge upon U.S. interests.

In 2000, PRC trade with the Middle East and North Africa was worth \$15.2 billion. By 2021, that figure had risen to \$284.3 billion. That dramatic jump was driven in no small part by energy—mainly oil and natural gas—accounting for 46 percent of the total trade today.

In comparison, over that same timeframe, U.S. trade with the region rose from \$63.4 billion to \$98.4.

The difference between PRC and U.S. trade in the region is not surprising—the PRC's voracious appetite for imported energy fuels an economy in which domestic oil production has remained flat for decades.

We're not competing with the PRC over the region's hydrocarbons. Far from it. The United States has dramatically reduced its own dependence on imported oil to the point of becoming an oil and natural gas exporter.

However, it remains in our national interest, as the leader of the global economy, to ensure this energy supply reaches world markets and that our closest allies in Europe and the Indo-Pacific enjoy unfettered access to stable energy supplies. The PRC has shown neither the desire nor the capability to assume that role. Nor should we want it to.

The PRC's export-heavy economy sends goods to and through the Middle East and North Africa. The region is a growing market for PRC wares, as well as an important transshipment point. The Suez is a vital lifeline for PRC trade with Europe.

My concern with this trajectory lies in two critical areas. And I would underline that we must remain vigilant on a third set of issues.

The first is the PRC's attempt to leverage investment and trade in critical areas of research and technology to increase its global competitiveness. PRC economic engagement is not always solely economic. It often brings with it a security concern, for the United States and for our partners. We have seen PRC intellectual property theft, technology transfer, and data harvesting worldwide over the years. And we've cautioned our partners about the risks inherent in accepting such investment.

Israel's high-tech sector is dynamic and innovative, has an organic connection to U.S. partners, and is potentially vulnerable to PRC exploitation. We have been frank with our Israeli friends about our concerns, and the value of rigorous investment screening mechanisms to ensure that technology, strategic infrastructure, and other critical assets are not compromised by external funding. Israel's adoption of such a mechanism has been a critical first step, and one we would like to help them improve upon. We also hope to work together on other issues like monitoring research institutions and expanding export controls to protect Israel's valuable technological contributions from being exploited by PRC companies.

The UAE also has a vibrant tech and innovation sector, but some partnerships with PRC companies pose potential risk. For example, early COVID vaccine co-production agreements offered the promise of accelerating the fight against the pandemic, but also carried privacy concerns, such as providing the PRC wide-ranging access to unique patient data. We have additional concerns with Chinese inroads in the UAE's tech sector.

We raise these concerns regularly with our partners because we don't want to see their sovereignty, security, and economic competitiveness compromised by PRC investment. And we offer technical assistance in setting up investment screening mechanisms, like CFIUS. We continually remind our partners of the risks posed by vendors like Huawei, Hikvision, Nuctech, and other PRC companies whose technology compromises our and our partners' security.

My second overriding concern is the longer-term impact of the PRC's steady accretion of economic ties in the region, and how Beijing might use those relationships for political and even coercive advantage. There is no question that we are already seeing a more competitive environment in the Middle East and North Africa, in which we must vie for influence on global issues.

We've seen the same polling numbers you have—in some recent polling the PRC is viewed relatively favorably by populations across the region. Certainly the PRC leverages its economic investment to portray itself as a power on the rise, unburdened by the legacy of U.S. political and security engagement in the region. In the information space, Beijing employs relentless propaganda and disinformation to promote its image and undermine that of the West and other democratic countries. It seeks to suppress views critical of the PRC through harassment, intimidation, and other coercive measures against members of regional media. Beijing also leans on state-run media for favorable coverage. It uses content-sharing agreements and placement of paid advertorials to extend the reach of its preferred narratives, while it also threatens to revoke advertising dollars and other support if stories run contrary to the PRC's viewpoints.

We are working within the State Department, including through our Global Engagement Center, as well as throughout the U.S. Government and alongside our partners and allies, to proactively address information manipulation efforts by the PRC and other actors.

This also creates conditions where the PRC can coerce countries on UN votes and support for its positions on issues like Taiwan, the Uyghurs, and Russia's brutal war in Ukraine. Not to mention a host of others that go to the rules-based order that we have worked assiduously since WWII to build and maintain.

That's why we've increased our dialogue with key regional partners on our multilateral priorities, as well as our engagement with regional multilateral organizations. Quite apart from advocacy for our own positions, it is important to demonstrate that the PRC's record has not supported the region's greatest needs. Just a few examples serve—Beijing has offered solace and protection to the Assad regime—using its veto at the UN Security Council to stymie accountability in Syria. It vetoed UN Security Council Resolutions on the cross-border aid mandate three times in 2020 and 2021 before allowing authorization for a reduced number of crossings, threatening life-saving humanitarian aid to millions of Syrians in need.

As we look to advance our core interests in the region, our engagement highlights the PRC's absence on key issues of security and stability for the region. As President Biden underscored last month in Jeddah, this Administration has an affirmative framework for America's engagement in the Middle East and North Africa—de-escalating regional conflicts, enhancing our partnerships for regional security, and promoting regional integration. In his public and private engagements President Biden made clear the U.S. commitment to the region's welfare and moreover, that “we are not going to leave a vacuum in the Middle East for Russia or China to fill.”

As Secretary Blinken detailed in May, our approach to the PRC is to “invest, align, and compete.” Globally, we are 1) investing in the foundations of our strength at home; 2) aligning with partners and allies; and 3) harnessing those assets to compete with the PRC to defend our interests and build our affirmative vision for the future. This is as true in the Middle East and North Africa as it is around the world.

We are aligned with our regional partners concerning the critical threat posed by Iran—its pursuit of a nuclear weapon, its support for terrorism, and interventions to destabilize the region. We are working to achieve a mutual return to full implementation of the JCPOA to halt the development of Iran's nuclear program and to build an integrated approach to regional security, providing common defense in the face of shared threats and capitalizing on the opportunities presented by deepening integration across the region—in political, economic and security terms, and including Israel in those efforts.

