

# COMBATING THE GENERATIONAL CHALLENGE OF CCP AGGRESSION

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## HEARING

BEFORE THE

## COMMITTEE ON FOREIGN AFFAIRS HOUSE OF REPRESENTATIVES

ONE HUNDRED EIGHTEENTH CONGRESS

FIRST SESSION

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FEBRUARY 28, 2023  
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## **COMBATING THE GENERATIONAL CHALLENGE OF CCP AGGRESSION**

**Tuesday, February 28, 2023**

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

The committee met, pursuant to notice, at 10:11 a.m., in room 210, House Visitor Center, Hon. Michael McCaul (chairman of the committee) presiding.

Chairman McCAUL. The Committee on Foreign Affairs will come to order. The purpose of this hearing is to identify gaps in pursuing a more holistic approach to capturing the Chinese Communist Party.

I now recognize myself for an opening statement.

I would like to first say that one of our colleagues, Joaquin Castro, is at MD Anderson and got diagnosed with cancer. And let's offer our thoughts and prayers to him for a speedy recovery. And if you can reach out to him personally, that would be awesome. And, anyway, our prayers are with him.

There is no doubt that the growing aggression of the Chinese Community Party poses a generational threat to the United States, from using a spy balloon to surveil some of America's most sensitive military sites to their theft of upwards of \$600 billion of American IP every year, much of which goes into their military, to their continued military aggression and expansion in the Indo-Pacific.

And now CIA Director Burns has recently stated U.S. intelligence has reason to believe China is considering sending weapons, lethal weapons, to Russia, all this ahead of the upcoming meeting between Chairman Xi and Putin next week where they will surely strengthen their unholy alliance.

We are living through one of the most dangerous periods in American foreign policy in a generation. It is a struggle for the global balance of power. And the primary battleground is technology leadership.

This is an issue Congress and this Administration cannot ignore. I commended the Administration for their recent export control rules on semiconductors and semiconductor equipment. And I look forward to hearing the details about your work with the Dutch and the Japanese to harmonize these controls.

But I am concerned the Administration's efforts aren't as all-encompassing as they should be. Congress authorized the Bureau of Industry and Security with expansive powers to stop the transfer of dual-use technology that the CCP is using to build their military. Yet overwhelmingly, BIS continues to grant licenses that allow crit-

ical U.S. technology to be sold to our adversaries even though it is designed, designated as threats to national security.

In just one recent 6-month time period, BIS approved licenses worth \$60 billion to Huawei and \$40 billion to SMIC, their semiconductor company. Both of these companies are military companies for the CCP. And both are listed on the entities list.

If BIS continues to mindlessly green light sensitive technology sales, the CCP has proven they will use our own inventions against us. Look no further than the recent spy balloon that the Administration allowed to fly across much of the continental United States. It has been reported western-made components were found in this balloon. That is on top of the recent hypersonic missile test, which circled the globe and landed with precision. This was only possible through U.S. technology that was sold to them. This should be a wake-up call to all Americans.

I stand ready to work with the Administration and with the Democrats on this panel to strengthen our export control systems where needed and why I launched a 90-day review of BIS.

We are also falling behind on the ideological battlefield. Congress appropriated \$325 million to the State Department to counter CCP's maligned influence around the world. But instead, that money was used to fund bakeries in Tunisia, electric vehicle charging stations in Vietnam.

And at the same time, the CCP continues to invest large amounts of money in developing countries, building bridges, roads, ports, and energy infrastructure, all the while growing their influence over the people in these developing nations.

Both the USAID and the Development Finance Corporation play key roles in developing lasting partnerships and long-term development in trade with other countries. Every day we should make sure people around the world know that our aid is not the debt-trap diplomacy that the CCP uses to exploit developing countries.

But we are not succeeding. Of the 6.3 billion people living in developing countries, about 70 percent have a positive view of both China and Russia, 70 percent. All the while, the threat against Taiwan grows everyday. Yet arms sales to Taiwan, those that the ranking member and I signed off on nearly 4 years ago, have yet to be delivered despite the Administration admitting Taiwan is facing an imminent threat from the CCP. We must strengthen Taiwan's defenses through weapons and training. We will not tolerate any attempts to delay notification to Congress of arms sales to Taiwan.

But it is not too late to reverse this trend. As the chairman of the Foreign Affairs Committee, it is my priority to make sure Congress and this Administration are working together in a bipartisan fashion to confront this generational threat. That starts with ensuring that we are using the tools we have on the books like export controls to constrain the CCP's military and surveillance systems.

And I stand ready to work with the Administration and those on the other side of the aisle to strength our export control systems where needed. We need tough diplomacy and real actions to keep critical technologies and manufacturing capabilities out of the grip of our adversaries.

So I look forward to hearing from each of you what you are doing to address the China challenge and what steps you are taking to dramatically shift your agency's priorities to meet this challenge head on. From what I have seen over the last 2 years, much more is needed.

It is time we move beyond the false belief that the CCP will ever deal in good faith. Time and again they do not stand behind their commitments. The CCP is acting in their own interest. And it is time that we start protecting ours.

And with that, the chair now recognizes the ranking member, the gentleman from New York, Mr. Meeks, for any statements he may have.

Mr. MEEKS. Well, thank you, Mr. Chairman.

And while I do not—first, let me just say also in regards to our colleague, Mr. Castro, who has all of our prayers, I have talked to a number of members of his staff. And they have told us that the surgery has been very successful, that Mr. Castro is hoping to be back after the next recess that we have. He will be home shortly recuperating. And so, to him, I want to make sure that everyone knows that every member of this committee, he is in our hearts, our thoughts, and our prayers as he recovers.

First, the aggregate data regarding license approvals and denials provides no information about the transactions that took place. To use them to conclude that problematic transactions are taking place is both wrong and I believe disingenuous.

Second, our export Administration regulations are published publicly and spell out exactly which items and technologies are not allowed to be exported to specific entities on the entity list. Companies generally do not apply for a license when they know it would be denied. So it should be no surprise that we see far more approvals than denials.

The current entity list and licensing process gives the Administration tremendous visibility into what goods and services are being legally exported. One would think we would want that. And the agency review process consisting of BIS, the State Department, Department of Defense, and the Department of Energy reviews these licenses. The public debate on the issue should be done with this important context in mind.

Now, the PRC and its policies clearly present the greatest geopolitical challenge that the United States faces today. And I want to thank Chairman McCaul for making this the very first hearing on the 118th Congress. And I thank all the witnesses here today for your service and for appearing before this committee.

And since this is our very first hearing this Congress, I want to remind everyone what this committee is all about. The House Foreign Affairs Committee must be at the forefront of positioning the United States for success in the strategic competition with China, as this is the only committee that is focused on diplomacy.

Other committees have jurisdiction over military, over our domestic institutions, over financial systems, and so on. Our job on this committee is to make sure that the State Department, USAID, the Development Finance Corporation, the Bureau of Industry and Security have the tools and resources they require to effectively compete with the People's Republic of China.

So what does effective competition look like? An effective China strategy is one that invests in the leverages, and that leverages our strengths and one which does not exaggerate the threats we face. A smart strategy is not simply about responding to Chinese actions or provocations. It is one where the United States leads by representing a positive agenda and a vision for the rest of the world. If we are simply in the countering China business, we are not living up to our responsibilities to the American people.

First and foremost, we must compete and diplomatically. Our alliances and partnerships are our superpower and something Beijing cannot replicate. Instead of taking unilateral steps that will be less effective and alienate us from our allies and partners, we must focus on working collectively to isolate Beijing.

Our generals are constantly telling me that the State Department helps make their jobs much easier. So I hope this committee will pass a bipartisan State authorization bill and work to ensure that we adequately staff and resource our Indo-Pacific strategy.

Second, we must show up diplomatically and stand up rigorously for our interests. We need to work with our allies and partners and in multilateral institutions to advance U.S. interests and uphold a rules-based order. Whether it is about calling out Beijing's genocide in Xinjiang, its provocations of the Taiwan Strait and the South China Sea, or its coercion of sovereign States, the United States cannot be silent about the PRC's problematic behavior.

The Biden Administration deserves credit on this front. It has directly shared our disagreements with China while strengthening our diplomatic partnerships, whether by elevating the Quad, starting new initiatives like Aukus, or elevating our relations with partners in ASEAN and the Pacific Islands through high level summits and strategies.

Third, it is critical that the United States remain the responsible player in this competition. We all know what the PRC is going to do. But the world needs to know what the United States will play by the rules, that we will remain open to cooperation with Beijing on areas of shared interests and global concern, and that we are trying to keep channels of communications open to ensure that this competition does not slide into conflict.

Fourth, we need to recognize that war with China would be a policy failure of catastrophic proportions. It would cost countless American lives and devastate our economy. We must make clear that we do not seek war, and we will work to avoid it. However, we will continue to stand up to the PRC's aggression against our interests.

And finally, we must not engage in a race to the bottom with the Chinese Communist Party when it comes to our values. I have been deeply troubled by the spike in anti-Asian violence spurred by the political rhetoric around COVID-19. I was similarly dismayed when one of our colleagues just last week questioned the loyalty of Congresswoman Judy Chu. There is no place for that in our democracy and in our debate. We should celebrate our diversity and safeguard our freedoms to present and clear contrast with the CCP.

And what our committee does, it matters. It matters because both the country and the world are watching.

And with that, I look forward to today's testimony. And I thank Chairman McCaul. And I yield back the balance of my time.

Chairman MCCAUL. I thank the ranking member.

I have a housekeeping measure. Based on our consultation, for purposes of Section 4820(h)(2)(B) of Title 50 of the United States Code, premised upon the national interest determination described therein, I ask unanimous consent that the committee authorize a disclosure of some non-business confidential aggregate data derived from documents provided to the committee by the Department of Commerce that summarizes export licensing decisions concerning those on the entity list as reflected in the BIS licensing data report breakdown document that has been provided to members.

Such authorization does not include the disclosure of the applicant names, trademark, or brand names, item descriptions, or ECCN, or license numbers.

Without objection, so ordered.

Other members are reminded—the ranking member is recognized.

Mr. MEEKS. Yes. Thank you, Mr. Chairman.

Let me just say quickly that while I do not oppose the UC, I do want to provide some context as to what the data is and what it represents. And I have concerns about whether the information being authorized for disclosure is of utility for the public on its own. In fact, I am concerned that it can, in fact, be misleading and politicized without the adequate context.

So we have asked BIS to provide an explanatory document that will accompany the data being disclosed on the record. And it is important that the data be considered alongside the context regarding BIS's regulatory and licensing process.

Chairman MCCAUL. I appreciate the ranking member's remarks. And we just want to see the data. It has never—we got one production of a 6-month window of time. And I look forward to your compliance with this committee, sir, Secretary Estevez. And we have had great conversations about this issue.

Other members of the committee are reminded that opening statements may be submitted for the record.

And we are pleased to have a distinguished panel of witnesses before us today on this important topic. First, Mr. Daniel Kritenbrink is the Deputy Assistant Secretary for East Asia and the Pacific at the Department of State. Mr. Alan Estevez is Undersecretary of Commerce for Industry and Security. Mr. Scott Nathan is the Chief Executive Officer of the U.S. International Development Finance Corporation. And Mr. Michael Schiffer is USAID Assistant Administrator of the Bureau for Asia.

I want to thank all of you for being here today. Your full statements will be made part of the record. And I will ask that each of you keep your remarks to 5 minutes in order to allow time for the members to ask questions.

I now recognize Mr. Kritenbrink for his opening statement.

**STATEMENT OF THE DANIEL J. KRITENBRINK ASSISTANT SECRETARY, BUREAU OF EAST ASIAN AND PACIFIC AFFAIRS, U.S. DEPARTMENT OF STATE**

Mr. KRITENBRINK. Thank you, Mr. Chairman. Chairman McCaul, Ranking Member Meeks, distinguished members of the House Foreign Affairs Committee, thank you for this opportunity to testify before you today. I am grateful for the bipartisan approach of this committee regarding our competition with the People's Republic of China.

The PRC represents our most consequential geopolitical challenge, because it is the only competitor with both the intent and increasingly the economic, diplomatic, military, and technological capability to reshape the international order. The scale and scope of the challenge posed by the PRC as it becomes more repressive at home and more aggressive abroad will test American diplomacy like few issues we have seen. We will effectively compete with the PRC and are focused on managing this relationship responsibly. In doing so, we have emphasized the importance of open, sustained, and empowered channels of communication.

To that end, Secretary Blinken met with Wang Yi, the Director of the Chinese Communist Party's Central Foreign Affairs Office, on the margins of the Munich Secretary Conference on February 18th. Their meeting was exceptionally direct.

Regarding the unacceptable and irresponsible violation of U.S. sovereignty and international law by the PRC high altitude surveillance balloon, the secretary made clear that the United States will not stand for any violation of our sovereignty and that such an incursion must never happen again. We have also exposed the breadth of the PRC's surveillance balloon program, which has intruded into the airspace of more than 40 countries across 5 continents.

The secretary condemned Russia's brutal war against Ukraine. And he warned about the implications and consequences if China provides material support to Russia or assistance with systematic sanctions or export controls evasion.

The secretary also reaffirmed there has been no change to our longstanding One China Policy, which is guided by the Taiwan Relations Act, the Three Joint Communiques, and the Six Assurances. He underscored our fundamental interest in maintaining peace and stability across the Taiwan Strait.

The secretary reiterated President Biden's statements that the United States will compete and unapologetically stand up for our values and interests, but that we do not want conflict with the PRC and we are not looking for a new cold war. At the same time, the secretary reiterated our commitment to maintaining open lines of communication at all times so as to reduce the risk of miscalculation that could lead to conflict.

We are continuing to implement the core pillars of our PRC strategy, invest, align, compete.

With your help, we are investing in the foundations of our strength at home with bipartisan bills like the CHIPS and Science Act, the Inflation Reduction Act, and the Bipartisan Infrastructure Law.

We are aligning with allies and partners on our approach abroad to build collective resilience, close off vulnerabilities, bolster security ties, and advance a shared affirmative vision.

By harnessing these key assets, we are competing with the PRC to defend our interests and build our vision for the future.

We will continue standing up to PRC threats and provocations, whether in the South and East China Seas or across the Taiwan Strait, to its economic coercion aimed at partners in Asia, Oceania, Europe, and elsewhere, and to China's attempts to undercut U.S. and allied technological advantages, and exploit our cutting edge technologies to advance the People's Liberation Army military modernization.

We will continue to support the people of Hong Kong as they confront the steady erosion of their rights and fundamental freedoms. And we will continue to call out the egregious and unacceptable human rights abuses across China, including in Xinjiang and Tibet. And we will hold accountable those involved in these practices.

Our Indo-Pacific strategy, by contrast, presents the positive, affirmative vision we have for a region that is free and open, connected, secure, prosperous, and resilient.

Through our Indo-Pacific strategy, we are building regional capacity and resilience, including to the challenges posed by the PRC, by defending democracy and the rule of law, strengthening the collective capacity of allies, partners, and friends, as well as the regional architecture, through collaboration with the Quad, ASEAN, and Partners in the Blue Pacific, driving shared prosperity through the Indo-Pacific economic framework, bolstering regional security through enhanced maritime domain awareness, and more.

These efforts support the ability of our allies and partners to make sovereign decisions in line with their interests and values, free from external pressure, while meeting their economic and development needs.

With the resources and authorities provided by this committee and the Congress, we will continue taking concrete actions to meet this moment. Again, we recognize the scale and scope of the PRC challenge will continue to grow.

We will compete vigorously with the PRC while managing that competition responsibly. And we remain willing to explore cooperation with Beijing where it is in our interest to do so.

In closing, let me reiterate our commitment to approaching our PRC strategy in a way that is consistent with our values, with bipartisan efforts at home, and in lockstep with our allies and partners abroad.

There are few issues where bipartisan action is more critical. In coordination with the U.S. Government departments and agencies, this committee, and colleagues across Capitol Hill, we are confident we can sustain the resources and policies needed to prevail in our competition with the PRC.

Thank you very much.

[The prepared statement of Mr. Kritenbrink follows:]

**OPENING STATEMENT**

DANIEL J. KRITENBRINK

ASSISTANT SECRETARY OF STATE FOR EAST ASIAN AND PACIFIC AFFAIRS

HOUSE FOREIGN AFFAIRS COMMITTEE

FEBRUARY 28, 2023

Chairman McCaul, Ranking Member Meeks, distinguished members of the House Foreign Affairs Committee: thank you for this opportunity to testify before you today. I am grateful for the bipartisan approach of this committee regarding our competition with the People's Republic of China.

I want to reinforce comments I made during an all-Members briefing earlier this month, shortly after the United States identified, tracked, and took down a PRC high-altitude surveillance balloon in U.S. territorial airspace that violated U.S. sovereignty and international law: namely, that this unacceptable and irresponsible act put on full display what we have long recognized – that the PRC has become more repressive at home and more aggressive abroad in challenging the interests and values of the United States and our allies and partners.

The PRC represents our most consequential geopolitical challenge, because it is the only competitor with both the *intent* and, increasingly, the economic, diplomatic, military, and technological *capability* to reshape the international order. The scale and scope of the challenge posed by the PRC will test American diplomacy like few issues we have seen. We will effectively compete with the PRC and are focused on managing this relationship responsibly. In doing so, we have emphasized the importance of open, sustained channels of communication.

To that end, Secretary Blinken met with Wang Yi, Director of the CCP Central Foreign Affairs Office, on the margins of the Munich Security Conference on February 18. Their meeting was exceptionally direct.

The Secretary made clear that the United States will not stand for any violation of our sovereignty – and that such an incursion must never happen again. We have also exposed the breadth of the PRC surveillance balloon program, which has intruded into the airspace of more than 40 countries across five continents.



The Secretary condemned Russia's brutal war against Ukraine and warned about the implications and consequences if China provides material support to Russia or assistance with systemic sanctions or export controls evasion.

The Secretary also reaffirmed there had been no change to our longstanding one China policy, which is guided by the Taiwan Relations Act, the three Joint Communiqués, and the Six Assurances. He underscored our fundamental interest in maintaining peace and stability across the Taiwan Strait.

The Secretary reiterated President Biden's statements that the United States will compete and unapologetically stand up for our values and interests, but that we do not want conflict with the PRC and are not looking for a new Cold War. At the same time, the Secretary reiterated our commitment to maintaining open lines of communication at all times so as to reduce the risk of miscalculation that could lead to conflict.

We are continuing to implement the core pillars of our PRC strategy: "Invest, Align, Compete."

With your help, we are *investing* in the foundations of our strength at home, with bipartisan bills like the CHIPS and Science Act, the Inflation Reduction Act, and the Bipartisan Infrastructure Law.

We are *aligning* with allies and partners on our approach abroad to build collective resilience, close off vulnerabilities, bolster security ties, and advance a shared affirmative vision.

To that end, over the past two years, we have brought together the G7, and used it to drive outcomes on the world's most pressing problems. We have never been more aligned with our partners in Europe. We have deepened our alliances with Japan, the Republic of Korea, Australia, Thailand, and the Philippines. We have launched a new partnership – AUKUS – and held leader-level summits with ASEAN states and the Pacific Island Countries. We have instructed our diplomats to engage on the PRC challenge in the Indo-Pacific, where competition is most pronounced, and globally, as Beijing exerts economic, diplomatic, military, and technological pressure in unprecedented ways. We have made a consistent and concerted effort to share information with our partners to reinforce the scale and

scope of the challenges posed by the PRC, so as to build the strongest possible coalition of nations to enhance our collective influence, shape the global strategic environment, and solve shared challenges.

By harnessing these key assets, we are *competing* with the PRC to defend our interests and build our vision for the future.

We will continue standing up to PRC threats and provocations, whether in the South and East China Seas or across the Taiwan Strait; to its economic coercion aimed at partners in Asia, Oceania, Europe, and elsewhere; and to China's attempts to undercut U.S. and allied technological advantages and exploit our cutting-edge technologies to advance People's Liberation Army (PLA) military modernization; and to China's increasing acts of transnational repression around the world, including in the United States. We will continue to support people in Hong Kong as they confront the steady erosion of their rights and fundamental freedoms, and we will continue to call out egregious and unacceptable human rights abuses across China, including in Xinjiang and Tibet, and hold accountable those involved in these practices.

To reiterate, we seek competition, not conflict, with China. But we do ask that everyone play by the same set of rules. And we want all countries to have the ability to make their own choices, free from coercion.

Our Indo-Pacific Strategy presents the positive, affirmative vision we have for a region that is free and open, connected, secure, prosperous, and resilient.

Through our Indo-Pacific Strategy, we are building regional capacity and resilience – including to the challenges posed by the PRC – by defending democracy and the rule of law; strengthening the collective capacity of allies, partners, and friends, as well as the regional architecture through collaboration with the Quad, ASEAN, and Partners in the Blue Pacific; driving shared prosperity through the Indo-Pacific Economic Framework; bolstering regional security through enhanced maritime domain awareness; and more.

These efforts support the ability of our allies and partners to make sovereign decisions in line with their interests and values, free from external pressure, while meeting their economic and development needs.

With the resources and authorities provided by this Committee and the Congress, we will continue taking concrete actions to meet this moment. We recognize the scale and scope of the PRC challenge will continue to grow.

Again, we will compete vigorously with the PRC, while managing that competition responsibly. And we remain willing to work together with Beijing where it is in our interest to do so, especially on transnational challenges such as climate change, counter-narcotics, global macroeconomic stability, and food security – that’s what the world expects of us.

In closing, let me reiterate our commitment to approaching our PRC strategy in a way that is inclusive and consistent with our values, with bipartisan efforts at home, and in lockstep with our allies and partners abroad.

There are few issues where bipartisan action is more critical. In coordination with Departments and agencies, this committee, and your colleagues across Capitol Hill, we are confident that we can sustain the resources and policies needed to prevail in our competition with the PRC.

Thank you.

Chairman MCCAUL. Thank you, Mr. Kritenbrink.  
I now recognize Mr. Estevez for his opening.

**STATEMENT OF ALAN F. ESTEVEZ, UNDERSECRETARY OF  
COMMERCE FOR INDUSTRY AND SECURITY, U.S. DEPART-  
MENT OF COMMERCE**

Mr. ESTEVEZ. Thank you, Chairman. Chairman McCaul, Ranking Member Meeks, distinguished members of the committee, thank you for inviting me to testify this morning. This is my second time appearing before this committee as Undersecretary for Industry and Security. It is an honor for me to lead the dedicated personnel of the Bureau of Industry and Security in the Department of Commerce as we take on the challenge of the People's Republic of China.

As President Biden notes in the 2022 National Security Strategy, the People's Republic of China harbors the intention and increasingly the capacity to reshape the international order in favor of one that tilts the global playing field to its benefit, even as the United States remains committed to managing the competition between our countries responsibly. The NSS goes on to State that the PRC presents the most consequential geopolitical challenge.

Given the PRC's capability and intentions, as I told this committee in my July 2022 testimony, I have directed and am currently overseeing a top to bottom review of our export control policies related to the PRC.

While my formal written statement goes into more detail, Commerce is using our regulatory and enforcement authorities to confront the PRC's military-civil fusion program and related efforts to obtain advanced technologies for military modernization, human rights violations, and other activities that threaten U.S. national security.

In October of last year, we announced significant, robust, new controls related to advanced computing and semiconductor manufacturing. We added new controls on certain high capability chips, components going into PRC supercomputers, semiconductor tools, and items going into the PRC's advanced fabrication facilities, or FABs.

We also imposed restrictions on certain activities of U.S. persons, which limits the ability of Americans to support the maintenance and operation of these technically complex machines at the PRC's advanced FABs.

The threats posed by the PRC's military-civil fusion strategy and its stated intentions for global dominance in artificial intelligence are real. Unfortunately, many of the powerful computer chips that come in consumer goods can also be the foundation of systems for mass surveillance in Xinjiang or modeling and development of nuclear missiles and other weapons.

So let me be clear. These actions were taken to protect national security and foreign policy interests of the United States. We are not engaged in economic warfare as the PRC government often claims.

Our export controls work best when applied on a multilateral basis with allies and partners, as demonstrated by our 38-member coalition's response to Russia's atrocious and illegal war in Ukraine. Conversations about coordinating substantially similar controls by critical allied countries are confidential due to their sensitivity. I would be happy to brief further on this in an appropriate setting with the appropriately cleared staff.

I would also note that we have implemented multilateral controls on certain items and electronic design software necessary for the production of advanced semiconductors.

In addition to these consequential rules, we have been vigorous in identifying and adding entities to the PRC to our entity list, which imposes requirements that exporters obtain licenses approved by BIS and our colleagues at the Department of Defense, State, and Energy before exporting items subject to our jurisdiction.

Since the beginning of the Biden Administration, we have taken aggressive posture, adding 160 PRC parties to the entity list. Approximately 25 percent of all PRC listed entities were added during this Administration.

Finally, we have been vigorous in our enforcement efforts, both through our own administrative and civil authorities in imposing criminal penalties in partnership with the Justice Department.

My north star at BIS as it relates to the PRC is to ensure that we are doing everything within our power to prevent sensitive U.S. technologies from getting into the hands of malign actors. We will continue to review our export control policies, assess the threat environment, and work across Federal Government with allies and partners, and act to protect U.S. national security.

I look forward to your questions.

[The prepared statement of Mr. Estevez follows:]



UNITED STATES DEPARTMENT OF COMMERCE  
Under Secretary for Industry and Security  
Washington, D.C. 20230

**Statement of**

**Alan F. Estevez**

**Under Secretary of Commerce for Industry and Security**

**Before the House Foreign Affairs Committee**

**Hearing Entitled, “Combatting the Generational Challenge of CCP Aggression”**

**February 28, 2023**

Chairman McCaul, Ranking Member Meeks, members of the Committee, thank you for inviting me to testify today on the work of the Department of Commerce’s Bureau of Industry and Security, or BIS, with regard to the People’s Republic of China (PRC or China).

Since this is a new Congress and there are new members on the Committee, allow me to briefly introduce BIS and describe our tools and role in the U.S. national security architecture.

I will then provide an overview of our existing export control policies toward the PRC, including an update on the work we have done as part of the comprehensive and ongoing review of our export control policies toward the PRC.

**BIS Responsibilities**

BIS advances U.S. national security and foreign policy interests by administering and enforcing an effective export control system. Essentially, our primary goal is to prevent malign actors from obtaining or diverting items, including sensitive technologies, for unauthorized purposes, to protect our national security, advance our foreign policy objectives, and maintain our leadership in science and technology, which itself is a national security imperative.

In addition to export controls, BIS has responsibility for the following: (1) participating in reviewing foreign investments and acquisitions in the United States through the Committee on Foreign Investment in the United States (CFIUS); (2) reviewing risks posed by foreign adversaries with respect to information and communications technology or services; (3) analyzing the U.S. industrial base; and (4) administering industrial compliance provisions of certain arms control and disarmament treaties.

While all of these functions are important, I am going to focus primarily on BIS’s role administering and enforcing export controls. We execute this mission by imposing appropriate controls on exports, reexports, and transfers (in-country) of items subject to our jurisdiction, which include lower-capability military items, dual-use items (i.e., those items having both commercial and military or proliferation applications), and predominantly commercial items.



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BIS also controls certain activities of U.S. persons when they support activities involving weapons of mass destruction (WMD) or military-intelligence end uses and end users. Finally, we have authority to seek criminal and administrative penalties, when appropriate, for violations of our export controls.

BIS controls are tailored to impose export license requirements based on the sensitivity of the item to be exported, the country of destination, the parties in the transaction, and the end use of the item. Some license requirements apply worldwide, including to our allies. Other license requirements apply more narrowly to a select group of countries, parties, or end uses.

BIS develops and applies licensing policies that will apply to the export of items, destinations, parties, or end uses involved in the application. Some applications are reviewed on a case-by-case basis. Other applications are reviewed with a presumption of denial, or in the case of Russia and Belarus, with a policy of denial. Approval of an export license application is a conclusion by BIS and its interagency partners that the transaction is consistent with both the stated licensing policy and our national security and foreign policy objectives.

Nearly all BIS actions, including licensing decisions and Entity List designations, are taken in collaboration with our interagency partners—the Departments of Defense, State, and Energy. In Fiscal Year (FY) 2022, BIS processed more than 40,000 license applications. In the select instances where there is disagreement among the agencies on whether to approve the license, there is an established process for any agency to initiate further escalation from the working level to the Assistant Secretary level, and higher, for review. During FY 2022, approximately only 1.1% of all applications submitted were appealed to the Assistant Secretary level. None were appealed to the Cabinet level or to the President, which would be the next steps in escalating a dispute. While the agencies may have different perspectives on individual cases, we all bring helpful expertise to the process and can reach accommodation on almost all applications. And when we cannot, the interagency review and escalation process forces us to bring our best arguments to the table to help shape U.S. export control policy.

To enhance the effectiveness of BIS controls, we also work closely with allies and partners. As the Export Control Reform Act of 2018 (ECRA) makes clear, export controls are most effective when applied by the United States in concert with international partners. If we impose unilateral controls targeting specific countries or entities, but suppliers exist in other countries that can backfill orders to those targets with comparable items, then we will not achieve our objectives because the target of our unilateral action would still receive the items of concern. This scenario risks harming U.S. technological innovation and leadership. As a result, BIS has to ensure that licensing decisions and regulatory amendments are made with a holistic assessment of these issues and their impact on national security.

BIS currently participates in four formal multilateral regimes, which are coordinating bodies for export controls in several critical areas—conventional arms and dual-use items, chemical and biological agents, nuclear-related items, and missiles and unmanned delivery systems. BIS is in constant communication with our international partners, and we have also formed additional



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working groups with the European Union, Japan, Republic of Korea (South Korea), and Five Eyes (Australia, Canada, New Zealand, and the United Kingdom) partners.

BIS's mission continues to be critical to addressing ongoing national security threats from nation states—the PRC, Russia, Iran, and North Korea—as well as from terrorists and other non-state actors. We continue to be at the forefront of the U.S. response to Russia's illegal and unjust assault on Ukraine. We also continue to be closely involved in addressing one of our most consequential challenges – preventing sensitive U.S. technologies from getting into the hands of PRC entities that undermine our national security or foreign policy objectives.

#### **Background on Current Export Controls for the PRC**

The PRC's challenge to U.S. national security and foreign policy interests is real. My north star at BIS as it relates to the PRC is to ensure we are appropriately doing everything within BIS's power to prevent sensitive U.S. technologies from getting into the hands of the PRC's military, intelligence, security services, or other parties that can divert or otherwise use U.S. sensitive technologies to undermine or erode U.S. technological leadership, enable human rights abuses, or engage in other activities that are contrary to our interests and values.

Export controls are one of the many tools that the Biden Administration is using to coordinate and respond to the PRC's destabilizing activities. BIS is using controls to address the PRC's military-civil fusion strategy, which seeks to divert dual-use or commercial technologies to military uses. BIS is also using controls to confront the PRC's military modernization, WMD development, human rights abuses, and destabilization efforts in the Indo-Pacific.

Addressing these concerns protects U.S. national security and advances our values and interests, as well as those of our allies and partners. This is a dynamic threat environment, and BIS is constantly evaluating existing authorities and thinking about how we can employ our tools to maximum effect.

BIS maintains comprehensive controls related to the PRC. This includes imposing license requirements for all military and spacecraft items under our jurisdiction; all multilaterally-controlled dual-use items; a large number of dual-use items with extensive commercial applications if the item is intended, entirely or in part, for a military end use or military end user in the PRC; and all items under our jurisdiction if the item is exported knowing it will be used in certain WMD programs or if it is intended, entirely or in part, for military-intelligence end uses or end users in the PRC.

In addition, BIS controls prohibit certain U.S. person activities that would support WMD-related activities or military-intelligence end use or end users in the PRC absent authorization. I would be remiss if I did not thank the Committee and others in Congress for enhancing these authorities as part of last year's National Defense Authorization Act. We are currently working to implement and exercise these expanded authorities.





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To comply with BIS export controls, exporters need to understand the restrictions on the items they are seeking to export. Also, they need to understand the parties in their transactions, including intermediaries and the end user, as well as the end user's intended use of the item. If an exporter fails to comply with BIS restrictions, even unknowingly, they can still be held legally liable. In addition, if someone seeks to export controlled items or technologies without authorization, BIS—in conjunction with interagency and international law enforcement partners—has the ability to stop shipments.

I want to be clear that even as we pursue actions that protect U.S. national security and foreign policy interests, we are not interested in decoupling our economy from the PRC. As we continue to stand up for our core interests, the world's two biggest economies should continue to engage in legitimate commercial trade that does not impact U.S. national security or foreign policy interests.

In FY 2022, BIS and its interagency partners approved approximately 69.9 percent of license applications involving the PRC and denied or returned-without-action approximately 30.1 percent of such license applications. Approvals of any licenses involving the PRC are not loopholes in our controls. These applications are reviewed in coordination with interagency colleagues pursuant to the interagency-established licensing policies. Notably, license applications for the PRC had an average processing time of approximately 77 days, which was significantly longer than the average processing time of approximately 40 days for all cases.

#### **Entity List and Military End User (MEU) List**

The Entity List is one of the tools that BIS uses to identify foreign parties that we have imposed license requirements on based on specific and articulable facts that indicate that they have been, are, or are at significant risk of becoming involved in activities contrary to U.S. national security or foreign policy interests. We continually assess available open-source, proprietary, and classified information, in coordination with interagency partners, for adding new parties to the list.

Generally, when a party is added to the Entity List, anyone seeking to export, reexport, or transfer items under Commerce jurisdiction to a listed party must first seek a license to do so from Commerce. As with other license applications, those applications are reviewed by the Departments of Commerce, State, Defense, and Energy. License applications for most entities on the Entity List are subject to a presumption of denial, regardless of the sensitivity of the item to be exported.

For those entities not subject to a comprehensive presumption of denial, the Entity List provides clear policies on the types of items and transactions that may be approved on a case-by-case basis. Thus, companies are likely to only submit license applications for proposed export transactions qualifying for case-by-case review rather than those subject to a presumption of denial.



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Currently, BIS has over 639 PRC-based parties on the Entity List – over 155 of those added during the Biden Administration. These parties have been added for a variety of reasons ranging from supporting the PRC’s military modernization and WMD programs, to supporting Iran’s WMD and military programs, to facilitating human rights abuses in Xinjiang. These parties include those involved in artificial intelligence, surveillance, biotechnology, and quantum computing.

BIS also maintains the Military End-User (MEU) List. The parties identified on the MEU List have been determined by the U.S. Government to be “military end users,” and represent an unacceptable risk of use in or diversion to a “military end use” or “military end user” in China, Russia, Burma, Cambodia, or Venezuela. The MEU List identifies foreign parties that are prohibited from receiving certain items with clear military applications unless the exporter secures a license.

#### **Unverified List/End-Use Checks**

In addition to the Entity List and MEU List, BIS also maintains the Unverified List (UVL), which includes parties for which we cannot verify their *bona fides* (i.e., legitimacy and reliability to participate in export transactions). An end-use check is a physical verification of a party to an export transaction and the disposition of U.S. items received. BIS conducts both pre-license checks to inform the licensing process, as well as post-shipment verifications to confirm the final disposition of exports. In FY 2022, BIS conducted approximately 1,151 end-use checks in approximately 54 countries, where approximately 75 percent of checks were considered favorable. In the other cases, BIS reviewed the parties for enforcement action or added parties to the Entity List or the UVL.

When a party is added to the UVL, no license exceptions can be used to export to these parties. Further, if we receive a license application for a party on the UVL, BIS will require a pre-license check before issuing a decision on the application.

BIS made additional revisions to the UVL policy to enhance its effectiveness in 2022, which I will describe later.

#### **Enforcement**

We know that the PRC is determined to advance its military capabilities by illicitly acquiring U.S. technology. BIS’s enforcement team is dedicated to preventing this from happening by leveraging our criminal and administrative investigative tools, as well as regulatory actions, like the Entity List and UVL, to enforce our export control rules.

During FY 2022, BIS Office of Export Enforcement (OEE) investigations led to the convictions of nine individuals and businesses involving the PRC, which resulted in approximately 152 months in prison, approximately \$185,500 in criminal fines, and approximately \$719,927 in restitution. And in FY 2021, approximately 66 percent of criminal penalties and approximately



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40 percent of administrative penalties were levied related to export violations involving the PRC, totaling almost \$6 million, as well as resulting in approximately 226 months of incarceration. In addition to monetary penalties, BIS also has a powerful administrative tool to deny export privileges.

#### **Update on PRC Export Control Review**

In July, when I last testified before this Committee, I publicly announced that I had directed a comprehensive review of our export control policies related to the PRC.

Since then, BIS has taken multiple significant actions to update our export control approach to the PRC, both as part of the review as well as actions already in process at the time of my announcement.

#### ***New Controls Related to Advanced Computing and Semiconductor Manufacturing***

The most significant action was our rule released on October 7, 2022, that imposed new controls on the PRC related to advanced computing and semiconductor manufacturing, which are both force-multiplying technologies essential to military modernization.

As National Security Advisor Jake Sullivan noted in a September 2022 speech, the strategic environment we are in today necessitates a new approach on export controls—particularly on technologies that are absolutely critical to national security such as advanced logic and memory chips. For those technologies, we must move away from our previous approach of maintaining “relative” advantages over competitors, and instead seek to prevent them from obtaining certain absolute levels of capability that pose national security risks.

One area that clearly illustrates the national security and foreign policy concerns we are seeking to address with an October 7, 2022, rule ([87 Fed. Reg. 62186](#)) is the PRC’s efforts to develop and employ supercomputers and advanced Artificial Intelligence (AI) for military, including WMD-related, applications.

The [2021 Final Report of the National Security Commission on AI](#) described AI as “the quintessential ‘dual-use’ technology,” noting that “AI technologies are the most powerful tools in generations for expanding knowledge, increasing prosperity, and enriching the human experience.” The Commission went on to say: “The ability of a machine to perceive, evaluate, and act more quickly and accurately than a human represents a competitive advantage in any field—civilian or military.”

The most powerful computing capabilities – namely large-scale AI models and very powerful supercomputers, which are built on advanced semiconductors—present U.S. national security concerns because they allow the People’s Liberation Army (PLA) to use AI to significantly improve the speed and accuracy of military decision making, planning, and logistics. They can also be used for cognitive electronic warfare, radar, signals intelligence, and jamming, and they



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can improve calculations in weapons design and testing, including for WMD. These capabilities can also create foreign policy concerns when they are used to support applications like facial or gait recognition surveillance systems for human rights abuses. The PLA in particular has been open about how it views AI as critical to its military modernization efforts.

These are the national security and foreign policy considerations on which the advanced computing portion of the rule is based.

With respect to advanced computing, BIS made three changes.

First, BIS implemented targeted restrictions on specific chips, and items containing such chips, that can be used in advanced computing and artificial intelligence applications. Through a new Foreign Direct Product (FDP) Rule, BIS also applied these controls to foreign-made chips and PRC chip designs meeting the relevant parameters.

Second, BIS implemented controls for chips and other items that will be used in or for supercomputers in the PRC or supercomputers destined for the PRC. Through another new FDP Rule, this control also applies to certain foreign-made items when destined for PRC supercomputers, including foreign-made semiconductors.

Third, BIS expanded the scope of controls for 28 PRC entities previously on the Entity List that are involved in supercomputer-related activities. These parties are now subject to the Entity List FDP Rule that restricts the entities' ability to obtain foreign-produced chips and other items. BIS added additional PRC entities under this FDP Rule in December 2022.

Much of the rationale for the advanced computing changes also applies to the new controls related to semiconductor manufacturing. Advanced semiconductors are key to developing advanced weapon systems, exascale supercomputing capabilities, and AI capabilities.

With respect to semiconductor manufacturing, BIS made three main changes.

First, BIS implemented new PRC-wide restrictions on exports of certain manufacturing tools essential for high-end chip production, regardless of the end user.

Next, BIS also imposed restrictions on the export of any U.S. tools or components to a PRC semiconductor fabrication facility that is capable of advanced logic or memory chip production. For these advanced fabrication facilities, we also imposed a license requirement on U.S. persons providing support to those entities.

Finally, we imposed controls on items that will be used to develop or produce indigenous semiconductor manufacturing equipment in the PRC.

These changes are designed to address concerns related to the production of advanced semiconductors. These controls are not intended to stop production of legacy semiconductors,



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and these controls are not tools of economic protectionism. They are national security and foreign policy tools.

***Updates to the Unverified List and Completion of End-Use Checks in the PRC***

On October 7, 2022, we also released a separate rule ([87 Fed. Reg. 61971](#)) making clear in our regulations (Export Administration Regulations, or EAR) that if a sustained lack of cooperation by a foreign government effectively prevents BIS from verifying the *bona fides* of a party located in their country, then that party could be moved from the Unverified List to the Entity List. Simultaneously, we added 31 PRC parties to the Unverified List because end-use checks had not been completed for those parties.

With this regulation change, Assistant Secretary for Export Enforcement Matthew S. Axelrod also issued an implementation [memo](#) on October 7, 2022 explaining that if we do not get cooperation in scheduling end-use checks within 60 days of making a request, entities may be placed on the UVL. Once placed on the UVL, a host government has an additional 60 days to schedule an end-use check. If the lack of cooperation persists, the entity may be placed on the Entity List.

As a result of this regulation change, we noticed improvement in cooperation, specifically with the resumption of end-use checks scheduled. Following our actions authorizing the potential movement of parties from the UVL to the Entity List, BIS completed end-use checks at 28 entities in November and December 2022, which resulted in the removal of 25 PRC parties from the UVL. This cooperation continues in 2023, but we are continuing to monitor cooperation closely and future delays will result in application of our October 7 implementation memo related to moving parties from the UVL to the Entity List.

***Additions to the Entity List***

The Entity List remains a powerful tool to inform exporters about specific parties that have been or pose a risk of being involved in activities that are contrary to U.S. national security or foreign policy interests.

Since I last appeared before this committee, we have placed 53 additional PRC entities on the Entity List. This included entities that are or have close ties to government organizations that support the PRC military and defense industry; entities that have acquired or attempted to acquire U.S.-items in support of the PRC's military modernization, including hypersonic weapons development or design and modelling of vehicles in hypersonic flight; entities at risk of diverting items to other parties already on the Entity List; entities enabling the PRC's human rights abuses in the Xinjiang Autonomous Region; entities enabling the procurement of U.S.-origin items for use by Iran's Islamic Revolutionary Guard Corps; entities that have supported or continue to support Russia's military; and one entity that facilitated the illegal export of U.S.-origin electronics to Iran for use in the production of military unmanned aerial vehicles and missile systems.



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Earlier this month, we also added six PRC entities to the Entity List for supporting the People's Liberation Army's (PLA) aerospace programs, including airships and balloons and related materials and components.

We will continue to work with our interagency colleagues, leveraging available open source, proprietary, and classified information, to identify parties of concern warranting addition to the Entity List.

***Section 1758 Technology Controls***

BIS continues to work with interagency partners to identify and establish controls on emerging and foundational technologies essential to U.S. national security pursuant to section 1758 of ECRA. The provision did not mandate the creation of new or different lists—technologies identified and controlled pursuant to section 1758 are added to the existing Commerce Control List.

Several controls that BIS has finalized or put forward since I last testified, while not specifically directed at the PRC, will have the effect of impeding the PRC's ability to obtain these section 1758 technologies. The new controls include semiconductor-related technologies for substrates of ultra-wide bandgap semiconductors and Electronic Computer-Aided Design software specially designed to develop integrated circuits with Gate-All-Around Field-Effect Transistor (GAAFET) structure, which is key to scaling chips to 3 nanometers and below.

We also added new controls for Pressure Gain Combustion technology, which has the extensive potential for terrestrial and aerospace applications (including rockets and hypersonic systems), and we finalized new controls for the four naturally occurring, dual-use marine toxins (specifically, brevetoxins, gonyautoxins, nodularins, and palytoxin).

BIS also released an advanced notice of proposed rulemaking seeking public comments on the potential uses of automated peptide synthesizers to assess whether such technology could provide the United States or our adversaries with a qualitative military or intelligence advantage and to ensure that the scope of any controls that may be implemented would be effective and minimize the potential impact on legitimate commercial or scientific applications.

Just a few weeks ago, the Bureau hosted a conference on Brain-Computer Interface (BCI) technology to gain a better understanding of this technology as part of our ongoing review of BCI technologies.

***Enforcement Actions Related to the PRC***

I cannot discuss law enforcement sensitive information or discuss any cases that may still be in process, but I can assure you that credible allegations of violations of our rules by PRC-based



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entities are investigated promptly, thoroughly, and effectively and if appropriate, penalties are imposed by BIS.

While investigations can be complex and take time to reach resolution, since I last testified before the Committee, we have taken or contributed to a number of administrative and criminal enforcement actions related to the PRC.

I would like to highlight a few noteworthy actions exemplifying our enforcement work against the PRC.

In January of this year, BIS issued a 10-year denial of export privileges to Ge Song Tao based on his previous export-related conviction and sentencing in U.S. District Court. Ge used his company, Shanghai Breeze, and contacts with Fan Yang, a U.S. Naval Anti-Submarine Warfare Officer, to illegally export maritime combat rubber raiding craft and engines to China. Agents confirmed during the investigation that the boats were financed and destined for the PRC's PLA Navy. The investigation also revealed the boats and engines were to be reverse engineered and mass produced for the PRC military. The combat rubber raiding craft ordered by the PRC were equipped with engines that can operate using gasoline, diesel fuel or jet fuel. These vessels and multi-fuel engines are used by the U.S. military and can be launched from a submarine or dropped by an aircraft. No comparable engine is manufactured in China. All told, four individuals were convicted and sentenced to a combined total of 123 months confinement.

In January of this year, BIS also worked with the Department of Justice to obtain a guilty plea by Tao Jiang, the president and owner of Broad Tech System, Inc., a California-based electronics distribution company for violations of ECRA. Jiang admitted to a federal judge in Providence, Rhode Island, that he and his company participated in a conspiracy to conceal information from the U.S. Department of Commerce and from U.S. Customs and Border Protection as part of a scheme to illegally export chemicals for use in semiconductor manufacturing from a Rhode Island-based company to an Entity Listed company in the PRC with ties to the PRC's military. The intended recipient of the shipment, a state-owned entity in Nanjing, China, mainly engages in the manufacturing of electronic components and the research, development, and production of core chips and key components in the PRC's military strategic early warning systems, air defense systems, airborne fire control systems, manned space systems, and other national large-scale projects. Sentencing in this case is scheduled for April 2023.

These cases demonstrate how BIS's Export Enforcement team leverages both administrative and criminal enforcement authority and interagency partners to address diversions of advanced technologies, like semiconductors, marine engines, and satellite and rocket prototypes, that support China's military modernization efforts.

In addition, on February 16, 2023, BIS jointly announced with the Department of Justice the formation of a Disruptive Technology Protection Strike Force. This group will work to protect U.S. advanced technologies from being illicitly acquired and used by nation state adversaries to support: (1) their military modernization efforts designed to overcome our military superiority;





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or (2) their mass surveillance programs that enable human rights abuses. As part of this effort, strike force cells will be stationed in the twelve American cities where we have field or regional offices, supported by an interagency intelligence cell in Washington, D.C.

Each operational cell consists of agents from the OEE, the Federal Bureau of Investigation, Homeland Security Investigations, and an Assistant U.S. Attorney, who will use all-source information (open source, proprietary, and classified) to pursue investigations and impose criminal and/or administrative penalties as appropriate.

The PRC remains a huge focus of our enforcement efforts, and we will continue to prioritize this work in the coming year.

**Conclusion**

I appreciate the opportunity to testify today on BIS's export controls related to the PRC.

I'm proud of the work that BIS has done to contribute to the United States efforts to advance U.S. national security and foreign policy interests. We view this work as fundamentally bipartisan, and we believe in working on a bipartisan basis to promote our mission and ensure it is adequately resourced.

Our work—like my ongoing review of our export control policies—continues. The PRC remains a complex challenge in the competition between democracies and autocracies.

We will continue to assess the effectiveness of our controls to address national security and foreign policy concerns related to the PRC and analyze whether the current threat landscape requires new action—and BIS stands ready to employ regulatory and enforcement tools, with allies and partners and unilaterally as necessary.

I thank the Committee for its partnership and support and look forward to your questions.

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Chairman MCCAUL. Thank you, Mr. Estevez.  
I now recognize Mr. Nathan for his opening statement.

**STATEMENT OF SCOTT NATHAN, CHIEF EXECUTIVE OFFICER,  
U.S. INTERNATIONAL DEVELOPMENT FINANCE CORPORATION**

Mr. NATHAN. Thank you, Mr. Chairman. Ranking Member Meeks, and members of the committee, thank you for inviting me here today. I appreciate this opportunity to testify about how the Development Finance Corporation is meeting the challenge posed by the People's Republic of China as it seeks to expand influence in the developing world.

I would like to begin by thanking this committee for its central role in creating the DFC through the passage of the BUILD Act. DFC launched just over 3 years ago. And strong bipartisan support since then has enabled DFC to build the capacity to better pursue the dual mission Congress gave us, to focus on making positive development impact in the poorest countries of the world and at the same time advance the strategic interests of the United States.

We meet this mission by financing private sector projects across regions and sectors. I want to emphasize this point. Unlike the development approach of the PRC, which often burdens countries with unsustainable, sovereign-level debt, DFC's efforts are directed toward supporting private entities, mobilizing private capital, and through that activity, building resilient market economies.

We are guided by the belief that developing a robust private sector is the best way to alleviate poverty over the long term and strengthen the economic and strategic positions of our partners around the world. DFC's investments also carry our values of openness, respect for local laws and conditions, and high environmental, labor, and integrity standards.

That stands in sharp contrast to what the PRC offers. There is no doubt that the PRC has put an immense amount of money into projects around the world through its Belt and Road Initiative. But they are using a different model. What they offer frequently comes laden with burdens, not all of them financial. When the PRC's State-controlled entities put money into projects, they often bring their own workers rather than create local jobs and show little respect for community, environmental, or labor standards. When the workers go home, the projects left behind are often inappropriate for local conditions and are poor quality.

As I travel in our markets and meet with leaders from developing nations, it is clear that many would prefer an alternative to what the PRC offers them. The key is that we need to show up and offer them that choice. That is why you created DFC. And that is what we are striving to do every day.

And we have made significant progress in close partnership with you. Last year DFC committed to financing 183 transactions totaling over \$7.4 billion, a record level of investment and associated impact. This was across our product range, including direct lending, loan guarantees, political risk insurance, and importantly our new tools of technical assistance grants and equity investments.

We are also working across sectors, from infrastructure and energy to health care and support for small business, pursuing private sector opportunities that improve people's lives and strengthen the strategic position of our allies and partners.

In my written testimony, I describe many of DFC's recent transactions of particular strategic importance. I would like to now highlight just a few.

Strategic seaport investments are a high priority for us. And DFC recently committed to lend \$150 million to finance the expansion and modernization of a container port in Ecuador. In addition to ports, we are pursuing strategic and developmental infrastructure investments around the world, including airports, railways, and toll roads.

In the 21st century, we also need to think about infrastructure more broadly, making investments to close the digital divide in a secure and open manner. To that end, DFC is supporting companies which have out-competed Chinese suppliers for cell phone networks, data centers, and smart city systems. For example, DFC recently worked with our Australian and Japanese counterparts to enable Telstra to secure the digital networks of six Pacific Island nations.

DFC financing is also promoting access to reliable energy that is cleaner, more sustainable, and more secure. In the last year, amongst other projects, we financed non-Russian gas supplies for Moldova, enabled the construction of new solar panel manufacturing plant in India, free from the problems of the Chinese supply chain, and expanded our support for a gas-fired power plant in electricity-starved Sierra Leone.

DFC is also actively pursuing new opportunities in nuclear energy. And we are working to sustainably diversify the supply and processing of critical minerals away from dependence on the PRC.

We recently invested \$30 million in the latest round of equity financing for U.S.-aligned critical minerals platform, TechMet Ltd., to support their investment in nickel and cobalt production in Brazil.

So, to conclude, these are just some examples of the type of transactions that offer an alternative to the activity of the PRC in the developing world. I am proud of the work that the fantastic team at DFC has done through these transactions and many others. And although DFC is just 3 years old, we have made great progress and are building on a record year of impact. But I know we can and must do more.

I welcome the opportunity to keep the members of this committee informed of our progress. Thank you. And I look forward to your questions.

[The prepared statement of Mr. Nathan follows:]

**Testimony of Scott A. Nathan**  
**Chief Executive Officer, United States International Development Finance Corporation**  
**House Committee on Foreign Affairs**  
**“Combatting the Generational Challenge of CCP Aggression”**  
**Tuesday, February 28, 2023**

Mr. Chairman, Ranking Member Meeks, and Members of the Committee, thank you for inviting me here today. I appreciate this opportunity to testify about how the U.S. International Development Finance Corporation is meeting the challenge posed by the People’s Republic of China and other strategic competitors, as they seek to expand influence in the developing world.

I would like to begin by thanking this Committee for its central role in creating DFC, through the passage of the BUILD Act. DFC launched just over three years ago expanding on the legacy of our predecessor organizations, the Overseas Private Investment Corporation and USAID’s Development Credit Authority. Strong bipartisan support since then has enabled DFC to build the capacity to better pursue the dual mission Congress gave us – to focus on making positive development impact in the poorest countries of the world, and, at the same time, advance the strategic interests of the United States. We meet this mission by financing private sector projects across regions and sectors. I want to emphasize this point – unlike the development approach of the PRC, which often burdens countries with unsustainable sovereign-level debt, DFC’s efforts are directed toward supporting private entities, mobilizing private capital, and through that activity, building resilient market economies.

We are guided by the belief that developing a robust private sector – from working on large infrastructure projects to supporting small business – is the best way to alleviate poverty over the long term and strengthen the economic and strategic positions of our partners around the world. Cooperating closely with the development finance institutions of our allies and partners is a key tool for amplifying this impact. Through our work, we hope to demonstrate that mobilizing private capital is the most sustainable and effective way to achieve durable development outcomes. And, importantly, our investments reflect the power of the entrepreneurial spirit and

carry our values of openness, respect for local laws and conditions, and high environmental, labor, and integrity standards.

That stands in sharp contrast to what our strategic competitors, especially the PRC, offer. There is no doubt that the PRC has put an immense amount of money into projects around the world through its Belt and Road Initiative, but they are using a different model. What they offer frequently comes laden with burdens, not all of them financial. For example, when the PRC's state-controlled entities put money into projects, they often bring their own workers rather than create local jobs and show little respect for local communities or environmental and labor standards. When the workers go home, the projects left behind are often inappropriate for local conditions and are poor quality, and if projects run into trouble, PRC entities rarely engage in cooperative restructuring negotiations and instead take the opportunity to exert undue leverage.

As I travel in our markets and meet with leaders from developing nations, it is clear that many countries - whether in the Indo-Pacific, Central Europe, Latin America, or especially, in Africa - would prefer an alternative to what the PRC or other strategic competitors offer them. The key is that we need to show up and offer them that choice. That is why you created DFC and that is what we are striving to do every day.

We have made significant progress in close partnership with you and your teams. In Fiscal Year 2022, DFC committed to financing 183 transactions totaling over \$7.4 billion - a record level of investment and associated development impact - across our range of products including direct lending, loan guarantees, political risk insurance, and, importantly, our new tools of technical assistance grants and equity investments. The BUILD Act enabled us to use these tools to take more risk so that we could make greater development impact and actively offer a viable alternative to our strategic competitors, all in pursuit of our mission. We also are working across sectors - from infrastructure and energy to healthcare and support for small business - pursuing private sector opportunities that improve people's lives and strengthen the strategic position of our allies and partners.

By investing in high quality infrastructure, DFC is helping to connect communities to the global economy and secure global supply chains. For example, we have many active leads to finance seaports around the world and have recently concluded some important transactions. DFC has committed to provide a \$150 million loan to finance the expansion and modernization of a container port in Ecuador. And, in Georgia, DFC has lent \$48 million to help expand the Poti New Sea Port on the Black Sea, creating jobs and increasing the ability to move grain, fertilizer, and goods at a crucial time, in light of Russia's ongoing war on Ukraine. We are pursuing additional strategic and developmental infrastructure investments around the world in airports, railways, and toll roads.

In the 21st century, we also need to think about infrastructure more broadly, making investments to close the digital divide in a secure and open manner. To that end, DFC is supporting companies who have actively out-competed Chinese network systems and equipment suppliers. DFC has recently worked with our Australian and Japanese counterparts to enable Telstra to secure these strategic digital networks in Papua New Guinea and five other Pacific Island nations and support the provision of affordable and safe mobile services. In Brazil, we have invested in Smart Rio, a project that deployed smart city and digital infrastructure solutions, including public wi-fi and a public-private lighting solution. And we have lent \$300 million to Africa Data Centres to help their expansion throughout the Continent.

DFC financing is promoting access to reliable energy that is cleaner, more sustainable, and more secure. In the last year, we financed non-Russian gas supplies for Moldova with \$400 million of insurance, enabled the construction of a new solar panel manufacturing plant in India that is free from the problems of the Chinese supply chain with a \$500 million loan, and expanded our support for a new gas-fired electricity plant in electricity-starved Sierra Leone to \$267 million in total. We have also promoted innovation with groundbreaking transactions that financed solar deployment in Egypt and a first of its kind on-grid solar power plant with battery storage in Malawi. At last year's Three Seas Initiative Summit, I announced that DFC would commit up to \$300 million in debt financing to the Three Seas Initiative Investment Fund, which will help finance energy and energy infrastructure projects and further promote regional economic

connectivity. These are just some examples of the work we are doing to provide increased access to affordable and reliable power, a key to unlocking development potential.

And we continue to focus on securing the energy and technologies of the future, from actively pursuing new opportunities in nuclear energy to investing in e-mobility businesses in order to secure the supply chains that support them. This includes our work to sustainably diversify the supply and processing of critical minerals away from dependence on the PRC. We recently invested \$30 million in the latest round of equity financing for U.S.-aligned critical minerals platform TechMet Ltd. to support their investment in nickel and cobalt production in Brazil.

We also are financing cutting edge solutions like debt-for-nature swaps, which reduce the burden of sovereign level debt while simultaneously conserving the environmental and economic ecosystems on which our partners depend. We were proud to have helped Belize through one of these transactions, which helped shave hundreds of millions of dollars off its national debt, conserve its marine environment, and expand its blue economy. Given the current debt crisis in emerging markets, we are working with the private sector on similar transactions around the world to bolster our partners' economic and environmental resilience.

Our work is guided by the belief that investing in resilient societies begins with investments in the well-being of people. This work is particularly important in the face of global shocks like the pandemic and the global impact of Russia's brutal and unprovoked invasion of Ukraine. As a result, DFC has increased our efforts to invest in health and food security around the world. We are strengthening pandemic preparedness by bolstering vaccine manufacturing capacity in India, Senegal, and South Africa. We are investing in long-term health system resilience by partnering with healthcare entrepreneurs operating private treatment and diagnostic clinics in Brazil, Ecuador, India and Southeast Asia. And we are surging our investments in food security – already a priority even before the events of last year – by financing innovative funds and companies that are improving agricultural productivity. We are also financing companies eliminating waste and the unproductive layers of middlemen by connecting farmers and fishers in Africa and Southeast Asia directly to their markets.

Unlike the PRC's efforts under the BRI, DFC is supporting local small business in many markets around the world. We also support lending to promote financial inclusion and the economic empowerment of women, refugees, and other underserved communities. Small businesses are the greatest engine of economic opportunity and growth, leading to employment and more stable societies. DFC is working to unleash that potential in places like Vietnam, where we are providing up to \$200 million of support to SeABank to increase their lending to SMEs. We recently have concluded similar deals in India, Nigeria, Colombia, Northern Central America, Sri Lanka, Mongolia, Liberia, and Ukraine, among others. Through this work, DFC has reached millions of entrepreneurs and small businesses, enabling them to grow and employ more people.

These are just some examples of the types of transactions that offer an alternative to our strategic competitors and, principally, to the activity of the PRC in the developing world. I am proud of the work that the fantastic team at DFC has done through these transactions and many others. Although DFC is just three years old, we have made great progress and are building on a record year of impact. But I know that we can and must do more. We also need to do it faster. Everyone at DFC is working diligently to improve our processes and structure while building more capacity to fulfill both our development and strategic missions. I welcome the opportunity to keep the members of this committee informed of our progress.

Thank you. I look forward to your questions.

Chairman MCCAUL. Thank you, Mr. Nathan.  
I now recognize Mr. Schiffer for his opening statement.

**STATEMENT OF MICHAEL SCHIFFER, ASSISTANT ADMINISTRATOR, U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT**

Mr. SCHIFFER. Thank you, Mr. Chairman. Chairman McCaul, Ranking Member Meeks, distinguished committee members, thank you for inviting me here today to testify on USAID strategy for engagement in the Indo-Pacific and for strategic competition with the People's Republic of China.

As we enter the new year, there is no shortage of global challenges, Russia's further invasion of Ukraine, which has sparked a global food emergency, a climate crisis, which has become a threat multiplier, and a global pandemic, from which we are now emerging, but which for a moment allowed autocrats to ride high and seek to control as the regular patterns of our lives were upended.

Perhaps nowhere are these challenges more evident than with the PRC under Xi Jinping's hyper-nationalist authoritarian rule, intent to rewrite for its own narrow advantage the existing global rules and norms.

In many significant respects, the challenge we face from the PRC, geoeconomic as much as geopolitical or geostrategic, is unlike any we have previously dealt with as a Nation.

For USAID, the response to this challenge does not begin with the PRC however. It begins with our own nation's value proposition, that democracy delivers, and a belief that equipped with our ideas and our ideals and with congressional support, the necessary resources, we can drive development diplomacy that elevates democratic norms and supports a vision for a rules-based international order congruent with our Nation's interests and values.

And our results demonstrate our success. Eleven of our top 15 trading partners today benefited from U.S. and USAID's foreign assistance as they developed. That I would offer is what successful global leadership looks like.

Development outcomes in a very real sense are where territorial integrity, sovereignty, and a free and open architecture live. USAID does not weaponize development assistance for our own benefit or in a transactional way to the detriment of our partners, as the PRC often does. At the same time, we are very clear-eyed about that what Beijing does abroad can have a detrimental impact on our own affirmative development agenda and the well-being of our partners.

In response, we are committed to work with our allies and partners to shape the environment in which Beijing operates and in so doing advance our vision for an open, transparent, and rules-based world.

As we contemplate the challenges before us for the balance of this century, there are four pillars to our approach.

First, USAID is prioritizing new development partnerships to accelerate the flow of capital into the investments that are critical for success in the 21st century. USAID's model enables competition, fair and transparent dealmaking, free market, and incentivizes in-



vestments and creates opportunities for American workers. Through enterprise-driven development, USAID is reducing dependency on PRC debt diplomacy, especially for infrastructure.

Second, USAID is improving assistance outcomes through digital technology and open and inclusive and secure digital ecosystems. Our work enables U.S. firms to bring world leading technologies to developing countries and to drive investment, especially in key emerging markets.

Third, USAID is enabling partner countries and local communities to become increasingly independent of and resilient to authoritarian influence. We identify and address malign and corrupting authoritarian narratives. And we amplify the positive impacts of democratic governance.

And finally, we support vibrant civil societies. We support anti-corruption efforts, human rights, and inclusive, locally driven and locally owned development, including gender equality and women's economic empowerment, all of which are vital enablers for sustainable development.

In short, USAID is elevating our contributions, doubling down on our commitment, and appealing to the best parts of our rooted history in the countries where we work. That is how we will continue to show our value, bolster American leadership around the world, and outcompete the PRC in the years ahead.

Thank you for the opportunity to represent USAID and to work with members of this committee in a bipartisan fashion to advance our Nation's interests and values around the globe. I look forward to answering any questions you may have.

[The prepared statement of Mr. Schiffer follows:]

WRITTEN TESTIMONY

**Michael Schiffer, USAID Assistant Administrator for Asia**

House Foreign Affairs Committee

**Combatting the Generational Challenge of Chinese Communist Party Aggression**

February 28, 2023

*Introduction*

Chairman McCaul, Ranking Member Meeks, Distinguished Committee Members: Thank you for inviting me to testify on the Biden-Harris Administration's strategy for engagement in the Indo-Pacific and strategic competition with the People's Republic of China (PRC). I also wish to thank the Committee for your continued bipartisan interest in, and support for, USAID's work in the Indo-Pacific, where competition with the PRC is most pronounced.

Today, I'll speak to the efforts of the United States Agency for International Development (USAID) to address growing PRC influence, the malign effect of the PRC's weaponization of its development assistance, and how USAID seeks to work with local communities to assist those in need.

*Challenges*

There are no shortages of global challenges: Russia's brutal and unprovoked invasion of Ukraine and the disastrous effect that that war has had on the global economy—and our own—disrupting supply chains and exacerbating the global food crisis. The climate crisis has become a threat multiplier. Changing weather patterns are forcing us to think twice about how we eat and grow food, how we develop infrastructure adequate to changing patterns of droughts and storms, and how we combat disease. For small island developing states, rising sea levels have created existential challenges.

The COVID-19 pandemic further underscored just how these enormous threats do not observe national borders. And, for a moment, the pandemic allowed autocrats to concentrate power and control as our lives were upended.

Perhaps nowhere is the impact of these challenges more evident than with the PRC, seemingly intent to rewrite, for its own narrow advantage, the existing global rules and norms that have for decades provided a free and open architecture for peace, security, and prosperity that benefits all people.

USAID is clear-eyed about the strategic context in which we operate, and the role that the PRC, animated by Xi Jinping's global ambitions and hyper-nationalism, plays in both the Indo-Pacific region and around the globe. The PRC is the most important geopolitical and geoeconomic challenge of our era, and it is a simple fact that what the PRC does will increasingly have an impact on our work.

*USAID Response*

None of you will be shocked that the PRC is active everywhere USAID works. As Secretary Antony Blinken has said, the PRC is the only nation with both the intent to reshape the international order and, increasingly, the economic, diplomatic, military, and technological power to do it.

USAID development programs elevate inclusion, transparency, partnership, sustainability, and respect for human rights and democratic norms—and build on our decades-long history of supporting partners to advance their priorities and self-determination. USAID, in concert with its interagency partners and like-minded allies, supports our partner countries to become increasingly resilient and achieve stronger and more sustainable development outcomes. Above all, driving our assistance is our values and what the United States, working with our partners, offers the world.

And our impact demonstrates our success in advancing sustainable development outcomes: 11 of our 15 top trading partners today benefited from American foreign assistance. We have helped build strong societies. We work with partners on their own paths to success. Development outcomes, in a very real and tangible sense, are where territorial integrity, sovereignty, and free and open architecture lives.

At the same time, we are clear-eyed that what Beijing does abroad can have a detrimental impact on our national security interests.

We are not seeking to change the PRC, but we are going to work with our allies and partners to shape the environment in which Beijing operates and, in doing so, advance our own affirmative vision for an open, transparent, and rules-based world.

By embodying our democratic ideals in the development space and by building our partners' capacity, even amid intensifying global challenges, we seek not just to enable prosperity, but to empower entire nations and entire peoples to achieve their ambitions—as they define them—and build the resilience they need to maintain those achievements.

*Resilience and Adaptation*

USAID's model, unlike that of the PRC, fosters economic environments that enable competition and fair and transparent deal-making, which in turn incentivizes investments and creates opportunities for the United States and other responsible market actors. In fact, USAID is prioritizing new climate finance partnerships to catalyze the private sector and to accelerate the flow of capital into climate change-related investments in partner countries.

In the Pacific Islands, for instance, we are deepening our engagement to build climate resilience and adaptation, enhance local capacity, and strengthen regional connectivity.

We continue to unlock public and private financing to preserve the Pacific Islands' rich biodiversity and assist low-lying communities threatened by rising sea levels. We also uplift

principles of democracy, such as transparency and accountability—the keys to achieving climate resilience. We leverage the strengths of our likeminded allies and partners in the region through coordinating mechanisms like the Quad with the U.S., Australia, Japan, and India, to ensure that our work is complementary, respects existing regional architecture, and is led and guided by the Pacific Islands.

To boost climate resilience, USAID has helped Pacific Islands governments and regional bodies receive accreditation and gain access to multi-donor funding resources, mobilizing more than \$470 million since 2016.

We are working to strengthen our partners' capacity to develop inclusive proposals, improve funds management, and develop systems to monitor projects effectively.

Last year, USAID supported the development of a \$103 million proposal, funded by the Global Environment Facility, to protect the region's marine resources, such as coral reefs and fisheries, as well as the livelihoods and food security of communities that depend on them.

USAID also worked with the Government of Fiji to help the Fiji Development Bank gain the accreditation needed to submit funding proposals directly going forward.

Additionally, in the Republic of the Marshall Islands, USAID funded a project working to ensure the government can protect and secure the freshwater that otherwise would be threatened by saltwater intrusion linked to climate change. This project will protect clean water for one in every four Marshall Islanders.

#### *Digital Ecosystems*

USAID is committed to improving development and humanitarian assistance outcomes using digital technology and strengthening open, inclusive, and secure digital ecosystems. USAID's work with private-sector partners facilitates access to alternative digital infrastructure, investment, and services for partner countries, including the energy needed to bring connectivity to un- and underserved communities. The more choices the United States and its allies and partners offer, the less likely our partner countries will be dependent on predatory PRC loans and PRC-funded digital infrastructure or services.

USAID helps to shape a digital ecosystem that respects rights and supports partner countries to compete economically, improve local livelihoods, and secure their information and communications technology (ICT) systems. Our work enables U.S. firms, and those from our like-minded allies or partner countries, to bring world-leading technologies to developing countries and drive investment, especially in key emerging and frontier markets. Indeed, digital and cyber products and services are areas of comparative advantage for the United States.

In South Asia, USAID is working to advance an open internet, enhance partner countries' cybersecurity, and grow global markets for U.S. ICT goods and services. USAID programs also improve digital connectivity, strengthen the digital capacity of the private sector and civil

society, and improve their ability to engage on ICT policy issues. All of these elements will help countries withstand the pressure, whether internal or external, to adopt authoritarian internet governance models. In India, for instance, USAID launched digital training programs for 10,000 rural women entrepreneurs and 500 Indian community development organizations and provided digital transformation training to 1,500 micro, small and medium enterprises.

In Palau, to further boost connectivity and usher in the economic prosperity and resilience that often flows from it, we are making strides to increase internet bandwidth by partnering with Australia and Japan to support the development of an undersea spur cable—Palau’s second—that will reduce internet outages and interruptions—incentivizing private investors to do business there; remove an impediment to development; and connect Palauans to the fastest, most reliable, and most secure internet they have ever had.

#### *Democracy*

USAID enables partner countries and local communities across the Indo-Pacific to become increasingly independent of, and resilient to, authoritarian influence—and helps them achieve lasting development progress. We support integrated U.S. Government approaches to address information manipulation in partner countries by identifying and addressing narratives from the PRC and other authoritarian actors that aim to build legitimacy for authoritarian governance and values, while weakening democratic ones. These efforts amplify the positive impact of democratic governance, showing that democracy delivers.

For instance, we want to help Nepal and other promising democracies notch visible “wins” on issues that citizens care about amid a very challenging environment for development progress. Our work is guided by national-level government priorities that already have broad public support and aim to be especially helpful in maintaining momentum when a democratic opening—a “bright spot,” such as Nepal—emerges.

As such, we support a strong, vibrant, and democratic Nepal that charts its own course and shows its citizens that democracy delivers. On February 7, during a visit to Nepal, Administrator Power announced that USAID will provide up to \$58.5 million (subject to the availability of funds) to advance democratic progress in Nepal. USAID’s investments support Nepal in cementing its democratic gains and ushering in greater prosperity and resilience for the Nepali people, by strengthening an independent civil society and media led by and for women, youth, and marginalized communities, to advance public interest, fundamental freedoms, and accountability. USAID will provide small grants to new and emerging civic actors, build the capacity of journalists, and work with communities to establish civic hubs that serve as a space to convene, share knowledge, and launch new ideas—expanding their opportunities to act as effective agents of change for a more open and democratic society.

As I know the members of this Committee are aware, last year the PRC was active in spreading disinformation and pressuring Nepalese leaders to reject an MCC compact. In this space, USAID assistance enables civil society and media actors to shine a light on the distorting impact of PRC interference while holding governments accountable.

USAID will continue to surge support for Nepal and other countries experiencing democratic renewal, harness public and private resources for pressing needs, and address anti-democratic influence and narratives across government ministries, including legislatures and judiciaries.

*Economic Resilience*

Collaboration and co-financing with the private sector enable USAID to support enterprise-driven development in countries advancing from low- to middle-income economies, as well as former recipients transitioning entirely from assistance.

By contrast, the PRC's model of development uses leverage over markets – whether as a purchaser of export commodities or as a provider of critical inputs, including finance or infrastructure services—not to help partners develop, but as a means for influencing political decisions in developing countries. PRC investments in Asia have skyrocketed in the past five years, with a large portion of investments in the infrastructure and energy sectors. While understandably tempting for some countries, especially if the U.S. and our partners do not provide real and tangible alternatives, the PRC projects are often non-viable, with high interest rates that will not generate enough in economic returns to pay back debt, thereby creating financial crises and allowing the PRC to seize assets and gain control of major strategic and economic posts.

For the past 12 years, USAID has supported data collection on PRC development finance through the AidData team at the College of William and Mary. This data set has become a global public good, shining light on opaque PRC deals and projects around the globe. The dataset has been used by journalists and governments around the world to track and understand the scope of PRC development finance, facilitating greater awareness and accountability of PRC funded projects.

To provide sustainable alternative pathways for economic growth and development, USAID catalyzes public and private support for climate-aligned infrastructure projects to reduce the dependency on PRC finance for infrastructure and energy; strengthen regulatory practices, market-based systems, and open economies; and promote opportunities for the U.S. private sector.

Since 2016, USAID<sup>1</sup> has worked with Lower Mekong countries and other ASEAN member states to encourage power sector investments in environmentally friendly, grid-connected renewable energy sources to accelerate Southeast Asia's transition to a clean energy economy. Despite numerous pandemic related challenges, USAID has worked together with regional government and private sector partners to reduce harmful air pollution and greenhouse gas emissions while strengthening energy security in the region.

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<sup>1</sup> Clean Power Asia activity, which transitioned to the Smart Power Program in 2021.

As a result, over \$7 billion of investment has been mobilized across Southeast Asia in renewable energy, including from local corporations in Thailand and Vietnam. Additionally, USAID support helped complete installation of nearly 10,000 megawatts of new renewable energy capacity across the region—enough to power nearly eight million homes.

Today, USAID is continuing to promote utility modernization, energy efficiency, advanced technologies, and regional power trade, while improving local air quality and mitigating global climate change. Together with the rest of the G-7, the United States plans to mobilize \$600 billion in private and public investment by 2027 to finance global infrastructure. Crucially, we will do so in a way that advances the needs of partner countries and respects international standards—a model for all such investments moving forward. In addition to financing clean energy projects and climate-resilient infrastructure, this new Partnership for Global Infrastructure and Investment will also support the responsible mining of metals and critical minerals, directing more of the profits to local and indigenous groups; expand access to clean water and sanitation services that particularly benefit women and the disadvantaged; and expand secure and open 5G and 6G digital networks so that countries don't have to rely on Chinese-built networks that may be susceptible to surveillance.

This work supports our partners' ability to make sovereign decisions in line with their interests and values, free from external pressure, and creates the predicates for economic growth and shared prosperity.

*So What?*

USAID's partnerships across Asia will always remain open, transparent, and mutually beneficial. That is the basis for U.S. development assistance and our affirmative approach for competing with the PRC.

That is our story—and we are proud of it.

USAID seeks to offer emerging countries, the emerging economies of the future, a development model not rooted in debt and dependence, but rather in economic engagement, trade and integration; in inclusivity, locally-led solutions, and the democratic values that can help transform the international community for the better.

We do not seek to weaponize development assistance for our own benefit or for the detriment of our partners, as the PRC often appears to do. Rather, our development diplomacy seeks to provide public goods and strengthen the global commons.

We are proud of our affirmative approach that advances women's economic empowerment, good governance, the rule of law, and human rights protections – strengthening the foundations of free and open societies that are connected, secure, prosperous, and resilient. This complements our longstanding practices of emphasizing environmental impact, social impact, and financial sustainability.

*Looking Forward*

USAID lays the foundation for the world in which we want to live: a planet defined by peace and collaboration, free markets, shared growth, and steady progress.

We will promote universal human rights. We will work with partners to nurture open and rights-affirming digital infrastructure. We will foster trusted, accountable, and effective governance institutions and vibrant civil societies.

We will work with the private sector to unleash economic growth and our partner countries' potential. And we know that our grants-based assistance can go even further when put together with U.S. public and private investments, which far outstrip the resources that the PRC has brought to the table to date.

We can do all that—elevating our contributions, doubling down on our commitment, and appealing to the best parts of our deeply rooted history in all of the countries where we work. That is how we show our value. And that is how we will continue America's leadership around the world.

Thank you for the opportunity to represent USAID, and to work with the members of this Committee to advance our nation's interests and values around the globe. I look forward to answering any questions you may have.



Chairman MCCAUL. Thank you, Mr. Schiffer.

I now recognize myself for 5 minutes.

To Mr. Estevez and Kritenbrink, I just attended the Munich Security Conference where we witnessed a showdown between the Chinese Foreign Minister and the Secretary of State over the recent spy balloon that happened across this country, spying on this Nation, and then the advanced warnings their intelligence has provided that China is now considering providing lethal weapons to Russia.

Clearly China is supporting Russia in their war against Ukraine currently by selling them satellite technology, micro electronics, and buying Russian energy. I know that seven PRC companies were put on the entities list because they were contributing to Russia's military and defense industrial base.

I also commend the Secretary of State for saying, warning China. But I hope that if that happens, that the information will be declassified so the American people can see what is really happening.

My question to both of you is, what is the precise nature of the CCP support to Russia in this conflict, and what is State and BIS doing about it? And second, what actions would deter the PRC from providing these lethal weapons? Mr. Kritenbrink.

Mr. KRITENBRINK. Mr. Chairman, thank you for your questions.

Mr. Chairman, as you indicated, the secretary made very clear in Munich in his meeting with Director Wang Yi the consequences and the implications if China were to provide lethal support to the Russian military for use in its barbaric invasion of Ukraine.

The secretary has also noted publicly that in many ways China has been supporting Russia's war in Ukraine from the beginning through its dissemination of Russian propaganda and its own use of disinformation to support Russia's war there and to blame inappropriately the war on the West, the United States and NATO. We have seen China stepping up its economic engagement in purchases from Russia.

And then also, Mr. Chairman, you recognized some of the countries that we, or some of the entities rather, PRC entities we put on the entities list for providing the assistance that they did to Russia, including one firm, Spacety, that was providing satellite imagery to the Wagner Group.

So we have made very clear that we will not hesitate to take steps to hold to account PRC entities that assist Russia. And we have made that very clear to the Chinese. The secretary certainly did so in Munich. And, of course, the president and the national security advisor have done so directly to the Chinese on previous occasions.

Chairman MCCAUL. And I think we need to make it clear to China this will not be tolerated, if in fact it is happening. I know it is happening with respect to the seven entities, companies listed on the entities list, but with respect to lethal weapons, that it is not acceptable.

Mr. Estevez, do you have any comments on the seven companies?

Mr. ESTEVEZ. Yes, it is actually 12 companies—

Chairman MCCAUL. Now it is 12.

Mr. ESTEVEZ. Yes, we had some back in December that we also put on.

Chairman MCCAUL. OK.