The PRC has not just been absent from this space, Beijing has aided Iran and acted against the region's interests. Last year, the PRC finalized a 25-year strategic partnership agreement with Tehran, with the promise of billions of dollars in potential future investment in Iran. The Commerce Department's Entity List includes over 70 PRC nationals and entities sanctioned for supporting the Iranian regime in one form or another. The PRC has been the top destination for Iranian oil—both legitimate exports and trade that circumvents sanctions.

Beyond Iran, the PRC has been notably absent from the fight against ISIS and contributed negligibly to the international humanitarian efforts in Yemen and Syria. Last year Beijing released an empty four-point plan on Israeli-Palestinian peace and has not since returned to the issue.

In all these areas, the region has long looked to U.S. leadership to convene warring parties, to mitigate and resolve conflict, to leverage diplomatic relationships, and to pursue solutions that build lasting regional stability. As I noted at the outset, it remains in our interest to do so.

Our alignment with our partners produces real results. During his trip, the President announced an agreement to open Saudi airspace to all civilian carriers, allow-

ing Israeli overflights of the Kingdom for the first time. Through this engagement with key partners, we secured extension of the ceasefire in Yemen, investment in a partnership to develop U.S. technology for reliable 5G and 6G networks, an agreement to link the GCC to Iraq's electoral grid, and new contributions to the Partnership for Global Infrastructure and Investment.

Only U.S. engagement could have produced the historic Abraham Accords and the follow-on development of the Negev Forum, creating new ways to develop Israel's connections with its Arab neighbors, while also leveraging this new mechanism to strengthen the Palestinian economy and improve the quality of life of Palestinians. We have supplied the region with over 35 million doses of life-saving COVID-19 vaccine. And as the region deals with drought, extreme heat, and other consequences of climate change, we have worked with partners to advance a bold agenda on climate, particularly as we look forward to the region hosting the next two climate conferences—COP27 in Egypt this fall, and COP28 in Dubai in 2023.

Ultimately, our ability to compete with the PRC in the Middle East and North Africa rests on the continued strength of our partnerships and the work together that those relationships produce—in the region and beyond, whether in Afghanistan or the Horn of Africa. For all the region's challenges, the United States' deep and decades-long strategic cooperation with regional partners remains an asset that no country—certainly not the PRC—can hope to match.

We must continue to deliver on the promise of American leadership and demonstrate that we remain an engaged, reliable partner. We cannot cede space to the PRC—or any other power—to press its case; we must be present and offer U.S. leadership and solutions. This will sometimes involve tough conversations with countries in the region, but we will pursue these in the spirit of partnership and in support of our common interests.

Our partners in the region worry that the United States' renewed focus on the Indo-Pacific comes at the expense of the Middle East and North Africa. But the truth is that we remain a global power, with global responsibilities; we are deeply engaged in both critical regions, and we must remain so. Because our partners in this region are vital to our security, our economic prosperity and that of the globe.

As the Secretary has said, "this is not about forcing countries to choose. It's about giving them a choice." Countries are going to have significant relationships with the PRC, just as the United States does. We will engage constructively with the PRC where we can, confront where we must, and in this more competitive era where our influence in the region is periodically contested by others, we will compete confidently in the value of the partnership and the values we have to offer.

Our record stacks up well against the PRC's. Our core interests in the region remain secure. But it will take sustained investment, engagement, and a concerted effort to ensure we deliver on our promise of a stable, more prosperous future.

Senator MURPHY. Thank you very much, Ambassador. Thank you for that candid testimony.

I will start with a round of questions and then open it up to the committee.

I want to talk a little bit more about China's relationship with Iran and China's relationship with the Gulf. There is this collective freak out that happens in the Gulf when the United States enters into a diplomatic conversation with Iran. Our Gulf allies sort of posit to us that it is all or nothing; you are either with us or you are against us.

Yet, China seems to be able to have it both ways. China is deepening its ties with Iran and deepening its ties with the Gulf. Iran does not shut its doors as China gets more militarily involved in the Gulf.

Is there a risk at some point that China is going to be asked by the Gulf countries to fish or cut bait, to choose sides? Or, alternatively, why does China get to play both sides while the United States is told that we have to choose?

Ambassador LEAF. Senator, I think I would differ with you on a couple of key tenets.

Now, it is true that if you go back 8, 10 years at the dawn of the efforts to negotiate the JCPOA, there was a collective freak out,

no question, and notwithstanding regular efforts by the Obama administration to read Gulf partners into where we hope to go on the eventual JCPOA there was great anxiety.

I would not say that that anxiety is missing as such, but it is—the Gulf countries are very focused on the regional dimension of what Iran is doing. This visit that I just spoke to by the President is the punctuation point of a body of work for the past year and a half. It will provide forward momentum on further such work that goes to assisting our partners with their self-defense, bolstering their resiliency, and networking more deeply in security defense, intelligence terms, their ability to deal with the threats emerging from Iran's provision of arms to proxies.

It is an irony, I am the first to say, that those UAVs that these proxies use; they are Chinese. Now, they are not provided by the state, but the state does not attempt to curtail that flow.

I see the Gulf states in terms of they have taken a different approach to Iran. They themselves have channels with Iran to manage those relationships. We have encouraged those diplomatic conversations.

Are they going to hold China to account? I look forward to that day because, frankly, China is getting away with murder in some terms.

Senator MURPHY. Second, let me present to you an argument that I find compelling, but not persuasive, but I think it is important for us to talk about and that is this.

As China becomes more dependent on exports from the Gulf relative to U.S. dependency, some would suggest that China should, in fact, pick up more of the tab for regional security.

Security of the Gulf, frankly, may matter more to them than it matters to us and, yet, we pick up almost all of that cost. They have a bigger military presence today than they did, but it is still our guarantee in the region that matters.