Mr. ESTEVEZ. Plus one that was supplying parts to the Iranian drone program, so 13 if you count that one.

And we have made clear, as my colleague just said, that we will not hesitate to put companies on the entity list as soon as we see factual data that they are supplying Russia. And we are looking across all third parties, but especially China in that regard.

Chairman MCCAUL. I am glad you mentioned the Iranian drones that are in Crimea, that the Ukrainians, I just back from theater, cannot attack the Iranian drones without the longer range artillery.

But having said that, components were found in these Iranian drones that were from the United States of America and also the spy balloon and also the hypersonic built on the backbone of American technology. We got to stop doing this. They steal it. We do not have to sell it to them.

We got a snapshot of your, Mr. Estevez, from January 2022 to March 2022, BIS denied 8 percent of licenses applications and approved more than \$23 billion worth of license applications to the PRC companies on the entities list.

How does this align with your statement that “we are doing everything within BIS’s power to prevent sensitive U.S. technologies from getting in the hands of PRC military, intelligence services, or other parties’”?

Mr. ESTEVEZ. First, let me quickly address the Iranian drone thing. As you know, we put companies in Iran on the entity list, invoking the foreign direct product rule, so that at ports that are American branded, not necessarily made in America, also cannot go to that program.

For the point on licensing, which, of course, is an interagency process that is done with my colleagues in Defense, State, and Energy, we have specific licensing rules. The entity list is not a blanket embargo. So going on the entity list may have a particular rule.

And in the case of Huawei and SMIC, there were particular rules. SMIC is now, of course, subject to the rule that we put out in October on semiconductor manufacturing. The licensing rule, the previous Administration that still stands for Huawei, allows things below 5G, below cloud level to go. And, you know, I will say that all those things are under assessment.

Chairman MCCAUL. OK. Thank you. I see my time has expired. The chair recognizes the ranking member.

Mr. MEEKS. Thank you, Mr. Chairman.

And I just want to say that, because I hear the chairman, particularly with the work that BIS has. And one of the things I think that is important, and maybe we can do this in a bipartisan way, that, you know, for me, BIS may need additional resources for all of the work that we are telling them that they need to do, et cetera. So maybe we can talk about that at some point and figure out how we can make sure that they have more resources to do all the work that Congress is asking them to do. So we will talk about that later.

But let me ask my question first to Mr. Kritenbrink, to the secretary. I concur that I am very concerned about some of the conversations that we have had with China contemplating giving Rus-

sia weapons. And as indicated, you know, part of my viewpoint is to make sure that is a line that cannot be tolerated, if they are giving Russia the weapons to pursue their illegal war.

Are we talking to and preparing our allies also so that it is not, if there is a sanction, and that is what I hear, part of it will take place as sanctions, so if there are sanctions to be placed, if China does step over that line, so that it is not just the United States, that if Russia, that China feels the full force and power of us and our allies, similarly as Russia is with NATO, EU, and our other allies in fighting the war in Ukraine?

Mr. KRITENBRINK. Yes, sir, Mr. Ranking Member. Thank you for your question. And, again, when we look at our invest, align, compete strategy vis-a-vis China, I think one of the most important pillars and certainly a real focus in the State Department is the align pillar. So we are incredibly aligned with allies and partners and friends, including on the situation of Russia's illegal war in Ukraine. And, Mr. Ranking Member, it's been quite striking to me how many partners in Europe and Asia increasingly recognize that a security matter in Europe cannot be separated from the security situation in Asia.

So, yes, we have been in touch with our key partners in both Europe and Asia on this matter, and I think it's, obviously, everything that happens in Ukraine and Russia's illegal war there remains a matter of significant concern. And we've shared with them our concerns regarding China's consideration in providing this illegal assistance, and I think I'm confident to say that many partners share our concerns.

Mr. MEEKS. So the other issue that I'm really, you know, when I'm watching what the PRC is doing, the economic coercion that they're having with our allies, and I was proud, along with Representative Ami Bera and Representative Tom Cole, bipartisan way, to introduce the Countering Economic Coercion Act of 2023 which provides the President with new tools to provide rapid economic support to partners and allies facing economic coercion from the PRC. So how are your agencies preparing for the next time that we see the PRC economically coerce other nations over, for example, Taiwan and what counter-coercion policies, responses, and tools are at your agency's disposal for when this happens again, as we saw that took place with Lithuania, and are there additional authorities you require from Congress that would give you more flexibility to support our allies and partners who have been targeted by Beijing's economic coercion?

Mr. KRITENBRINK. Mr. Ranking Member, I'll respond first and see if other colleagues want to chime in. Mr. Ranking Member, I fully agree that this is a significant threat posed by the PRC. Beijing's increasing willingness to weaponize many aspects of its external engagement, including its economic engagement, is of deep concern. We've seen a number of countries who have been subject to economic coercion. Certainly, you've mentioned Lithuania. That's the most recent example, but many other partners around the world, including Australia, Japan, the Philippines, and others have been subjected to this.

At the State Department, we're developing a range of tools to help respond to this. I know in the Lithuania case it was helpful

that we were able to provide Eximbank credits to assist Lithuania, and we were able to organize reverse trade missions and the like to assist them, and we certainly look forward to working closely with Members of Congress to further develop those tools because this challenge will only grow, Mr. Ranking Member.

Mr. MEEKS. And, last, what is the Administration doing to support the people of Hong Kong in the face of Beijing's growing crack-down there?

Mr. KRITENBRINK. Well, Mr. Ranking Member, we share your concern at the erosion of rights that we've seen over the last few years in Hong Kong, which is deeply concerning. We continue to speak out to condemn those actions. We have held to account officials who have implemented the new national security law and other draconian measures by subjecting them to U.S. sanctions. We'll continue to speak out, and we'll continue to stand with the people of Hong Kong so that their rights are observed.

Mr. MEEKS. My time has expired. I yield back, Mr. Chairman.

Chairman MCCAUL. Thank you, Ranking Member. The Chair now recognizes Mr. Smith.

Mr. SMITH. Thank you very much, Mr. Chairman. Secretary Krittenbrink, if I could ask you, we all know that China targets certain industries. They've done it with the pharmaceuticals, they've done it in a whole host of other products and issues that they would like to control the flow of money and the flow of research. They steal just about everything by violating international property rights.

But let me ask you the question with regards to pharmaceuticals. Where are we in standing up either in countries that are friends or within a domestic capability those important pharmaceuticals and those chemicals that are all-important in the curative aspect of it, and I would include antibiotics there, as well. We know some of it is transshipped through other countries from China, but where are we on that?

Second, no where in Africa is the CCP's malign impact more egregious than the DRC. I've been to the DRC. I've been to the mines. I've been not to the cobalt mines but others previously. And I chaired a hearing last Congress as part of the co-chairman of the Tom Lantos Human Rights Commission on the issue of cobalt, and the fact it's something on the order of 35,000 children, forced labor for children, many of whom get sick, some die. They do not have any protective equipment. They shouldn't be subjected to child labor anyway. And then the adults, something on the order of 200,000, are mining cobalt, all of which goes to China for refinement for batteries. You know, no matter where anybody comes down on EVs, you know, they're on the roads, they're everywhere, growing in number. But the supply chain should in no way be linked to such horrific practices as forcing children into those mines.

And I'm wondering, I know there's been a standup of some kind of counselor or some organization. I do not believe anything has been done or will be done until that supply chain is attacked in a way that we find other sources or we make sure that all of this exploitation ends. Unfortunately, in the D.R. Congo, there's a great deal of buying of the government, and I believe that to be true.

And, you know, when money talks, we do not have anything called the Foreign Corrupt Practices Act or anything that even comes close to it, it's easy to buy off a corrupt official.

And, finally, on the implementation of a Hong Kong Human Rights and Democracy Act, are there gaps or are there things that we need to be doing to advance further that law? I was the House sponsor of it, and, when it passed, it took years to get passed. Introduced in 2014, everybody told me it was a solution in search of a problem. When we finally did, it was very many days late and lots of dollars short, but it still is a useful tool.

If you could speak to those three issues.

Mr. KRITENBRINK. Thank you, Congressman. On pharmaceuticals, I think the general point that I would make, sir, and it gets at your question about the DRC, as well, is that we have tried to make clear to countries around the world that they need to have diverse supply chains. And so promoting the diversity of supply chains gives countries options and makes them less subject to coercion and undue influence. So that is the general principle that animates much of our work.

Now, on the details of pharmaceuticals and of the activities in the DRC, I am not an expert on either issue, but I will just underscore our message to countries is you should not be overly dependent on any one country or any one entity for your supply chains because it makes you subject to undue influence, No. 1. No. 2, whether it's countries in Africa, Asia, or Latin America, we do encourage them to understand the implications of their engagements with the PRC, PRC investments, loans, and other activities that, again, could make countries subject to undue leverage and influence, which I think is the root of the problem of many of the issues you've outlined there.

On the Hong Kong Human Rights Protection Act, thank you, Congressman, for your work there. I hope, through my comments, I've indicated how deeply concerned we are by the continued erosion of rights in Hong Kong, the continued harassment and arrest of individuals for simply speaking their mind and standing up for their rights. We look forward to working with you and other members to continue to implement the Act and to stand up for the values that we hold dear.

Mr. SMITH. In the final 10 seconds, there has been an announcement that Ford will enter into a contract with China or Chinese companies with regards to cobalt. How can we ensure that none of that cobalt is coming on the backs of African children?

Mr. KRITENBRINK. Well, thank you, Congressman. Perhaps I should take that issue back with me. I'm happy to look into it and report back to you. Thank you, sir.

Chairman MCCAUL. The Chair now recognizes Mr. Sherman.

Mr. SHERMAN. Mr. Krittenbrink, China's hot. The Pacific Islands rarely are in terms of the attention. As co-chair, along with Mr. Bera, of the Pacific Islands Caucus, I'd like to know, now that what lies between the United States and China is the Pacific Islands and China is certainly making a play there in several different respects, can you assure us that you're giving a high priority to actually getting those compacts completed and renewed? Hopefully, that's a yes answer.

Mr. KRITENBRINK. Congressman, it's an emphatic yes. We recognize the importance, obviously, of the Pacific Islands, and we certainly recognize the importance of the freely associated States. You may have seen, Congressman, that we have concluded MOUs with all three of the freely associated States, and we look forward to working with Congress to complete those deals.

Mr. SHERMAN. It should be front burner.

Mr. KRITENBRINK. Yes, sir. Yes.

Mr. SHERMAN. Mr. Chairman, I thank you for distributing a sheet describing how China controls our corporations, but there's much to be added. You point out that China forces a change slightly in marketing of Top Gun as to how it's marketed in China. Now and then, a movie is edited for presentation in China, so we figure China is controlling what the people of China see. No, China controls what Americans see and what the world see by limiting American studios to 40 movies going into China every year.

What that means, of course, is nobody is going to make a movie, another movie about Tibet because it's not going to be shown in China. No, it means no studio is going to make any movie that offends China because none of their movies will then be admitted to China. And so China, you think we have a First Amendment in this country. In Beijing, they control our studios. Make a movie they do not like, none of your movies get in.

JPMorgan is told you better advise your clients to invest in China 15 percent of their portfolios, or you won't be doing business in China. And I know that Lithuania is a success, but it's a small country, and we're talking about a very small amount of money. There are hundreds of billions dollars lost by American corporations who are treated unfairly in China or that would be lost if those corporations did not change their behavior unfairly in order to meet China's demands, and we need a program to collect billions and tens of billions and hundreds of billions from China so that we can make sure that every American corporation that's unfairly treated either currently or that dares to do something like maybe mention the Uyghurs is compensated for that unfair treatment.

Mr. Kritenbrink, there's a considerable dispute as to whether COVID came from a wet market or came from the lab. The reason for that dispute is that China was absolutely opaque. They failed to cooperate, they failed to come clean. Millions of people died around the world, and a substantial percentage of them died because of China's obfuscation at the beginning. The State Department has done almost nothing to tell the world how China's responsible, not maybe for the virus but certainly for their obfuscation and failure to cooperate afterwards. Is the State Department going to do a better job of informing the world of the Chinese Communist Party's responsibility here?

Mr. KRITENBRINK. Congressman, thank you. On the issue of COVID, we have long stated that China needs to do a better job of being transparent.

Mr. SHERMAN. But do people in India and Europe and South America who have lost relatives know that those relatives might be alive if China and its Communist Party had cooperated with the world in the first few months? The answer to that, I'll answer for

you, is no because the State Department has done very little to tell the world.

Third question, and that is Taiwan. Would the Administration support an immediate declaration now that if Taiwan is blockaded or invaded that that immediately ends MFN for China? Don't American corporations deserve to know whether that would be the case?

Mr. KRITENBRINK. Congressman, on your last question, I'm happy to talk about our approach to the Cross-Strait situation in Taiwan. As I said in my remarks, we're committed to our One China policy, our longstanding One China policy—

Mr. SHERMAN. I'm asking you whether you—people are trying to run companies around—they deserve to know whether MFN for China would be ended if China blockades or invades. Can you give them that answer, or do they have to fly blind?

Mr. KRITENBRINK. What I can say, Congressman, is we are committed to maintaining peace and stability across the Taiwan Strait and—

Mr. SHERMAN. I think they already knew the—

Mr. KRITENBRINK [continuing]. Taking a range of steps to do that.

Mr. SHERMAN. They had already heard that. Thank you.

Mr. KRITENBRINK. Thank you.

Chairman MCCAUL. The Chair recognizes Mr. Wilson.

Mr. WILSON. Thank you, Chairman Mike McCaul, for your leadership, and Ranking Member Greg Meeks for this bipartisan hearing on something so important as we understand the significance of the challenge of the Chinese Communist Party, also the relationship, actually, to the war in Ukraine.

In fact, my appreciation of the people of China, my father served in the Flying Tigers in World War II, and so it was really, I grew up with such an appreciation of the Chinese people. He served in Kunming, (inaudible). And growing up, I just grew up with such, his affection for the people of China. And so we want the best for the people of China, but that obviously means we also want a free and independent Taiwan.

And I appreciate the recognition a few minutes ago about Lithuania, how they've been taking a lead on providing to stop Chinese Communist Party influence in Europe. And I was, just last week, in Prague and the Czech Republic. They, too, are working hard to promote the independence of the people of Taiwan opposing the Chinese Communist Party influence.

With that in mind, I want to thank all of you for being here today, but I believe the world is in a global competition between democracies with rule of law opposed by authoritarians with rule of gun. Today, the conflict is war criminal Putin's mass murder in Ukraine. Ukraine must be victorious to deter the Chinese Communist Party from attacking the 24 million people of Taiwan, and Ukraine must be victorious to stop Iran from its efforts to vaporize Israel as it develops intercontinental ballistic missiles to devastate American families.

With that in mind, I would like to ask Secretary Kritenbrink, the Chinese spy balloon endangered the security of American families from Guam to my home community of South Carolina. And, yet,

the President said he advised not to shoot down the balloon on January 28th when it was still over the Alaskan Aleutian Islands and not until over the U.S. mainland. What was the reason for such a delay?

Mr. KRITENBRINK. Congressman, thank you. On the balloon, I've been honored to brief the House before on this issue together with a number of colleagues, and I'll reState here we tracked, we detected, we surveilled, and then we took down the Chinese high-altitude balloon when it was safe to do so. The President made a decision on the advice and in consultation with our military commanders. We took the steps to protect ourselves, to mitigate against any threat posed by that balloon and then made the decision, again, to take down that balloon once it was safe to do so.

It's a massive structure, 200 feet tall. The payload underneath it is the length of three buses. So the concern was, in the modeling that was done, if you take that down over land, the debris field could be quite significant and could pose a real harm to Americans on the ground, and that's why the President made the decision to take it down when he did.

But I can say, Congressman, we also learned a great deal by us surveilling that balloon while it flew in our air space, and we are learning more as we have collected the payload since we took it down.

Mr. WILSON. Well, to me, it's very disappointing. It was a threat to my constituents. I represent Fort Jackson, and I represent Savannah River Nuclear Laboratory. To have a spy balloon come over our State, it's just, it's inconceivable. And, indeed, Governor Greg Gianforte, Senator Steve Daines, Congressman Ryan Zinke have all said that they would have welcomed to have the balloon shot down over Montana as being only a threat to prairie dogs.

And so I just find that inconceivable, and I want to ask you if you could provide, and I've asked and not been given the information, what was the exact trajectory over South Carolina and North Carolina? I would like to know what counties the balloon traveled over; and, for some reason, that has been called classified, which it's on opensecrets.com, but this needs to be revealed to the American people and what a threat this was. And I sincerely disagree with you that the thought of shooting it down off of Surfside Beach South Carolina into the ocean, it should have been recovered in some way so that we could find out what type of threat there is from the Chinese Communist Party.

With that, I yield back.

Mr. KRITENBRINK. Congressman, thank you. Again, I do want to underscore, as I did in my opening statement, that China's introduction of this high-altitude surveillance balloon into U.S. sovereign territorial air space was irresponsible and unacceptable, full stop. But as I indicated, we tracked it from the beginning. We made an assessment of how to mitigate the risk and the determination the President and our military commanders was that it was not safe to take it down until it was off the waters of South Carolina. When we did, and in the water, we were able to recover the payload, and I'm confident we'll learn more from that.

Chairman MCCAUL. The Chair recognizes Mr. Bera.



Mr. BERA. Thank you, Mr. Chairman. Yes, I've said this a number of times in my capacity as the chair, now ranking member, on the Subcommittee on Asian Pacific, you know, if we think about the geopolitical order in 75 years post-World War II, you know, it really was U.S.-led but peace, prosperity, lifting, you know, millions out of poverty, and creating stability. And, you know, prosperity for China, as well, in that. But there's no—Mr. Chairman, thank you for having this hearing because there is no questioning, you know, where a decade ago we may have hoped as China developed a broader middle class, an entrepreneurial class, they would go in a direction of more freedom and openness and open markets. Xi Jinping's policies have taken Beijing in a very different direction, and we do not have to guess that direction, and it really does set up for, and competition is fine, but the hope is to avoid confrontation. And much of this is led by, you know, the Chinese may say, well, the United States is changing this. It isn't. It is China changing the calculus here. The aggression in the South China Sea has changed the calculus in the South China Sea, aggression across the Taiwan Straits, human rights violations in Xinjiang, you know, what they've done in Hong Kong.

The Ranking Member touched on economic coercion and how they use those tools of coercion. It really does mean a whole-of-government approach, not just here in the United States but, you know, I applaud the Administration for the alliances and renewal of, you know, the elevation of Quad coalition to the leaders' level is certainly incredibly important. You know, partnership around AUKUS, incredibly important for maritime security.

You know, I was just in Japan last week, and Prime Minister Kishida's Administration efforts to get to 2-percent of GDP to increase their self defense capabilities. Again, the hope is to avoid confrontation, but, given the realities that we see in the Indo-Pacific, hugely important.

Secretary Krittenbrink, I applaud and hope we get the compacts done as quickly as possible and the renewed interest and focus on the Pacific Islands. Let me touch on the economic coercion component of it and, you know, the Ranking Member touched on the bill that we introduced last week in a bipartisan way with Congressman Cole, that builds on a bill that we introduced last Congress, the Countering China Economic Coercion Act that I introduced with Representative Wagner that was signed into law by President Biden. That particular bill looks at how we can engage with the private sector on issues related to PRC economic coercion and how we can bridge that gap between the public and private sector. You know, Congressman Sherman touched on some of the coercive tactics that were used against our film industry, you know, used against the NBA players and the NBA, as well.

I'd just be curious, and maybe this is a question for Commerce or State, you know, how should we think about the partnership across government and the private sector to make sure we've got tools and resiliency to counter some of these coercive behaviors? Maybe, Secretary Estevez, if you want to touch on that or—

Mr. ESTEVEZ. Thank you, Congressman. While not in the area of export controls in general, you know, first of all, to go back to the point of what do we tell companies. When companies come to see

me, I point out the dangers of reliance on single-source supply chains and the need to diversify, to point out what happened to companies that were operating in Russia when Russia invaded Ukraine and how they had to pull out. And so companies need to take stock of their own risk calculus, and I believe they are all doing that, which will help all of us, quite frankly, as they diversify.

The other thing we need to look at is things like chips, which, you know, my boss is rolling out today. Very important for bringing technology and important advanced technologies back to other United States. We're working with our friends, as well, so that we are not reliant on China for such things.

Mr. KRITENBRINK. Well, Mr. Ranking Member, thank you for your comments again, and I'll reiterate we're committed to continue to step up our engagement across the Pacific Islands, including the compacts, and I know the special envoy, Presidential Envoy for Compact Negotiation. Joe Yun is working on that as we speak.

On economic coercion, I do agree that we do need to work in partnership with the American private sector. I know, as a diplomat overseas, I'm incredibly proud to represent the world's finest private sector. When you look at the Indo-Pacific, \$2 trillion in trade between the United States and the Indo-Pacific, a trillion dollars in U.S. investment, and almost a trillion dollars in investment from the region in the United States. This is a vitally important economic trading and investment relationship, and we look forward to working closely with our private sector to make sure that we stand up for our values and for American workers but also to protect critical technologies, as well.

Chairman MCCAUL. The Chair recognizes Mr. Perry.

Mr. PERRY. Thank you, Mr. Chairman. Secretary Kritenbrink, I want to take you down a stroll down memory lane here to fall of 2019 when China realized their first case of the Wuhan virus. Now, it wasn't until January of the next year until they reported it some weeks or months later, and then in February their top bioweapons expert took control of the lab.

Now, the mantra from the press and from the party in the current Administration was is that it occurred naturally. And, of course, people like me, and speaking on behalf of myself but the millions of Americans who saw all the evidence in front of them that pointed to the lab as opposed to it occurring naturally, those people were vilified in the public, and the new Administration used the information to frighten Americans and confuse them and to distort the facts.

Based on that, I'm just wondering did you, does the State Department have any irrefutable evidence that the Wuhan virus came from the wet market in China? Irrefutable evidence. Do you have any?

Mr. KRITENBRINK. Congressman, I would point to comments that National Security Advisor Sullivan made on Sunday. He stated that there are a variety of views in the intelligence—

Mr. PERRY. I know there are a variety of views, but the American people have been taken for a ride for 2 years, more than 2 years over this, and I want to know what evidence the State Department or you have that is used to debunk people's opinions based on what

they see and what they know and what is reported as fact. What evidence—do you have a bat from the wet market? Does the State Department have one of these bats?

Mr. KRITENBRINK. Congressman, I'll State again there is not a definitive answer that has emerged from the U.S. intelligence community on this question.

Mr. PERRY. I'm not asking—

Mr. KRITENBRINK. Some elements of the IC—

Mr. PERRY. Sir, sir, I'm not asking—

Mr. KRITENBRINK. I'm sorry.

Mr. PERRY [continuing]. About differences of opinion. You work for the State Department. You're the undersecretary, right? You're almost in charge over there, and the State Department speaks for the United States of America, and Americans across the country were ridiculed and vilified for having a difference of opinion.

So with all due respect, sir, what facts do you have? Do you have the pangolin where the virus jumped from the pangolin to a human? Do you have it? What facts do you have? Do you have any facts whatsoever to support your claim that the virus occurred in the wet market, as opposed to the Wuhan lab?

Mr. KRITENBRINK. Well, Congressman, again, I'll State, if you look at what elements of the U.S. intelligence community have said, some have pointed to say they come down on the question that it looks like it was naturally occurring, some have come down on the other side of that. Some have said we do not have enough evidence to judge.

Again, I will say, in conclusion, the intelligence community does not have a definitive answer on the COVID origin question. President Biden has directed from the beginning of his Administration to take all necessary steps, including all elements of our intelligence community, to get to the bottom of it. But the—

Mr. PERRY. OK. Fair enough. If there are difference of opinions, then what authority does the State Department or this government have to refute the opinions based on facts that we do know? Because there are no facts at all that it occurred in a wet market, a wet market outside of Wuhan, right. There are zero. We all know that, right. But there's plenty of circumstantial evidence, if not more, because a bunch of it was destroyed. We know they destroyed the samples in the lab, right, so that nobody could see them. But if that's the case, will the State Department at least acknowledge, acknowledge that they were wrong and apologize to the millions upon millions of Americans that they disparaged for their opinions based on what they know happened in 2019 in the Wuhan Institute of Virology? Will the State Department acknowledge it and apologize? Will they ever do it?

Mr. KRITENBRINK. Congressman, what I will acknowledge and commit to is to doing what the President has said: that we will use all elements, including in the IC, to get to the bottom of this. But as we stand right now—

Mr. PERRY. And when they get to the bottom of it—

Mr. KRITENBRINK [continuing]. There is not a definitive answer that has emerged from—

Mr. PERRY. Mr. Secretary, when they finally do get to the bottom of it, if they ever do get to the bottom of it, knowing that the com-

munist Chinese destroyed a bunch of the evidence, knowing that, if they do get to the bottom of it and they do determine that it is the Wuhan Institute of Virology, will they apologize? Will the State Department apologize to the American people it disparaged?

Mr. KRITENBRINK. Congressman, the President has directed his team that we will share with Congress and the American people what we learn. I'll just reiterate there's not a definitive answer that has emerged from the intelligence community on this question.

Mr. PERRY. Thank you, Mr. Chairman. I yield.

Chairman MCCAUL. Let me just say, when we were in the minority, we published a report finding by a preponderance of the evidence it did originate from the Wuhan lab. I feel the latest intelligence has confirmed our opinion, and that can be found on the House Foreign Affairs website.

With that, the Chair now recognizes Mr. Cicilline.

Mr. CICILLINE. Thank you. I want to begin by thanking you, Chairman McCaul and Ranking Member Meeks, for giving us the opportunity to explore this important issue, and I really want to thank the four witnesses both for their service to our Nation but also for helping to inform today's discussion, for being with us.

From the genocide against the Uyghur population in Xinjiang to the 2021 crackdown on democracy and the rule of law in Hong Kong, we've seen a glimpse at the values the People's Republic of China is trying to impress upon the world: a rejection of human rights, a commitment to authoritarianism, a silenced press, and the abandonment of the rule of law. Those values are antithetical to our own and must be confronted globally by American leadership, diplomacy, and investment.

And in taking up this important work in today's hearing and those in the future while working on these issues, it's my hope that we can do so in a way that does not promote or advance xenophobic anti-China rhetoric, which we've seen lead to an alarming increase in hate crimes against Asian Americans across the country. We simply cannot allow this committee or others to give that rhetoric any oxygen because the consequences are too dangerous and too serious.

I want to begin with, Mr. Schiffer. The PRC's repression of Uyghurs and other ethnic minorities is global in nature, and we've seen the PRC pressure governments in the Middle East and in South and Central Asia to cooperate with or overlook its campaign to intimidate, harass, detain, and deport Uyghur refugees and the diaspora members around the world. And there was a recent Wilson Center report that documented over 5,000 cases of Uyghur intimidation and worse.

So I'd like you to speak to what USAID and the State Department are doing to urge nations to prevent the harassment and detention and deportation of Uyghurs and other ethnic minorities on their soil in the face of this kind of tremendous PRC pressure and really demands that they're making and what role we can play in Congress in supporting the work that you are doing.

Mr. SCHIFFER. Thank you very much for that question. We have, at USAID, working with our colleagues at the Department of State, just launched a new international religious freedom and human rights assistance activity to work with members of the Uyghur

community outside of the PRC and to try to provide them with the support that they need navigating this very, very oppressive environment that the People's Republic of China is trying to create for them both inside the PRC but also, as you so rightly pointed out, all around the world.

We regularly engage with our partners and allies in conversations about what their governments can do, as well, as we look to align, as Secretary Krittenbrink offered, to make sure that the international community is fully engaged on this issue to speak out on the PRC's genocidal actions in Xinjiang and to support the Uyghur community wherever they may be.

Mr. CICILLINE. And is there anything that we should be doing additionally to support that work?

Mr. SCHIFFER. Well, I certainly think the congressional leadership over the past several years, including legislation that the House has moved forward, has been an important part of creating the momentum that we need to be able to continue to press back against the PRC. So I would certainly look forward to working with you and your colleagues to continue to raise voices on this issue.

Mr. CICILLINE. Thank you.

Mr. KRITENBRINK. Congressman, would it be OK if I addressed that question, as well? I just want to underscore that, in response to the genocidal actions in Xinjiang, the United States has designated 12 persons under Global Magnitsky sanctions. We've imposed visa restrictions on another 7. We've coordinated with the EU, UK, and Canada on the imposition of sanctions, as well. That would be the first point, Congressman.

The second point, any time we learn of Uyghurs who have been detained or harassed abroad and are threatened with forceful involuntarily return to China, we've engaged with those governments to try to stop that action. We will continue to do so. Thanks.

Mr. CICILLINE. Thank you. Mr. Nathan, just quickly, I know there's a lot of evidence that the Belt and Road Initiative is sort of running out of steam and financing for projects is becoming more difficult and many countries are now struggling to repay loans. Would you just speak to what the Development Finance Corporation is doing to finance projects that are in this position so that countries have an understanding that there are other options out there to deal with their needs?

Mr. NATHAN. Thank you for the question. For sure, when I travel and meet with leaders in the developing world, they are actively looking for an alternative and we need to be there to present it, whether that's in the Indo-Pacific, Africa, Latin America. Countries are actively seeking alternatives that are high standard that reflect values of the private sector and do not burden them with debt. I think they found out that, often, projects that are funded by the Belt and Road Initiative or by the PRC State-controlled entities turn out to be inappropriate for their local conditions and frequently not of high quality and leave them with burdensome debt loads.

Mr. CICILLINE. Thank you. Thank you, Mr. Chairman. I yield back.

Chairman MCCAUL. The Chair recognizes Mr. Mast.

Mr. MAST. Thank you, Chairman. I want to talk diplomacy because that's what we do here in this committee. And, hands down, one of the biggest things asked, I think, probably to all of us, either side of the aisle, is what are you doing. We see China visits Russia, Russia pulls out of New START. We see balloons flying over America. We see China testing hypersonics. And the question constantly is what are you doing.

And one of those forms of diplomacy that we have to deal with this is the entity list, correct? I mean, that's one of the ways that we help deal with this to say, listen, you cannot get the nut, the screw, the bolt, the epoxy, the semiconductor, the pencil to draw it up if that's what we decide, you cannot get what you need, China, Chinese, you know, Communist Party company, you cannot get what you need to make those things that threaten America or our allies because we are going to put you on a list, correct? Correct understanding, Mr. Estevez?

Mr. ESTEVEZ. I wouldn't call it a tool of diplomacy, but correct understanding.

Mr. MAST. You wouldn't say, I mean, I look at diplomacy in this way, and I always ask this question is does our support equal our policy goals? So if we're allowing somebody to get something, that's a form of support. If we're stopping them from getting something, those are diplomatic efforts, right?

Mr. ESTEVEZ. Close.

Mr. MAST. All right. Well, I'll take that. You said close. We'll say it's close. So, sir, Mr. Estevez, looking at those entity lists, I'll call it a form of diplomacy. Whether we're going to let Chinese Communist Party entities get the supplies that they need to build things that are a threat to America, America's allies, and Americans, in order to do that, this list, how many have you published in the last year? How many have you recommended to go up to the Federal Register? I know you've talked about 12 recently.

Mr. ESTEVEZ. We put 160 entities on the entity list since the beginning of this Administration. That's about a quarter of the entities in the PRC, and the entity list goes back to the 90's.

Mr. MAST. Very good. So when we look at this, and I want to bring Wendy Sherman into the conversation and say, you know, it's been the conversation, I believe, from Wendy Sherman that State agrees with the action of you guys having the end user review for that, but there's really somebody higher than you all, and that's whether it's Mr. Krittenbrink or Wendy Sherman or Blinken. They might ultimately decide if those end user reviews are going to be put into the Federal Register, correct?

Mr. ESTEVEZ. There's an interagency process. We never go up that high, to tell you the truth. Only 1.1 percent of discussions over licenses or entity lists even go up to the assistant secretary for adjudication because usually there's pretty good consensus on what goes on the list based on the evidence that we have.

Mr. MAST. There's a process. But even if you all recommend that that review goes forward and put it on the Register, if Secretary Blinken or Mr. Krittenbrink or Wendy Sherman decide they do not want that on there, that's not going on there, is it?

Mr. ESTEVEZ. The process actually flows a little differently than that.

Mr. MAST. Mr. Kritenbrink, would you like to—

Mr. ESTEVEZ. We have a vote. We put people on the list.

Mr. KRITENBRINK. Congressman, yes. Thank you. I think we collaborate exceptionally well with our colleagues at Commerce and not just Commerce but Energy and DoD, as well, who are also part of this process. And our goal is to do exactly what you've outlined. The entities list is designed to prevent China or other actors from acquiring U.S. technology inappropriately or to use for their military modernization in ways that would threaten our interests. So we're very supportive of that effort—

Mr. MAST. So let's ask a specific question on that then.

Mr. KRITENBRINK. Yes, sir.

Mr. MAST. I'm glad we have both of you sitting here. So how many PRC entities have passed that end user review, the committee, that have not been published yet?

Mr. ESTEVEZ. I'm not aware of any.

Mr. MAST. None?

Mr. ESTEVEZ. None.

Mr. MAST. Very good. That would be great to hear. Do you want to consult with your staff and make sure that that's the case? Anybody behind you?

Mr. ESTEVEZ. I do not have to do that.

Mr. MAST. Mr. Kritenbrink, are you familiar with any that Ms. Sherman might think that she agrees with the action but does not agree with the timing because it might piss off China?

Mr. KRITENBRINK. Congressman, I would say that, once a proposed entity listing is approved by these four agencies, this regulatory action in ERC, it goes on the entity list. That is the process.

Mr. MAST. It does not just go there. You all have the opportunity to pull that back as higher leadership in the State Department.

Mr. KRITENBRINK. I think what I would say, Congressman, is that we feel like our job, the reason why we have this consultative body is to sit down these four agencies and to think through all of the implications. Is this proposed action going to achieve our goals? Is it potentially going to inadvertently harm our own interests or the interests of allies and partners? We have to think through all of those things, but, once we reach consensus and we vote, those actions go forward and are published on the entities list.

Mr. MAST. Thank you for your time, Mr. Chairman.

Mr. KRITENBRINK. Thank you.

Chairman MCCAUL. The Chair recognizes Mr. Kim.

Mr. KIM OF NEW JERSEY. Thank you, Mr. Chairman. Thank you to our panelists for coming today. Mr. Kritenbrink, I wanted to start with you. I guess I just want to ask you how central to the work that we're trying to do in the Indo-Pacific, especially vis-a-vis China, how important is coalition building to our strategy and our efforts there?

Mr. KRITENBRINK. Well, Congressman, I would say it is absolutely vital. It is central to what we do. As the Assistant Secretary of State for East Asia and Pacific, I spend the vast majority of my time and my bureau's time on building the coalitions that you're talking about and what we refer to as building the collective capacity of our allies and partners and friends to work together with us to support the rules-based international order and to counter all

challenges, including those posed by the PRC. It is absolutely central, and I would argue it is the most important thing that we do.

Mr. KIM OF NEW JERSEY. I very much agree with you that it is so central and, to your point, you said perhaps the most important thing that we are trying to do. And I think this committee, we have talked a lot about, in the context of Ukraine, just how central that coalition was for our efforts over there. But what we've also recognized is that, in many ways, our coalition in the Indo-Pacific, it is much more fragmented and segmented in some ways than it is over in the Transatlantic.

So I guess I want to ask you what does this kind of coalition building 2.0 look like? What is this next level that we can do to try to take that and add some greater gravity to it and pull it together?

Mr. KRITENBRINK. Well, thank you, Congressman. Again, we talk about building a latticework of an interlocking web of relationships. We start with our treaty allies, our five treaty allies in Asia: Japan, Korea, Australia, the Philippines, and Thailand. I would argue that our alliance relationships are stronger than they have ever been before, and we are working together not just in bilateral ways to improve our security but increasingly in trilateral and multilateral ways to advance our shared interests, not just in the security realm but in economics in terms of promoting our values.

And then, beyond that, I am sure you've seen, Congressman, the President hosted an unprecedented summit with the leaders of ASEAN last year. He hosted another unprecedented summit with the leaders of the Pacific Island countries. We formed new informal mechanisms, such as the Quad, the Partners of the Blue Pacific, again forming these interlocking webs of relationships that we think are absolutely vital.

Mr. KIM OF NEW JERSEY. And trying to build that trust there and that partnership there, it is so important—

Mr. KRITENBRINK. Absolutely. And, sir, I feel like my No. 1 duty every day and the duty of my colleagues is to demonstrate the credibility of our commitment to the region and to our partners to let them know that they can count on us and let them know that we will all be better off, more prosperous, more secure, if we work together, including in countering threats from the PRC.

Mr. KIM OF NEW JERSEY. There is a little bit of a debate here about how best to build this coalition. I want your thoughts on it. I have had a number of people come to me and say we should be applying greater pressure to some of these partners that we are working with in the Indo-Pacific, pushing them to more definitively choose between the United States and China. And I guess I wanted your thoughts on whether or not that would help or hurt your ability to build the coalition you need.

Mr. KRITENBRINK. Well, Congressman, I would say, generally speaking, we do not try to force countries to choose. They tell us that they do not want to choose. Most countries in the Indo-Pacific do not need an education on the threat posed by the PRC. What they want to know is how can they work together with the United States and increasingly together in these interlocking webs of relationships to advance our shared interests.



The way we look at it is we are not asking countries to choose. We are working to make sure countries have choices and to make sure they can make their own sovereign decisions free from coercion. And if we do that, I am confident that we will prevail in this competition and we will continue to preserve the free and open region toward which we are working.

Mr. KIM OF NEW JERSEY. One thing that I have heard when I was out there in the region talking to some of our vital partners there is they do have concern about some of how we are approaching vis-a-vis China, our rhetoric, our posture. And I guess some of their concern was saying that they really want to work with us and to be a partner, but that may be more difficult for them if they feel like or see or is perceived like the United States is the instigator for aggression or provocation in that relationship between the U.S. and China.

Do you hear the same from partners that you are talking to?

Mr. KRITENBRINK. I do, Congressman. Look, I think it is important that we always demonstrate that the United States is a responsible actor, that we are committed to the rule of law, to peaceful resolution of disputes, committed to the rules-based regional order. And when we do that and when we work together with our partners, I think that is when we are most effective. And I think it is quite clear across the range of issues we have discussed today, I think it is quite clear which party is taking steps to undermine the rules-based—

Mr. KIM OF NEW JERSEY. And I think that is something we can highlight while underscore that we are that responsible actor. Thank you. I yield back.

Chairman MCCAUL. The Chair recognizes Mr. Barr.

Mr. BARR. Thank you, Mr. Chairman. And thank you for you and the Ranking Member holding this very important bipartisan hearing related to the threat from the Chinese Communist Party.

Secretary Estevez, in your testimony, you State that in Fiscal Year 2, BIS and its interagency partners approved approximately 69.9 percent of license applications involving the PRC and denied or returned without action approximately 30 percent of such license applications. How many of those BIS licenses were approved for companies on either DoD's 1260H list of Chinese military companies or Treasury's Chinese military industrial complex companies list?

Mr. ESTEVEZ. Unfortunately, Congressman Barr, I would have to get you that information, which I will be happy to—

Mr. BARR. Does BIS have that information at your fingertips?

Mr. ESTEVEZ. When we vote through the interagency, obviously, Defense can bring, first of all Defense can propose anything they want and Defense can raise the concern over any license based on their list.

Mr. BARR. Well, here is the concern I have. And you and I have had a good conversation about this: the lack of coordination and the lack of visibility across agencies, big problem, big problem. How important is it that Commerce entity list designations be coordinated or be cross-referenced by OFAC or Treasury or DoD for purposes of sanctions to prevent American investors from financing entities tied to the CCP or these Chinese military industrial complex

firms that are still included in emerging growth index funds either on U.S. exchanges or foreign stock exchanges or even through private equity or credit investments?

Mr. ESTEVEZ. So what was locked on back there, obviously, investors should be looking at all those lists. As far as coordination between myself, the Treasury Department, and the Department of Defense, we actually have pretty excellent coordination going on right now, certainly with regard to what we're doing—

Mr. BARR. Well, I am not sure we do. Sorry. Reclaiming my time. I am not sure we do because the OFAC list that is subject to the EOs, they are not aligned, frankly, with your entity list and certainly not with some of these other lists, the military end user list, the unverified list even.

And here is what I would just say editorially, and we are going to be looking at this in the Select Committee on China and in this committee and in the Financial Services Committee on which I serve. Restrictions on capital flows to China should be aligned with our export controls regime and limited to capturing outbound investments that circumvent the spirit of existing export control rules. In other words, why should restrictions or notification regime on outbound American investments in China not also be applicable to what is on an export control list?

Mr. ESTEVEZ. And, of course, we are working on an outbound investment program, and I know that the Congress is looking at that, as well.

Mr. BARR. Do you have visibility into PRC entity list companies that remain in index funds listed on U.S. or other exchanges?

Mr. ESTEVEZ. I do not.

Mr. BARR. That is what we need. That is what we need. That is what we do not have right now. So we need list coordination because if we are worried about export controls, if we are worried about companies that are on this entity list, but American investors are financing, unwittingly financing these same companies, that is a problem. That is a gap that we have that we need to fix, and I appreciate your attention to that.

Mr. Nathan, and also, believe me, we are going to be talking to Treasury about that problem because you are doing a good job, you have got a good entity list, but we need coordination so that we are not unwittingly financing these technologies even if we have export controls.

DFC, Mr. Nathan, we have talked about this, DFC must prioritize a lower middle income economies defined by the World Bank, but there are some higher-income economies where Belt and Road is alive and well. Would you like to have the capability of going into some of those higher-income countries that are strategic, like Panama, where China is all over the Canal?

Mr. NATHAN. Thank you for the question, and I appreciate our previous discussions, Congressman. Congress has provided us the opportunity specifically for Energy to operate in high-income countries in Europe through the European Energy Security and Diversification Act. If Congress moved forward other legislation, we would obviously work together to make sure that that was aligned with our objectives and our mission under the BUILD Act. As you and I have discussed previously, some of the World Bank income

classifications are a little bit clumsy in terms of the countries where we can operate.

Mr. BARR. And last question to you. Due to budgetary treatment of DFC equity investment, DFC has not been able to fully unlock this tool. How can we help you with that?

Mr. NATHAN. Excellent question, and thank you for asking it. Equity is a very important tool for us to be forward leaning on risk to be able to fund infrastructure projects, companies, and other projects that meet the needs of the countries where we are operating and give them the choice that they are looking for as an alternative to the State-directed investment from the PRC. The current budgetary treatment does not allow us to fully realize the promise of the tool and I believe what the intention of the BUILD Act was. We are looking for a way to fix that so that we can have more certainty and a larger amount of equity to deploy to fulfill our mission. An equity fix would be very useful.

Mr. BARR. Thank you. My time is expired, Mr. Chairman, but I look forward to working with you, Mr. Chairman, on this issue that companies on the BIS entity list need to be included on Treasury's CMIC sanctions list. And I yield.

Chairman MCCAUL. And I agree with the gentleman, and I will be working very diligently on that. And I also agree with the equity issue. We need to fully fund the equity. Otherwise, you cannot fulfill what Congress intended.

So with that, the Chair now recognizes Ms. Jacobs.

Ms. JACOBS. Thank you, Mr. Chairman, and thank you to our witnesses. Assistant Secretary Kritenbrink, I want to start with you and zoom out a little bit. I think we spent a lot of time talking about strategic competition, and I think the Administration has rightly identified the PRC as a challenge and taken several actions engaged in strategic competition. But I would like to hear from you what are we competing for, and what is the Administration's end goal with China so that we're not just talking about competition as an end in and of itself?

Mr. KRITENBRINK. Yes, ma'am. Thank you very much for the broad strategic question. We are competing for and fighting for the kind of region that we want to live in. We talk about a free and open region where countries can freely pursue their interests and where people in those countries can enjoy freedom. We are talking about an interconnected region where we work closely with our allies, partners, and friends. We are talking about a prosperous region, right, where everyone benefits from free and unfettered trade. We are talking about a secure region where disputes are resolved peacefully and we counter threats to security. And we are talking about a resilient region that has the capacity to respond to transnational threats, like climate change and pandemic disease. We are fighting for freedom and democracy, as well. That is what we stand for. It is an affirmative vision. That is where I start and end my day everyday. What are we doing everyday to advance those affirmative goals.

As far as our end goal with China, we talked about the means that we use in our competition, but we also are interested in exploring cooperation where it is in our interests to do so. And at a minimum, whatever we do, we want to keep channels of commu-

nication open so that we do not have some kind of a miscalculation that could veer into unintended conflict.

Ms. JACOBS. Thank you.

And I just think it is really important that we stay focused on those end goals because China is not going anywhere, and we do not want to feed into the CCP's talking points around us just being out to weaken China for the sake of weakening them indefinitely, and figuring out what kind of world we actually want to try to get to.

On the question of keeping lines of communication open, quickly, I know that Secretary Blinken told Wang Yi that we do want diplomatic engagement and open lines of communication and he would be prepared to visit Beijing as soon as the conditions allow. When exactly will conditions allow for the visit to be rescheduled? And what conditions are you looking to?

Mr. KRITENBRINK. Congresswoman, thank you for your question.

Yes, the Secretary did make the decision, following the irresponsible, non-acceptable intrusion into our airspace of the Chinese high-altitude balloon, that he simply could not travel to China at that time and be able to conduct any of the business across the broad-ranging agenda that he had intended to. We did say that he would look to travel when conditions allow. We will determine what those conditions are and when.

Ms. JACOBS. Thank you.

Well, I think many of us on the committee would encourage keeping lines of communication as open as possible, recognizing that it takes two to be able to do that.

Mr. KRITENBRINK. Yes, ma'am. I would say, unfortunately, sometimes our Chinese friends have used those channels of communication as a source of leverage, and that is unfortunate.

Ms. JACOBS. Yes.

Assistant Administrator Schiffer, I want to go to you. You know, we have had a lot of talk about the Belt and Road Initiative and what China has been doing in that regard. I think we sometimes have a temptation to play Whac-A-Mole with our investments and just feel like we need to show up wherever China is showing up, even if it is not necessarily in our strategic interest.

So, I just wanted to hear how USAID is viewing this part of their work and how you are thinking about prioritizing strategic investments where we have a comparative advantage, instead of just this sort of trying to match one-to-one.

Mr. SCHIFFER. Thank you for that question.

You know, it is absolutely critical, if we are going to be successful in creating a sort of world that we seek to create, as Secretary Krittenbrink laid out, that we are disciplined and strategic in our approach. And I would offer that I think we have been, as we look to work with countries that are on the front line of visioning this course of economic practices and countries and partners that are critical for our own security, and for being able to build the free and open architecture that we seek, whether it is in the Indo-Pacific or around the world.

The challenge that we have is that, while Beijing's model for development assistance isn't actually about development assistance—it is about geostrategic advantage—our model is premised on being

able to create bankable propositions that can attract capital and that can have market access for success. And that is a much trickier proposition.

But we are seeking to fully align our work with the strategic priorities of the Administration, including in the Indo-Pacific. We are looking to expand our presence there significantly over the course of this year.

Ms. JACOBS. Thank you, and I would just note we are already seeing many countries where the Belt and Road Initiative has backfired and where countries are starting to sour on Beijing as a result. So, I appreciate your strategic approach.

And, Mr. Chairman, I yield back.

Chairman MCCAUL. The chair recognizes now the chair of the Indo-Pacific Subcommittee, Mrs. Kim.

Mrs. KIM OF CALIFORNIA. Thank you, Chairman McCaul and Ranking Member Meeks, for holding today's hearing on the generational challenge posed by the PRC.

I want to ask the first question to Mr. Estevez. When you came before the committee more than 6 months ago, you stressed your desire to harmonize the various U.S. Government lists related to PRC companies. And I think most of us agree that is a common-sense policy that needs to be implemented.

So, for example, CRRC, a giant, well-known PLA supplier, is not on the Commerce Entity List, but it is on the DOD military list, right? That seems like a glaring omission. So, what specific steps have you taken to work with DOD to harmonize these lists, and when can we expect this process to be implemented?

Mr. ESTEVEZ. So, a couple of things about the lists, and I understand the confusion over different lists. Different lists have different authorities around them. So, the DOD list, which is required by the 1999 NDAA, I believe, has no consequence for the companies that are listed. Whereas, the Entities List, which requires factual and articulable information in order to put somebody on the Entity List, has consequences for the company. So, I need data in order to put someone on the Entity List, as opposed to research. Also, I really want to see if there are exports to that company, because, otherwise, it is a useless enterprise. But we do put people on the Entity List with very few exports.

DOD, which sits on the committees that authorize licenses and put people on the Entity List, can always propose someone to go onto the Entity List, and then, we will take that up and we will look at the facts and the data around that. So, from the standpoint of whether DOD can put someone on the list, the absolute answer is yes, through the process.

Mrs. KIM OF CALIFORNIA. So, you are referring to legal risk associated with harmonizing DOD lists with the Entity List. Let me tell you, our committee has consulted many lawyers and legal experts about this issue, but they have been told that BIS faces minimal legal risks.

So, for instance, Congress expressly precludes BIS from the Administrative Procedures Act and sets a very low bar to clear for entity listings; that an entity be, or have the potential to be, a threat to U.S. national security and foreign policy interests. So, we have

found only two recent cases in which PRC companies took BIS to court over an entity listing, and BIS prevailed both times.

So, can you please explain the legal foundation for your assessment?

Mr. ESTEVEZ. Representative Kim, I am not a lawyer. So, I am not going to give you the legal foundation that my lawyers happily articulate to me all the time, when I am saying, Why cannot we put this person on the list? Because we do need to have fact-based. We are not the PRC. We do not make it up. We actually follow a process and we live by the rule of law.

Mrs. KIM OF CALIFORNIA. It sounds like, to me, it is more like a political concern than a legal one.

Mr. ESTEVEZ. Zero political concern, ma'am.

Mrs. KIM OF CALIFORNIA. Well, let me go on. How do you explain the declining rate of BIS entity listings? Because, by our count, there were 114 in 2019, 147 in 2020, 85 in 2021, and 68 in 2022. So, can you explain that?

Mr. ESTEVEZ. I would have to go back to look at that, but I do not see us having a declining rate. I actually——

Mrs. KIM OF CALIFORNIA. All right.

Mr. ESTEVEZ [continuing]. See us as having an expedited rate on——

Mrs. KIM OF CALIFORNIA. All right. I will move on then.

You know, I would like to ask a question to Mr. Krittenbrink. I am going to ask you about the backlog of \$21 billion in sales to Taiwan. Last Congress, as you know, I introduced the Arms Exports Delivery Solutions Act, and that requires DOS and DOD to report to Congress on reasons for backlogged sales to Taiwan and the Indo-Pacific allies. And it provides the authority that Congress could use to expedite these deliveries.

So, the legislation was already signed into law through NDAA. So, can you provide me with an update on the implementation of that law and what steps that the State Department is taking to expedite the delivery of arms to Indo-Pacific partners and allies, especially our allies who are facing threats from the PRC and North Korea?

Mr. KRITENBRINK. Madam Chairwoman, thank you for your question on this, the specific question about a backlog in arms sales to Taiwan.

I can assure you that the U.S. Government, and certainly the State Department, we are committed to meeting our obligations under the Taiwan Relations Act to assist Taiwan in maintaining a sufficient self-defense capability.

Just last year, we notified 13 different sales to Taiwan, which is the largest single number of notifications for Taiwan in the last 20 years. I would say, ma'am, there are production and delivery delays worldwide, not just for Taiwan, but for other partners. We are working expeditiously to get through those.

But I would also say, sometimes I think that the notion that there is a long backlog, some of that can also be misleading. Because when we notify the Congress of the intent to have a sale, it does take some time for the companies to, then, negotiate those contracts and implement them.

But I can assure you we are doing everything that we can. The Biden-Harris Administration has notified more than \$5 billion in foreign military sales to Taiwan, \$37 billion since 2010 and \$21 billion since 2019. We are committed, not just to arms sales to help Taiwan grow its deterrent capability, but also diplomatically with allies, partners, and friends to support the peace and stability within international—

Mrs. KIM OF CALIFORNIA. Would you be able to tell us quickly the percentage of those sales that were signed off since President Biden has been in office?

Mr. KRITENBRINK. I would have to do the math, but the figure, as we stand today, is \$5 billion thus far. But I would also say, beyond just comparing the numbers, it is important to look at the kinds of systems. And again, in consultation with our partners in Taiwan, we are focusing on building Taiwan's asymmetrical defense capabilities, which we think—we both think is most effective in maintaining a deterrent capability, so as to maintain peace and stability.

Mrs. KIM OF CALIFORNIA. Thank you. My time is up. So, I yield back. Thank you.

Chairman MCCAUL. The chair recognizes Ms. Manning.

Ms. MANNING. Thank you, Mr. Chairman.

And thank you to all of our witnesses for your service to our country.

Assistant Secretary Kritenbrink, I have just returned from a congressional trip to Japan, where we met with the Prime Minister and a host of lawmakers who talked extensively about their concerns about Chinese aggression and their decision to double their military spending—really an unprecedented decision—but also about their deep economic relationship with China.

How can our relationship with Japan enhance our position with regard to China, and what additional steps can we be taking?

Mr. KRITENBRINK. Ma'am, thank you very much for your question.

There is certainly no more important ally than Japan. And I think that our alliance has never been stronger, and our cooperation, both in a bilateral alliance sense, but, increasingly, globally, has really never been stronger. Japan is chair of the G7 this year, and we are working really diligently together with them, under their leadership, to make sure we take steps around the globe to promote peace and prosperity vis-a-vis the war in Ukraine, but also encountering Chinese economic coercion as well. Certainly, from an alliance perspective, we very much welcome the historic steps that Japan has taken under Prime Minister Kishida.

The decision, as you noted, to increase their defense spending to 2 percent of GDP, their unprecedented national security strategy, which is almost completely aligned with the same vision that we have outlined, and that other partners across Asia and Europe have outlined, for their vision of the kind of world that we want to live in—I think our alliance collaboration and coordination is closer than ever before. We have collaborated as well in ways that the U.S. military will be adjusting its force posture in Japan, which also we believe will further contribute to regional stability.

And increasingly, ma'am, maybe the thing I am most excited about is that Japan has become our partner across the region and across the world, in Southeast Asia, certainly in the Pacific Islands, and on the Ukraine war as well. Japan has played an absolutely leading role, and we are very grateful for that. And again, I think our alliance is stronger than ever, and we both benefited from the agreement.

Ms. MANNING. Thank you.

Under Secretary Estevez, can you share with us details about the recent deals the U.S. has reached with Japan and with the Netherlands on export controls that are important to our efforts to deal with China's aggressive behavior?

Mr. ESTEVEZ. What I can say, Congresswoman, is that, first, multilateral controls are critically important when we do these types of things. We are always in deep discussion with our allies around that. And further than that, I would have to say we need to talk in a closed hearing.

Ms. MANNING. OK. Thank you.

So, Assistant Secretary Kritenbrink, I am going to go back to you. One of the other things that we learned from our friends in Japan is that fewer Japanese students are coming to the U.S. to study, as opposed to a large number of Chinese students who are now studying in the U.S. Is this an issue of concern, and if so, how can we increase the number of Japanese students to strengthen that relationship among different generations? And also, how can we harness the talent of the Chinese students who are studying here to help our country?

Mr. KRITENBRINK. Yes, Congresswoman. Thank you. Vitally important questions.

I continue to believe that people-to-people ties are an absolute essential element of many of our partnerships around the world. Certainly, that is the case with Japan. And I can speak from personal experience, having been an exchange student as an undergrad in Japan for a year, which was a really wonderful and life-altering experience.

We have been concerned to see the decrease in the number of Japanese students studying in the United States. And my team, together with colleagues across the State Department, across the interagency, and our fantastic embassy in Tokyo, are taking steps to further highlight the benefits of studying in the United States and the benefits of growing those people-to-people ties, which remain, obviously, very deep between the United States and Japan.

But, ma'am, I would say as well, you could say the same for the importance, continued importance, of people-to-people ties between the United States and China. There are some 290,000 Chinese students in the United States right now. I think, as one of the Members of Congress made clear earlier, we should always distinguish between the Chinese Communist Party and the Chinese people.

I am confident that the study that is carried out, the legitimate study carried out by Chinese students in the United States benefits them, benefits the United States as well. And I know a large number of those very talented students end up staying in the United States and contribute to our society and our economy here as well.



And the final point, ma'am, that I'll make, that a Member made earlier as well, I hope that we are also very careful, as we focus on legitimate concerns about the Chinese Communist Party, as we focus on some of the concerns about how some of these exchange programs were in some instances not used for legitimate purposes, we do have to make sure, again, we are distinguishing between the Chinese people and the Chinese Communist Party. And we also have to make sure that none of our actions contribute to a disturbing rise in discrimination and hate directed at Asian Americans.

Thank you.

Ms. MANNING. Thank you. My time has expired. I yield back.

Chairman MCCAUL. The chair now recognizes the chair of the Western Hemisphere Subcommittee, Ms. Salazar.

Microphone?

Ms. SALAZAR. Yes, thank you, Chairman, for holding this very critical hearing.

And as we have spoken, the penetration of China in Latin America is real and terrifying. It has reached a level where our national security is in danger. Almost 30 percent of China's global lending goes to Latin America. That is almost \$140 billion. China has a physical presence in 25 out of the 31 Latin American countries and is the second largest user of the Panama Canal.

But we know that the Chinese are not here for trade; they are here for war. And why do I say that? Because 10 years ago, China sold Hugo Chavez/Venezuela VN1 tanks and advanced radar systems. Bolivia, via Evo Morales, is using right now Karakorum fighter jet planes, one of China's most advanced fighter jets. And now, Argentina—that is very concerning—is considering opening Chinese fighter jet factories. Chairman Xi Jinping has been to Latin America more times than Presidents Obama, Trump, and Biden combined in the last 10 years. And I will explain to you what bothers me the most at this moment, and it should scare all of us.

Assistant Secretary, Mr. Krittenbrink, thank you for being here and for wanting to answer our questions.

Ten years ago,

[inaudible], who is today Argentina's Vice President, Cristina Fernandez, who has been accused of corruption and who stole millions of dollars from the Argentinians, now she has sold her soul to the Chinese by allowing them to have this, a deep space station the size of 400 football fields in the middle of the Patagonia desert—400 football fields. I am sure the Chinese are very interested in studying the stars and every constellation, but from the Argentina skies. But the problem is that Argentina has no idea what is going on there because the Chinese do not let them in. They do not let them in on Argentinian soil.

So, my question to you is, how dangerous is this station for our national security, sir? I am asking you, Assistant Secretary, are you as concerned as we are, yes or no?

Mr. KRITENBRINK. I will say two things, ma'am. One, we are concerned with China's efforts around the world to increase its military presence, No. 1. And we—

Ms. SALAZAR. But I am talking about this space station, in particular.

Mr. KRITENBRINK. No. 2, I would have to consult with my colleagues across the interagency and get back to you. And perhaps it would be more appropriate—

Ms. SALAZAR. You do not know anything about this?

Mr. KRITENBRINK. Perhaps it would be more appropriate in a classified session.

Ms. SALAZAR. But I am asking you, do you know about this deep space station in Patagonia?

Mr. KRITENBRINK. I am not an expert on this situation.

Ms. SALAZAR. You are not? So, you did not know this happened?

Mr. KRITENBRINK. I am not an expert on the issue that you raise—

Ms. SALAZAR. Four hundred football fields in the middle of Patagonia. I mean, isn't that concerning? Does this have anything to do with the Chinese balloon that was flying over our territory?

Mr. KRITENBRINK. Again, I'll say, ma'am, that we are aware of a number of steps that China has taken around the world to increase its military presence—

Ms. SALAZAR. I'm talking about Latin America and I'm talking about this—

Mr. KRITENBRINK. Understood.

Ms. SALAZAR. You do not? You do not know about this? Interesting. OK. So, who does?

Mr. KRITENBRINK. Ma'am, as I said, I would be delighted to consult with my colleagues in the interagency and get back to you. And perhaps it would be most appropriate to do so in a classified session. But I would be happy to do that.

Ms. SALAZAR. OK. So, interesting. Right.

So now, let me ask you something else. Do you also know that Cristina Fernandez, the actual Vice President, wants to buy 18 Chinese JF-17 fighter jets? They want to buy them from the Chinese. Are you aware of that? And then, not only that, to build a fighter jet factory in Buenos Aires and sell those fighter jets to other neighbors, meaning Paraguay, Uruguay, Chile, Bolivia. Are you aware of that?

Mr. KRITENBRINK. Ma'am, again, I'm not an expert on either of those questions, and I would be happy to take that back and come back to you.

Ms. SALAZAR. OK. So, we certainly hope that either you or one of your colleagues can come back to this forum and explain to us—

Mr. KRITENBRINK. We look forward to that. Thank you.

Ms. SALAZAR. I would imagine that it is pretty concerning.

So, since we cannot get any answers from you, then, I was going to use this forum to send a message to the Argentinians, specifically to the Vice President. And I'm going to do it in Spanish, because maybe they are not hearing from you, but maybe they will hear it from me. And I'm going to forewarn them that, if they decide to build a fighter jet factory of Chinese fighter jets, it is a very bad idea for them, and moving forward, and everything that has to do with the relationship with the United States. So, that is why I am going to say it in Spanish, and I beg your pardon, if you do not understand.

[Ms. Salazar speaks in Spanish.]

Thank you, Mr. Chairman. I yield back.

Chairman MCCAUL. Thank you, Ms. Salazar.

And I will be requesting a classified briefing on this very issue.

Ms. SALAZAR. Thank you.

Chairman MCCAUL. The chair now recognizes Mr. Dean.

Ms. DEAN. Well, it is Madeleine.

Chairman MCCAUL. I'm sorry, Madeleine Dean. What am I saying? Excuse me. Apologies.

Ms. DEAN. Thank you. Thank you, Mr. Chairman McCaul, Ranking Member Meeks, and to all of our witnesses for testifying.

I hope you know that some of our absences in this room reflects not at all on the subject matter and your work, but on a markup in another committee at the same time.

So, with the limited time that I have, I would like to examine and understand China's role in illicit fentanyl and what the United States is doing about it. We all know that fentanyl is wreaking havoc on our Nation, on our communities.

In the year ending September 2022, CDC estimates that synthetic opioids, mainly fentanyl, were responsible for about 73,000 overdose deaths, 70 percent of all drug overdose deaths, which topped 108,000 in a single year. Those numbers are staggering. That is 300 people a day dying of overdose.

Some of you may know this is an issue personal for me. I have a son in recovery, long-term recovery, from opioid addiction, now for over a decade. By the grace of God, he is in that space. But we know too many of our children and adults are not, and we are losing them.

China was the primary source of illegal fentanyl entering the United States until the PRC imposed controls in 2019. Today, Mexican drug cartels rely on PRC-sourced precursor chemicals to produce fentanyl. While cooperation between the United States and PRC has yielded some success in curbing illegal fentanyl, recent tensions have hindered that progress.

Under Secretary Estevez, Assistant Secretary Kritenbrink, how is the Biden Administration working to pressure the PRC to improve further controls on fentanyl precursors? And what is the Administration doing, what progress is being made, to pressure the PRC to come back, financial flows, from illicit fentanyl? Under Secretary Estevez or—either one, yes.

Mr. KRITENBRINK. Ma'am, thank you very much for your question.

Certainly, we recognize the tragedy and the travesty caused by these opioids, synthetic opioids, and certainly fentanyl. I think you have described it very well, ma'am. China did take steps in 2019 to control fentanyl, which brought direct shipments of fentanyl down to almost zero. Now, the problem, ma'am, has transformed into precursor chemicals that are coming out of China are being diverted elsewhere, and then, manufactured into fentanyl, synthetic opioids, and brought into the United States.

I would say we have done two things. One, in our engagement, direct engagement, with the PRC, we have made cracking down on this precursor fentanyl problem one of our absolute highest priorities. We have told the Chinese they need to take a number of steps to make sure that they and their entities know to whom they are

selling these precursors, to try to prevent their diversion, to make sure that they are properly labeled, and the like. And I will say, candidly speaking, ma'am, our conversations have not been very satisfactory on that for a variety of issues, partly related to the broader bilateral relationship, partly related to some of the concerns that the Chinese have, which we think are unfounded. But I can assure you this is an absolute top priority in our engagement with China.

The second major thing that we are trying to do is work with other countries in the world to together put pressure on China to take the right steps. We are not the only country that suffers from this scourge. Certainly, in North America, others do, but this has increasingly been becoming a global problem.

Thank you.

Mr. ESTEVEZ. And if I could?

Ms. DEAN. Yes, please.

Mr. ESTEVEZ. Unfortunately, there is no exports going to the fentanyl or precursor manufacturer in China. However, we are working with DEA right now to assess whether we can put restrictions on machinery or lab equipment that they use for that. So, we are doing that kind of assessment, working both with law enforcement and my Export Administration side to see what we can do to crack down on that.

Ms. DEAN. And if I could followup, Mr. Kritenbrink, you said that direct engagement is not going very well. So, what do we do in the face of that?

Mr. KRITENBRINK. I would say two things. One, we haven't given up in our direct engagement with the Chinese and using all tools and all leverage at our disposal to try to make progress directly with the Chinese.

But I think, as I hope I have made clear here today, I think equally important in our diplomacy writ large with China, and on the fentanyl issue as well, is to work together with our partners and friends who are also suffering from the diversion of these precursor chemicals, and together, to engage the Chinese and put pressure on the Chinese to do the right thing, to control these chemicals in a way that prevents their diversion in illegal manufacturing of fentanyl.

Ms. DEAN. Well, I hope you will call upon me and call upon all of us to be partners with you in making sure that we do everything possible—and we have to think outside the box—everything possible to reduce the trafficking, the manufacture of fentanyl, the trafficking of fentanyl.

We now know that it is being laced into almost anything and you do not have to be an addict to die of this. We heard testimony from a father whose 15-year-old son Noah recently died of fentanyl poisoning, thought he had purchased a Percocet pill. So, you do not have to be an addict. It is not one thing or another.

This is extraordinarily deadly in our communities. So, anything we can do to partner with you, Congress can partner with you, please call upon us.

Mr. KRITENBRINK. Yes, ma'am, and thank you for your leadership on this issue. Thank you.

Chairman MCCAUL. And thank you, Ms. Dean, and I look forward to working with you and the ranking member on this very important issue. This is, obviously, a very bipartisan issue, and we would like to get something done. And it touches thousands of lives, and I think 100,000 young people died just this last year. So, thank you for bringing that up.

The chair now recognizes Mrs. Radewagen.

Mrs. RADEWAGEN. Talofa

[speaking Samoan]. Good morning.

Thank you, Chairman McCaul, Ranking Member Meeks.

And thank you all for testifying today.

Secretary Estevez, my questions are for you. Why is it appropriate for BIS to let U.S. technologies be exported to SMIC to advance the CCP's military modernization efforts?

Mr. ESTEVEZ. Thank you for that question.

SMIC is on the Entity List. It is on the Entity List with not a complete stop. It is we prevent the most advanced capabilities for making semiconductors from going to SMIC. So, they cannot make semiconductors below 14 nanometers.

Mrs. RADEWAGEN. Thank you.

Following up on that, does BIS think it has visibility into where the chips produced by a CCP military company are going?

Mr. ESTEVEZ. Most chips actually made in China are consumed in China. However, we are watching to see if they are moving chips to Russia in violation of our sanctions.

Mrs. RADEWAGEN. Is increased dependency on the PRC for these types of chips a national security issue? And how many PRC chips are you comfortable in having in DOD systems and U.S. critical infrastructure?

Mr. ESTEVEZ. So, my export controls do part of the job here. The other part of the job is what we call in Commerce "playing defense"; the other part plays offense.

I want to thank Congressman McCaul for his support of the CHIPS Act, being rolled out as we speak.

Developing capability in the United States for the most advanced chips is critical. And for me personally, no chip in a DOD system should come from anywhere else but the United States.

Mrs. RADEWAGEN. If these are risks, why is BIS failing to act and mitigate this threat, when it can easily use existing authorities?

Mr. ESTEVEZ. I'm sorry, ma'am, I believe that we are stopping the most advanced chips from being made in China. Chips are a ubiquitous commodity at the legacy level.

Mrs. RADEWAGEN. Thank you, Mr. Chairman. I yield back.

Chairman MCCAUL. The chair now recognizes Mr. Crow.

Mr. CROW. Thank you, Mr. Chairman.

And thank you, all of you, for your testimony today.

My first question is about Afghanistan and China's efforts to capitalize on some of the mining opportunities there. In 2008, under the Karzai Administration, the Afghans signed a 30-year contract with a Chinese joint venture company to extract high-grade copper from Mes Aynak. Can one of you give me an update on Chinese involvement with regard to that contract and their operations to try to get copper out of Afghanistan?

Mr. KRITENBRINK. Representative Crow, thank you for your question. I would have to take that back and get back to you. I'm not familiar with the details of that deal. I know of it in general terms, but not in any detailed way. But I would be happy to bring that back.

Mr. CROW. Yes, that would be great for the record. Thank you.

Then, the second is a broader question about Chinese infrastructure generally. I mean, we I think sometimes view the Chinese as 10-foot tall, but they, obviously, have problems upon problems of their own, one of which is pretty substantial blowback in certain areas on One Belt, One Road Initiative efforts.

I have spoken with a number of Ambassadors and heads of State in Africa, and they have relayed to me not only the predatory economics and high debt financing terms of a lot of these investments, but the infrastructure itself is not great and it is failing; plus, a lot of it is built with Chinese labor, which is causing domestic turmoil within a lot of African countries, as they see Chinese workers come in to build projects, while their unemployment rate remains very, very high.

Can you talk to me about some of the blowback that you are seeing with regard to their practices, particularly in Africa?

Mr. KRITENBRINK. Why do not I take an initial stab, Congressman? I think you have outlined the problem well. We hear the same complaints from partners around the world.

And what we have done is, one, to caution countries to be well aware of what they are getting into when they sign into one of these deals, whether it is the predatory finance that you mentioned; the fact that the quality of the infrastructure can be in question, and then, through the use of PRC labor, oftentimes, the economic benefits do not redound to that country—not to mention whether the product will be—or the project will be sustainable, including in environmental terms.

But the other thing we try to do is offer alternatives. And I wonder if my colleagues would like to speak to that.

Mr. NATHAN. Thank you, Secretary.

I completely agree with what you said, Congressman. I mean, our experience is that, not only do projects by the PRC not often accrue to the economic benefit of the countries, then they do burden countries with debt. But they also frequently involve environmental hazards, labor violations, poor quality, inappropriateness for local laws and conditions.

But this is why we have experienced strong demand for our product. Countries are looking for choice, and particularly, the choice that we and our allies offer, which is high standard, which respects local laws and conditions, just transparent, which is funding at the private level. This is the value proposition that the Development Finance Corporation is presenting around the world.

Mr. CROW. And with regard to the Development Finance Corporation, which I think is a phenomenal program, what barriers are you seeing in really scaling that and expediting it? And what would you need from Congress to, frankly, double down on that effort?

Mr. NATHAN. Thanks for that question.

You know, the DFC is just over 3 years old, and I think we have made extraordinary progress in that time. But the BUILD Act contemplated a new tool set for DFC, importantly, one that includes the ability to make equity investments. Equity investments would allow us to take more risk, to be forward-leaning on the type of opportunities that we pursue in infrastructure and other companies around the world.

We have made progress, but we have limitation from a budgetary treatment of equity, limitation in our ability to realize the full promise of the equity tool. We look forward to working with this committee and others to remove those barriers and realize the full potential BUILD Act contemplated for DFC.

Mr. CROW. Thank you.

And I just wanted to finish on this topic of China having their own problems and just being very clear to China and to everyone listening that there has been a lot of talk about Ukraine emboldening China and strengthening China and weakening the West, given the attrition and the amount of weapons and equipment we are pouring into Ukraine.

I actually think it is the opposite. I think the United States, NATO, and the West are greatly formalizing and increasing the intelligence-sharing and our analysis. We are strengthening our Defense Industrial Base by, essentially, doing a real-time audit of some of our weaknesses and shortfalls, but we are fixing it and moving fast to fix it. We are increasing our partner training. We are learning about weapon systems and how ours perform vis-a-vis old Soviet systems, or strengthening NATO and increasing investments and modernizing the NATO alliance. So, this is, I think, an opportunity for us to show the strength of the West and how China is on the wrong side of history.

Thank you. I yield back, Chairman.

Chairman MCCAUL. Thank you.

The chair now recognizes Mr. Huizenga.

Mr. HUIZENGA. Thank you, Mr. Chairman, and I appreciate the opportunity to be here.

For those of you that we are questioning today, this is my first term and first time being here at the Foreign Affairs Committee. I sit on the Financial Services Committee. And the reason why I mention that is because, in one of my past jobs, it was chairing what at the time was called the Monetary Policy and Trade Subcommittee, where I had the opportunity to look at our review process here in the United States when it came to sensitive technology.

And I am going to briefly touch on something here regarding a battery company, A123, that we reviewed at the time. But, obviously, COVID exposed a real issue with our supply chains and our dependence, whether it is chips, but certainly batteries. And coming from Michigan, I do not have any of the direct manufacturers, but I have all the suppliers, all the Tier 1, Tier 2, Tier 3 automotive suppliers that are in my district, both past district and current district, including battery companies.

But the A123 battery deal at the time was somewhat controversial. And I know I was in on some classified briefings on that. And yet, that seemingly went through the process pretty quickly, and

I felt like I was arguing against our own government, frankly, at times about why this would be, could be problematic.

And I'm curious, Under Secretary Estevez, do you mind, just very quickly, is dependence on China for batteries a national security issue?

Mr. ESTEVEZ. First of all, I want to note that the 123 deal went through CFIUS and—

Mr. HUIZENGA. Yes. Yes. Yes, I'm aware. I am aware.

Mr. ESTEVEZ. It is probably not the best decision that CFIUS made, but that is—

Mr. HUIZENGA. Well, we are finding consensus there then.

Mr. ESTEVEZ. Yes, look, there is a whole bunch of technologies that we need to start doing investment on in the United States. We should not be reliant on China for batteries, for chips, for pharmaceutical precursors, for rare earths. And we need to—and my colleagues to my left are more in the engagement with allies—

Mr. HUIZENGA. Yes.

Mr. ESTEVEZ [continuing]. To buildup those capabilities. I mean, the stopping from the Chinese to get stuff.

Mr. HUIZENGA. Yes.

Mr. ESTEVEZ. But we certainly need to look at our supply chains better.

Mr. HUIZENGA. Sure. And we had a review of the CFIUS process, and Representative Barr, who is also on this committee, who followed me as the chair of MPT, was a crucial part of that.

I do want to move on here in my last 2 minutes. For Mr. Kritenbrink, has the State Department refused to approve or requested the delay of sanctions to hold the PRC accountable for human rights violations against the Uyghurs?

Mr. KRITENBRINK. Congressman, what I would say is, as I indicated earlier, human rights remains central to our foreign policy.

Mr. HUIZENGA. I understand that.

Mr. KRITENBRINK. We have taken a range of—

Mr. HUIZENGA. But has there been a request for a delay?

Mr. KRITENBRINK. We have taken a range of steps to impose costs on those who are carrying out genocide in Xinjiang, including sanctioning, under Global Magnitsky, 12 officials and—

Mr. HUIZENGA. OK.

Mr. KRITENBRINK [continuing]. And another seven who have been placed under restrictions.

Mr. HUIZENGA. All right. I have got a minute and a half here. Let's get very specific. Has Deputy Secretary Sherman refused to approve or requested any delay in implementation of congressionally mandated the Uyghur Human Rights Policy, or UHRPA, sanctions?

Mr. KRITENBRINK. What I would say, sir, is we continue to take a number of steps, and we will take a number of steps, to hold accountable those in China who are—

Mr. HUIZENGA. That is—that's a yes-or-no kind of question, though.

Mr. KRITENBRINK. Congressman, I will—I will just reiterate what I have said. We are committed to—

Mr. HUIZENGA. Well, either you know or you do not know.



Mr. KRITENBRINK. Congressman, we are committed to taking steps. I'm happy to take that back and come back to you.

Mr. HUIZENGA. Please do. Yes, that is the purpose of this.

And have you personally supported any delay in UHRPA?

Mr. KRITENBRINK. I support making sure that we take steps to ensure that we hold to account those in China who are carrying out—

Mr. HUIZENGA. I understand that, but, respectfully, that's not my question. Both for Ms. Sherman or for yourself, have you felt it was in the best interest for a delay?

Mr. KRITENBRINK. I think it is in America's national interest to continue to carry out our steps to hold account those people who are doing that—

Mr. HUIZENGA. And are you doing everything that you can do to push forward on those steps and implementing those steps, as has been congressionally mandated? In a bipartisan manner, I might add.

Mr. KRITENBRINK. Yes, sir, I'm confident that all of my colleagues and all of my leadership are committed to making sure that we hold to account those in China who—

Mr. HUIZENGA. And moving ahead in a timely fashion?

Mr. KRITENBRINK. Yes, sir.

Mr. HUIZENGA. OK. We are going to hold you to that.

Mr. KRITENBRINK. We are committed, again, to holding to account those who are carrying out genocide in Xinjiang, in China.

Mr. HUIZENGA. OK. We expect that action to continue.

And with that, Mr. Chairman, my time has expired. I yield back.

Chairman MCCAUL. Thank you.

The chair recognizes Mr. Stanton. Mr. Stanton is recognized.

Mr. STANTON. Thank you very much, Mr. Chairman, for holding this important hearing. This is my first hearing as a member of this committee, and I am honored to be here.

Last year, Republicans and Democrats came together to pass the CHIPS and Science Act, an historic investment in American ingenuity and advanced technology. Few States stand to benefit more than my home State of Arizona, as we welcome \$40 billion in investment from TSMC in north Phoenix, expand Intel's footprint in my district in the East Valley, and support innovation from dozens from other companies.

That is why I am gravely concerned about the theft of American intellectual property by the PRC. Last fall, FBI Director Wray warned that, not only does Chinese IP theft threaten these companies' bottom lines, but it jeopardizes our economic competitiveness and our national security.

Mr. Estevez, last October, the Biden Administration imposed controls designed to limit the development of production in China of advanced node semiconductors, semiconductor production equipment, advanced computing items, and supercomputers. That was a very important step. What other steps is the Department of Commerce taking to combat IP theft, particularly for semiconductor technology?

Mr. ESTEVEZ. So, let me start off by saying thank you for the notice on chips, very important.

We put those sanctions on, export controls on semiconductor equipment and related technologies for national security reasons, not necessarily for IP theft. However, when we find companies that it is provable that they have stolen IP, we will take action against those companies. Full stop.

Mr. STANTON. What additional tools do you need from Congress to better protect American enterprise from IP theft?

Mr. ESTEVEZ. From the export control perspective, I think I have the authorities that I need. From a greater perspective of cyber theft, you know, companies need to invest in their cyber protection and they need to notify when such breaches happen.

Mr. STANTON. Thank you.

I want to piggyback on questions from my colleague, Madeleine Dean earlier. More than five Arizonians die every day from opioid overdoses, nearly half of which involve fentanyl. Unfortunately, the PRC continues to play a deadly role by allowing export of precursor chemicals, the core ingredients that some bad actors, like the Mexican drug cartels, can use to make fentanyl. The PRC seems to have backed off cooperating with the United States on stopping the flow of fentanyl substances. They attribute that to U.S. entity listings and export controls, including on institutions implicated in human rights violations.