Is there any constructive role that China can play with respect to regional security or should we view this as a zero sum game—any increase that China has with respect to military cooperation or partnership in the region is a loss to U.S. national security interests?

Ambassador LEAF. To be quite frank, as I said earlier, I would not want to see China pick up the role that we have had for almost 80 years in securing sea lanes and the flow of commerce and energy supplies for the entire global economy.

It is a big job. It is a big responsibility. I would rather be on U.S. shoulders than Chinese shoulders because what—that puts the dependency of our own Asian partners at risk in terms of that—those energy supplies.

There is a constructive role. China could play a constructive role vis-à-vis Iran, but they do not.

Senator MURPHY. China could play a constructive role. They are not, which is why I find your argument persuasive, but I think it is important to have the conversation.

I will have other questions for a second round, but we have got members waiting to ask questions, so I will turn it over to Senator Young.

Senator YOUNG. Thank you.

China has cemented itself—picking up on the chairman’s many questions related to Iran and its relationship with China, China has cemented itself as one of Iran’s most reliable allies. Iran’s foreign policy agenda has focused on strengthening an axis of resistance, which means support from another power is vital.

Chinese oil producers have provided Iran an economic lifeline as it attempts to circumvent U.S. sanctions. They provide diplomatic cover for Iran as it accelerates its nuclear program and violates its obligations to the IAEA, and they have signed cooperation agreements that seek to bring their countries closer together economically and militarily in coming years.

Failing to stand up to China will hamper our long-term efforts to prevent Iran from acquiring a nuclear weapons capability. We can all hope for that.

A few questions along these lines. For starters, can you update me and my colleagues on the current status of China’s purchases of Iranian crude oil?

Ambassador LEAF. Senator Young, I do not have those precise figures. I will get them for you.

What I can say to this issue we have just rolled out a third set of sanctions on entities that are trafficking in these goods. We did so on August 1. We did a previous round in July, and you will see an increasing tempo of these sanctions, but I will get you those figures.

Senator YOUNG. Thank you.

As it relates to the sanctions, what steps are being taken to ensure stricter compliance with those sanctions and preventing Iran from using China to circumvent pressure?

Ambassador LEAF. This is an issue of work between the State Department and Department of the Treasury, OFAC, and it is ongoing. There is a quite a bit of work being done on an ongoing basis to illuminate the map and then to go after those targets.

Senator YOUNG. Maybe we could get an update from OFAC or State, whomever. Could that be something you could help with or would—

Ambassador LEAF. Absolutely. Absolutely.

Senator YOUNG. Okay. All right. Thank you.

What has the Chinese role been in negotiations toward return to the JCPOA? Does the China-Iran relationship represent an obstacle towards the Biden administration’s stated objective of a longer and stronger deal?

Ambassador LEAF. I would say that it has been constructive within the bounds of the P5+1 efforts. China has been clear that it would like to see Iran and the U.S. resume compliance-for-compliance approach, a resumption of the JCPOA.

I think my concern goes as much to how China does not pressure Iran at the appropriate points when we see kinetic activity and where we see clear evidence that Iran is providing lethal aid, resources, et cetera, to proxies in the region that are extraordinarily destructive, but within the bounds of the P5+1 they have been reasonably constructive.

Senator YOUNG. China and Iran recently announced a 25-year deal designed to deepen their strategic relationship.

What is the status of this deal? Do we believe that increased cooperation between the countries poses an increased threat to American troops or American allies in the Middle East?

Ambassador LEAF. The deal was—the partnership—the strategic partnership arrangement was inked last year. I think many of the elements of it would necessarily not be—they would not be implementable, given the strictures of sanctions, but it certainly gives a direction to China's prioritization of Iran as one of five countries that it sees as key to its own influence in the region.

There is no direct threat as such at this moment to U.S. forces, but it is definitely not good for the region.

Senator YOUNG. Are they contemplating weapons co-development, intelligence sharing? If you could just give me—

Ambassador LEAF. I do not think I have that information for this setting. I would be happy to come back to you in a classified setting to give you more of a read into that.

Senator YOUNG. Okay. We will likely take you up on that. Thank you so much, Chairman.

Senator MURPHY. Senator Shaheen.

Senator SHAHEEN. Thank you. Thank you for being here, Ambassador.

I want to—today is the second anniversary of the explosion at the port of Beirut, and Lebanon has had many challenges over the last couple of years and it certainly provides fertile ground for China as they are looking at the Middle East.

They have been looking at helping with the port of Beirut—40 percent of Lebanon's ports are owned by China—and the head of Hezbollah, Hassan Nasrallah, has said that Lebanon should be looking toward more friendly nations such as China for support.

What are we doing to try and counter that fertile ground for China to make mischief in Lebanon?

Ambassador LEAF. Senator, we are really actively engaged on the ground and from Washington with the Government of Lebanon and helping—working to shore up what is a real prospect of state collapse and societal collapse, and China is not, I would say, in the mix at all either in terms of significant humanitarian assistance or economic assistance.

I would be happy to share with the committee some of the differences in the way that U.S. and China approach the Middle East because it is quite striking. We look at the trade volume and port acquisition and it is striking.

It is pretty extractive. It is pretty one-way benefit, and I would say the same thing is true in Lebanon. Lebanon is not much of a business environment, frankly. The pickings are pretty slim and, really, I am not so concerned about the China threat there as I am about the threats to the fabric of society itself.

Our efforts are in terms of getting the government to agree to an IMF program, which will release funds and sustainable funds to meet their budget and their services.

Of course, we are working on what we hope will be an energy bailout arrangement, and what I would just say is the ports notwithstanding, I really do not see the threat to our interests in Lebanon coming from China so much as from the perilous state of the state itself.

Senator SHAHEEN. One of—obviously, I mentioned the port because so much of what we see China doing is trying to control the ports as part of the significant infrastructure in the Middle East.

How are we working with the Development Finance Corporation, with the IMF, with other agencies, to give countries an alternative for those infrastructure investments?

Ambassador LEAF. We are doing—right. We are doing a number of things. One, as you say, with those—we are doing matchmaking with DFC and partner governments.

We are also finding other prospective investors for countries who are being approached by China on ports and we have a number of partners who are very engaged.

I do not really want to go into it in this setting, but I can tell you that this is not sort of a wide open field and China is the only country with these ports in play. They do have—they have acquired stakes in about a dozen ports across the region.

I would also say, the other piece of this is that we are in regular discussions with governments about the risk factors attendant to strategic infrastructure being bought up either in part or in whole by even private sector—Chinese private sector actors, let alone state-owned enterprises, because of this military-civilian fusion and the plethora of laws—Chinese laws—that require Chinese private sector as well as state-owned enterprises to basically give access to their intelligence and to their military.

We have lit that up for a number of countries and it has been persuasive.

Senator SHAHEEN. I think helping us to better understand how we are working in those areas is helpful because I remember a conversation Senator Murphy and I had with a former prime minister of Greece several years ago when China was investing in the Port of Piraeus.

He said, well, we went to the EU and the EU could not help us, and we came to you all and you would not help us, and so the Chinese offered help.

I do think we have got to be very clear that we have to provide—help countries have some alternatives to what is being offered by China.

Ambassador LEAF. Senator, if you will—Senator Murphy, if you will allow me to finish responding.

We see absolutely eye to eye with you on that, Senator, and we are very engaged both in lining up alternatives, but to really illuminating the risk factors.

I think, going back to the issue of Greece and a number of countries around the world, yes, that was sort of the going in proposition—why would you turn away free money? I mean, what is not to love about an investor coming in?

Except the other side of that investment. There has been debt financing issues around the globe, but there are sovereignty issues. Nobody is signing up when they offer a commercial port in part or in whole for sale. Nobody is signing up for the PLA to use that facility. Yet, this is what is becoming clearer as a risk for countries.

Unfortunately, the other thing that we have going for us in the Middle East is sort of a sovereignty neuralgia about things like this, and this is something that we really play to, frankly.

Senator SHAHEEN. Can you explain what you mean more about that?

Ambassador LEAF. I just—I would say an acute sense of sovereignty and especially when it comes—for instance, in Iraq, a strong sense that national assets are national assets and they shall not be even sold off to a foreign private sector, let alone foreign governments.

It is a residue—it is a legacy of colonial history, but it is quite a strong thing and it is something that we can work with.

Senator SHAHEEN. Thank you. Thank you, Mr. Chairman.

Senator MURPHY. Senator Van Hollen.

Senator VAN HOLLEN. Thank you, Mr. Chairman, and Madam Assistant Secretary, it is good to see you.

This is an important topic and I have tried to dig into it and I am going to submit some questions for the record.

I want to use my time to discuss a couple issues regarding Americans detained in Iran, an American lawyer recently detained in the UAE, and what you are doing to get to the full truth and accountability in the shooting death of an American journalist in the West Bank, all part of your jurisdiction.

I am satisfied that the Administration is doing everything it can to gain the release of the Americans that are detained in Iran.

I have less confidence, at least at this moment, that the Administration is doing everything it can to ensure due process in the case of Asim Ghafoor. As you know, he was tried and convicted in absentia with no notice of the charges, alleging money laundering.

He was then arrested in Dubai en route to a family wedding in Istanbul. He has been sentenced to 3 years and then more. He has been denied bail and denied access to American lawyers.

In the interest of time, I just ask you for a couple of commitments. Will you meet with his American lawyers before the Tuesday hearing? They are willing to make themselves available at your convenience.

Ambassador LEAF. Yes. I think I just had—we just got that request yesterday and, yes, I can do so.

Senator VAN HOLLEN. Thank you. Could you keep myself and members of the committee posted on the progress with respect to due process?

Ambassador LEAF. Absolutely. As you are probably aware, Deputy Assistant Secretary Daniel Benaim is following this minute-by-minute and he is keeping me briefed on this, but absolutely.

Senator VAN HOLLEN. I appreciate that. I had a conversation some time ago with Brett McGurk over at the National Security Council and I just—you are a former ambassador to the UAE. You know a lot of the players.

I just think it is outrageous that he has been denied due process. He was arrested pretty much around the time the President was in the region—a slap in the face.

Let me go on to the killing of American journalist Shireen Abu Akleh in the West Bank on May 11. Secretary Blinken has repeatedly called for “an independent credible investigation and for accountability.” President Biden has said the same.

Just a simple yes or no question. Is that still the position of the Biden administration, the need for an independent credible investigation?

Ambassador LEAF. We have asked that there be credible investigations. There have been——

Senator VAN HOLLEN. The Secretary is on record a couple of times calling for an independent investigation. That is a quote.

Ambassador LEAF. I will have to come back to you on that, Senator, because that has not been my understanding of where our position was, but let me clarify that.

Senator VAN HOLLEN. I think you are going to find a number of members very disappointed if that is the case.

On June 23, 24 senators, including Senators Murphy and Shaheen and others, wrote to the President asking for not only an independent investigation, but making it clear that that would require U.S. involvement. Just last week the SFOPS appropriations bill that was released contains similar language, calling upon the Administration to have U.S. involvement.

On July 12, a group of SFOPS subcommittee members, including Senators Leahy, Murphy, Durbin, and myself, sent a follow-up letter to Secretary Blinken. Have you seen that one?

Ambassador LEAF. I have not.

Senator VAN HOLLEN. I urge you to look at that. I mean, this is why a lot of us are concerned that——

Ambassador LEAF. I will do so. I will do so.

Senator VAN HOLLEN. A lot of us are concerned that this is not getting the attention it deserves if you, as Assistant Secretary, have not seen it. We asked for information regarding the report by the U.S. security coordinator. Have you seen that report?