Mr. Estevez, this question is for you as well. What is your analysis? What is really going on here? Has the PRC stopped cooperating out of retaliation or have some of our controls truly complicated their ability to cooperate?

Mr. ESTEVEZ. That is really a better question for my State colleague. But from a national security perspective, it is important that we exercise our authorities with export controls.

Mr. STANTON. Mr. Kritenbrink, please.

Mr. KRITENBRINK. Congressman, thank you very much for your question. Again, this is vital national security issue important to the lives and the health and safety of American citizens. We have made it one of our absolutely top priorities in engaging with the Chinese. Unfortunately, they have put up various roadblocks to cooperation lately. They have complained about regulatory steps that we have taken that allegedly impede that cooperation. We do not agree with that view, and we do not believe that there are any steps that the United States has taken from a regulatory perspective that ought to impede cooperation. We believe that China has a responsibility to take steps to impede the flow of these precursor chemicals.

As I indicated earlier, in 2019, they did take steps to schedule fentanyl, which stopped the shipment of fentanyl to almost zero. Now, the problem is these precursor chemicals which are diverted, and then, illegally manufactured into fentanyl. We have made clear in our bilateral engagement that China needs to do better and needs to take steps to make sure that their companies know to whom they are selling; that these chemicals are appropriately labeled, and the like.

And then, Congressman, I would hasten to add, we are also working with other international partners to put pressure on the Chinese to do the same.

Mr. STANTON. OK. I have time for one rather quick question. On export control, obviously, we have shown real leadership on that issue, the Biden Administration, but, obviously, we need our partners around the world to do the same thing. We cannot act in a unilateral way. What steps—what other countries are we engaging with to impose multilateral export controls? And that is for any of our witnesses.

Mr. ESTEVEZ. Yes. So, for any control we put on, we generally engage multilaterally, unless we, the United States, are the only country that makes a piece of equipment. I cannot talk in specifics around the semiconductor export controls, but we have engaged multilaterally on that. And I would be happy to talk in a classified setting about what we have done there.

And just look what we have done on Russia: 38 nations put on like controls to what we put on. That eventually will stifle the Russian industrial base, so they cannot reconstitute their military.

Mr. STANTON. Thank you very much. I yield back, Mr. Chairman. Chairman MCCAUL. The chair recognizes Mr. Davidson.

Mr. DAVIDSON. Thank you, Chairman.

Despite the World Trade Organization membership China enjoys, China is neither a market economy nor a developing nation. As a condition of membership, China committed to be a market economy. They are also allowed to pretend that they are still a developing economy. Claiming this special status allows the People's Republic of China to exploit the developed nations like ours through various perks, such as restricting imports to protect certain industries and complying with fewer WTO obligations.

The failure of our country and others to enforce the obligations of World Trade Organization membership on China has been disastrous for America's economy, our manufacturing sector, in particular, and our middle class. The consequences are especially harmful in my home State of Ohio.

Are any of you aware that the Chinese Communist Party military intelligence units have conducted cyberattacks on U.S. businesses resulting in intellectual property theft of dual-use technology?

Mr. KRITENBRINK. Congressman, thank you for your question.

The cyber threat posed by China is vast, highly significant. We are taking a number of steps to counter it. But, certainly, the cyber-enabled theft of intellectual property rights and trade secrets remains a top concern.

Mr. DAVIDSON. Are whole-of-government uses of intelligence units to steal intellectual properties characteristics of market economies?

Mr. KRITENBRINK. Congressman, I would say that it is unacceptable for any country, regardless of status, to use cyber-enabled means to steal intellectual property and trade secrets.

Mr. DAVIDSON. I agree with your statement there, and thank you for that.

Is China unique in its use, as a World Trade Organization member, of its intelligence units to steal intellectual property of American companies on behalf of the companies that they are trying to benefit inside China?

Mr. KRITENBRINK. I can speak with confidence to the challenge posed by China. I would have to take back your question as to whether there are others that pose a similar threat.

Mr. DAVIDSON. Thank you. And that is concerning.

But, you know, Mr. Estevez, in 2020, BIS published a report which revealed some concerning information regarding AK Steel, which is now owned by Cleveland Cliffs. It stated, quote, "If AK Steel's Grain-Oriented Electrical Steel, GOES, operation were to close, the United States would lack the ability to produce transformers of any power-handling capacity without relying on foreign sources." Does this assessment sound accurate?

Mr. ESTEVEZ. I would have to go back and look at that, but I would be happy to get a detailed discussion on GOES with you, if you would—

Mr. DAVIDSON. Yes. So, you know, your organization publishes a lot of these reports. So, I wouldn't expect you know all of them, but this is work that BIS did do, and it highlights how important it is to understand the particular sectors that are vulnerable. And China, when they use these powers and exploit their membership status in WTO, they are shaping market access, and they are targeting specific companies and specific intellectual property.

This Grain-Oriented Steel produced by AK Steel, or Cleveland Cliffs now, is the only U.S. source for this. And as we look at the sensitivity of our electrical grid and vulnerabilities there, this is just one of the core issues.

And as I have just a little bit of time, Mr. Kritenbrink, I just want to highlight, with the abuses in fentanyl and tools there, would it help if we designated cartels, in particular, which are moving this product, as enemies of our country, and made people that support those cartels by supplying precursor chemicals, for example, or moving money and cash back and forth eligible for sanctions and intelligence collection? Would that be helpful?

Mr. KRITENBRINK. Well, Congressman, I think, as a matter of general principle, we would be supportive of looking at any step we can to get at this scourge. But I would need to take your question back to the experts, both in our Department and across the inter-agency, and come back to you with a more formal answer.

Mr. DAVIDSON. Thank you. I hope to do just that, because it highlights the important relationship between the Financial Services Committee, which I also serve on, and this committee.

Because when you look at the sanctions regime and OFAC, it is an important tool, the financial intelligence that we look at. The cartels are in this business for money, and I think we have to get at all of the corrupt influence the People's Republic of China is doing. And the Chinese Communist Party does not allow these things to go on unchecked. We have to believe they have the power to change course. And I hope that we will use all the tools in the kit bag to check the abusive influence of the Chinese Communist Party and the negative impact on our country, our economy, and our culture.

I yield back.

Chairman MCCAUL. Thank you, Mr. Davidson. You raise a great point. Why is China still under a developing nation designation, which entitles them to interest-free loans by the World Bank or

very low interest rate loans? And then, it allows them, then, to use that for their Belt and Road Initiative with usurious interest rates. And then, they rape the rare earth minerals. They bring in their own workers; take over a port or base. And then, when they fail, then the IMF goes in to bail them out.

I think they are extraordinary, and I give them an A+ for being very clever the way they can manipulate the global institutions and take advantage of them. I am sure all of you agree with that, but I won't ask you for a comment on that.

But I thank the gentleman for raising the point. I think we should be taking a hard look at that.

The chair recognizes Mr. Phillips.

Mr. PHILLIPS. Thank you, Mr. Chairman.

I think it is fair to say that Russia's invasion of Ukraine has forced Central Asian countries to reassess their relationship with Moscow. So, I am curious, Mr. Kritenbrink, based on your assessment, how has China's approach to the region changed, and how receptive are the member countries in Central Asia to their overtures?

Mr. KRITENBRINK. Thank you, Congressman, for your question.

I would note Central Asia is outside of my area of responsibility. So, I will quickly outstrip the level of my expertise.

But I would say, certainly, China has stepped up, yes, its engagement in the region, but so has the United States. And I think you can see that including through our senior-level travel.

But I would have to take back any detailed questions on Central Asia.

Mr. PHILLIPS. Can you speak about—you just mentioned our approach, though. How has our approach changed?

Mr. KRITENBRINK. I think it would be safer if I would take that back to my—

Mr. PHILLIPS. OK.

Mr. KRITENBRINK [continuing]. Assistant Secretary colleague to answer in an expert way.

Mr. PHILLIPS. OK.

Let me ask, also, about Iran. I know President Raisi visited President Xi in China recently. Your assessment of that visit?

Mr. KRITENBRINK. Well, I can, again, speak in general terms, and beyond that, I would have to take your question back.

We are concerned about the deepening ties between Iran and the PRC, make no mistake about it. And it concerns us in a number of ways, both the oil purchases for sure, but also other concerning areas of cooperation that I think pose a national security threat to the United States and the international community.

Mr. PHILLIPS. OK. Let me turn to Mr. Schiffer and Mr. Nathan, if I might.

How successful has China been in the Middle East and Central Asia with their Belt and Road Initiative? If you can speak to either, starting with you, Mr. Nathan?

Mr. NATHAN. It is hard for me to say how successful it is. They definitely spend a lot of money. I think that is the overall issue with the Belt and Road Initiative, is that they have exerted influence, spent money, burdened countries with debt, left projects be-

hind that are poor quality, often inappropriate, and then, use that as a way to extract other concessions.

When we make investments, it is based on our values, our standards, the private sector, and we are not attaching strings to them in some way.

Mr. PHILLIPS. So, let me ask—I'm glad you mentioned that, Mr. Nathan, because we quantify their influence by dollar amounts.

Mr. NATHAN. Right.

Mr. PHILLIPS. Is it fair to say in some cases it actually might be backfiring, as they layer on burdens, responsibilities, commitments that cannot be fulfilled on countries that have been beneficiaries? Are there any examples of that that you might share?

Mr. NATHAN. Well, I do not have at my fingertips any examples, but I think it is absolutely the case that it backfires. When I travel and talk to leaders, they are very interested in our projects, in our funding, that comes with high standards. It is free from the kind of integrity and corruption problems, environmental and labor standards, that BRI projects often entail.

Mr. PHILLIPS. And Mr. Schiffer?

Mr. SCHIFFER. Yes, it is a very, very important set of questions that you are asking. And I can certainly offer one example in our wheelhouse.

You know, we have had the opportunity to engage with the Kyrgyz Republic over the past year, because they have become increasingly concerned about the amount of debt that they owe to China's Exim Bank. And so, they have worked with us to support efforts to provide better analysis of their debt burden and to build better capital controls into their system to manage that debt relationship with the PRC going forward.

So, we do see opportunities like that—

Mr. PHILLIPS. OK.

Mr. SCHIFFER [continuing]. In Central Asia where we are looking to find opportunities for AID, our colleagues at DFC, and across the interagency, to be able to play smarter and better in that region.

Mr. PHILLIPS. So, on that subject, Mr. Schiffer, you know, I am getting personally a little bit tired and concerned of us completely or spending most of our time pointing out how we are failing in our competition with China. How can we do better vis-a-vis your perspectives, especially you, Mr. Nathan and Mr. Schiffer, in competing with them? What can our Congress do to support your efforts?

Mr. SCHIFFER. Well, look, we certainly welcome any opportunity to work with Congress to be able to shine more of a light on the efforts that we are undertaking, whether it is in Central Asia, across the Indo-Pacific, or around the world, that demonstrates the value proposition that we bring to the game and the importance of American leadership.

Mr. PHILLIPS. We just have a few seconds left, but, Mr. Nathan?

Mr. NATHAN. Yes, I would say one of the missions that we were given by the BUILD Act explicitly was to offer an alternative to authoritarian government, State-controlled investments in the developing world. Part of the commitment of the BUILD Act to give us that tool was the equity investment authority that we were given.

And finding a budgetary treatment that allows that tool to fully realize its potential I think would be critical.

Mr. PHILLIPS. Indeed. Thank you.

Thank you all for your time today.

I yield back.

Chairman MCCAUL. Thank you, Mr. Phillips.

Mr. Nathan, I understand that you have a hard stop at 12:50, and clearly we are now exceeding that, so I would request that if members have questions for you that you would be able to respond in writing, if that is OK.

Mr. NATHAN. That's absolutely OK. I really appreciate it. Thank you very much.

Chairman MCCAUL. Thank you.

With that, I will recognize Mr. Kean.

Mr. KEAN. Thank you, Mr. Chairman.

Thank you for your testimony here today.

And, Mr. Nathan, thank you. You can leave while I speak. Don't worry about that. I will be directing some of my conversations to your right. Thank you.

Assistant Secretary Kritenbrink, my district in New Jersey, 7th congressional District, just like many districts around the country, has been impacted by fentanyl. We see time and time again intercepts in human—and that impacting all of a—all Americans.

In a January 30, 2023 State Department press release announcing sanctions against U.S. fentanyl traffickers, you—department \*125221 any mention of fentanyl—of China or that the designees of relationship to OFAC designate Chinese chemical transportation company Shanghai Fast Fine Chemicals, a stark contrast from Treasury's press release. Why is that?

Mr. KRITENBRINK. I'm sorry, Congressman. I do want to make sure I understand your question, that there was a sanctions announcement on January 30 that did not include Chinese entities. Is that right, sir?

Mr. KEAN. Yes, whereas Treasury's press release did and the Department's—and your State Department did not. Why is that?

Mr. KRITENBRINK. Congressman, I'll—I'll have to take that back. I—I'm—I'm not sure what the—the precise answer to that question is, but I'm happy to take that back—go back, too. And I will, as I mentioned earlier, certainly stopping the flow of fentanyl precursors from China is an absolutely top priority and happy to talk about what we're doing on that. But I'll have to take your question back, sir.

Mr. KEAN. Thank you. Also to you, can you—I know that Chairman McCaul also mentioned the impact on—in Ukraine and China and the Russia partnership therein. Can you speak to how China is helping Russia evade sanctions that have been put in place due to Putin's invasion of Ukraine?

Mr. KRITENBRINK. Well, Congressman, this is what I can say: We've made very clear including most recently when Secretary Blinken was in Munich and met with Director Wang Yi what the implications and consequences could be for China if it engaged in providing material assistance to the Russian military in Ukraine or assisted China—assisted Russia in systematic sanctions evasion.

I think what I could say, sir, is we do have a concern for some of the steps that China has taken to support Russia's war in Ukraine: its—its—its spreading of disinformation about the cause of the war and about Russian activities there, its shielding of Russia in the U.N. and—and—and other areas, some of its economic activities. We have sanctioned certain Chinese entities who—who have provided assistance to Russia. Perhaps my colleague would want to respond to that in more detail.

Mr. ESTEVEZ. That's correct, Congressman. First of all, I want to recognize that my sister lives in your district.

Mr. KEAN. OK.

Mr. ESTEVEZ. In Mendham. We have put 12—

Mr. KEAN. Great community.

Mr. ESTEVEZ. Yes, it is. We've put 12 Chinese entities on the entity list, meaning that cannot get exports from the United States, under a licensing regime that we put on because they were back-filling Russia, providing dual-use technology to Russia. We also put one Chinese entity on the entity list for providing parts that go into Iranian drones.

Mr. KEAN. Yes.

Mr. ESTEVEZ. So we constantly work this with our colleagues at State Defense and Energy and with the intelligence community to assess trade flows and identify companies that may be violating our sanctions. And if they are, we'll take care of them.

Mr. KEAN. And sanctions are obviously part of these conversations. Why have they potentially not been enacted sooner?

Mr. ESTEVEZ. For an entity listing we need specific data about a—a specific entity, so specific and articulable facts that when we see something going on that we can legally put them on the list.

Mr. KEAN. Thank you.

Yield back my time. Thank you.

Chairman MCCAUL. Thank you.

With that, I will go ahead and recognize Mr. Allred.

Mr. ALLRED. Well, thank you, Mr. Chairman.

And thank you all for being here. I know it has probably been a long day. I hope we can have a bipartisan response to our concern with Beijing's actions, but I want to be clear: We have so many strengths that the CCP could only dream of bringing to the table.

And as I have had a chance to see firsthand in my travels as a member of this committee around the world, from Africa to the Indo-Pacific with our allies there to even former Soviet States and Central Asia, everyone would prefer to trade with us, to attract our investment, and even to have us as their preferred security partner. And we need to keep in mind that as this President has made a central focus of his foreign policy that we are in a global competition but that we should be confident in our abilities. And I sometimes worry that some of the discussions here make us sound like we are afraid. And I think we have nothing to be afraid of. As I said, I think we have real strengths.

But I am concerned in particular with the Chinese expansion of their influences in the global south and wanted to, if I can find the question, ask about our USAID process and timelines. Just give me



1 second. This is the problem when you have too many questions and you go to this stage of the hearing.

So how do our USAID project timelines—so 5-year projects, 1-year budget planning compare to the types of investments and projects that are funded by the PRC and how do those timelines, if they do or at all, inhibit longer-term consistent U.S. engagement in partnerships around the world, particularly in the global south?

Mr. SCHIFFER. You know, in—in—in some significant respects it—it does place us at a disadvantage in the sense that our—our friends in—in—in Beijing can, as you pointed out, operate with a—a long timeline and without the sort of economic and—and market logic that constrain—constrain our activities. And—and the reality of the congressional authorization and appropriation cycle and how we work—work through that system to be able to—to obligate for—for projects can—can create a certain tension in—in the process, if I can put it that way.

Mr. KEAN. Well, this is your opportunity to let us know how Congress can provide USAID with additional tools, or resources, or authorities to allow you to better compete, because I think it is an important component of our competition. We talk a lot about our defense deterrence. We are going to talk a lot about our controls. But this is one of our most important tools and everywhere I go, especially in the global south, I hear that we are not doing enough.

Mr. SCHIFFER. I mean, at—at the liberty of suggesting that you have a—a—a conversation with your friends on the Appropriations Committee, if it were possible to have multiyear appropriations, that would go a very, very long way toward allowing us to do the sort of longer-term planning that—that would allow us to be more competitive.

Mr. KEAN. Well, I just want to say to my colleagues this is the damage that is done when we do not make long-term investments. If you want to talk about competing with China, it is in having a strategic vision that you can carry out also with our soft power, and I think we should keep that in mind.

So I do want to ask about—Secretary Kritenbrink and Under Secretary Estevez, we are seeing further integration of China's civilian and military industries as their policy of civil-military fusion continues. And as more and more dual-use technologies come on the market how do we effectively control exports of these products and technologies to China?

Mr. ESTEVEZ. Yes, let me start off with—with that. Obviously we look at this all the time. You know, as I talked about earlier, in the advanced fabrication semiconductor area we just cut them off from the most advanced semiconductors because I cannot tell whether it's being used for a benign activity, you know, a gaming system or for artificial—artificial intelligence for military applications. So we just stop it.

And then after that it becomes a little bit of like assessing company by company whether we see them facilitating Chinese military use. We'll stop that. Specific technology areas usually in the advanced technology area, we'll stop that. Things around quantum computing, for example. So it's—it's—we have to assess the technology, assess what they're doing with it. And if we're likely using it for those type of applications, we want to ensure that they're not.

Mr. KEAN. Yes. Tough to know the difference. Do you have anything to add, sir?

Mr. KRITENBRINK. Well, Congressman, I'd just say thank you for the question. Very important. Agree that it's the civ-mil fusion that—that poses the real threat here. It's why the U.S. Government, including my colleagues in Commerce and elsewhere, have taken these targeted steps to prevent China from getting its hands on these technologies that assist its military modernization and which threaten our national interest.

Mr. KEAN. Thank you. I yield back.

Chairman MCCAUL. Thank you, Mr. Allred.

With that, I will recognize Mr. McCormick.

Mr. MCCORMICK. Thank you, Chairman.

It is know that China obviously has a lot more debt that we do, up to \$20 trillion more debt, yet they have a smaller GDP.

My question is how are they allowed to use this money that they basically fabricate by manipulating their monetary policy without a true central banking system like we have that when we call the Federal Reserve—the Federal Reserve, most people understand, it is neither Federal nor the reserve—but yet China gets away with having a fake monetary policy and spending trillions of dollars per year more than we do around the world expanding their global presence in the Western Hemisphere, expanding their military, expanding their technologies on this while simultaneously investing near a trillion dollars in our national debt, which we pay interest to their economy with? Why do we allow that to happen and can Congress do something about that?

Mr. KRITENBRINK. Congressman, thank you very much. I'll—I'll have to take that back because matters of currency and the global economy. I think it would be best if I take that back to colleagues at the Treasury and elsewhere to come back to you.

But apart from the monetary questions that you asked, obviously the whole focus of our conversation here today has been trying to counter the malign influence that we have seen posed by the PRC in a—in a range of areas. And we try to address that. But I—I think it's safer, sir, that I take your monetary question and currency question back.

Mr. MCCORMICK. Here is what is upsetting me, because I have been asking this for about 2 months to multiple government agencies, multiple Congressman about something that is as central to the future of America and the global security as anything, which is money. Money is power. Money is what develops technologies. Money is what buys military power. Money is what buys strategic influence on foreign national governments. And they have literally been cheating for at least a decade and they have run up \$20 trillion more debt than us; I am going to emphasize that, with a smaller GDP and that the world does not see this as a house of cards that needs to crumble.

They do not have the inflation that they should have with that. They do not have a normal monetary policy. And for a decade nobody has asked that question? How do we not know the answer this far into it? Fifty trillion dollars into a question, we do not have an answer, and this hasn't been—this is not a new question. I do not understand why we have to go back to staff to ask a question

that is very fundamental to the existence of our influence strategically to the rest of the world versus a rising power that is cheating.

Mr. KRITENBRINK. I appreciate your question, Congressman, but I—I'm—I'm confident in my areas of expertise and areas that are outside of my area of expertise. I'm going to take that back. I commit—I commit to you we will get you and answer.

Mr. MCCORMICK. I get it. It is frustrating because it seems like everybody I ask has the same answer and I am not really sure who to ask anymore.

But with that I will yield since nobody has those answers.

Mr. KRITENBRINK. Understood, sir.

Chairman MCCAUL. Thank you, Mr. McCormick.

With that, I will recognize Mr. Moran.

Mr. MORAN. Thank you, Mr. Chairman.

Secretary Krittenbrink, I want to start with you. I am going to move down the line. You mentioned in your testimony about the three core pillars of the U.S. strategy: invest, align, and compete. Seems to me however that frankly our efforts have been meager compared to the Chinese efforts when we look at what they are doing to invest, align, and effectively dominate economically in the world.

Mr. Nathan noted in his testimony some examples about U.S. investment globally and he noted two specific examples: \$150 million loaned to Ecuador to expand and modernize a container port; \$48.4 million to the country of Georgia to expand and modernize a port there. But when I look at some of the transactions that China is doing across the world: \$1.4 billion in loans to Djibouti; \$6.7 billion in loans to Pakistan; \$1 billion of loans to Montenegro for a highway project; \$3.1 billion in Chinese investments to the Dominican Republic, which effectively cut ties with Taiwan over that.

Would you agree that China is flexing more economic muscle around the world and as a result is influencing the foreign policies of many countries in a manner inconsistent with the foreign policy and national security goals of the United States?

Mr. KRITENBRINK. Congressman, what I would say is that we're very confident in the capabilities and the tools that we bring to the table. We—we have different capabilities and we play a—a very different, quote/unquote, "game." China is in the—in the game of—of State-backed loans and—and State-directed enterprises. What we stand for is catalyzing primarily U.S. private sector investment, which is unrivaled across the world, just in my region of the world and in the Pacific a trillion dollars in American investment across the—the Indo-Pacific, larger than—than—than any other country. So that would be point one.

And point two, sir, I—I would say that we've also tried to demonstrate to countries the—the downside oftentimes of signing up to those loans and those projects by the Chinese, because you have to be careful about the debt trap you might find yourself in, again concerns raised by another member on the quality of the infrastructure and also the labor used in them.

And then third and finally—my colleague Mr. Nathan isn't here anymore, but we do obviously strive to offer alternatives. But I'll go back to point one. Oftentimes we try to catalyze U.S. private sector investment rather than State-led.

Mr. MORAN. And I certainly understand that. The \$7.4 billion from Fiscal Year 2022 that Mr. Nathan references in his testimony does seem meager compared to what the Chinese are doing across the globe and is having an effect no doubt on the foreign policies of these other nations.

I want to go back to what you mentioned though about private sector investments. What are we doing to—if anything, to incentivize private sector companies to effectively unwind with their economic ties to China?

Mr. KRITENBRINK. I would say what—what we're doing, sir, is we're taking a number of steps to try to make sure that through our economic engagement with China that our national security is not undermined. And so we're looking at ways in careful select narrowly defined ways to achieve those goals. But we are not pursuing decoupling.

We have a \$750 billion trading relationship with China, but I think the point that we're making here today, both—particularly my—my colleague from Commerce in talking about entity list decisions and other regulatory tools, is we're trying to take narrow targeted steps that prevent China from using those interactions in particular to increase the capabilities of the PLA that would endanger American national security.

Mr. MORAN. Secretary Estevez, I want to pose a question to you as it relates to targeted aspects of how we deal with China economically. In my district I hear all the time that as it relates to the entity list and export controls against Chinese companies that companies in my district tell—are telling me that China easily escapes this by—escapes these restrictions by setting up dummy companies in other nations and running through—their exports through them. They are also telling me that when they get caught there is really not much teeth to this and these individuals behind these attempts simply go set up additional dummy companies and continue on with getting around U.S. law.

Do you agree that additional enforcement and prevention measures are needed to stop Chinese violations in this regard to undercut American companies and American law?

Mr. ESTEVEZ. Thank you for that question. We have a fairly robust enforcement capability in the Department of Commerce. You know, just the other day, I think yesterday we fined a company \$2.8 billion, revoked their export privileges for violating export controls related to China.

Mr. MORAN. But did you get to the individual behind those companies so they couldn't move on to set up new companies?

Mr. ESTEVEZ. This was a U.S. company that violated export control law.

Mr. MORAN. Same question: Did you get to the individual behind the company?

Mr. ESTEVEZ. Absolutely. Absolutely in this case.

Now there is a bit of whack-a-mole out there. Companies put up a facade. We go after that. And we'll put that company on the entity list as well. I cannot stop people from being—you know, doing illicit things, but we're going to after them. And we do take action.

Mr. MORAN. Yes, I would suggest that we can and we should take additional hard actions against the individuals behind those actions.

Thank you. I yield back.

Chairman MCCAUL. Thank you, Mr. Moran.

With that, I will turn it over to Mr. Issa.

Mr. ISSA. Thank you. I am going to follow right back up on that question. That \$2.8 billion fine, did they successfully export sensitive data?

Mr. ESTEVEZ. They exported data that was in violation of our export controls.

Mr. ISSA. So they succeeded and you are now fining them?

Mr. ESTEVEZ. That's correct.

Mr. ISSA. So in the game of whack-a-mole what you are saying is after they have succeeded and they try—well, in the case of software, we know they try millions of times a day, but they certainly try in the case of hardware hundreds or thousands of times every day. And they succeed sometimes and you succeed in fining those who do it sometimes. Is that a fair assessment without adding too much either way?

Mr. ESTEVEZ. I also stop shipments from going.

Mr. ISSA. Sometimes you catch them in advance?

Mr. ESTEVEZ. That's correct.

Mr. ISSA. Those are the successes, the best part of whack-a-mole, but often it is reactive, not proactive, correct?

Mr. ESTEVEZ. We try to be as proactive as possible. Obviously when someone breaks the law and I catch them doing it, we take action. And it's unfortunately after-the-fact.

Mr. ISSA. And currently you punish U.S. companies effectively because by definition you cannot punish the Chinese company who lives to fight another day and try to circumvent the law another day.

Mr. ESTEVEZ. Well, I would certainly entity list the Chinese company.

Mr. ISSA. OK. Let me ask you a question: What do you think the most important transnational challenges are facing the United States in its China relationship?

Mr. ESTEVEZ. Well, you know, from a—from the Commerce—from the export control universe it is their chase after dual-use technology for military modernization through their civil-military fusion strategy.

Mr. ISSA. And does that and should that define the U.S.-China relationship in a major way?

Mr. ESTEVEZ. That—that is part of the China relationship. And again, I'm going to turn it over to Assistant Secretary Kritenbrink to answer—

Mr. ISSA. Yes, briefly answer in another direction them, Mr. Secretary, how would you—would you say there is something different than that answer that is equally important?

Mr. KRITENBRINK. Yes. Yes, sir, Congressman. If I understand your question correctly about transnational challenges, I—I would—I would list several. Certainly climate change would be one. Certainly food security would be one. Pandemic disease would be another. Proliferation would be another.

Mr. ISSA. So you would list those that I have got on the——

Mr. KRITENBRINK. I would—yes, I would  
[inaudible].

Mr. ISSA. Well, that's 90 minutes—for 90 minutes when the President met with President Xi that is all he talked about. He did not talk about the export relationship. He did not talk about the stealing of intellectual property. In other words, to China this is what the President thinks, not your partner there's recognition of a constant pervasive attempt and success in stealing from America.

Mr. KRITENBRINK. Congressman, I would say that the meeting—the most recent meeting between President Xi and President Biden in Bali was wide-ranging and exceptionally candid and covered a—a much broader agenda than just the transnational challenges that you've listed there, sir.

Mr. ISSA. OK. In the remaining time that I have I am going to back to the BIS for a second. Secretary Ashew worked very hard for his nearly 4 years to limit what China got. You are doing the same thing. Both of you have successes that you can point to and both of you have those failures where you get a fine, but money does not make up for the fact that China has succeeded.

Let me ask you a larger question for a moment: It is outside your jurisdiction, but it is not outside your mandate. Every day in America thousands of Chinese nationals come here supposedly for an education. I just left the Science Committee; several hours there on the same subject. China is constantly sending over spies, either official spies or would-be spies in the form of students.

You have no authority over limiting them within your jurisdiction, but according to the dollar figure, over half a trillion dollars a year, isn't that probably the greatest leakage of sensitive futuristic data, not what you are dealing with on a daily basis, which is important, but in fact the technology that they are stealing as a matter of policy particularly using the people they imbed in our universities?

Mr. ESTEVEZ. Thank you for that question. First, I do not want to leave the idea that all Chinese students are Chinese spies.

Mr. ISSA. But all Chinese students are—have family back in China and potentially are raked for their knowledge in the future. That is well established.

Mr. ESTEVEZ. Basically, sir, it's not subject to our export controls, however certain technical data is subject to our export controls. We have a university outreach program. I wrote letters to every university that does—big research universities and offered expertise from our export control officers to come in and talk to them. We go out regularly. I was just out at universities talking to them about how they can protect the technical data that is subject to export controls.

Mr. ISSA. And for the record would you followup with an answer to the question of should you in fact have some form of jurisdiction over universities and that—should that be added to your portfolio? If you would opine on that.

Mr. ESTEVEZ. I will followup.

Mr. ISSA. Thank you.

Thank you, Mr. Chairman.

Chairman MCCAUL. Thank you, Mr. Issa.

With that, I will recognize the gentleman from Texas, Mr. Self. Mr. SELF. Thank you, Mr. Chairman.

I want to congratulate everyone that is still here. We will call ourselves the survivors.

We do have votes in just a few minutes, so I will make this quick. I just returned with the chairman from Germany, Poland, and Ukraine. There is a lot of media attention on the funds that we are providing to Ukraine. Are they being properly—do we have proper oversight over them? And I think we ought to ask the same question to some of the funds that we provided to the State Department here. You may have heard that the chairman indicated that part of the Countering Chinese Influence Fund was used to fund a bakery, and other examples like that.

We also have the CHIPS Act where—so we have committed to something like a billion-and-a-half dollars over the last—the next 5 years for the Countering Chinese Influence Fund and we have also committed to \$500 million. So that is well over \$2 billion.

My concern here is measurable objective standards for the use of those funds. Now I have heard a lot of—I have heard the phrase “take steps” often in this hearing this morning, but I am interested in the measurable objective standards that you use, because obviously we have mounting debt and deficit in the Congress. It will be one of our primary objectives to get a handle on that.

So can you share with us the measurable objective standards that you use for the use of the U.S. taxpayer dollars?

Mr. KRITENBRINK. Congressman, thank you for your question. I first want to thank Congress for providing these funds. We think the Countering PRC Influence Fund is a very powerful tool. It’s something that is used to counter Chinese influence globally. There have been more than 100 projects approved over just the last 2 years. I’d have to come back to you, Congressman, if—if you’re looking for more details and—and more instances of success, but I do know that—that through these programs we’ve been able to influence countries to resist Chinese attempts to get them to sign onto 5—their 5G, for example. It’s also been used to make sure to highlight the issues involved in—in forced labor, products produced using forced labor coming out of Xinjiang.

But I—I’d be happy to take that back, but we think it’s a powerful tool. It’s one that we take very seriously and that we use we think very judiciously and effectively. But I’d be happy to take your question back to come back in more detail, Congressman.

Mr. SELF. Thank you. I am not looking for success stories. I am looking for the measurable objective standards that you use as the guidelines, the guide rails for the use of these funds.

And since I do have some time remaining, something that we have not addressed today that I am very surprised has not been addressed is what are the diplomatic actions that you are taking against the Chinese basically annexing waters well beyond their international waters in the South China Sea, because that is in my mind a dangerous precedent that we are allowing to happen? So what diplomatic actions are you taking against that?

Mr. KRITENBRINK. Thank you, Congressman. Another very important question. We are deeply concerned about Chinese activities in the South China Sea. Many of their activities and many of their

positions have no basis in international law. I would say we're doing three primary things, both on the diplomatic and the military front.

First, diplomatically we're engaging with partners across the region to make sure that we all stand up for defending international law. We stand up for freedom of navigation, freedom of overflight. We ensure that when countries make their claims that those claims are based in international law. And it's through that diplomacy we also point out many of the de-stabilizing actions the Chinese have taken including harassment of other countries, of their boats, of their fishermen, and—and the illegal reclamation that they've carried out in the South China Sea.

Second, both the State Department and the DoD have very significant programs to build the maritime capacity of our partners in the South China Sea, building their maritime domain awareness, building their security capabilities so they can understand what is happening in their own waters, better deter threats posed by China, and also ensure that they have access to the minerals in their waters to which they're rightfully entitled.

And then third and finally, we support the operations of our colleagues at DoD who regularly exercise both presence operations and freedom of navigation operations to make sure we demonstrate that the United States of America will fly, sail, and operate everywhere that international law allows and that other countries should enjoy those same rights. Those are the—the—the top three activities, sir, that we're carrying out in the South China Sea.

Mr. SELF. Thank you. I yield back.

Chairman MCCAUL. Thank you, Mr. Self.

Gentlemen, again I really appreciate your time and coming today.

I had noted in your, Assistant Secretary's statement that you said to reiterate we seek competition, not conflict. Can you define conflict for me?

Mr. KRITENBRINK. Well, yes, sir. What—what we're referring to there is we welcome competition. We think that's healthy. This—this is what we do as Americans. What we do not want to see is some kind of a miscalculation that veers into conflict, potentially military conflict. That—that is what we are seeking to avoid and we're trying to make clear. Competition does not equal conflict in our mind.

Chairman MCCAUL. No, understood. So your definition of conflict though is from the kinetic element. It is not discussing the economic, resource, cyber, and other types of malign activities that the PRC and the CCP are engaged in currently.

As we know that China is continuing their Road and Belt Initiative, they have a geopolitical alignment between China, Russia, Iran, and North Korea whereby they are already seeking to utilize Ukraine as Eurasian expansion. They are taking over Mariupol and the waterways, Africa, Oceania, recreating the maritime Silk Route in an attempt to try and cutoff Western Hemisphere supply chain while simultaneously controlling the ports as we talked about and the waterways as Ms. Salazar discussed in Panama, which would essentially cutoff all of our supply chain.



Now in addition to this, we also know that they are continuing to buy in the billions farmlands and other areas around our military bases and we continue to see where they are utilizing billions of dollars of intellectual property theft from American businesses. They are continuing to try and utilize surveillance and espionage techniques.

So do you not determine that that is in fact conflict?

Mr. KRITENBRINK. Congressman, I would say that we share your concerns over many of the activities that you outlined.

Chairman MCCAUL. But the question is do you consider that conflict?

Mr. KRITENBRINK. The—the way that we have used conflict in a way that I

[inaudible] moment ago is—is—is kinetic.

Chairman MCCAUL. [Inaudible] or do you consider that to be in any way a conflict from them to us?

Mr. KRITENBRINK. What I consider that to be are unacceptable steps that pose a threat to our national security and other interests to which we are responding proactively on a daily basis.

Chairman MCCAUL. Understood. And just to stay on the topic of unacceptable, you did talk about the egregious and unacceptable human rights abuses that are across China. We know exactly what they are doing with the human rights abuses against the Uyghur. We know that they are illegally doing organ harvesting, that they have denied Hong Kong of the one country, two system framework, that they are in conjunction with Iran and Russia from an economic support perspective.

Why is it that you do not view decoupling an adversarial nation that is out to try to eliminate the U.S. dollar from the global currency and remove us from being a superpower? Why would you not advise that that is good to decouple?

Mr. KRITENBRINK. Well, Congressman, again as I hope we've made clear here today, we have deep concerns across a whole range of activities including several of which that you have outlined and we are responding to them forcefully. But our policy is not to pursue decoupling. Our policy is to respond to those and counter those behaviors in a way that we think best serves the American national interest.

Chairman MCCAUL. Do we as America determine that Iran—we labeled them as a State sponsor of terrorism, is that correct?

Mr. KRITENBRINK. That is my understanding.

Chairman MCCAUL. So what would you call then the Nation who actually helps to support and fund in a proxy utilization—what would that country then be? Would that not also be a State sponsor of terrorism?

Mr. KRITENBRINK. Again, Congressman, I've tried to outline here that where we have concerns with Chinese behavior and actions we've taken resolute steps to respond to them.

Chairman MCCAUL. Sir, I am just asking a simple question, which is that we already have defined that Iran is a State sponsor of terror. If another nation is in conjunction supporting that State sponsor of terror, does that not then also lean to them doing the same?

Mr. KRITENBRINK. I'll just say, Congressman, we'll—we'll respond to the actions of—of China that are of concern to us and we'll do it in a way that supports our national interest.

Chairman MCCAUL. No, that is understood. And again, our national interest seems to be on the ideas of what is economically beneficial.

Can I ask a question to you, Mr. Schiffer? How much money does USAID invest in China?

Mr. SCHIFFER. We do not invest any money in China.

Chairman MCCAUL. No programs? No projects that are being done in China at a taxpayers' expense?

Mr. SCHIFFER. There are programs that we undertake to support Tibetans and others who are victims of China's oppression and human rights violations.

Chairman MCCAUL. So we will allocate and spend money to help the people in China who China will not help, but in return we will also continue to give hundreds of billions of dollars in trade to China while they sponsor countries like Iran, who we have noted as a State sponsor of terror, or Russia, who is engaged in war in Ukraine. But yet we still won't determine that they are a nation in which we are in conflict with. We won't decouple. We won't stop and actually hold them accountable noting that they are an adversary. Is that my understanding of everyone's testimony right now?

Mr. SCHIFFER. Well, in terms of the programs that—that—that we support; and be happy to talk to you more about them in a—in—in a different setting, we believe that it's important for the United States to stand up to oppressed people who are victims of human rights violation, cultural genocide, and—and more.

Chairman MCCAUL. And I completely agree with that. I think we should always be trying to help those who are engaged in human right abuses or denials.

One question: Do you believe that TikTok is a threat or a national security issue? And this is for everyone on the panel.

Mr. KRITENBRINK. Congressman, on—on your—your previous question I would just say obviously we're taking a range of resolute steps that we've outlined here today to advance our national interest and push back on concerning China's behavior.

On—on—on TikTok I think you're aware that we have banned the use of TikTok on all U.S. Government devices. My understanding is CFIUS is looking at a number of—of steps related to— to TikTok. But I think it would be safer to refer questions to Treasury and the CFIUS process regarding those details.

Mr. ESTEVEZ. I would also say TikTok is a threat. And like Secretary Krittenbrink just said, CFIUS is adjudicating that process right now.

Chairman MCCAUL. Thank you so much, gentlemen.

With that, I will recognize Mr. Burshett.

Mr. BURCHETT. Thank you, Mr. Chairman. It is Burchett, but close. I appreciate it.

Chairman MCCAUL. Hey, it is close enough, right?

Mr. BURCHETT. Yes, it is close enough.

I fear that the U.S. Government has been compromised by the Communist Chinese. Our own President when this surveillance balloon, or whatever you want to call it, flew over our country, the

President called, from what I—the earlier reports were that he called for it to be shot down. And then our own—from what I understand General Milley said no, it should not.

And then it was allowed to transverse the entire Continental United States of America. Came over my area, Oak Ridge National Laboratory. I believe Y-12 in that mix.

And he was the same general under President Trump at the end of his presidency that actually spoke with the Chinese, apparently unbeknownst to the White House. And this is the same man who is telling our President not to shoot this thing down. And Leon Panetta, former CIA Director, former Chief of Staff under Obama, he—I saw him in an interview and he said he would have shot it down over Alaska.

I say that just as a preempt. Doesn't have anything to do with my questions, but it is something I think that needs to be said.

But, Secretary Estevez, I am concerned about the possibility research conducted at ORNL, Oak Ridge National Laboratory, which may result in matters of national security could fall into the Chinese Communist Party's hands. And I know Oak Ridge is part of the Department of Energy, but does the Department of Commerce have export controls in place to stop this from happening?

And I believe they are calling for votes. Is that correct? Yes, I am good.

OK. Go ahead, brother.

Mr. ESTEVEZ. That's a—it is a better question for the Department of Energy. I doubt that Oak Ridge is exporting anything to China, but we certainly have controls around nuclear—nuclear goods, nuclear-related items going to China, full stop.

Mr. BURCHETT. OK. Secretary Kritenbrink—brink—how do—is—did I say your name right, Kritenbrink?

Mr. KRITENBRINK. Yes, sir.

Mr. BURCHETT. OK. I got it right.

Mr. KRITENBRINK. Thank you.

Mr. BURCHETT. They cannot get Burchett right, but we get Kritenbrink right. I know you all woke up this morning and thought, gosh, we are getting to go to testify before Congress. This is going to be great.

There are many researchers at Oak Ridge National Laboratory with ties back in China, and these people are very loyal folks. They are good folks. But what is being done to protect these researchers and their families from Chinese Communist Party influence? From what I understand that they—people will get approached, not necessarily at Oak Ridge, but they could be get—approached and they will say, hey, you got family back here. Basically they imply they are going to disappear, which is greatly within the possibility of Communist China. Is there something that could done about that? Is there something we can do about that?

Mr. KRITENBRINK. Congressman, thank you for your question. I—I will have to take that back because I do not know the details of that program. But I'm happy to take that back and provide—

Mr. BURCHETT. Would you please do, not just do the—not use the usual—

Mr. KRITENBRINK. Yes, sir.

Mr. BURCHETT. I realize it as the 435th most powerful Member of Congress I am not at the top of your list, but [inaudible].

Mr. KRITENBRINK. No. No, sir. I'm happy to. Could I respond very briefly on the balloon as well—

Mr. BURCHETT. Yes.

Mr. KRITENBRINK [continuing]. And I had the opportunity to mention earlier, Congressman, we—we detected, we tracked the balloon. President ordered that it be taken down. And that was done as soon as it was determined it could be done safe—safely and not in a way that rained debris down potentially on top of the heads of American citizens that could have injured or killed them.

I would also say that at the President's direction we took a number of steps to shield ourselves from any vulnerability from that balloon. We learned a—a lot from that balloon by tracking it and we're going to learn even more now that we have taken it down and recovered the debris.

Mr. BURCHETT. Yes, sir. I fear that with it dropping in salt water the electronics will be fried. And also since it—it could have been dropped in Montana. The Democrat U.S. senator from there even said it should have been dropped there.

I said this jokingly, but it is the truth: You dropped it off the coast of Myrtle Beach. You are more likely to hit some guy with a mullet and a tie-dyed t-shirt riding in a shrimp boat that you were to hit somebody in Montana.

I mean, you have got all these computer models and you can tell us where stuff drops. To me that is just very hard to—I am not calling you a liar, but I am calling somebody a liar because they are not telling us the truth about this thing. And it is the type of thing we will never hear about or if we do it will be in some expose later and then—and nobody will bat an eye.

Mr. KRITENBRINK. Well, Congressman, again I'll just say that when—when the U.S. military and others did this modeling, that was the precise concern. You have a balloon that's 200 feet high and the—the payload, the—the collection apparatus is the length of three buses—

Mr. BURCHETT. I realize that, but—

Mr. KRITENBRINK [continuing]. You shoot that down from that height, debris scatters over a very wide field.

Mr. BURCHETT [continuing]. We have models that can—

Mr. KRITENBRINK. Yes, sir.

Mr. BURCHETT [continuing]. That can read the data off a dime on the pitcher's mound at Yankee Stadium.

Real quickly, is China—I know China is involved in the fentanyl crisis. Is the State Department doing anything to combat that? And I am out of time, I realize, but if you can just answer that?

Mr. KRITENBRINK. Yes, sir.

Mr. BURCHETT. Maybe have somebody come to the office and get to me.

Mr. KRITENBRINK. We will. Fentanyl is an absolute scourge. We're engaging the Chinese aggressively. And perhaps most importantly we're engaging our partners to collectively put pressure on China to take their right steps that they should. We'd be happy to brief you, sir.

Mr. BURCHETT. I wish you would. I hope you all just lock them down because I do not believe they have anybody's best interest—and I worry about the good folks in Tennessee that have family back in China. Thank you, brother.

Chairman MCCAUL. Thank you, Mr. Burshett.

With that, I will recognize—

Mr. BURCHETT. Burchett. Birch like the tree and ett like I just ett dinner. Ett. Burchett.

Chairman MCCAUL. Yes, but if I say it correctly, you won't correct me.

Mr. BURCHETT. Burshett? What is that? Come on.

Chairman MCCAUL. I am giving you the French version.

Mr. Lawler?

Mr. LAWLER. Thank you for correctly pronouncing my name.

Secretary Estevez, earlier this month Chairman McCaul and I sent you a letter requesting information on the Department of Commerce's implementation of U.S. export control laws regarding Chinese exports to State sponsors of terrorism. I ask unanimous consent that a copy of the letter be entered into the hearing record.

Chairman MCCAUL. Without objection.

[The information referred to follows:]

\*\*\*\*\*COMMITTEE INSERT\*\*\*\*\*

Mr. LAWLER. Between 2010 and 2016 Chinese company ZTE illegally exported tens of millions of dollars worth of U.S.-origin equipment to Iran, clearly violating U.S. sanctions and export control laws. And I am sure this is not the only case of illicit activity.

What has BIS done to enforce compliance with enhanced controls on State sponsors of terrorism?

Mr. ESTEVEZ. Thank you for that question. On ZTE, of course ZTE is under criminal penalty regarding their violation of—of law there.

Tracking trade from China to other benign—or—or malicious actors in the world, you know, we can track the trade. What that is and whether there is American content in those items is harder to discern. So we have a 10 percent *de minimis* rule for stuff going to a State sponsor of terrorism. So we're doing assessment of what we can do there. That's the most I can say at this point. And obviously we're going to respond to your letter.

Mr. LAWLER. Thank you. Is BIS able to conduct end-use checks in China for diversions of two State sponsors of terrorism like Iran?

Mr. ESTEVEZ. We are able to use—to do end-use checks on our goods that go to China and how they're being used to ensure they're not being diverted from China. China exports going out are not subject to our end-use checks. However, we can ensure that, you know, if—if they're exporting stuff from the United States, we can start to, you know, do an assessment of how much content there is.

Mr. LAWLER. Do you believe there are certain technologies that we should not be exporting to China?

Mr. ESTEVEZ. If there's technologies that we're—should not be exporting to China, my job is stopping those. So my view is no, but as technology advances, we're always taking action appropriately.

Mr. LAWLER. OK. Thank you.

Secretary Kritenbrink, I am deeply concerned with recent reports that China may be sending ammunition and other military equipment to Russia in support of its war against Ukraine. How is the Administration working to prevent this arms transfer and how would the Administration respond if a deal goes through?

Mr. KRITENBRINK. Congressman, yes, you're right, we are deeply concerned that—our understanding is China is considering taking steps to provide lethal assistance to the Russian military in Ukraine. We have not seen them take that step yet. We've tried to signal very clearly, both in private in Munich and then publicly, our concerns. We've talked about the implications and the consequences if they were to do so. And we also know that many of our like-minded partners share those—those concerns. So I think we've—I think we've made that very clear.

Mr. ESTEVEZ. And if I could, Congressman?

Mr. LAWLER. Yes, please.

Mr. ESTEVEZ. For dual-use items that are part of our sanctions package, our export control package that we and 38 other nations have put on regarding support to Russia, we have put 12 Chinese entities on the entity list for providing support to Russia.

Mr. LAWLER. Thank you. As we all know, the CCP has been conducting vast espionage operations in our country for years, long before this most recent episode with the Chinese spy balloon. What specific steps are the—is the Administration taking to counter China's espionage efforts over the past 2 years?

Mr. KRITENBRINK. Congressman, I think it would be safer if I take that back and have colleagues in the intelligence community brief you in—in a classified setting.

Mr. LAWLER. That would be great.

Mr. KRITENBRINK. Thank you, sir.

Mr. LAWLER. Last, how is the Administration working with the ASEAN countries to push back on China's militarization of the South China Sea?

Mr. KRITENBRINK. Yes, sir. Well, I'd say a—a—a couple of things: First of all, our engagement with ASEAN, the 10 countries of ASEAN, soon to be 11, is really vitally important to the United States. Collectively these—these countries form the world's fourth largest economy and with 650 million people are—or collective 1 billion people I think have a bright future together.

But specifically with countries in ASEAN and especially the subset of ASEAN States who are South China Sea claimants we do several things: We're engaged with them diplomatically to make sure that they and all countries promote the peaceful resolution of disputes, the respect for international law including international maritime law, and that we work diplomatically to preserve the freedom of navigation and freedom of overflight.

Second, we are providing, both the State Department and DoD, a—a—a great deal of assistance to build these partners' maritime capacity including their maritime domain awareness capacity and defense capacity so they better understand what's happening in their waters, they can better deter China and others from violating their rights and they can better secure the minerals in their waters to which they're entitled.

And then third and finally, we work very closely with our partners at DoD who on a daily basis are, through their presence operations and freedom of navigation operations, demonstrating that we'll fly, sail and operate anywhere international law allows. And every other country should be entitled to the same right.

Mr. LAWLER. Great. Thank you. I yield back.

Chairman MCCAUL. Gentlemen, thank you so much. I want to thank the witnesses for their valuable testimony as well as the members for their questions. The member of the committees may have some additional questions for the witnesses, and we would ask that you respond to these in writing.

Pursuant to committee rules all members may have 5 days to submit statements, questions, and extraneous material for the record subject to the length limitations.

Without objection, the committee stands adjourned.

[Whereupon, at 1:41 p.m, the committee was adjourned.]

## APPENDIX



**COMMITTEE ON FOREIGN AFFAIRS  
FULL COMMITTEE HEARING NOTICE  
U.S. HOUSE OF REPRESENTATIVES  
WASHINGTON, DC 20515-6128**

**Michael T. McCaul (R-TX), Chairman**

February 23, 2023

**TO: MEMBERS OF THE COMMITTEE ON FOREIGN AFFAIRS**

You are respectfully requested to attend an OPEN hearing of the Committee on Foreign Affairs to be held in HVC-210 of the U.S. Capitol Building. The hearing is available by live webcast on the Committee website at <https://foreignaffairs.house.gov/>.

<b>DATE:</b>	Tuesday, February 28, 2023
<b>TIME:</b>	10:00 a.m.
<b>LOCATION:</b>	HVC-210
<b>SUBJECT:</b>	Combating the Generational Challenge of CCP Aggression
<b>WITNESSES:</b>	The Honorable Daniel J. Kritenbrink Assistant Secretary Bureau of East Asian and Pacific Affairs U.S. Department of State
**	The Honorable Alan F. Estevez Undersecretary of Commerce for Industry and Security U.S. Department of Commerce
**	The Honorable Scott Nathan Chief Executive Officer U.S. International Development Finance Corporation
	The Honorable Michael Schiffer Assistant Administrator U.S. Agency for International Development

\*\*Witnesses added



\*NOTE: Witnesses may be added

**By Direction of the Chair**

*The Committee on Foreign Affairs seeks to make its facilities accessible to persons with disabilities. If you are in need of special accommodations, please call 202-226-3467 at least four business days in advance of the event, whenever practicable. Questions with regard to special accommodations in general (including availability of Committee materials in alternative formats and assistive listening devices) may be directed to the Committee.*

## Committee on Foreign Affairs

118<sup>th</sup> Congress

## ATTENDANCE

Meeting on: Combatting the Generational Challenge of CCP Aggression

Date: February 28, 2023

Representative	Present	Absent	Representative	Present	Absent
Mr. McCaul	X		Mr. Meeks	X	
Mr. Smith	X		Mr. Sherman	X	
Mr. Wilson	X		Mr. Connolly	X	
Mr. Perry	X		Mr. Keating		
Mr. Issa	X		Mr. Cicilline	X	
Mrs. Wagner			Mr. Bera	X	
Mr. Mast	X		Mr. Castro		
Mr. Buck			Mrs. Titus		
Mr. Burchett	X		Mr. Lieu		
Mr. Green			Mrs. Wild		
Mr. Barr	X		Mr. Phillips	X	
Mr. Jackson			Mr. Allred	X	
Mrs. Kim	X		Mr. Kim	X	
Mrs. Salazar	X		Ms. Jacobs	X	
Mr. Huizenga	X		Mrs. Manning	X	
Mrs. Radewagen	X		Mrs. Cherfilus-McCormick	X	
Mr. Hill			Mr. Stanton	X	
Mr. Davidson	X		Ms. Dean	X	
Mr. Baird	X		Mr. Moskowitz	X	
Mr. Waltz			Mr. Jackson		
Mr. Kean	X		Mrs. Kamlager-Dove	X	
Mr. Lawler	X		Mr. Costa	X	
Mr. Mills	X		Mr. Crow	X	
Mr. McCormick	X				
Mr. Moran	X				
Mr. James					
Mr. Self	X				

To fill out this form online: Either use the tab key to travel through each field or mouse click each line or within blue box. Type in information.

COMMITTEE ON FOREIGN AFFAIRS  
MINUTES OF FULL COMMITTEE HEARING

Note: Red boxes with red type will NOT print.

Day Tuesday Date 2.28.2023 Room HVC-210

Starting Time 10:11 AM Ending Time 1:41 PM

Recesses  (\_\_\_to \_\_\_) (\_\_\_to \_\_\_) (\_\_\_to \_\_\_) (\_\_\_to \_\_\_) (\_\_\_to \_\_\_) (\_\_\_to \_\_\_)

Presiding Member(s)  
*Chairman McCaul, Ranking Member Meeks*

Check all of the following that apply:

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

To select a box, mouse click it, or tab to it and use the enter key to select. Another click on the same box will deselect it.

TITLE OF HEARING:  
*COMBATING THE GENERATIONAL CHALLENGE  
OF CCP AGGRESSION*

COMMITTEE MEMBERS PRESENT:  
*(Attached)*

NON-COMMITTEE MEMBERS PRESENT:  
*None*

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

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

TIME SCHEDULED TO RECONVENE \_\_\_\_\_  
or  
TIME ADJOURNED 1:41

Note: Please include accompanying witnesses with their titles, etc. (please note the fact that they are accompanying witnesses)

Clear Form

*Meg Wagner*  
Full Committee Hearing Coordinator

**STATEMENT FOR THE RECORD FROM REPRESENTATIVE  
CONNOLLY**

**Combatting the Generational Challenge of CCP Aggression  
House Foreign Affairs Committee Hearing  
10:00AM, Tuesday, February 28, 2023  
HVC-210  
Rep. Gerald E. Connolly (D-VA)**

More than forty years ago, the United States and the People's Republic of China established official diplomatic relations. Since that time, China has transformed into an economic powerhouse with a growing middle class, an emerging military juggernaut, and an increasingly urbanized population all supported by significant investments in education and infrastructure. Competition with the PRC represents the greatest challenge to American foreign policy and a rules-based international order. Under the leadership of Chinese President Xi Jinping, China has exerted its economic, political, cyber, and military or quasi-military force to shift the power dynamic in the Indo-Pacific in their favor. Over the last decade, China has accelerated its foreign investment, expanded its foreign influence operations, and leveraged unfair economic and trading practices into greater economic development.

The flagship of Beijing's tactics, especially within the economic sphere, is the Belt and Road Initiative (BRI). A massive infrastructure project that China promises will attract more than \$1 trillion of investment over the long-term, BRI projects often solicit unsustainable debt burdens for recipient countries, employ Chinese state-owned enterprises or labor, and lack transparent financing and contracting practices. Countries like Sri Lanka or Djibouti have entered into agreements with China, only to regret their participation in the BRI. In Sri Lanka, a Chinese state-owned company took control of the deep-sea port it had built in Hambantota after the Sri Lankan government was unable to service its loans. In Djibouti, China Merchants Bank signed a lease for property and subsequently developed a military base. Understanding China's playbook will be critical to shape U.S. strategy to counter its malign influence.

These pernicious practices underscore why I, as President of the NATO Parliamentary Assembly (NATO PA), urged NATO to put China on its agenda. In November 2020, I wrote a report for the NATO PA Political Committee entitled, "The Rise of China: Implications for Global and Euro-Atlantic Security" to encourage NATO to adapt to a new balance of power that reflects China as a world power. In this report, I urged my colleagues to include reference to China's actions in NATO's strategic documents, including the Strategic Concept which was unveiled in April 2022 and highlighted the stated ambitions and coercive policies that challenge the Trans-Atlantic Alliance's interests, security, and values. I welcome the newly adopted NATO Strategic Concept which does just that.

China has limited foreign competition in its domestic market and props up private enterprises with Chinese state funding and intelligence. For example, in order to bolster China's

semiconductor industry, the Chinese government launched a \$150 billion public-private fund to subsidize investment, acquisitions, and the purchase of new technology from 2015 to 2025. The Chinese government has also restricted U.S. cloud service providers from providing services in China. In the 117<sup>th</sup> Congress, under the leadership of President Biden, we passed the CHIPS and Science Act, legislation that will bring investments in semiconductor development and supply chains to \$150 billion. Democrats also passed the Uyghur Forced Labor Prevention Act, the Inflation Reduction Act which increased competitiveness in EV's and renewable energy, and our committee held a 4-day markup for the EAGLE Act, legislation that every Republican voted against. As biased PRC policies flood global markets with cheap supply, undercut foreign competition, and create an environment where it is impossible for U.S. companies to compete, the United States responded emphatically to make our own significant investments.

The United States had an opportunity to set the rules for economic engagement in the Asia-Pacific with the Trans-Pacific Partnership (TPP), which accounted for 40 percent of global GDP and 20 percent of global trade. A high-quality TPP deal would have given the United States the tools it needed to combat China's gray zone tactics by strengthening ties to emerging partners and creating a rules-based order that set the parameters for labor, environmental, human rights, and intellectual property standards. Conversely, the U.S. withdrawal from TPP created a vacuum that gave an unbelievable gift to the Chinese. They continue to pop champagne in Beijing.

In the Trump Administration, the story of U.S.-China relations was one of gobsmacking incoherence. President Trump complained about China's unfair trade practices, yet it was he who abandoned the Trans-Pacific Partnership, allowing China to write the region's trade rules. President Biden has luckily charted a new path, increasing budget requests for aid to the Indo-Pacific and working with partners and allies in the region to develop the Indo-Pacific Economic Framework. The Biden Administration's reversal of our unilateral withdrawal from the Indo-Pacific will buttress U.S. economic engagement in the region and finally place the United States in a position to compete with China.

China is playing the long game. For the United States to compete strategically, we need to make investments beyond the immediate horizon. Under the 117<sup>th</sup> Congress controlled by Democrats, we did just that with the CHIPS and Science Act and the development of an Indo-Pacific Economic Framework. Now, we must follow up on that work and ensure the United States, as a Pacific power, does not repeat mistakes and sustains our engagement in the Indo-Pacific.

## RESPONSES TO QUESTIONS SUBMITTED FOR THE RECORD

**Questions for the Record for  
Assistant Secretary Daniel J. Kritenbrink by  
Congressman Mark Walt (#1)  
House Foreign Affairs Committee  
February 28, 2023**

**Question 1:**

Located in the center of the Indian Ocean, Naval Support Facility Diego Garcia serves as a base for U.S. military aircraft and ships transiting from the Philippines to the Middle East and gives our strategic bombers and ISR assets the capability to reach maritime chokepoints and Chinese installations in the region. The U.K. owns this installation and leases portions of it to U.S. forces. The U.K. is currently negotiating the return of control of the island chain Diego Garcia is part of to Mauritius. After the abandonment of Bagram Air Base in Afghanistan, I was assured by Biden Administration officials that this loss of capabilities could be mitigated by assets operating with similar effect from Diego Garcia.

**Answer 1:**

The joint defense facility on Diego Garcia contributes significantly to Indo-Pacific and global security. It enables the United Kingdom, the United States, and our allies to conduct operations that support global peace and provide a rapid response to humanitarian crises throughout the region. The specific arrangement involving the facilities on Diego Garcia is grounded in the uniquely close and active defense and security partnership between the United States and the UK. The United States' presence at Diego Garcia is at

the invitation of the UK and does not lease the joint military base from the UK. The United States recognizes UK sovereignty over the BIOT and regards the sovereignty dispute as a bilateral matter between the UK and Mauritius. We support UK-Mauritius engagement to resolve the issue and the UK is aware of U.S. requirements to protect operations at Diego Garcia.

**Questions for the Record for  
Assistant Secretary Daniel J. Kritenbrink by  
Congressman Mark Waltz (#2)  
House Foreign Affairs Committee  
February 28, 2023**

**Question 2:**

What is the level of involvement by Biden Administration officials in these negotiations to ensure the U.S. retains access to this critical installation?

**Answer 2:**

The effective operation of the joint UK/US military base on Diego Garcia remains paramount to protect its vital role in regional and global security. Our approach to negotiations between the UK and Mauritius is focused on ensuring an outcome that protects the operational effectiveness of the base. An enduring agreement between the UK and Mauritius that protects the base's capabilities will also enhance our ability to build an even stronger partnership with Mauritius, alongside other close partners such as India, to tackle shared security threats and cooperate on marine protection, economic development, and transnational crime.



**Questions for the Record for  
Assistant Secretary Daniel J. Kritenbrink by  
Congressman Mark Waltz (#3)  
House Foreign Affairs Committee  
February 28, 2023**

**Question 3:**

Is the U.S. doing enough to expand and deepen our relationship with India as a partner and counter-weight to Chinese influence in the Indo-Pacific?

- a. What signal does it send that more than two years into the Biden Administration, we still don't have an ambassador to India?
- b. Why does the Biden Administration continue to support Eric Garcetti's nomination, especially in light of allegations he covered up sexual harassment issues in his mayoral office?

**Answer 3:**

As President Biden and Secretary Blinken have stated, our relationship with India is one of our most consequential. We are working with India bilaterally, via the Quad, and multilaterally to address the most pressing global issues. We welcomed the confirmation of Ambassador-Designee Eric Garcetti and are working to ensure his prompt arrival in India to continue to advance our relationship a key strategic partner.

**Questions for the Record Submitted to  
Assistant Secretary of State Daniel Kritenbrink by  
Representative Castro (#4)  
House Foreign Affairs Committee  
February 28, 2023**

**Question 4:**

On Tuesday, February 28, the PARTNER with ASEAN Act was reported favorably out of the House Committee on Foreign Affairs. The bill would extend diplomatic privileges and immunities under the International Organizations Immunities Act to the Association of Southeast Asian Nations. If this bill was signed into law, what opportunities would the PARTNER with ASEAN Act unlock for deeper US engagement with ASEAN?

**Answer 4:**

Authorizing the President to extend privileges and immunities to ASEAN will advance our Indo-Pacific strategy by empowering ASEAN, bolstering the U.S.-ASEAN relationship, and improving our ability to compete with the PRC for international influence. These privileges and immunities would support the ASEAN Secretary General's travel to the United States, enable ASEAN to set up a permanent ASEAN-U.S. Center in the United States, and be an important sign of respect, furthering U.S. objectives in a region that is critical to global peace and security.

**Questions for the Record Submitted to  
Assistant Secretary Daniel J. Kritenbrink by  
Representative Castro (#5)  
House Foreign Affairs Committee  
February 28, 2023**

**Question 5:**

The Biden administration's concept of the Indo-Pacific, including as described in its Indo-Pacific strategy, defines the region as stretching from the United States' Pacific coastline to the Indian Ocean. The People's Republic of China is increasingly active in the Indian Ocean, including through the People's Liberation Army-Navy. Given many of the countries in the Indian Ocean are in different bureaus at the State Department, how is the State Department integrating engaging with countries in the Indian Ocean into the broader Indo-Pacific strategy?

**Answer 5:**

The Department's Bureau of East Asian and Pacific Affairs (EAP) and the Bureau of South and Central Asian Affairs (SCA) cover the Indo-Pacific region. The respective regional bureau leads bilateral engagements, with input from relevant stakeholders. EAP and SCA bureaus share Indo-Pacific Strategy implementation responsibilities and have established internal mechanisms to ensure the seamless coordination of Indo-Pacific policy implementation, in coordination with the Secretary's Office of Policy Planning and the National Security Council. The recent establishment of the

Office of China Coordination further improves cross-bureau policy coordination and information sharing, especially with regard to PRC activities.

**Questions for the Record Submitted to  
Assistant Secretary Daniel J. Kritenbrink by  
Representative Castro (#6)  
House Foreign Affairs Committee  
February 28, 2023**

**Question 6:**

What efforts is the US government pursuing to deepen cooperation between the United States and Japan on cybersecurity?

**Answer 6:**

Japan is one of the United States' closest cybersecurity partners and is a proactive and constructive player on global cyber issues. We are deepening bilateral cooperation across a range of cybersecurity efforts, from safeguarding technological advantages to information sharing to critical infrastructure protection to capacity building around the world. Internationally, we work closely with Japan to uphold the UN framework of responsible state behavior in cyberspace, which includes respect for international law and adherence to non-binding norms of conduct for States.

Japan is a strong likeminded partner in multilateral fora, takes on leadership roles in regional cyber venues, such as the Association of

Southeast Asian Nations (ASEAN) Regional Forum, and has actively trained cyber professionals in Southeast Asian nations to build cyber capacity in the region.

We have extensive bilateral ties, including through the annual whole-of-government U.S.-Japan Cyber Dialogue that covers threat assessments, operational cooperation, and information sharing. In January 2023, DHS signed a memorandum of cooperation with Japan's Ministry of Economy, Trade, and Industry to further strengthen cooperation, including with respect to Japan establishing a new central cybersecurity policy organization as outlined in its December 2022 National Security Strategy. Japan and the United States have affirmed that, in certain circumstances, malicious cyber activity may constitute an armed attack for purposes of Article V of the U.S.-Japan mutual defense treaty.

**Questions for the Record Submitted to  
Assistant Secretary Daniel J. Kritenbrink by  
Chairman McCaul (#7)  
House Foreign Affairs Committee  
February 28, 2023**

**Question 7:**

I want to ask about the role of climate change in our strategic competition with China. For many of the developing countries whose support is critical to confronting China's malign activities, climate change is a major concern. The Pacific Island nations, for example, list climate change as the number one national security threat facing their countries.

- a. How does U.S. global leadership on climate change make us a more credible and desirable partner for these nations we need to counter the PRC, and what are the risks to our strategic advantage of abdicating that leadership?

**Answer 7:**

U.S. global leadership to address the climate crisis is critical to promoting enhanced climate ambition in key countries, as well as maintaining and strengthening our role as a credible and desirable partner. The latter is especially true in countries particularly vulnerable to climate risks, including Pacific Island nations. Specifically, our demonstration of, and advocacy for, mitigation action to keep a 1.5-degree Celsius limit on

warming within reach and our support for accelerated adaptation action provide assurance that we are acting not only in our interest but in theirs. Among other things, the President's Emergency Plan for Adaptation and Resilience (PREPARE) is a whole-of-government approach that brings together U.S. diplomatic, development and technical expertise to help more than half a billion people in developing countries adapt to and manage climate impacts.

Such leadership stands in contrast with the PRC. While responsible for almost 30 percent of global greenhouse gas emissions, the PRC is neither taking sufficient domestic action to reduce emissions nor working in relevant multilateral fora to promote greater climate efforts in line with the 1.5 degree C limit. Ultimately, the United States and China must both accelerate progress, for the sake of both countries and the rest of the world. The climate crisis is fundamentally a global, not a bilateral, issue.



**Questions for the Record Submitted to  
Assistant Secretary Daniel J. Kritenbrink by  
Chairman McCaul (#8)  
House Foreign Affairs Committee  
February 28, 2023**

**Question 8:**

Assistant Secretary Kritenbrink if you could speak to the strategic importance of climate leadership.

**Answer 8:**

U.S. global leadership to address the climate crisis is critical. The United States plays a crucial role in motivating the global community to reduce greenhouse gas emissions and accelerate adaptation efforts to manage the impacts of the climate crisis already here. It is vital that we continue to engage other countries, especially the major economies, to help keep a 1.5 degree C limit on temperature increase within reach. In addition, maintaining and growing U.S. climate leadership is critical to protecting our role as a credible and desirable partner, particularly among climate-vulnerable nations. Finally, as Special Presidential Envoy for Climate John Kerry emphasizes, the global transition to a clean energy economy

represents an extraordinary economic opportunity. It is in the interests of the United States to lead in developing the technologies and markets that will drive this transition.

**Questions for the Record Submitted to  
Assistant Secretary Daniel J. Kritenbrink by  
Representative Kamlager-Dove (#9)  
House Committee on Foreign Affairs  
February 28, 2023**

**Question 9:**

My district in Los Angeles is a hub of entertainment, art, and culture, and is home to preeminent educational institutions like the University of Southern California. I believe arts and education are some of our most powerful tools for enhancing engagement with other countries. When it comes to deepening our relationships with Indo-Pacific partners and countering China's influence, can you speak to the importance of cultural and educational exchanges in strengthening the people-to-people ties that are the backbone of these partnerships, especially among our youth populations?

**Answer 9:**

I strongly support the U.S. Department of State-administered cultural and educational exchange programs. I firmly believe that U.S. public diplomacy is essential to shaping a more open, prosperous, and secure future. Partnering with the countries and people of the Indo-Pacific region to bolster U.S.-Pacific people-to-people ties is a key component of the Administration's Indo-Pacific Strategy. Our audiences overseas – both in-person and online – are central to every major foreign policy issue of

consequence. It's relationships between people – not just governments – that are shaping geopolitical developments.

**Questions for the Record Submitted to  
Assistant Secretary Daniel Kritenbrink by  
Representative Titus (#10)  
House Foreign Affairs Committee  
February 28, 2023**

**Question 10:**

What more do we need to do to assist democracies in the region, like Mongolia, as we hold China to account for its deliberate transgressions?

**Answer 10:**

The United States actively supports Mongolia and other democracies in the region through diplomatic engagement and partnership, such as through the Summit for Democracy, and foreign assistance and capacity building programs focused on democracy, anti-corruption, human rights, labor, good governance, English language, and high-quality economic development. Continued funding for these long-term initiatives supports Mongolia and other democracies' democratic resilience.

In addition to these long-term efforts, increased support for rapid response mechanisms would allow the United States to quickly bolster Indo-Pacific democracies facing acute threats, especially from PRC efforts to silence criticism through use of economic coercion, bribery, diplomatic

pressure, disinformation campaigns and foreign information manipulation, transnational repression, and other measures designed to influence and co-opt elites and civil society groups in these countries.

**Questions for the Record Submitted to  
Assistant Secretary Kritenbrink by  
Representative Dina Titus (#11)  
House Foreign Affairs Committee  
February 28, 2023**

**Question 11:**

President Biden pledged \$55 billion in investment in Africa as part of the African Leaders Summit in 2022. What is the vision for how those funds will be distributed and broken down by which agencies?

- a. Will the upcoming Budget reflect this commitment?
- b. And are there specific themes we intend to push as part of this financial commitment?

**Answer 11:**

At the U.S. Africa Leaders Summit, the President announced plans to work with Congress to provide \$55 billion for Africa. The Department and USAID are providing approximately \$47 billion from existing FY 2021 resources and are working with Congress to complete notification for the remaining amount from FY 2022 and FY 2023 funds. The remaining \$8 billion will come from other U.S. Government agencies. Separate from the \$55 billion announcement, the FY 2024 Request for State and USAID includes a total of approximately \$9.6 billion to support north and sub-Saharan Africa.

The Department has emphasized that the ALS and its commitments are integral for advancing the administration's U.S. Strategy towards Sub-Saharan African and priorities for northern Africa. Partnership on shared goals is critical for countries throughout Africa to emerge as prosperous and peaceful in the future.



**Questions for the Record Submitted to  
Assistant Secretary Daniel Kritenbrink by  
Representative Titus (#12)  
House Foreign Affairs Committee  
February 28, 2023**

**Question 12:**

What changes have we seen in how the PRC discusses Taiwan internally or externally since Speaker Pelosi's visit?

A. What more can we be doing to support the continued democratic maturity of Taiwan?

B. And what as policymakers should we be looking for to notice potential subtle shifts in policy or posture?

**Answer 12:**

The PRC's pressure campaign began after democratically elected Tsai Ing-wen became president of Taiwan in 2016, escalated after August 2022, and is continuing. Taiwan is a democratic success story and a force for good in the world. Since 2019, the United States and Taiwan have convened U.S.-Taiwan Consultations on Democratic Governance in the Indo-Pacific Region, highlighting some of the many ways Taiwan is a model of good governance for Asia and the world and advancing joint projects to strengthen democratic institutions and addressing pressing governance challenges. We

appreciate Taiwan's efforts to support freedom and democracy in the region and Taiwan's commitment to supporting democratic renewal as demonstrated through participation in the themes of our Summit for Democracy. The United States should continue to support Taiwan's efforts to counter PRC information manipulation and export its best practices with foreign partners.

**Questions for the Record Submitted to  
Assistant Secretary Daniel Kritenbrink by  
Representative Titus (#13)  
House Foreign Affairs Committee  
February 28, 2023**

**Question 13:**

Looking back more than twenty years now – what did we get right and what did we get wrong in our assessment of how China would react and adjust to membership in the WTO and to stepping into a larger role overall on the global stage? Are there key decisions or inflection points you can think of that had they been handled differently at the time could have us on a different course today?

**Answer 13:**

As the Secretary has said, this is a very different PRC from previous decades when a consistent engagement policy often yielded positive results. The PRC today is more repressive at home and assertive abroad in challenging the interests and values of the United States and our allies and partners. We've seen that in the treatment of Uyghurs, in how the PRC has failed to live up to its commitments on Hong Kong, in how the PRC has provocative steps in the South and East China Seas, in how the PRC has economically coerced countries like Australia and Lithuania, in how the PRC has engaged in unprofessional and unsafe intercepts against U.S. and allies'

aircraft, and in the PRC's provocative flights across the centerline of the Taiwan Strait.

**Questions for the Record Submitted to  
Assistant Secretary Daniel Kritenbrink by  
Representative Hill (#14-18)  
House Foreign Affairs Committee  
February 28, 2023**

**Question 14**

Secretary Kritenbrink, I co-chair the first Congressional Member Organization to advocate for American Hostages and Wrongful Detainees with my Democrat colleague Rep. Haley Stevens from Michigan.

**Question 15**

Along with Iran, China was one of the first foreign government's employing the tactic of wrongfully detaining U.S. nationals since the early 2000's and has held David Lin since 2006, Mark Swidan since 2012, and Kai Li since 2016.

**Question 16**

In December, you told your Chinese counterparts that securing the release of U.S. nationals who are wrongfully detained or subject to exit bans in China is a personal priority of President Biden.

**Question 17**

What efforts have been made to secure the releases of these three known individuals and other U.S. nationals that may be unknown publicly?

**Question 18**

What has the State Department done to deter countries from taking Americans that may arrest them simply because they're American?

**Answers 14-18:**

I am deeply concerned by the PRC's continued use of wrongful detentions and exit bans without fair or transparent process for U.S. citizens. There is no higher priority for the U.S. government than protecting American citizens overseas. The Biden-Harris administration raises wrongful detentions and exit bans with the PRC government at every opportunity and at the highest levels. We call on the PRC to immediately release wrongfully detained individuals, lift coercive travel restrictions in cases involving U.S. citizens, and refrain from using such measures in the future.

**Questions for the Record Submitted to  
Assistant Secretary Daniel J. Kritenbrink by  
Chairman McCaul (#19)  
House Foreign Affairs Committee  
February 28, 2023**

**Question 19:**

Do you agree with ODNI Director Haines assessment that China is “collecting foreign data to target audiences for information campaigns?”

**Answer 19:**

The PRC’s capacity to shape foreign information environments is sophisticated and growing. Publicly available information estimates indicate Beijing spends billions of dollars annually on its foreign information manipulation efforts, including propaganda and censorship activities. I refer you to ODNI for details on the PRC’s efforts to collect foreign data as part of its information campaigns.

**Questions for the Record Submitted to  
Assistant Secretary Daniel J. Kritenbrink by  
Chairman McCaul (#20)  
House Foreign Affairs Committee  
February 28, 2023**

**Question 20:**

Do you agree with CIA Director Burns' statement that its "genuinely troubling to see what the Chinese government could do to manipulate TikTok?"

**Answer 20:**

Making sure technologies work for, not against, democracies is a key priority for the United States. The U.S. approach aims to maintain our international leadership promoting democratic principles and fundamental freedoms as key components of a secure cyberspace, as laid out in the National Cybersecurity Strategy's affirmative vision to build a defensible, resilient, and values-aligned digital ecosystem. The State Department will continue to work with the interagency and to leverage our expertise in cyberspace and digital policy to address concerns related to data privacy and data security. I would refer you to the CIA for additional details on its assessment of PRC government capabilities to misuse Tik Tok.



**Questions for the Record Submitted to  
Assistant Secretary Daniel Kritenbrink by  
Chairman McCaul (#21)  
House Foreign Affairs Committee  
February 28, 2023**

**Question 21:**

Does Beijing's control of a predictive algorithm facilitate its ability to implement censorship or influence operations in foreign countries?

**Answer 21:**

The United States remains concerned about the role of PRC surveillance technology in facilitating human rights repression, both in China and abroad, including through censorship and influence operations. The United States has taken actions to deter the use of U.S. technology in such repression, including by imposing export controls on PRC entities facilitating human rights abuses in Xinjiang.

**Questions for the Record Submitted to  
Assistant Secretary Daniel Kritenbrink by  
Chairman McCaul (#22-23)  
House Foreign Affairs Committee  
February 28, 2023**

**Question 22**

The PRC has reportedly opened hundreds of overseas police stations that target the diaspora, forcibly repatriate those the Party deems “non-compliant,” and harasses foreign citizens on foreign soil.

**Question 23**

What is the State Dept doing with local governments around the world, particularly in Latin America and Africa, to expose and push back against these egregious infringements on national sovereignty by the CCP?

**Answers 22 and 23:**

The Department opposes the PRC’s transnational repression efforts, including its efforts to reach outside PRC borders to harass, surveil, and threaten individuals into silence for speaking out against the PRC government. The reported establishment of offices functioning as PRC “overseas police service stations” in any country without permission is inconsistent with the principles of sovereignty. While investigations are ongoing, the Department, in coordination with U.S. law enforcement agencies, is taking concrete actions to deter such activities domestically and

abroad, including coordinating with allies and partners on this issue. We continue to be concerned about PRC transnational repression and take this issue seriously.

**Questions for the Record Submitted to  
Assistant Secretary Daniel J. Kritenbrink by  
Chairman McCaul (#24)  
House Foreign Affairs Committee  
February 28, 2023**

**Question 24:**

The PRC continues to export surveillance equipment, thereby collecting valuable personal data around the world and molding foreign governments' policing practices to be more welcoming to authoritarian practices. a. What alternatives are being produced by the United States, or our allies, to combat the pervasive presence of China's technological firms throughout the world?