Ambassador LEAF. Not in full. I have been briefed on it. I was out there—I have been out to speak with our folks several times and I have been briefed in detail on it, and I followed the course of the U.S. security coordinator's work over the course of 5 some weeks.

I am intimately involved. I have not seen the actual report by letter, and if I can just explain. I have not seen that second letter, principally, because I just came back into town on the weekend and I have been really focused on this testimony, but I——

Senator VAN HOLLEN. I appreciate that.

If you could take a look at it——

Ambassador LEAF. I will.

Senator VAN HOLLEN. —because we asked for a response by last week.

Ambassador LEAF. Okay.

Senator VAN HOLLEN. If you could get back to us maybe later today——

Ambassador LEAF. Yes. Sure.

Senator VAN HOLLEN. —to tell us when we can expect a response on that.

We asked for a significant amount of information regarding that report, which, as you know, just stapled the PA report and the IDF report together and then reached some conclusions. That was not an independent report. I do not think anybody has said it is.

If I could just also bring to your attention the fact that the chairman of the full committee here, Senator Menendez, and Senator Booker have asked for a senior level classified briefing on the state of the investigation.

Look, I am concerned that the Administration is not giving this the attention it deserves. The Secretary says things like an independent investigation, which he did say, and we have called for accountability about an American journalist who got shot and killed.

We have expressed our desire and our determination to protect journalists around the world, especially in conflict zones, and this is a journalist who was wearing full press regalia at the time she was shot and killed.

I just—there are a number of us that are not going to allow this to be swept under the rug and we are looking for answers.

Ambassador LEAF. Thank you, Senator.

I completely take all of your points. I can tell you the Secretary had a lengthy discussion with Minister—Defense Minister Gantz—I want to say it was a week ago—and he has been pressing for accountability.

I will be happy to come back to you on all of these issues you raise.

Senator VAN HOLLEN. Thank you. Thank you, Mr. Chairman.

I would just say an independent report does not include a PA report and an independent report does not include an IDF report. That is why members of this committee have asked for American involvement in the investigation.

Thank you, Mr. Chairman.

Senator MURPHY. Thank you, Senator Van Hollen.

Let me just confirm that I share Senator Van Hollen's concerns about both getting that independent report, but also seeking accountability for the death of Shireen Abu Akleh, also his concerns regarding the effort to secure due process for Asim Ghafoor.

I appreciate your commitment to be attentive to both of those matters.

I actually want to stay—I will open up for a second round. There might be a couple other members who come seeking recognition as well, but I actually want to stay on UAE for a moment.

The Abraham Accords were a success, a victory, for stability in the region, but they did not exist in a vacuum. There were commitments that were made in coordination with those Accords that should cause us concern.

One of those commitments was the sale of F-35s and Reaper drones to UAE. The Trump administration rushed into that sale without doing the due diligence, and if they had done the due diligence they would have figured out that there was real risk of appropriation of U.S. technology by China and that is, I imagine, why we have seen a suspension of that sale by the Biden administration.

I understand there is a limit to what you can say in an open setting, but I think it is important for us to understand at a basic level why there are concerns about the choices that UAE has made.

I mean, in essence, what they did was choose China's 5G technology over the F-35, and so maybe you can talk for a moment about the threat to the compatibility of Gulf defense and U.S. sys-

tems if our allies continue to make decisions to more fully integrate themselves with Chinese technology.

Ambassador LEAF. I would say a couple of things and then I have got to step carefully in this setting.

You are right. There was a complex of issues attendant to that prospective sale that were sitting on the desk, as it were, when the Administration came into office and it was one of the first issues on which the Administration had to grapple.

Frankly, clearly, the 5G issue was just one of several—one of a list of things that needed much greater clarity and much better agreement, clearer agreement, detailed agreement, on rules of the road for any prospective sale, given the cutting-edge, state-of-the-art technology that would be at risk by a number of things that were in the mix at that time in terms of the UAE's defense relationship with China.

As I recall, 5G preexisted and was sort of not factored in, we thought, appropriately into the consideration of the deal and so it was one of the issues.

I would just simply say that in—more broadly, we take deadly seriously the issue of protecting our technology, our systems, our personnel and, thus, this issue of Huawei and other untrusted vendors is an issue of discussion with us across the region and we have been pretty successful in pushing, basically, people out of the direction of purchasing that technology in a number of cases.

We have not had active discussions recently on the F-35, but that will still be in the mix. There are a number of things and, obviously, Senator, to say the least, I would be happy to come back and do this in a more detailed fashion in a classified setting.

Senator MURPHY. I would just simply encourage my colleagues on the committee and, specifically, on the subcommittee to get that classified brief regarding some of the very difficult decisions the Administration has to make about technology conflicts in the UAE.

Let me ask one more question in the second round. Then I will turn it over to Senator Hagerty.

I want to talk about drone technology because part of this sale to UAE is the MQ-9s, but I maybe want to back up and talk more broadly about drone technology. This is a nightmare technology in the wrong hands and it is a competitive landscape in which the United States has technology, but the Chinese have technology.

Often, the argument gets made to us, well, we need to sell this technology to countries because if we do not, the Chinese will, and there is no strings that come attached with the transfer of Chinese drone technology. At least if the United States provides the technology, we will have some input into how it is used.

That is a pretty unsatisfying and unsavory answer because often this is just about an owner of the technology being not responsible, but less irresponsible if the United States is involved.

I ask this in the frame of the issue of drones, but you can back it up and be even more general in the kind of technologies we are talking about, but the question is this. Are there still good reasons, including human rights concerns, that we may not want to sell certain weapon systems into the Middle East even if the Chinese are an alternative?

Ambassador LEAF. I mean, obviously, QME has made—QME is a bedrock issue. It has to be—any system has to be calibrated in that context.

This tension that you cite, Senator, you are exactly right and it can sometimes feel very unsavory. The Chinese have gotten their—more than their foot in the door precisely because of their virtual monopoly on drone technology and they have spread it across the region helter skelter and it is condition-free.