**Answer 24:**

The United States remains concerned about the role of surveillance technology in enabling the PRC's repression in China and abroad. We have taken actions to deter the use of U.S. technology in such repression, including the imposition of export controls on PRC entities facilitating the repression of human rights in Xinjiang.

**Questions for the Record Submitted to  
Assistant Secretary Daniel Kritenbrink by  
Chairman McCaul (#25)  
House Committee on Foreign Affairs  
February 28, 2023**

**Question:**

25. (Committee) Press reporting indicates that China now has more ICBM launchers than the United States. This revelation is just the latest in a line of reporting about how the Chinese are embarking on a massive nuclear modernization that will put them at parity or beyond the U.S. in nuclear capability?
- a. Do you agree that China's massive nuclear modernization presents a unique threat to the U.S. and the region?
  - b. Do you assess that Chinese are willing to entertain discussions with the U.S. about their nuclear doctrine?
  - c. Do you assess that the Chinese are willing to entertain negotiations on arms control?
  - d. What message do you think the Chinese leadership receives when they see the U.S. fail to respond to Russia's blatant violations of New START?
  - e. Putin's nuclear arsenal and nuclear threats have shaped the U.S. response to the Russian further invasion of Ukraine by limiting the types of weapons this Administration is willing to supply. Are you concerned that Chairman Xi will likewise use this same strategy to contain a U.S. response in the event of a PRC invasion of Taiwan?

**Answer:**

The PRC's military and nuclear expansion increases its capability to threaten the United States and seeks to erode U.S. alliances regionally and globally. The PRC has yet to acknowledge the rapid scale and scope of its

nuclear expansion, nor its intent, and it has been reluctant to substantively engage on practical measures to reduce nuclear risks. The United States has been clear that Russia's noncompliance with New START will not stop the United States from continuing to fully support Ukraine. The United States has also made clear that Russia's irresponsible nuclear rhetoric is unacceptable and any use of nuclear weapons by Russia would be met with severe consequences.

**Questions for the Record Submitted to  
Assistant Secretary Daniel J. Kritenbrink by  
Chairman McCaul (#26)  
House Foreign Affairs Committee  
February 28, 2023**

**Question 26:**

Do you support an outbound investment screening regime for the PRC? Yes or no?

**Answer 26:**

The Administration is making progress in formulating an approach to address certain outbound investments that could accelerate the capabilities of our competitors in the most sensitive areas. The Administration is committed to consulting with Congress, allies and partners, and industry as we work through our approach. We continue to be vigilant in considering ways in which our adversaries may undermine our national security.

**Questions for the Record Submitted to  
Assistant Secretary Daniel J. Kritenbrink by  
Chairman McCaul (#27)  
House Foreign Affairs Committee  
February 28, 2023**

**Question 27:**

The CHIPS Act gave you \$500 million to spend on working with allies and partners on chips and semiconductor supply chains. We are concerned that the funding may be overstretched and ineffective. What are your plans to tie the money to diplomatic outcomes with strategic partners?

**Answer 27:**

The Department is deploying a targeted strategy to ensure we achieve critical and strategic objectives with the International Technology Security and Innovation (ITSI) fund. International policy coordination and capacity building in the semiconductor sector will be a critical component of ITSI implementation to develop best practices to address supply chain chokepoints, market distortions, and security risks posed by adversaries. Using existing platforms, we also will engage with partners and allies to strengthen export controls, investment screening, and leverage technology



**Questions for the Record Submitted to  
Assistant Secretary Daniel Kritenbrink by  
Chairman McCaul (#28)  
House Foreign Affairs Committee  
February 28, 2023**

**Question 28:**

What tools “both coercive and persuasive” does the U.S. have to bring Japan and the Netherlands to the same export control level as the United States?

**Answer 28:**

We regularly consult with allies and partners and hold dialogues to discuss sensitive technology, supply chain resilience, and export controls. We work closely with our allies and partners to ensure that our technology is not used to undermine our national security.

**Questions for the Record Submitted to  
Assistant Secretary Daniel Kritenbrink by  
Chairman McCaul (#29)  
House Foreign Affairs Committee  
February 28, 2023**

**Question 29:**

Trade tools have been unsuccessful in addressing systemic asymmetries and market distortions emanating from the PRC. What tool do you not currently have that you need?

**Answer 29:**

We are pushing back on the PRC's state-led, market-distorting economic practices such as industrial targeting, massive subsidies, market access barriers, and forced labor, and we are supporting American workers and industry with every tool we have. We are ensuring supply chains are more diverse, resilient, and able to withstand potential disruptions and bottlenecks from any source. We welcome trade and investment ties between the United States and the PRC – as long as they are transparent, fair, and secure.

**Questions for the Record Submitted to  
Assistant Secretary Daniel J. Kritenbrink by  
Chairman Michael McCaul #30  
House Foreign Affairs Committee  
March 22, 2023**

**Question 30:**

Economic Coercion: What barriers remain to supporting our partners who are targeted by PRC economic coercion campaigns?

**Answer 30:**

Coercion cases vary depending on the target's economy and the nature of its trade and investment relationship with Beijing. We had effective tools to support Lithuania, but the next case may be different. We are strengthening our response playbook across the interagency, and in coordination with allies and partners, to support targeted economies. We are also working with partners to build more diverse and resilient supply chains to reduce vulnerabilities to economic coercion. The Department looks forward to working with Congress to support these efforts.

**Questions for the Record Submitted to  
Assistant Secretary Daniel J. Kritenbrink by  
Chairman McCaul (#31)  
House Foreign Affairs Committee  
February 28, 2023**

**Question 31:**

How can Indo-Pacific Economic Framework be successful if the United States doesn't offer greater market access?

- a. Will the Administration be asking for Trade Promotion Authority to support its Indo-Pacific Economic Framework or its U.S.-Taiwan Trade Initiative? If not, what is the ultimate goal of these talks?

**Answer 31:**

The successful conclusion of Indo-Pacific Economic Framework (IPEF) negotiations is a strategic priority, representing our affirmative vision of economic cooperation among allies and like-minded partners in the Indo-Pacific region. IPEF reflects our collective desire to address 21st century challenges, including setting the rules for the digital economy, ensuring secure and resilient supply chains, managing the energy transition, investing in quality, modern infrastructure, and accelerating progress on anti-corruption measures and tax initiatives. For details on negotiations for IPEF

or the U.S.-Taiwan Trade Initiative, I refer you to the Office of the U.S. Trade Representative and Department of Commerce.

**Questions for the Record Submitted to  
Assistant Secretary Daniel J. Kritenbrink by  
Chairman McCaul (#32)  
House Foreign Affairs Committee  
February 28, 2023**

**Question 32:**

What is the State Department doing to encourage allies and partners to diversify their supply chains?

**Answer 32:**

No one country can secure its entire critical supply chains on its own. Under global efforts like the CHIPS Act, we are working with allies and partners to create diverse, resilient, and sustainable semiconductor supply chains. The Minerals Security Partnership similarly aims to bolster critical minerals supply chains essential for the clean energy transition. Regionally, Indo-Pacific Economic Framework (IPEF) partners are cooperating under the supply chains pillar to develop criteria to identify critical sectors and key products for collective action to prepare for and respond to supply chain disruptions. We also will continue to raise these issues in ongoing bilateral economic dialogues with Japan, the ROK, Taiwan, and other key partners.

Approved: EAP – Daniel J. Kritenbrink, Assistant Secretary [DJK]

Drafted: EAP/EP – Luke Schroeder, x7-4836 and cell: (651)-491-7673

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**Questions for the Record Submitted to  
Assistant Secretary Daniel J. Kritenbrink by  
Chairman McCaul (#33-34)  
House Foreign Affairs Committee  
February 28, 2023**

**Question 33:**

What role is there for U.S. interests to pry away investments from China in the critical minerals sector?

**Answer 33:**

To address the economic and national security vulnerabilities that geographically and geopolitically concentrated critical minerals supply chains pose, the United States must work with industry and likeminded partner governments that share the U.S. interest in resilient, diverse, and secure supply chains. The United States can help diversify supply chains by leveraging private-sector expertise and innovation, including in mining, processing, recycling, and high-tech manufacturing in addition to the United States' and foreign partners' policy tools.

Promoting investment in strategic critical minerals projects through development finance, export credit, business facilitation, and diplomatic engagement will be central to supply chain diversification, which ensures



that mining and processing projects are not dominated by a single country. Working with industry and our likeminded partners to ensure the offtake of raw and processed materials from these projects in turn feeds into diversified supply chains will also be important. Finally, it will be key for the U.S. government, in cooperation with partners, to boost public- and private-sector investment in the supporting infrastructure, such as ports and railroads, that will bring these critical minerals to market.

The United States' ability to support strategic critical minerals projects in a meaningful, agile, and sufficiently resourced way could determine whether these supply chains evolve to meet the growing needs of the U.S. economy and U.S. national security.

**Question 34:**

How does the U.S. Minerals Security Partnership program support this?

**Answer 34:**

The concentration of critical mineral supply chains in China is a vulnerability for us and our partners around the world. The United States cannot accomplish its goal of diversifying critical mineral supply chains alone, and other countries' use of non-market forces to dominate these supply chains means that market forces alone will not drive the necessary changes. Currently, many private sector lenders perceive these projects as too novel or too risky, so governmental support is needed to encourage more private investment.

This is why the U.S. government is working with 12 likeminded partners within the Minerals Security Partnership (MSP) to encourage additional investment in a way that builds more diverse, resilient, and secure clean energy supply chains. The MSP supports strategic critical mineral projects that will feed the high-tech and clean energy economy and enable U.S. industry to remain competitive and grow. These projects may be located within MSP partner jurisdictions or elsewhere. (The MSP

member group currently comprises Australia, Canada, Finland, France, Germany, Japan, Italy, the Republic of Korea, Norway, Sweden, the United Kingdom, the United States, and the European Commission, which formally represents the European Union within the MSP.)

To achieve concrete, project-level results, the MSP is sharing information among partners about minerals projects and developing actionable plans to support promising projects, including through financing; developing a joint approach that promotes high standards for responsible mining and processing; and engaging both project operators and governments.

MSP partners considered over 200 projects in 2022 and winnowed that list down. The MSP is currently assessing shortlisted projects to identify how it can best support those that will contribute to more diverse and secure supply chains while also promoting the highest standards for responsible industry. These projects range from mining to processing to recycling and offer high standards and meaningful engagement with governments, local citizens, and other stakeholders.

**Questions for the Record Submitted to  
Assistant Secretary Daniel J. Kritenbrink by  
Chairman McCaul (#35)  
House Foreign Affairs Committee  
February 28, 2023**

**Question 35:**

Does Xi Jinping want security guardrails? Or a floor to the relationship?

**Answer 35:**

Following President Biden's meeting with President Xi Jinping in Bali last November, the Administration has remained focused on responsibly managing the U.S.-China relationship, including building a floor under the bilateral relationship. In response to destabilizing PRC activities, including the unacceptable intrusion into U.S. airspace by a PRC high-altitude surveillance balloon, we have vigorously defended U.S. interests. At the same time, we are committed to maintaining open lines of communication with the PRC to help prevent and manage crises and guard against miscalculation.

**Questions for the Record Submitted to  
Assistant Secretary Daniel J. Kritenbrink by  
Chairman McCaul (#36)  
House Foreign Affairs Committee  
February 28, 2023**

**Question 36:**

Does the administration's "align, invest, compete" mantra fit into the current global institutional framework or does the admin aspire for a larger vision for a world order that is currently being torn apart by China and Russia.

**Answer 36:**

We remain focused on the greatest geopolitical challenge that we face, because the People's Republic of China is the only competitor with both the intent to reshape and remake the international order and, increasingly, the economic, diplomatic, military, and technological capability to do so. To preserve and increase international cooperation in an age of competition, we have a dual-track approach. On one track, we will cooperate with any country, including our geopolitical rivals, that is willing to work constructively with us to address shared challenges and to strengthen international institutions. On the other track, we will deepen our cooperation with like-minded democracies. As Secretary Blinken outlined in

our approach on the PRC, we are: 1) investing in the foundations of our strength at home; 2) aligning with allies and partners on our approach abroad; and by harnessing these two key assets; 3) competing with the PRC to defend our interests and build our vision for the future.

**Questions for the Record Submitted to  
Assistant Secretary Daniel J. Kritenbrink by  
Chairman McCaul (#37)  
House Foreign Affairs Committee  
February 28, 2023**

**Question 37:**

The PRC is acting increasingly reckless and dangerous, a trend that has worsened in the last two years. It appears your strategy of managing the relationship through talks is failing to halt the PRC's aggression and may in fact be worsening it. How is the admin course correcting in its approach to China?

**Answer 37:**

President Biden has been clear: the United States will compete and unapologetically stand up for our values and interests, but we do not want conflict with the PRC and are not looking for a new Cold War. Where we can, we will explore possible cooperation on challenges that require transnational action – like climate, global health, and counternarcotics. The Administration's track record is evidence of our continued defense of U.S. values and interests.

**Questions for the Record Submitted to  
Assistant Secretary Daniel J. Kritenbrink by  
Chairman McCaul (#38)  
House Foreign Affairs Committee  
February 28, 2023**

**Question 38:**

Why did the administration bring up the 2019 balloons, choosing to highlight those balloons that were not visible on radar at the time?

**Answer 38:**

When Secretary Blinken spoke with State Councilor Wang Yi in Munich, he made clear the United States will not stand for any violation of our sovereignty – and that such an incursion of U.S. airspace must never happen again. In discussing some of these prior incidents with allies and partners, we have exposed the breadth of the PRC’s global surveillance balloon program, which has intruded into the airspace of more than 40 countries across five continents.



**Questions for the Record Submitted to  
Assistant Secretary Daniel J. Kritenbrink by  
Chairman McCaul (#39)  
House Foreign Affairs Committee  
February 28, 2023**

**Question 39:**

Secretary Blinken just met with his PRC counterparts in Munich. Who asked whom for the meeting? Yet, once again, this engagement yielded no results. If the Admin does not expect results from its meetings with the PRC, what is the value of our continued engagement? Are we not wasting precious taxpayer resources facilitating engagements that do not advance U.S. priorities?

**Answer 39:**

During his February 18 meeting with the Chinese Communist Party Central Foreign Affairs Office Director Wang Yi, Secretary Blinken directly messaged the unacceptable violation of U.S. sovereignty and international law by the PRC high-altitude surveillance balloon in U.S. territorial airspace, underscoring that this irresponsible act must never again occur. The Secretary warned about the implications and consequences if the PRC provides material support to Russia or assistance with systemic sanctions evasion in support of Russia's brutal war against Ukraine. The United States will continue to unapologetically stand up for U.S. interests and values. At

the same time, we will maintain open lines of communication with Beijing and manage competition responsibly to avoid miscalculation and ensure competition never veers into conflict.

**Questions for the Record Submitted to  
Assistant Secretary Daniel J. Kritenbrink by  
Chairman McCaul (#40)  
House Foreign Affairs Committee  
February 28, 2023**

**Question 40:**

Why was the environment for a meeting between Blinken and Wang not right the week after the balloon incident, but it was right in Munich?

**Answer 40:**

In Munich, the Secretary addressed the unacceptable violation of U.S. sovereignty and international law by the PRC high-altitude surveillance balloon in U.S. territorial airspace. The Secretary made clear the United States will not stand for any violation of our sovereignty. The Secretary also delivered a clear, unequivocal message warning the PRC against providing support for Russia's war against Ukraine. The Secretary underscored the U.S. commitment to maintaining open lines of communication and said he would be prepared to visit Beijing when conditions allow.

**Questions for the Record Submitted to  
Assistant Secretary Daniel J. Kritenbrink by  
Chairman McCaul (#41 and #42)  
House Foreign Affairs Committee  
February 28, 2023**

**Question 41:**

Biden admin keeps mentioning climate change, counter-narcotics, non-proliferation, and global health as areas of cooperation with the PRC. Yet the PRC has not proven to be a reliable partner in any of these areas, and regularly violates the international commitments it has made.

**Question 42:**

Does the Admin believe that the PRC will adhere to commitments it might make in these areas?

**Answers 41 and 42:**

We will make a good faith effort where our interests with China intersect. Transnational challenges, such as climate change, counternarcotics, non-proliferation, food security, macroeconomic stability, and global health are shared challenges that impact us all, and that every country has a responsibility to address. The global climate crisis impacts us all and we cannot solve climate change without China. We should continue cooperating on counternarcotics to address shared challenges stemming from transnational criminal organizations. Health security is another

international issue where our fates are linked. Reducing the spread of WMDs is in everyone's interest.

**Questions for the Record Submitted to  
Assistant Secretary Daniel Kritenbrink by  
Chairman McCaul #43  
House Foreign Affairs Committee  
February 28, 2023**

**Question 43:**

The Indo-Pacific remains a small percentage of the total State Department budget. What is the State Department doing to re-align its priorities with that of the Biden administration's self-declared priority theater? Will this be reflected in the President's budget request?

**Answer 43:**

The credibility of the Indo-Pacific Strategy (IPS) will be judged by its implementation in terms of policies, resources, and results. The Department continuously evaluates requirements against resources to make informed recommendations and resource requests that underscore our prioritization of the region.

The FY 2023 budget was developed prior to the announcement of the IPS. While I cannot get ahead of the President's FY 2024 request, when it is released, I think you will find that we are making a serious proposal to resource our top priorities.

**Questions for the Record Submitted to  
Assistant Secretary Daniel J. Kritenbrink by  
Chairman McCaul (#44)  
House Foreign Affairs Committee  
February 28, 2023**

**Question 44:**

Besides the Quad fellowship and working group discussions, what are the next steps for the Quad?

**Answer 44:**

Quad members will continue to engage on priorities outlined in the 2022 Quad Leaders' Summit at two upcoming events. The United States will host a Quad Maritime Conference on March 29-30 to discuss ways the Quad is addressing threats to maritime security in the Indo-Pacific and provide a forum for developing initiatives and coordinating solutions. The Quad is operationalizing the Indo-Pacific Partnership for Maritime Domain Awareness (IPMDA) that provides technology and training to support enhanced, shared maritime domain awareness to promote stability and prosperity in the Indo-Pacific.

The Quad is expanding programs under the Quad Climate Change Adaptation and Mitigation Package (Q-CHAMP). These activities include:

developing green shipping and ports aiming for a shared green corridor framework; strengthening clean energy supply chains; welcoming the contribution of the Sydney Energy Forum; climate information services for developing an engagement strategy with Pacific Island countries; and disaster risk reduction, including disaster and climate resilient infrastructure such as the efforts through the Coalition for Disaster Resilient Infrastructure (CDRI).

The Quad is solidifying the Quad Humanitarian Assistance and Disaster Relief Partnership (HADR). Quad members aim to finalize the Partnership's Standard Operating Procedures to enable an efficacious coordinated response mechanism for regional disasters.

The Quad is developing potential avenues for defense technology cooperation. While the Quad is not a security grouping, cooperation on innovation and technology may yield broad benefits for Quad members.



**Questions for the Record Submitted to  
Assistant Secretary Daniel J. Kritenbrink by  
Chairman McCaul (#45)  
House Foreign Affairs Committee  
February 28, 2023**

**Question 45:**

Can you provide an overview of the strategic importance of the COFA agreements and the implications of renewing them for competition in the Indo-Pacific? What were the main commitments in our MOU's with the FSM, Marshall Islands, and Palau?

**Answer 45:**

Extending Compacts of Free Association (COFA) assistance is a critical component of the Administration's Indo-Pacific and National Security Strategies. The President's FY 2024 Budget includes the COFA as part of a broader mandatory proposal to fund new and innovative ways to out compete the PRC globally.

To maintain our status as a preferred partner in the Pacific, we must enhance our enduring relationships, especially with these nations. The Compacts give the United States significant strategic advantage in the Indo-Pacific region, granting the United States responsibility and authority for security and defense matters in and relating to the three countries,

extensive access to operate in these nations' territories, and denial of third country military access to the three countries.

The FY 2024 Budget requests a total of \$7.1 billion in mandatory funds over 20 years to implement amended and extended economic assistance provisions of the COFA with the Freely Associated States (FAS) of the Federated States of Micronesia, the Marshall Islands, and Palau, including \$6.5 billion in economic assistance and \$0.6 billion to support the provision of postal services.

The Memorandums of Understanding (MOUs) signed with each FAS pave the way for our ongoing negotiations on the agreement texts, but they are not intended to give rise to rights or obligations under international or domestic law. The MOUs contain understandings including the intent of the Administration to request certain mandatory appropriations for economic assistance from the Congress and to continue to provide various federal programs and services currently provided under the Compacts, as amended, and related agreements.

Our special and historic relationships with the Federated States of Micronesia, the Marshall Islands, and Palau, underpinned by the Compacts

of Free Association, continue to support freedom, security, stability, and prosperity in the Indo-Pacific. We look forward to working with Congress on the implementing legislation so that there is no gap in assistance funding to these three strategic nations.

**Questions for the Record Submitted to  
Assistant Secretary Daniel J. Kritenbrink by  
Chairman McCaul (#46)  
House Foreign Affairs Committee  
February 28, 2023**

**Question 46:**

How is the State Department supporting interagency efforts to achieve a more distributed posture of U.S. forces in the Indo-Pacific? What steps has State taken to speed up our foreign military sales to allies and partners in the Indo-Pacific?

**Answer 46:**

The Department of State leads U.S. efforts to negotiate access, basing, and overflight throughout the world, including the Indo-Pacific. We are in continuous dialogue with our regional allies and partners to expand U.S. military access to achieve the posture objectives identified by USINDOPACOM.

The Department prioritizes the approval of Foreign Military Sales, particularly for allies and partners in the Indo-Pacific. Defense industry production limitations continue to be the single largest factor driving the delivery timelines for FMS customers globally. The Departments of State

and Defense work with defense industry partners to overcome significant production challenges.

**Questions for the Record Submitted to  
Assistant Secretary Daniel J. Kritenbrink by  
Chairman McCaul (#47)  
House Foreign Affairs Committee  
February 28, 2023**

**Question 47:**

The Biden administration launched its first ever U.S. Pacific Partnership Strategy in 2022 as an addendum to its Indo-Pacific Strategy, can you provide more texture as to how this expands our enduring partnerships with the Pacific Island Countries?

**Answer 47:**

As an addendum to our Indo-Pacific Strategy, the U.S. Pacific Partnership Strategy elevates the Pacific Islands within U.S. foreign policy. It describes U.S. plans to address the unique opportunities and challenges that Pacific Islands face, especially those identified in the Pacific Islands Forum's 2050 Strategy. It outlines how we will build capacity to fulfill and increase U.S. commitments to the Pacific, collaborate with allies and partners to elevate the Pacific in the regional architecture, and empower the Pacific Islands to prosper and build resilience to 21st century challenges.

**Questions for the Record Submitted to  
Assistant Secretary Daniel J. Kritenbrink by  
Chairman McCaul (#48)  
House Foreign Affairs Committee  
February 28, 2023**

**Question 48:**

Is there any danger that increased investments in Europe will impact our ability to uphold our security commitments in the Indo-Pacific?

**Answer 48:**

The United States must simultaneously manage the conflict in Ukraine and compete in the Indo-Pacific to succeed in this decisive decade. What happens in Ukraine in response to Russia's war matters for the Indo-Pacific, and many of our Indo-Pacific partners recognize their stake in this conflict. I defer to our DoD colleagues to answer the military aspects of your question. We continue to make investments in the Indo-Pacific. The Department of State unveiled our Indo-Pacific Strategy to advance a shared vision of a free and open, connected, prosperous, secure, and resilient Indo-Pacific region. It is critical for Congress to resource the Indo-Pacific Strategy for us to leverage this convergence and maintain a leadership role in this crucial part

of the world. That is the best way to ensure we win both in Ukraine and the Indo-Pacific.



**Questions for the Record Submitted to  
Assistant Secretary Daniel J. Kritenbrink by  
Chairman McCaul (#48)  
House Foreign Affairs Committee  
February 28, 2023**

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of the world. That is the best way to ensure we win both in Ukraine and the Indo-Pacific.

**Questions for the Record Submitted to  
Assistant Secretary Daniel J. Kritenbrink by  
Chairman McCaul (#49)  
House Foreign Affairs Committee  
February 28, 2023**

**Question 49:**

What progress has been made in the Indo-Pacific Partnership for Maritime Domain Awareness which will provide tech and training to support maritime domain awareness to promote stability and prosperity in South Asia, Southeast Asia, and the Pacific Islands?

**Answer 49:**

The Indo-Pacific Partnership for Maritime Domain Awareness (IPMDA) initiative is evolving in three lines of effort. First, the U.S.-funded pilot program in Southeast Asia (Indonesia, the Philippines, and Thailand) is in execution, with commercially available, satellite-based radio frequency data being fed to each country. Second, Australia is leading a Pacific pilot, working through the Forum Fisheries Agency (FFA) in Honiara. Lastly, India is driving the IPMDA effort to bring RF data to their Information Fusion Center-Indian Ocean Region (IFC-IOR) and develop a common operating picture in South Asia and the Indian Ocean Region.

**Questions for the Record Submitted to  
Assistant Secretary Daniel J. Kritenbrink by  
Chairman McCaul (#50)  
House Foreign Affairs Committee  
February 28, 2023**

**Question 50:**

The BURMA Act, as part of the 2023 NDAA, authorizes technical support and non-lethal assistance for Burma's Ethnic Armed Organizations, People's Defense Forces, and pro-democracy movement organizations. What is being provided to these organizations and how is the Administration providing the support and equipment?

**Answer 50:**

We are working diligently to support the democracy movement, protect human rights, and address the basic needs of the people of Burma. The BURMA Act provided additional tools to support the pro-democracy movement and enact economic pressure against the military. Since the coup, our assistance to the pro-democracy movement has promoted capacity-building and cohesion among its various groups. Over the past two years, we have provided hundreds of millions of dollars to directly assist pro-democracy groups and ethnic organizations. We have directed all assistance away from the regime and toward civil society. Examples of our assistance include: programs to build governance capacity; efforts to develop local

health and education policies; advising pro-democracy groups as they develop their plans for Burma's future federal democracy. We continue to explore ways to further support the pro-democracy movement.

In line with the Burma Act, we are also seeking to ramp up economic actions against the regime to deprive the military of the means that perpetuate its violence. To date, the United States has designated 80 individuals and 32 entities, targeting military leaders and associated business affiliates, arms dealers, the regime-controlled Union Electoral Commission, and those linked to the oil and gas sector and fuel companies supplying revenue and resources to the regime. We will continue to focus on the regime's key sources of revenue as we dial up the pressure with our economic tools. We look forward to further discussions with the Committee on this important issue.

**Questions for the Record Submitted to  
Assistant Secretary Daniel J. Kritenbrink by  
Chairman Michael McCaul (#51)  
House Foreign Affairs Committee  
March 22, 2023**

**Question 51:**

What would be the impact of a PRC invasion of Taiwan mean for the global economy? Financial Times reported that the cost could be trillions of dollars annually, what would that mean for the U.S. economy and American consumer?

**Answer 51:**

Estimating the global economic consequences of a Taiwan-centered conflict – which could vary in both duration and scale – is exceptionally challenging. Some estimates suggest trillions of dollars of economic activity could be at *immediate* risk of *direct* disruption. A cross-Strait conflict would threaten critical shipping lanes and could create wide-ranging supply chain disruptions – even a short-term blockade would interrupt semi-conductor supplies – imperil commodity markets, and trigger global financial market instability with unknowable repercussions.

**Questions for the Record Submitted to  
Assistant Secretary Krittenbrink by  
Chairman McCaul (#52)  
House Foreign Affairs Committee  
February 28, 2023**

**Question 52:**

Taiwan reportedly only has two weeks of energy reserves on the island and is decommissioning nuclear power. How do we get Taiwan energy in the event of an invasion?

**Answer 52:**

The United States is working to support Taiwan's energy security and energy resilience by encouraging Taiwan's regulatory bodies to require a larger emergency energy stockpile, to modernize its grid to enhance reliability, and to better integrate renewable power generation resources. The Department of State is working with Taiwan to accelerate its deployment of renewable energy and decrease its reliance on energy imports.

**Questions for the Record Submitted to  
Assistant Secretary Daniel Kritenbrink by  
Chairman McCaul (#53)  
House Foreign Affairs Committee  
February 28, 2023**

**Question 53:**

Has State encouraged DoD to draw down its stocks for defense of Taiwan? If not, why not? In your opinion should we be drawing down stocks given the long timelines we have for FMS cases?

**Answer 53:**

The Taiwan Enhanced Resilience Act, enacted December 23, 2022, authorized the President to direct the drawdown of up to \$1,000,000,000 per fiscal year in defense articles and services from the Department of Defense and military education and training. There are policy, resource, and national security implications to consider before recommending the President authorize a drawdown. State, DoD, and interagency partners are collaborating closely to decide the most appropriate mechanisms to support Taiwan.



**Questions for the Record Submitted to  
Assistant Secretary Daniel J. Kritenbrink by  
Chairman McCaul (#54)  
House Foreign Affairs Committee  
February 28, 2023**

**Question 54A:**

Do we have a permanent military air presence in Japan?

**Answer 54A:**

Under the U.S.–Japan Treaty of Mutual Cooperation and Security, our Status of Forces Agreement, and other related bilateral agreements, the United States maintains a persistent military air presence in Japan via three air bases (Yokota, Kadena, and Misawa), multiple air stations, and other U.S. military infrastructure, all on Japanese soil, as well as through rotating air assets in the Indo-Pacific theater.

**Question 54B:**

Does State's basing agreement in Japan allow for permanent stationing of U.S. fighter aircraft?

**Answer 54B:**

Under the U.S.–Japan Treaty of Mutual Cooperation and Security, our Status of Forces Agreement, and other related bilateral agreements, the United States is granted the use of facilities and areas in Japan, which enables the persistent stationing of U.S. fighter aircraft. Stationing of aircraft is contingent on host nation approval.

**Question 54C:**

What military aircraft do we have stationed there?

**Answer 54C:**

The United States maintains a variety of aviation capabilities in Japan, all of which focus on operations, mission support, maintenance, and medical provision. These are comprised of assets from the Air Force, Navy, Marine Corps, and Army, including C-12s, C-130Js, C-2As, E-2Ds, E-3s, E-8s, E/A-18s, EP-3s, F-15s, F-16s, F-35Bs, F/A-18s, H-60s, KC-135Rs, P-8s, RQ-4s, UH-1s, and V-22s.

**Question 54D:**

Is State confident that its current posture in Japan deters against an invasion of Taiwan?

**Answer 54D:**

As President Biden and Prime Minister Kishida affirmed in their January 13 joint statement, our two countries believe in “the importance of maintaining peace and stability across the Taiwan Strait as an indispensable element of security and prosperity in the international community.” Our two countries see eye-to-eye on the increasingly severe security environment and our respective national security strategies reflect a convergence of our nations’ thinking toward the challenge. The United States and Japan do this together by modernizing our Alliance to deter any attempt to unilaterally change the status quo in the Indo-Pacific, including the Taiwan Strait.

**Questions for the Record Submitted to  
Assistant Secretary Daniel J. Kritenbrink by  
Chairman McCaul (#55)  
House Committee on Foreign Affairs  
February 28, 2023**

**Question 55:**

One of the reporting requirements in the NDAA requires interim capability solutions to Taiwan, will the department encourage the DoD to draw down stocks?

**Answer 55:**

The Taiwan Enhanced Resilience Act, enacted December 23, 2022, authorized the President to direct the drawdown of up to \$1,000,000,000 per fiscal year in defense articles and services from the Department of Defense and military education and training. There are policy and national security implications to consider before recommending the President authorize a drawdown. State, DoD, and interagency partners are actively assessing the most appropriate security cooperation tools to support Taiwan.

**Questions for the Record Submitted to  
Assistant Secretary Krittenbrink by  
Chairman McCaul (#56)  
February 28, 2023**

**Question 56:**

The FY23 NDAA authorizes up to \$2 billion per year over the next five years for Taiwan foreign military financing grants, but no money was appropriated. Do you support foreign military financing grants for Taiwan, and if so, is the Administration committed to engaging with the appropriators on this issue?

**Answer 56:**

The Department is committed to working with Congress, including appropriators, to explore how we may leverage Foreign Military Financing and other security assistance tools to bolster deterrence across the Strait and enhance Taiwan's self-defense capability.

**Questions for the Record Submitted to  
Assistant Secretary Daniel J. Kritenbrink by  
Chairman McCaul (#57)  
House Committee on Foreign Affairs  
February 28, 2023**

**Question 57:**

The FY 2023 NDAA, Section 5508 calls for the Department to report by March 1 on the status of arms transfers to Taiwan and other allies in the Indo-Pacific region. This reporting requirement also requires the Department to identify the steps it is taking to provide for interim capability or solution to address delivery delays.

**Answer 57:**

State strives to meet the reporting requirement established under Federal law and to be as transparent as possible with Congress. We are working to complete this report as quickly as possible.

**Questions for the Record Submitted to  
Assistant Secretary Daniel Kritenbrink by  
Chairman McCaul (#58)  
House Foreign Affairs Committee  
February 28, 2023**

**Question 58:**

Is the Department of State aware of any efforts by the interagency or the White House to delay arms sales notifications to Congress that are intended for Taiwan?

**Answer 58:**

The Department seeks to expedite Taiwan arms sales to the greatest extent possible and is committed to transparent communication with Congress. Consistent with the Taiwan Relations Act and our longstanding one China policy, the United States makes available to Taiwan defense articles and services necessary to enable it to maintain a sufficient self-defense capability. In fact, in 2022, the Department notified 13 different arms sales to Congress, including 10 new sales and three amendments to previously notified cases – the single-highest number of notifications since at least 1990.



**Questions for the Record Submitted to  
Assistant Secretary Daniel Kritenbrink by  
Chairman McCaul (#59)  
House Foreign Affairs Committee  
February 28, 2023**

**Question 59:**

China barred two U.S. defense companies over arms sales to Taiwan earlier this month and have said in the past that arms sales to Taiwan are a vicious provocation. Do you agree that these transfers are vicious provocations? Are there sales that China would perceive as anything other than vicious provocations?

**Answer 59:**

The United States' commitment to Taiwan is rock-solid and contributes to the maintenance of peace and stability across the Taiwan Strait and within the region. The United States will continue to enable Taiwan's ability to maintain a sufficient self-defense capability, consistent with our one China policy. This is not a provocation. We urge Beijing to cease its military, diplomatic, and economic pressure against Taiwan. We continue to oppose any unilateral changes to the status quo, and we continue to support a peaceful resolution of cross-Strait issues.

**Questions for the Record Submitted to  
Assistant Secretary Daniel Kritenbrink by  
Chairman McCaul (#60)  
House Foreign Affairs Committee  
February 28, 2023**

**Question 60:**

Does the Department take steps to minimize China's response to U.S. arms sales to Taiwan when they are notified to Congress? How has that worked?

**Answer 60:**

While State considers possible reactions to any arms sale to any partner, those reactions change neither our commitment to our partners' defense nor our commitment to transparent communication with Congress. Taiwan is no different. The United States will continue to uphold our commitments consistent with the Taiwan Relations Act, including to assist Taiwan in maintaining a sufficient self-defense capability. We continue to oppose any unilateral changes to the status quo, and we continue to support a peaceful resolution of cross-Strait issues.

**Questions for the Record Submitted to  
Assistant Secretary Daniel Kritenbrink by  
Chairman McCaul (#61)  
House Foreign Affairs Committee  
February 28, 2023**

**Question 61:**

Are there any pending arms sales for Taiwan that are ready for notification to Congress but have not been notified? What would cause a delay in notifying a case to Congress, assuming it has already cleared the tiered review process?

**Answer 61:**

There are four Direct Commercial Sales (DCS) cases currently being adjudicated that will require notification to Congress. Assistant Secretary Kritenbrink briefed the House Foreign Affairs Committee on February 28. There are no arms sales case for Taiwan ready for notification that has not yet been notified. The Department expedites Taiwan arms sales to the greatest extent possible.

**Questions for the Record Submitted to  
Assistant Secretary Daniel Kritenbrink by  
Chairman McCaul (#62)  
House Foreign Affairs Committee  
February 28, 2023**

**Question 62:**

Did you participate in any discussions regarding attempts to delay or conceal important arms sales that were being considered for Taiwan prior to Speaker Pelosi's August 2022 visit to Taiwan?

**Answer 62:**

The Department seeks to expedite Taiwan arms sales to the greatest extent possible. This was true before, during, and after Speaker Pelosi's visit to Taiwan in August 2022. Consistent with the Taiwan Relations Act, the United States makes available to Taiwan defense articles and services necessary to enable it to maintain a sufficient self-defense capability. In 2022, the Department notified 13 different arms sales to Congress, including 10 new sales and three amendments to previously notified cases – the single-highest year number of notifications since at least 1990. The Department has notified more than \$37 billion in Foreign Military Sales (FMS) cases for Taiwan since 2010, including more than \$21 billion since 2019.

**Questions for the Record Submitted to  
Assistant Secretary Daniel Kritenbrink by  
Chairman McCaul (#63)  
House Foreign Affairs Committee  
February 28, 2023**

**Question 63:**

Why should the U.S. be concerned with China's responses to U.S. arms sales to Taiwan and aren't those the exact reasons we should be expediting and increasing arms transfers to Taiwan so that the Island has what it needs to defend itself?

**Answer 63:**

Consistent with the Taiwan Relations Act, the United States will continue to make available to Taiwan defense articles and services necessary to enable Taiwan to maintain a sufficient self-defense capability. We urge Beijing to cease its military, diplomatic, and economic pressure against Taiwan. We continue to oppose any unilateral changes to the status quo, and we continue to support a peaceful resolution of cross-Strait issues.

**Questions for the Record Submitted to  
Assistant Secretary Krittenbrink by  
Chairman McCaul (#64 and #65)  
February 28, 2023**

**Question 64:**

On February 16, Chairman McCaul sent a letter to the President, along with other members of Congress, pressing the Administration to increase foreign military financing for Taiwan. This was also authorized under the Taiwan Enhanced Resilience Act, which passed into law in December.

**Question 65:**

Do you agree that Taiwan is in need of grant foreign military financing?

- a. Will you commit to putting forward a request to the Secretary of State for such financing for Taiwan?
- b. What message does it send to China if the administration is unwilling to request this critically needed assistance?

**Answer 64 and 65:**

The Department is in receipt of Chairman McCaul's letter to President Biden on Foreign Military Financing for Taiwan. The Department is committed to working with Congress to explore how we may leverage Foreign Military Financing and other security assistance tools to bolster deterrence across the Strait and enhance Taiwan's self-defense capability.

**Questions for the Record Submitted to  
Assistant Secretary Daniel Kritenbrink by  
Chairman McCaul (#66)  
House Foreign Affairs Committee  
February 28, 2023**

**Question 66:**

Secretary Kritenbrink, in December you told your Chinese counterparts that securing the release of U.S. citizens who are wrongfully detained or subject to exit bans in China is a personal priority for President Biden. Have any efforts been made to secure the prisoner releases of Mark Swidan, Kai Li, or David Lin?

**Answer 66:**

This Administration places the highest priority on the safety and welfare of U.S. citizens overseas. We will continue to press for fair and humane treatment, due process, and access to appropriate medical care for Mr. Lin, Mr. Li, and Mr. Swidan. One of the most important tasks of the Department of State and U.S. embassies and consulates abroad is to provide assistance to U.S. citizens who are incarcerated or detained abroad.

We are committed to working closely with the Special Presidential Envoy for Hostage Affairs and the Bureau of Consular Affairs to resolve the cases of U.S. citizens wrongfully detained or subject to coercive travel restrictions by the PRC. We also commit to keeping you and your colleagues

informed, in concert with my colleagues and in accordance with applicable privacy concerns.