Should we be selling it to—should we be selling drone technology to partners? Yes, under careful, scripted, clear rules of the road.

It is a huge problem, so yes, there are certain technologies we should not provide and it is a case by case situation.

Senator MURPHY. I will just argue that we should be careful to lower our standards—

Ambassador LEAF. Yes.

Senator MURPHY. —when it comes to the end use of this technology simply because the Chinese have no standards.

Senator HAGERTY.

Senator HAGERTY. Thank you, Mr. Chair, and welcome, Ms. Leaf.

I just had a good conversation with John Rakolta, who was very complimentary of your capabilities and your service.

I know that the conversation was going on as I came in about Huawei. I share concerns with my colleagues about that institution and many like it that are operated by the CCP.

In fact, in my previous job as ambassador to Japan, I spent a great deal of time working to get Huawei out of the Japanese telecom carriers and getting the Japanese Government to agree to have a clean network. It is not inexpensive. It is a lot of hard work, but it is terribly important.

At the same time, in the Middle East the Chinese Communist Party continues to expand their digital Silk Road with companies like Huawei, expanding systems that connect China with the Middle East, with Africa, and beyond and I am very concerned about the underseas cables that they are laying, again, with these Chinese systems that make them vulnerable to exploitation and we have, I think, a very big concern with one of them that I am sure you are aware of.

It is the cable that connects Pakistan and east Africa together with Europe. It is known as the PEACE undersea cable. The PEACE cable travels overland from China to Pakistan. Then it runs from both Karachi, Pakistan, and the Chinese-built Pakistani port of Gwadar to stretch out undersea to various points in east Asia, Egypt, and Europe before terminating in the south of France.

Huawei is all over this so-called PEACE undersea cable and I am very concerned about any ability of the CCP to cut it, to disrupt it, to divert it, to monitor information that our allies might be using, and I wanted to get your thoughts, Secretary Leaf, on what—on how you perceive this threat and what you see are the Administration's options to address it.

Ambassador LEAF. I am not as well versed, frankly, Senator, on this particular technology dilemma or threat for us, and I will get myself schooled on it.

I will say more broadly across the region we are all over this issue of these untrusted vendors in the information and commu-

nications technology sphere and we have been working across the region to inform, illuminate, educate, host governments on the risks to their sovereignty, risk to their security.

When they have these untrusted vendors in their national networks they have basically given a backdoor to the Chinese Government and there is data theft and so forth.

We have had successes and yes, there are, clearly, countries that have already bought into Huawei. I remember a couple of years ago this same sort of fight argumentation with the U.K., this belief they had at that time that they could firewall things, and I think people have begun to understand this risk.

It is an ongoing effort for us diplomatically. I will look into this issue of the PEACE cable and how we are constructing our approach on that, but we have been very focused on it as concerns the national telecoms.

Senator HAGERTY. One thing I would urge you to take a look into is the previous Administration's work on the SMW6 cable stretching from Singapore to Marseille. There was a tremendous amount of work that went into dealing with this exact concern on that undersea cable.

I would just highlight for my colleagues, too, the CCP has the articulated goal of controlling 60 percent of the fiber optic cable market by 2025. That is 3 years from now. They are going to control it with their own technology, with technologies that we know we should be deeply concerned about.

I would very much appreciate your digging into that, Secretary Leaf, and to have a further conversation about that as you learn more and, again, look at the example of SMW6 as, perhaps, a way that the Administration might choose to deal with this.

Ambassador LEAF. I will do so.

Senator HAGERTY. Let me turn next to the strategic cooperation agreement between Iran and China that was signed in March of 2021. It is coming to fruition now.

Iran has increasingly turned its sights toward China in search of diplomatic, economic, and technological support, and this agreement reportedly includes economic, military, and cybersecurity cooperation.

According to the New York Times, the agreement calls for joint training and exercises, joint research and weapons development and intelligence sharing, all of this to fight the lopsided battle with terrorism, drug and human trafficking, and cross border crimes.

The deepening cooperation between these two authoritarian regimes, potentially, gives China a significant foothold in the Middle East.

Secretary Leaf, do you agree that this sort of long-term strategic agreement that China struck with Iran poses a significant threat for the United States and our national security interest?

Again, I would like to get your thoughts on what we might do to counter that threat.

Ambassador LEAF. Most certainly this is a very unwelcome turn of events. It is not surprising entirely. The regime in Tehran is itself so supremely isolated, and not just because of our sanctions. It is isolated because of its own actions, its own predatory destructive behavior within its near abroad as well as the larger region.

Members of the regime have long sort of flirted with the idea that simply turning east, as it were, would allow them to evade all these problems. That is the logic of the engagement and for China, of course, China takes an approach—it has, I think, five such strategic partnerships and obviously to the degree to which Tehran feels it has this anchor in a great power does not bode well.

It is certainly an issue of concern and what we have to do is, again, the hard diplomatic work, the defense work, the security cooperation, intel cooperation, with all of those neighbors.

Not just the Gulf countries. I mean, this was the logic of the President's visit, going to Israel, meeting with the GCC plus Iraq, Jordan, Egypt, really demonstrating, again, U.S. leadership and a sort of affirmative and collaborative leadership with these countries on the range of issues.

It does illuminate rather starkly the way China goes about its business in the region and it is not to the region's good.

Senator HAGERTY. Thank you, Mr. Chairman.

Senator MURPHY. Thank you.

Senator Young. Or, actually, Senator Shaheen. I guess we have a second round.

Senator SHAHEEN. Thank you, Mr. Chairman. I will be quick and, actually, my question is really off the topic.

I would be remiss if I did not take this opportunity since you are before us to ask you about what is happening in Iraq and the unrest there and what we are doing to try and help stabilize that situation.

Ambassador LEAF. Iraq is a consuming issue of concern for us. We, in the Department of State, at the National Security Council, Department of Defense, are in constant engagement with Iraqi leaders.

I was on the phone yesterday with our ambassador in Baghdad, and we are taking in one sense and against the abjuring—sort of the invitations of various leaders for us to get into the fray and for us to sort things out and for us to put the thumb on the scale in this standoff over government formation, and that is not something we are going to do.

At the same time, we are really leveraging relationships and providing good counsel and, above all, counseling these blocs. The Kurds are in an impasse, as you know, which is part of the whole puzzle. Then you have got a standoff between Sadr and the framework—the coordinating framework.

What we want to see, above all, is no resort to violence and there was a very tricky 48-hour period there. We are messaging aggressively. I will go out there probably in September to do some more work.

It is an issue. It is a set of issues of consuming interest to us and we want to do the kind of engagement that puts the responsibility squarely on Iraqi shoulders to manage and to make decisions.

Senator SHAHEEN. I certainly agree with that. Obviously, this is a country where America has spent a lot of blood and treasure and I think there are a lot of people in this country who care very deeply about what happens in Iraq, and I am glad to hear that we are engaged.

Ambassador LEAF. This Administration is populated with people who served in Iraq—I certainly did—and who retained a very strong visceral connection to the country, but also it is a national security must. It is a keystone country for the region.

Senator SHAHEEN. Thank you. Thank you, Mr. Chairman.

Senator MURPHY. Senator Young.

Senator YOUNG. Assistant Secretary, I want to ask you a few questions about China basing in the Gulf region.

Last year, there were reports well-publicized that China was constructing military basing infrastructure at a port site in the UAE.

What is, for starters, the status of that project, please?

Ambassador LEAF. This is an issue that I would love to come back to in a classified setting. What I will say is Beijing has made clear that it has a global—a plan for a global set of military installations. Obviously, Djibouti was its first such installation.

We are keeping a very close eye on this, not only in the UAE, but elsewhere and this is a kind of issue where we are very clear with our partners that economic relationships are one thing, buying defense articles is another thing, but they will quickly run up against the bilateral defense relationship itself—

Senator YOUNG. Right.

Ambassador LEAF. —in a certain direction.

Senator YOUNG. Good. That seems like a pretty direct message—

Ambassador LEAF. It is.

Senator YOUNG. —and I think it is the one that needs to be sent. Has the Administration received assurances from the UAE authorities that they have ordered China to permanently halt port base construction?

Ambassador LEAF. All I can say in this setting is that we are making headway on our discussion. I will be happy to come back and brief you in detail.

Senator YOUNG. Sure. What about civilian Chinese infrastructure projects in the UAE and the broader Gulf region? Do you have concerns that those could be cover for Chinese military and security services presence across the region?

Ambassador LEAF. Yes.

Senator YOUNG. If you could speak to that.

Ambassador LEAF. Yes, I do, in the sense that, as I said earlier, these—whether it is a part or in whole purchase, investment, et cetera, it offers an inroad, and by Chinese law you must offer potential use by Chinese intelligence and military.

Senator YOUNG. Are there particular projects that you could point to that are especially concerning or that you are eyeballing?

Ambassador LEAF. Not for the moment. Not for the moment.

Senator YOUNG. Okay. The Wall Street Journal recently reported that China has sought to establish a military presence along the African coast.

In Equatorial Guinea, for example, the effort was only rebuffed at the urging of U.S. officials. Given its Atlantic coast and its role as both a geographic and economic gateway to both European and African markets, do you anticipate attempts from Beijing to do the same in Morocco?

Ambassador LEAF. We are watching all of these locations very closely and we are engaging with governments.

As far as Equatorial Guinea, we made very clear to the government that certain potential steps would raise national security concerns and that is the kind of dialogue we are ready to jump into with any of these countries.

Senator YOUNG. Okay. I have got about 80 seconds left and I am going to stay under the time threshold here.

Every plebe at the Naval Academy, one of the first things you learn are the various choke points around the world, right, and the Suez Canal for generations has been really vital to our national security and economic security and that of so many others.

Events there in 2021 illustrate that it can also be an Achilles' heel, right? In the event of a serious disruption like we have recently seen to the Suez Canal, what other fail-safes exist to mitigate risk to the global supply chain?

Ambassador LEAF. Okay. I am going to have to take that one back for some scrutiny because if you are talking about blockage of the Suez Canal, I mean, obviously, the Department of Defense has many tools at its disposal. In fact, the Department and others were involved in unblocking the canal, but I am——

Senator YOUNG. I bring it up in this context because it is important to China's trade routes in Europe and Africa. That is kind of the thematic nexus, but yes, that is fine.

Thank you.

Senator MURPHY. Senator Hagerty, a second round?

Two final questions while we have you before the committee, just two non-China-related questions for the record.

Can you give us an update on the status of proximity talks with Iran relative to the JCPOA? I know we talked about it in the context of China's role, but I think it would be good for the committee to get an update on where those discussions stand, more broadly.

Ambassador LEAF. Yes. As you may have seen, Special Envoy Malley is in Vienna. He has gone forward for—at the invitation of High Representative Borrell who has put a package out that is, largely, the package that we last saw in March, so Robert is going to go forward to hear where the Iranians come out on this.

We are where we have been for some months. We are not interested in discussing extraneous issues, which the Iranians keep trying to introduce into the discussion. We will have a better sense over the next day or so where things come out, and I am sure Rob would be more than happy to come up and give you a briefing.

Senator MURPHY. Lastly, news came out yesterday that OPEC+ approved a pretty meager increase in oil production. They had announced earlier that they would be increasing production by 650,000 barrels a day.

Yesterday, they announced that that increase for September would only be 100,000 barrels, and most global oil and energy economists suggest that that simply will not move the needle on global prices.

What do you make of that announcement?

Ambassador LEAF. Senator, I know this is an ongoing discussion between members of the Administration and members of OPEC.

This is, I think, a first bite at the apple, but more—these discussions will continue.

I know there are—some of the states have said that they are up against—they are running out of headroom in terms of further production. It is an ongoing discussion.

Senator MURPHY. Okay. Thank you very much for your time today.

We are going to keep the record open for members to submit questions for the record until close of business 5 o'clock tomorrow.

With that, we thank you for your time and this hearing is concluded.

[Whereupon, at 11:37 a.m., the hearing was adjourned.]

ADDITIONAL MATERIAL SUBMITTED FOR THE RECORD

RESPONSES OF AMBASSADOR BARBARA A. LEAF TO QUESTIONS SUBMITTED BY SENATOR TODD YOUNG

Question. Can you update the committee on the current status of China's purchases of Iranian crude oil, including historic purchasing trends?

Answer. The People's Republic of China (PRC) has reportedly purchased an average of 600,000–800,000 barrels of oil per day from Iran over the last 12 months, in contravention of U.S. sanctions. Absent a mutual return to full implementation of the JCPOA, we will continue to enforce sanctions on imports of Iranian oil, petroleum products, and petrochemical products.

We have issued three rounds of designations this year enforcing sanctions on PRC companies using illicit means to buy Iranian oil. On August 1, the Treasury and State Departments designated entities facilitating illicit transactions related to Iranian petroleum and petrochemical products, including several PRC entities.

RESPONSES OF AMBASSADOR BARBARA A. LEAF TO QUESTIONS SUBMITTED BY SENATOR CHRIS VAN HOLLEN

Question. Chinese Health Diplomacy in the Middle East: I chair the SFRC subcommittee that oversees global health policy. When we talk about strategic competition with China, it's often repeated that while China may make news funding infrastructure mega-projects, if you go to the schools and hospitals in the places where China is building these projects, what you'll see is that its U.S. foreign assistance supporting the actual needs of the people who live there. But we're seeing signs of China venturing into those areas as well and attempting to establish itself as a leader in global health. Chinese health diplomacy, the so-called "Health Silk Road," is particularly evident in the MENA region, where the UAE and Bahrain were early to approve a Chinese coronavirus vaccine; and where Turkey, Iran, and Morocco are among the top recipients of the vaccine.

What are you seeing on the ground in terms of Chinese health diplomacy, and has that impacted U.S. efforts to meet health needs in the region?

Answer. The United States has donated more than 38 million COVID-19 vaccine doses across the Middle East and North Africa—the vast majority provided multilaterally through COVAX. In contrast, the People's Republic of China (PRC) has donated only 14 million doses of Sinopharm and Sinovac to the region, while selling over 180 million vaccine doses through bilateral sale agreements, primarily to Iran and Morocco. Our mRNA vaccines have been and remain the most desired in the region, with some countries even boosting with our mRNA vaccines after initial vaccination with PRC-developed vaccines.

To date, we have not seen so-called "Health Silk Road" initiatives making a substantive impact on sustained U.S. health diplomacy efforts to meet the region's needs.

Question. Chinese Investment in Iraq: In January, Beijing announced a major initiative to build schools, homes, and health care centers in Iraq, including building at least 7,000 schools out of the 8,000–12,000 Baghdad estimates are needed to meet the country's needs. The U.S. has provided \$3 billion in humanitarian assistance to Iraq since 2014, according to USAID.

What does this major visible investment by China in Iraq signal about their broader bilateral relationship? What impact does that have on U.S. interests in Iraq, and what we can do about it?

Answer. The U.S. partnership with Iraq remains strong. The People's Republic of China's (PRC) investment in Iraq has not had a substantive impact on the core security and political foundations of the U.S.-Iraqi partnership. The Iraqi Government awarded two PRC-affiliated firms a contract to build 8,000 schools as part of an oil-for-projects agreement, with 1,000 schools to be constructed in 2022, according to media reports. The United States recognizes Iraq's right to pursue cooperation with international partners to advance its development goals. We also encourage Iraqi partners to carefully and critically choose development solutions that will bring real benefits to the Iraqi people and help secure Iraq's sovereignty. We continue to engage the Iraqis to ensure a climate conducive to competitive international investment, including in the development of Iraq's energy sector. U.S. companies play a major role in Iraq's energy sector, and we want to see that continue.

In contrast with the United States, the PRC leverages its economic investment to suppress criticism and to coerce countries into aligning with the PRC while ignoring issues of security and regional stability. For example, the PRC vetoed UNSC Resolutions on cross-border aid three times in 2020 and 2021—threatening humanitarian aid to millions of Syrians in need—while offering solace and protection to the Assad regime.

Question. Huawei: I have significant concerns with the dominance of Huawei in the Middle East. The Administration has recently taken steps to facilitate U.S. involvement in building out 5G and 6G networks in the region, but more must be done.

What more can we do now to facilitate the expansion of U.S. telecoms in the Middle East, and what changes, if any, should Congress consider in the future to put us in a more competitive position?

Answer. In response to our concerns about the inherent risks of using untrusted vendors associated with the People's Republic of China, we are pursuing support for alternative approaches to wireless network infrastructure, such as Open Radio Access Networks (Open RAN), which can offer lower capital and operating costs, increase supplier diversity, and prevent vendor lock-in. We are raising awareness about these opportunities through diplomatic engagement and technical assistance programs. We are encouraging the U.S. International Development Finance Corporation and other potential partners to pursue funding for critical telecommunications infrastructure for countries that cannot afford trusted alternatives but seek to replace or upgrade their network through a trusted supplier.

Question. What is the Department doing to convey the risks of doing business with Huawei to our allies and partners in the region?

Answer. We have consistently engaged our partners in the Middle East and North Africa (MENA) about the inherent risks of using untrusted vendors associated with the People's Republic of China (PRC) to build out any aspect of their telecom infrastructure or other information networks. We have presented our deep concerns at every level of government. Our persistent engagement has deterred billions of dollars of investment from partners in the region to PRC tech firms—including Huawei, ZTE, and others. We fully intend to sustain regular engagement with MENA partners on this important challenge and offer alternatives wherever possible.