**Questions for the Record Submitted to  
Assistant Secretary Daniel Kritenbrink by  
Chairman McCaul (#67)  
House Foreign Affairs Committee  
February 28, 2023**

**Question 67:**

The White House issued its Conventional Arms Transfer Policy last week. This policy is specific to arms transfers, including certain items on the Commerce Control List.

**Answer 67:**

The updated U.S. Conventional Arms Transfer (CAT) Policy provides a framework under which U.S. government agencies review and evaluate proposed transfers of military articles and services overseen by the Department of State and certain commercial items, controlled by the U.S. Department of Commerce, such as “600 series” munitions items, as well as commercially available firearms. The CAT Policy furthers our U.S. foreign policy, national security objectives, and advances the protection of human rights while supporting nonproliferation.

**Questions for the Record Submitted to  
Assistant Secretary Daniel J. Kritenbrink by  
Chairman McCaul (#68)  
House Foreign Affairs Committee  
February 28, 2023**

**Question 68:**

The forced labor in Xinjiang is an egregious violation of human rights by the PRC, under Chairman Xi leadership. Does it remain a priority for the Biden-Harris Administration to address forced labor and other human rights abuses being perpetrated by the CCP?

**Answer 68:**

Yes. We continue to prioritize and take concrete measures to promote accountability for the atrocities, including genocide and crimes against humanity in Xinjiang. Specifically, we have issued visa restrictions, financial sanctions under Global Magnitsky Act, export controls, and import restrictions, as well as a multi-agency business advisory on Xinjiang to help U.S. companies avoid commerce that facilitates or benefits from human rights abuses, including forced labor. We continue to remind countries and companies that the United States will not import goods made with forced labor.

**Questions for the Record Submitted to  
Assistant Secretary Daniel J. Kritenbrink by  
Chairman McCaul (#69)  
House Foreign Affairs Committee  
February 28, 2023**

**Question 69:**

Has the Department of State supported interagency efforts to prohibit imports of products made in Xinjiang with forced labor in accordance with the Uyghur Forced Labor Prevention Act provisions, of which Subcommittee Chairman Smith was an original cosponsor?

**Answer 69:**

Yes. In coordination with our interagency partners on the Forced Labor Enforcement Task Force, we are working to help prevent the importation of goods made wholly or in part with forced labor in the PRC. We continue to work with DHS, DOL, and our other FLETF partners to identify entities subject to the UFLPA's rebuttable presumption to assist with preventing these entities from importing their products into the United States. We are also engaging the private sector, NGOs, and other stakeholders to address these risks, and encouraging like-minded governments to pass similar legislation.

**Questions for the Record Submitted to  
Assistant Secretary Daniel J. Kritenbrink by  
Chairman McCaul (#70)  
House Foreign Affairs Committee  
February 28, 2023**

**Question 70:**

Why is our economic trade with China more important than the potential use of U.S. exports to facilitate human rights abuses or the CCP's perpetration of human rights abuses?

**Answer 70:**

Defending human rights is among the highest priorities for the Administration and the Department. We will continue to take actions to advance respect for human rights and fundamental freedoms in the People's Republic of China and elsewhere, such as implementing export controls to counter the use of certain items that could enable human rights abuses and implementing the Uyghur Forced Labor Prevention Act (UFLPA) to prevent the importation of goods tainted by Xinjiang forced labor.

**Questions for the Record Submitted to  
Assistant Secretary Daniel Kritenbrink by  
Chairman McCaul (#71)  
House Foreign Affairs Committee  
February 28, 2023**

**Question 71:**

What specific actions has the Biden administration taken to impose consequences on the PRC hindering or undermining multilateral efforts to address Iran's nuclear program and destabilizing activities?

**Answer 71:**

We continue to enforce our sanctions against Iran, including targeting PRC-based entities engaged in evading our sanctions. For example, on March 9, we designated five entities and one individual based in the PRC for sanctions pursuant to E.O. 13382 for facilitating transactions for components in Iranian UAVs being used by Russia's forces to target civilians and critical infrastructure in Ukraine.

We also sanctioned 39 "shadow banking" entities across multiple jurisdictions, including the PRC, for facilitating illicit sales and transport of Iranian petrochemical and petroleum products.

**Questions for the Record Submitted to  
Assistant Secretary Daniel Kritenbrink by  
Chairman McCaul (#72)  
House Foreign Affairs Committee  
February 28, 2023**

**Question 72:**

What is your assessment of the threat posed by PRC entities' ongoing trade with Iran, including firms linked to the IRGC, to U.S. national security? Are existing U.S. export controls sufficient to restrict PRC government-owned or -controlled companies' ability to transfer U.S.-origin, dual use goods to Iran, either directly or through third parties?

**Answer 72:**

The Administration continues to take action to prevent, deter, and disrupt transfers of dual-use materials and technology to Iran. On February 24, the Commerce Department introduced a rule amending Export Administration Regulations to impose new export control measures on Iran. This action included a foreign direct product rule, applying the strongest export restrictions for semiconductors and microelectronics.

We remain steadfast in enforcing our sanctions against Iran, including targeting of PRC-based entities engaged in sanctions evasion.

**Questions for the Record Submitted to  
Assistant Secretary Daniel Kritenbrink by  
Chairman McCaul (#73)  
House Foreign Affairs Committee  
February 28, 2023**

**Question 73:**

What is the PRC's role in Iran's drone program? What parts do they supply? Is this a violation of Annex B to UN Security Council Resolution 2231? How is the Administration responding to try to cut off Iran's supply chain from the PRC?

**Answer 73:**

The PRC is the leading source of equipment and technology to Iran's programs of proliferation concern. The PRC provides aerospace components, microelectronics, and light engines all capable of use in Iran's drones. Although such items are not restricted by UNSCR 2231, the Administration is taking a whole-of-government approach to disrupt and deter Iran's transfer of UAVs. Using all counterproliferation tools, the U.S. targets supply chain transfers, including entities based in the PRC. We will continue to work with allies and partners, the UN, and private industry to stop transfers associated with Iran's UAV programs and to bolster our enforcement of sanctions and export controls.

**Questions for the Record Submitted to  
Assistant Secretary Daniel J. Kritenbrink by  
Chairman McCaul (#74)  
House Foreign Affairs Committee  
February 28, 2023**

**Question 74:**

Restrictions on Iran's missile program under Annex B of UN Security Council Resolution 2231 are set to expire in October. What steps are you taking to ensure the PRC plays a constructive role in any effort to secure the extension of these restrictions?

**Answer 74:**

We will work with our allies and partners, the UN, and private industry to counter Iran's missile program. We will actively use the full range of tools, including interdictions, sanctions, and export controls, to deter and disrupt the development and proliferation of Iranian missiles. We will continue to use other UN Sanctions regimes – such as the 2140 sanctions regime's targeted arms embargo on the Houthis in Yemen – to counter Iran supplying arms to its proxies in the region.



**Questions for the Record Submitted to  
Assistant Secretary Daniel J. Kritenbrink by  
Chairman McCaul (#75)  
House Foreign Affairs Committee  
February 28, 2023**

**Question 75:**

What does the PRC want to gain from its relationship with Iran? What is the Administration's interpretation of the results of the recent high-level visit of Iranian President Raisi to Beijing?

**Answer 75:**

The PRC and Iran continue to deepen their relationship. The PRC is Iran's largest trading partner. To this end, Iranian President Raisi visited the PRC on February 14. The two countries signed a 25-year Comprehensive Strategic Partnership agreement last year, but the outcome of this agreement remains to be seen. Most recently, the PRC mediated an understanding between Iran and Saudi Arabia this month, which we see as a positive development insofar as it promotes the U.S. goal of reducing tensions in the region.

**Questions for the Record Submitted to  
Assistant Secretary Daniel J. Kritenbrink by  
Chairman McCaul (#76)  
House Committee on Foreign Affairs  
February 28, 2023**

**Question 76:**

How much oil is Iran exporting to the PRC? How much revenue does this provide Iran?

**Answer 76:**

According to estimates, Iran exports roughly one million barrels of oil per day, about 50 to 60 percent of which is assessed to go to the PRC. Using Iran light crude as a benchmark and taking into consideration discounts incurred, a barrel of Iranian oil currently sells on average for \$80 USD. These numbers vary significantly month-to-month.

**Questions for the Record Submitted to  
Assistant Secretary Daniel J. Kritenbrink by  
Chairman McCaul (#77)  
House Foreign Affairs Committee  
February 28, 2023**

**Question 77:**

Assistant Secretary, according to the Center for Disease Control (CDC) 107,000 Americans died from opioid overdoses in 2021 and more than 70,000 were from synthetic opioids containing fentanyl, with fentanyl. Overdoses are now the leading cause of death for Americans ages 18-49. a. Is China involved in any facet or bare any responsibility in the supply chain at any point with the fentanyl crisis in the United States? It is a simple yes or no. If yes, how?

**Answer 77:**

In the years prior to 2019, the PRC was the primary source of U.S.-bound illicit fentanyl. Following a PRC agreement to impose class-wide controls on fentanyl in 2019, U.S.-PRC counternarcotics cooperation yielded success, and direct shipments of fentanyl from the PRC to the U.S. dropped to almost zero. However, we continue to see chemical precursors to fentanyl being produced in the PRC, and transshipped to transnational criminal organizations, where it is synthesized and trafficked into the United States. We will continue to press the PRC for increased bilateral counternarcotics cooperation to address the illicit synthetic opioid supply

chain, including oversight of the PRC's chemical precursor trade and enacting know your customer regulations.

**Questions for the Record Submitted to  
Assistant Secretary Kritenbrink by  
Chairman McCaul (#78)  
House Committee on Foreign Affairs  
February 28, 2023**

**Question 78:**

(Committee) Secretary, how long has the State Department known about China's exports of chemical precursors to the Jalisco and Sinaloa Cartel and/or other illicit bad actors proliferating the raw materials or chemical inputs necessary to synthetically produce, manufacture, and distribute fentanyl to the United States?

**Answer 78:**

Following the PRC's 2019 scheduling of fentanyl related substances that effectively eliminated direct shipments of fentanyl from the PRC to the United States, international drug trafficking organizations in Mexico began diverting certain uncontrolled PRC-sourced chemicals to the manufacture of fentanyl and other synthetic drugs. The Department of State continues to press the PRC at all levels to help prevent this by sharing information on chemical exports, strengthening export enforcement to reduce fraud, and establishing "know your customer" regulations that identify legitimate customers.

**Questions for the Record Submitted to  
Assistant Secretary Daniel Kritenbrink by  
Rep. McCaul (#79)  
House Foreign Affairs Committee**

**February 28, 2023**

**Question 79:**

Since you discovered this direct linkage between China, the principal source of 88-90 percent of the worlds chemical precursors found in fentanyl, and Mexican Cartels, what ways is the State Department supporting enforcement of OFAC sanctions on Chinese companies responsible for this drug epidemic?

**Answer 79:**

Since the issuance of Executive Order 14059 in December 2021, the Department provided concurrence to the Department of the Treasury's Office of Foreign Assets Control on 31 fentanyl related designations. A majority of these designations focused on targets in Mexico and the PRC. Cutting off these targets' ability to abuse the U.S. financial system is one of many ways the Department is working to disrupt the creation and distribution of fentanyl.

**Questions for the Record Submitted to  
Assistant Secretary Daniel Kritenbrink by  
Rep. McCaul (#80)  
House Foreign Affairs Committee**

**February 28, 2023**

**Question 80:**

How does the State Department, with the assistance of the Treasury Department, plan to sanction the narcotics laboratories of the currently sanctioned factories responsible for the creation of main precursors chemicals found in fentanyl?

**Answer 80:**

The Department of State is committed to denying those who engage in, or attempted to engage in, the international proliferation of illicit drugs or their means of production. The Department provides concurrence to the Department of the Treasury to sanction these entities, which in turn financially disrupts their ability to act as part of the fentanyl supply chain.

**Questions for the Record Submitted to  
Assistant Secretary Krittenbrink by  
Rep. McCaul (#81)  
House Committee on Foreign Affairs**

**February 28, 2023**

**Question 81:**

(Committee) How is the State Department working with the Drug Enforcement Agency (DEA) offices in the Beijing, Shanghai, Guangzhou, and Hong Kong to prevent further exports of the life-threatening chemical precursors to the Western Hemisphere?

**Answer 81:**

The State Department works closely with the DEA to constrain precursor outflows from the PRC and build effective relationships with PRC interlocutors in government, academia, and the private sector. State and DEA coordinate policy positions, advocacy, and messaging through the interagency in Washington, D.C. and the U.S. Mission to the PRC. Over the last few years, the PRC for cited policy reasons has restricted USG opportunities and access to meet with PRC interlocutors. DEA's presence in the PRC is important for reestablishing relationships with PRC law enforcement.



**Questions for the Record Submitted to  
Assistant Secretary Daniel J. Kritenbrink by  
Chairman McCaul (#82)  
House Foreign Affairs Committee  
February 28, 2023**

**Question 82:**

Secretary, are you aware of China's announcement of formally suspending U.S.- China cooperation on counternarcotics due to former House Speaker Nancy Pelosi's visit to Taiwan on August 5, 2022? If so, how do you see this bold action by China adversely affecting our attempt to prevent exports of chemical inputs and precursor chemicals to criminal organizations in Latin America and the United States?

**Answer 82:**

There have been instances of cooperation with the PRC on counternarcotics. Following a 2019 agreement, the PRC is no longer a meaningful source of finished fentanyl flowing to the United States. However, the PRC remains a major source of precursor chemicals which are shipped to transnational criminal organizations to produce illicit fentanyl. While engagement on counternarcotics has been limited in recent months, the growth in synthetic drug production is a global problem, and we are actively seeking to re-engage the PRC.

The PRC can and needs to do more as a global partner to disrupt synthetic drug supply chains by implementing know your customer regulations, expanding information sharing, and strengthening enforcement of customs labeling agreements.

**Questions for the Record Submitted to  
Assistant Secretary Daniel Kritenbrink by  
Chairman McCaul (#83-85)  
House Foreign Affairs Committee  
February 28, 2023**

**Question 83:**

State has consistently moved the goalpost on secondary sanctions on China for its continued support of Russia's renewed invasion of Ukraine.

**Question 84:**

Has the existing approach of using stern warnings materially changed the PRC's support of Russia or does it need a new strategy?

**Question 85:**

Why isn't the Biden administration taking more assertive actions against China to deter support?

**Answers 83-85:**

The United States continues to carefully monitor for any PRC assistance to Russia in evading or circumventing U.S. sanctions or multilateral sanctions and export controls. Twelve PRC-based firms including Spacety Co. remain on the Commerce Department's Bureau of Industry and Security (BIS) Entity List for continuing to contract to and supply designated entities and sanctioned parties in Russia after Russia's

further invasion of Ukraine. On December 16, 2022, the interagency End-User Review Committee strengthened the Entity Listing for China Electronics Technology Group Corporation 13th Research Institute (CETC-13) and subordinate institution Micro Electronic Technology under the Foreign Direct Product (FDP) rule by designating them as Russian military end users based on information that these companies contribute to Russia's military and/or defense industrial base.

**Questions for the Record Submitted to  
Assistant Secretary Daniel Kritenbrink by  
Chairman McCaul (#86 & 87)  
House Foreign Affairs Committee  
February 28, 2023**

**Questions 86&87:**

86. (Committee) Russia's continued deployment of PRC drones on the Ukrainian battlefield shows how its military has been able to draw critical items for its military from abroad. These drones not only fuel Russia's war effort but also let the PRC gather crucial battlefield intelligence that might enhance Beijing's war readiness.

87. (Committee) How is the U.S. government unable to stop these PRC drones from supporting Russia's war?

**Answers 86 &87:**

We are aware of the media reports asserting the PRC provided lethal aid to Russia to support its brutal war efforts. As the President has said, we are prepared to impose consequences on the PRC if we find evidence of this. The Administration takes a whole-of-government approach to counterproliferation efforts, as well as working with Allies and partners, the UN, and private industry. We will continue to sanction and place export

restrictions on entities and individuals as warranted for supplying components and materials to Russia for use in its war in Ukraine.

**Questions for the Record Submitted to  
Assistant Secretary Daniel Kritenbrink by  
Chairman McCaul (#88)  
House Foreign Affairs Committee  
February 28, 2023**

**Question 88:**

Chairman Xi just met President Putin in Moscow.

- a. Is the PRC supplying or planning to supply Russia with lethal aid?
- b. How is China helping Russia evade sanctions put in place as a result of Putin's invasion of Ukraine?
- c. Is China's economy acting as a haven for Russia to avoid punitive measures like embargos on Russian-origin fossil fuels or the oil-price cap?
- d. To what extent is China enabling Russia to have continued access to high-tech electronics?

**Answer 88:**

We are concerned that the People's Republic of China (PRC) is considering providing lethal support to Russia in its aggression against Ukraine. We have made very clear to the PRC that there will be consequences for providing lethal weapons to Russia for use in Ukraine or systematically aiding sanctions evasion. These actions will result in real consequences in our relationship with the PRC. We are vigilantly monitoring all available information regarding PRC military

support to Russia. Supporting Russia with lethal aid would be a serious PRC miscalculation and would directly impact how the world sees it.



**Questions for the Record Submitted to  
Assistant Secretary Daniel J. Kritenbrink by  
Chairman McCaul (#89)  
House Foreign Affairs Committee  
February 28, 2023**

**Question:**

What European countries have the most work to do to diversify their economies away from China?

**Answer:**

As with other developed countries, many economies in Europe are deeply intertwined with the PRC. Following Russia's further invasion of Ukraine and the PRC's reaffirmation of its support for Russia, European leaders are increasingly acknowledging the risks of overdependence on the PRC. For example, in March 2023, European Commission President von der Leyen noted that "Europe needs to de-risk" its dependency on China.

We will continue to engage with our allies and partners on diversifying supply chains to reduce economic vulnerability to PRC influence or pressure.

**Questions for the Record Submitted to  
Assistant Secretary Daniel J. Kritenbrink by  
Chairman McCaul (#91)  
House Foreign Affairs Committee  
February 28, 2023**

**Question 91:**

Are you concerned about Belarusian President Alexander Lukashenko's recent state visit to Beijing? Is there any evidence Belarus is prepared to support the PRC in providing lethal aid or other assistance to Russia for use in Ukraine?

**Answer 91:**

Lukashenko's visit to Beijing furthers ongoing U.S. concerns that he is ceding Belarusian sovereignty to Russia through his regime's continued support of Russia's war against Ukraine. As we've seen Russia and the PRC deepen their relationship, Lukashenko is doing Putin's bidding by seeking to strengthen Belarus's relationship with the PRC.

**Questions for the Record Submitted to  
Assistant Secretary Daniel J. Kritenbrink by  
Chairman McCaul (#92)  
House Foreign Affairs Committee  
February 28, 2023**

**Question 92:**

What does China's reopening post-COVID mean for its international commitments through Belt and Road, and specifically within the Forum on China-Africa Cooperation?

**Answer 92:**

The PRC has lent African countries hundreds of billions of dollars as part of BRI, but PRC investments targeted by BRI have declined since 2019 due to commodity price crashes, COVID disruptions, and a shift toward private-to-private sector financing models. At the Forum for China Africa Cooperation in 2021, China pledged over \$40 billion to infrastructure projects in Africa as part of the China-Africa Cooperation Vision 2035 but has since stated that it would move away from state-backed projects in Africa towards increasing reciprocal China-Africa trade.

**Questions for the Record Submitted to  
Assistant Secretary Daniel J. Kritenbrink by  
Chairman McCaul (#93)  
House Foreign Affairs Committee  
February 28, 2023**

**Question 93:**

Despite pledges of non-interference, the CCP continues to prioritize senior leadership engagement with multiple countries in Africa. What are the CCP's objectives embedded in the consistent diplomatic prioritization of Africa?

**Answer 93:**

The PRC's efforts to increase its presence and influence in Africa are intended to advance its political, security, information, and economic goals and bolster its standing on the world stage. At the strategic level, the PRC seeks to extend its influence across Africa to build international support, including in the multilateral sphere.

**Question for the Record Submitted to  
Assistant Secretary Kritenbrink by  
Chairman McCaul (#94)  
House Foreign Relations Committee  
on February 28, 2023**

**Question 94:**

In order to combat Beijing's clear and consistent diplomatic focus on the African continent, what specific deliverables have been accomplished in the aftermath of December's US-Africa Leaders' Summit? What has specifically been planned for the rest of the year to ensure this engagement remains?

**Answer 94:**

President Biden appointed Ambassador Johnnie Carson Special Presidential Representative for U.S.-Africa Leaders Summit Implementation. Ambassador Carson is consulting with African governments, in coordination with the Bureau of African Affairs, to sustain the Summit and its conversations. Ambassador Carson is also providing advice and counsel on some of the new initiatives launched during the Summit. U.S. leaders at all levels, including the Secretary of State, have traveled to Africa and others, including Vice President Harris, are planning trips in the near future to further the implementation of our Africa strategy and advance shared global

priorities. We also continue to support the Prosper Africa Team in tracking the deals signed during the U.S.-Africa Business Summit to increase the U.S. business presence in sub-Saharan Africa.

**Question for the Record Submitted to  
Assistant Secretary Kritenbrink by  
Chairman Paul McCaul (#95)  
House Foreign Relations Committee  
on February 28, 2023**

**Question 95:**

What message does the Department deliver to our African partners to emphasize the importance for African governments to consider the promise of democracy in contrast to the repressive nature of the Chinese Communist Party's illiberal political model, most notably their new type of political party system?

**Answer 95:**

Strong, accountable, and democratic institutions, sustained by a deep commitment to respect for human rights, remain the most reliable avenue to long-term peace and prosperity and the best way to counter instability and dehumanization of authoritarian rule. Therefore, strengthening democracy, upholding universal values, and promoting human dignity remains a critical policy and assistance priority for the Biden/Harris Administration in sub-Saharan Africa. We will continue to support democratic institutions and work to improve governance; increase access to justice; strengthen accountability; reduce corruption; enhance women's

political participation, leadership, and gender equality; and promote respect for human rights for all people to help states and communities foster legitimate, inclusive political systems. Addressing issues of political and social exclusion and inequalities, allegations of human rights violations and abuses, and endemic corruption, and improving public service delivery can counter democratic backsliding. These efforts also provide the greatest opportunity to ensure the human dignity of all persons in sub-Saharan Africa is respected through positive health outcomes, equitable access to education, freedom from discrimination and violence, social resiliency, economic opportunity, and equitable access to justice, and thus serve as an example of how democracy delivers for its people as opposed to the illiberal models offered by others.



**Questions for the Record Submitted to  
Assistant Secretary Daniel J. Kritenbrink by  
Chairman McCaul (#96)  
House Foreign Affairs Committee  
February 28, 2023**

**Question 96:**

Does the Department still hold the expectation that China is planning to open additional military bases on the African continent? If so, I would like to receive more information in a closed setting.

**Answer 96:**

The PRC's efforts to increase its presence and influence in Africa are intended to advance and ultimately export its domestic political, security, information, and economic goals and justify its domestic agenda on the world stage. We are tracking the establishment of PRC military bases globally and will defend U.S. interests while working with our African partners on these issues. The U.S. will continue to maintain positive and active defense-related engagements with several African nations on the Atlantic coast, including ones that may be vulnerable to PRC pressure.

**Question for the Record Submitted to  
Assistant Secretary Kritenbrink by  
Chairman McCaul (#97)  
House Foreign Relations Committee  
on February 28, 2023**

**Question 97:**

What concerns does the State Department have that, in the absence of U.S. funding, Kenya will turn to China for the approximately \$50 million extension of the runway at Manda Bay Airfield?

**Answer 97:**

The United States does not ask our partners to choose between the United States and the PRC. We seek to offer our partners better choices, and ensure they can make their own decisions, free from coercion. We appreciate our security cooperation with Kenya at Manda Bay. The people and governments of United States and Kenya have strong ties based on mutual interests and a history of cooperation covering a range of economic, political, commercial, and security issues. Our defense relationship with Kenya is the cornerstone of our strategic partnership. The United States enjoys unmatched access and influence with the Kenyan Defense Forces and has shaped Kenya's defense institutions to further professionalize and

modernize its ranks. We anticipate consulting further with Congress on this matter in the near term.

**Questions for the Record Submitted to  
Assistant Secretary Krittenbrink by  
Chairman McCaul (#98)  
House Foreign Affairs Committee  
February 28, 2023**

**Question 98:**

PRC accounts for roughly 12% of Africa's external debt at a value of around \$700 billion. Does the Department view Beijing's stance in the Zambia negotiations as an isolated example or as indicative of an overall unwillingness from Beijing to reach debt restructuring agreements that we should anticipate replication of?

**Answer 98:**

The United States works through the Paris Club to address cases where countries find themselves with unsustainable levels of debt. Zambia applied for debt relief under the so-called G20 Common Framework. The G20 Common Framework represents an effort to coordinate on debt issues with non-Paris Club creditors, including the PRC. G20 members committed to making the Common Framework a success, and we continue to hold G20 members, including the PRC, to that commitment. While progress on the Common Framework has been slower than initially hoped for, we continue to work with our partners to address the specific concerns of both creditor

and debtor nations. Ultimately, restructuring unsustainable debt is in the interest of both the creditor and the debtor nation.

**Questions for the Record Submitted to  
Assistant Secretary Krittenbrink by  
Chairman McCaul (#99)  
House Foreign Affairs Committee  
February 28, 2023**

**Question 99:**

How does the Department/Corporation expect this negotiation to impact the future willingness of African governments to enter into opaque lending agreements with the Chinese?

**Answer 99:**

The U.S. government will continue to call for transparency in sovereign debt contracts. Such transparency is important not only for the citizens of borrowing countries, but for the effective functioning of the global financial system. It is critical that African governments have the ability to access high-quality investment to build their infrastructure and raise standards of living. We appreciate the continued support of Congress for entities and programs such as the Development Finance Corporation, the Partnership for Global Infrastructure and Investment, and the Blue Dot Network, among others, as these provide key support for transparent,

market-based lending that can help meet the infrastructure needs of African countries.

Questions for the Record Submitted to  
Mr. Michael Schiffer, USAID Assistant Administrator for Asia  
Chairman McCaul  
House Foreign Affairs Committee Hearing on Combating the Generational Challenge of  
Chinese Communist Party Aggression  
February 28, 2023

Question:

Do you agree with ODNI Director Haines assessment that China is “collecting foreign data to target audiences for information campaigns?”

Answer:

USAID defers to the Office of the Director of National Intelligence and the State Department on this matter.

Question:

Do you agree with CIA Director Burns’ statement that its “genuinely troubling to see what the Chinese government could do to manipulate TikTok?”

Answer:

USAID defers to the Central Intelligence Agency and State Department on this matter.

Question:

Does Beijing’s control of a predictive algorithm facilitate its ability to implement censorship or influence operations in foreign countries?

Answer:

USAID defers to the State Department and intelligence community on this matter.



Question:

It is our understanding that USAID's broad strategic plan (or approach) to counter Chinese influence in partner countries is awaiting the approval of Administrator Powers.

- When was this document given to her for approval?
- As a part of this document's approach, will there be regular intra-agency coordination meetings?

Answer:

This document was submitted for Administrator approval on February 14, 2023.

The approach was written through an extensive, intra-agency process that engaged nearly all Bureaus across the Agency as well as colleagues from the broader interagency. As we move to implementation, there will continue to be regular intra-agency coordination meetings.

Question:

Do you support an outbound investment screening regime for the PRC? Yes or no?

Answer:

USAID does not play a role in establishing investment screening regimes. For this reason, USAID defers to interagency stakeholders who make decisions on this matter.

Question:

Trade tools have been unsuccessful in addressing systemic asymmetries and market distortions emanating from the PRC. What tool do you not currently have that you need?

Answer:

As the lead U.S. development agency, USAID's role in responding to systemic asymmetries and market distortions emanating from the People's Republic of China (PRC) rests in supporting our partners who are targeted by PRC economic coercion campaigns. USAID has expanded its technical assistance to help partners resist coercive, corrupt PRC trade practices. This expansion builds on USAID and interagency existing efforts and expertise to advance policy, institutional, legal, and regulatory reforms that improve transparency, regulatory quality, competition standards, and increase public and private dialogue. These reforms result in increased trade and investment diversification away from PRC state-owned enterprises, and toward more inclusive and sustainable partners. This also improves the investment climate for American and likeminded country firms.

USAID development partner countries grapple with PRC unsustainable investments, dumping, transshipment, loss of trading partners, and free trade agreements and various economic zones that do not require the need to meet internationally recognized standards and coerce countries into unsustainable natural resource depletion.

Enhanced USAID trade capacity building (TCB) activities can be leveraged to counteract either blanket or targeted acts of economic coercion. Such coercion includes acts of compulsion resulting from the capture of market share; intimidation of government regulators; and other predatory behaviors that limit competition, monopolize supply chains, and distort markets. TCB helps our partner countries institutionalize open, transparent, and accountable trade consultation procedures, and other good regulatory practices (GRPs). GRPs ensure that domestic regulations serve whole-of-government objectives, enabling governments to be more resilient to domination by any one trading partner. In addition, transparent and coherent trade procedures enhance public and international confidence in a nation's governance and serve to attract other foreign investors and international traders, diversifying the national economy and fostering sustainable development. Increased Economic Growth funding can help enhance USAID TCB activities.

USAID technical assistance also includes support for the private sector to increase companies' and industry associations' comprehension of how to understand and benefit from diverse trade and investment partners. This serves to thwart PRC efforts to issue debt and control critical supply chains and infrastructure expansion.

Finally, USAID also advances U.S. interests in mutually-beneficial partnerships with our development partners. We engage in capacity building and economic analyses to determine the impacts of PRC-related trade and investment actions—for example, how predatory behavior decreases competition and leads to monopolization by PRC firms—and build consensus around bilateral and multilateral responses.

USAID has a wide range of tools available and deploys them as appropriate for the individual context.

Question:

What barriers remain to supporting our partners who are targeted by PRC economic coercion campaigns?

Answer:

The People's Republic of China (PRC) is the world's top trading nation, the second largest market in terms of gross domestic product, and one of the largest providers of development finance. Because of its size and interconnectivity with countries across the globe, it has the

potential to extract concessions using market access and exclusion as incentives and threats. To address this, there are a number of steps we can take.

1. We need more diverse export markets, reduced country-level reliance on sole-country export purchases, and the development or promotion of non-PRC import markets or inputs (particularly from the United States). These goals can be augmented through efforts to build the capacity of civil society and partner country governments to identify, monitor, investigate, and resolve anti-competitive practices in strategic sectors that are vulnerable to PRC influence, strategic corruption, or cartel behavior. Stronger ethics bodies, institutionalizing public procurement reforms, and strengthened legal frameworks governing private investment to promote transparency when foreign direct investment takes place will further help investors understand the actual versus perceived risks associated with investment into developing countries, manage relevant risks, and achieve expected financial returns.
2. We need to strengthen anti-corruption efforts. In particular, a more robust focus on strategic corruption and ministerial capture in key sectors – including critical minerals, energy, technology, telecommunications, and transportation infrastructure, where PRC undue influence is often greatest – is needed. Anti-corruption efforts should involve building connections with broader constituencies beyond just journalists and activists to include labor, business leaders, and other actors and connections between domestic and international partners who have expertise and demonstrated success in anti-corruption.
3. Operating at a speed closer to the private sector could enable a higher volume and velocity of private capital to be invested into physical infrastructure, energy, and commodities projects in developing countries. The Partnership for Global Infrastructure and Investment (PGII) – which aims to mobilize \$200 billion from the United States and \$600 billion from across the G7 over the next five years through grants, government financing, and private-sector investment – is an important and high-profile vehicle for the United States to pursue its development agenda.
4. We must articulate how the United States is different from the PRC. A positive distinguishing factor between the United States and the PRC's economic development cooperation model is USAID's focus on women's economic empowerment and the role of women in the economy writ large – the PRC has no such focus. Also, U.S. assistance does not need to be repaid – they are not loans. USAID seeks to offer emerging countries a new development model – one rooted not in debt and dependence, but in economic trade and integration, inclusivity, locally-led solutions, and the democratic values that can help transform our planet for the better. We do not seek to weaponize development assistance for our own benefit or for the detriment of our partners, as the PRC often appears to do. Rather, we pursue development diplomacy to provide public goods and strengthen the global commons. We are proud of our affirmative approach

that advances good governance, the rule of law, and human rights protections – strengthening the foundations of free and open societies that are connected, secure, prosperous, and resilient. This complements our longstanding practices of emphasizing environmental impact, social impact, and financial sustainability.

5. We must work with allies and partners to strengthen resilience to authoritarian influence in global supply chains. This means investing in projects to expand production or refining capacity in critical global supply chains most susceptible to monopolization by authoritarian governments; taking steps to ensure that manufacturing and mining in partner countries meet high labor and environmental standards; and providing the means for partner countries to conserve the environment and manage natural resources sustainably.

Question:

To what extent is USAID and other agencies making training available to officials in South and Central Asia in assessing and mitigating the risks of China's investment and lending in the region?

Answer:

In Central Asia, USAID provides training to Central Asian officials, directly highlighting the perils of PRC debt financing and energy sector investments. For example, the Kyrgyz Republic owes over half its external public debt to the PRC's EXIM bank. USAID's Mission in the Kyrgyz Republic mobilized \$500,000 of FY20 Countering Chinese Influence Fund (CCIF) funds into a 6-month activity to train officials within the Kyrgyz Republic's Ministry of Finance to improve public debt management, build the Ministry's internal capacity to manage its debtor-creditor relationships, and institute policies to grow a more robust domestic market for domestic treasury bonds, mitigating the need to turn to outside creditors for finance. Our Central Asia Regional Mission also uses government training to disrupt the PRC's monopolistic, opaque, and unfair economic practices in Central Asia's energy sector. USAID trains officials on topics including transparent energy procurement practices; regulatory tools such as electricity sector licensing, reporting, and penalties processes; and digitalization and enhancing cybersecurity in the energy sector. USAID also promotes officials' adoption of high-quality American-made digital equipment that is cybersecure, to increase integration, efficiency, and reliability in the regional energy ecosystem.

In South Asia, macroeconomic crises exacerbated by irresponsible PRC debt with limited public or economic benefit have opened the door for USAID Public Financial Management (PFM) interventions to help countries strengthen their fiscal stability and reduce PRC debt dependency. For example, in the Maldives, USAID PFM programming works to improve the quality, efficiency, and transparency of government budget processes, and strengthens government capacity to mobilize public revenue for better public expenditure management. In

Sri Lanka, PFM funds have facilitated Sri Lanka's debt restructuring process following the national debt crises resulting largely from unsustainable debt to the PRC. In Nepal and Bangladesh, USAID PFM programming is providing training to government officials.

Question:

The Indo-Pacific remains a small percentage of the total State Department budget. What is the State Department doing to realign its priorities with that of the Biden administration's self-declared priority theater? Will this be reflected in the President's budget request?

Answer:

The United States will continue to advance our commitment to a free and open, connected, prosperous, secure, and resilient Indo-Pacific. With FY 2024 funds, the U.S. will implement the core lines of effort under the Administration's Indo-Pacific Strategy, work with allies and partners to build regional capacity and resilience to the growing threat posed by the People's Republic of China, uphold shared values, and provide affirmative leadership in the region. Foreign assistance also supports U.S. coordination bilaterally and regionally with institutions and groupings including the Association of Southeast Asian Nations (ASEAN), Pacific Islands Forum (PIF), the Partners in the Blue Pacific (PBP), Asia-Pacific Economic Cooperation (APEC), and the Australia-India-Japan-U.S. Indo-Pacific Quad, to address regional challenges, from climate change to digital connectivity and security.

The budget request will operationalize the U.S. vision of a free and open, connected, prosperous, secure, and resilient Indo-Pacific. USAID will leverage its advantages in the region to work with allies and partners to uphold shared values and provide affirmative leadership.

Under the FY 2024 budget USAID will continue to address challenges posed by climate change; strengthen women's economic empowerment, gender equity and human rights; strengthen democratic institutions and norms against corruption, disinformation and coercion; boost inclusive economic growth, especially regarding post-COVID-19 recovery; and support free and open emerging digital technology and connectivity.

Question:

Can you provide an overview of the strategic importance of the COFA agreements and the implications of renewing them for competition in the Indo-Pacific? What were the main commitments in our MOU's with the FSM, Marshall Islands, and Palau?

Answer:

The Compact of Free Association (COFA) agreements, referred to as 'the Compacts', are critical to U.S. efforts to build partner countries' resilience, advance progress on shared priorities, and strengthen our enduring bonds across the region. Successfully renewing the Compacts for another 20-year period sends an important signal of the U.S.' commitment to the region and our intention to outcompete the People's Republic of China (PRC). Under the Compacts with the Federated States of Micronesia (FSM) and Republic of the Marshall Islands (RMI), USAID supports Article X, enhanced disaster assistance. Through the Bureau for Humanitarian Assistance, and in cooperation with the Federal Emergency Management Agency, USAID plays a heightened role in RMI and FSM: we respond in the immediate aftermath of a disaster and help them with long-term recovery, including reconstruction. With disasters becoming more frequent and intense, USAID programming remains a top priority for the region for both the USG and our partners.

For instance, USAID is the U.S. government's operational lead for disaster response in FSM and RMI, where we have invested nearly \$100 million in disaster relief and reconstruction efforts in response to five major disasters since 2008. Recently, in response to Typhoon Wutip, which devastated 30 communities in FSM in 2019, USAID provided more than \$7 million in funding to address disaster relief needs and nearly \$23 million to assist with reconstruction of damaged homes and public infrastructure. FSM's prolonged border closures due to COVID-19 caused delays; therefore, reconstruction is ongoing.

In addition to these strategic efforts, USAID also partners with 12 Pacific Island countries to lead their countries to democratic, resilient, and prosperous futures through mostly multi-country programs that strengthen democratic systems, bolster local communities and livelihoods, and build resilience to a changing climate and other shocks. The totality of USAID's humanitarian and development assistance both bolsters our close relationship under the Compacts and maximizes what we are able to achieve through it, benefiting communities and families across the Compact nations and other countries in the Pacific Islands. The Memoranda of Understanding signed by Special Presidential Envoy for Compact Negotiations Joseph Yun and Assistant Secretary for Insular and International Affairs Carmen G. Cantor with FSM, RMI, and Palau government representatives signal the close alignment and mutual intent to successfully renew the Compacts.

Question:

What specific actions have we taken to combat CCP efforts to increase development and economic activity in the Indian Ocean region?

Answer:

In coordination with the interagency, USAID continues to explore trade and connectivity through the Cross-Border Infrastructure and Connectivity (CBIC) activity, support and strengthen cross-border energy trade and promote clean and renewable energy through the South Asia Regional Energy Partnership (SAREP) and other clean energy programming, and strengthen climate-resilient infrastructure initiatives such as the Coalition for Disaster Resilient Infrastructure (CDRI). We also continue to remain a strong player in the digital space through investments in the South Asia Regional Digital Initiative (SARDI), enhancing the digital skills of small and medium enterprises (SMEs) – particularly with women and youth entrepreneurs and where feasible linking SMEs to policy engagement and promoting regional trade and markets. We will continue to counter disinformation stemming from the People's Republic of China and Russia and protect and train civil society, media, and local governments on cybersecurity skills, while strengthening and creating secure online platforms.

USAID will expand upon existing cultural preservation projects for the Tibetan and Uyghur communities in exile and continue to uphold human rights throughout the region. We also continue to elevate India's role in Disaster Response and Resilience in the region, especially in the Pacific Islands which are particularly vulnerable to climate-related challenges. We continue to support regional cooperation through the Quad; the Association of Southeast Asian Nations (ASEAN); the group of India, Israel, the United Arab Emirates, and the United States (I2U2); Partners in the Blue Pacific; G20; and other regional organizations with like-minded partners.

Question:

Taiwan has expressed interest and capability to engage in joint-financing with the U.S. on various development projects around the world, particularly Southeast Asia and Latin America. What have we done to promote joint-financing projects with Taiwan, and how are we messaging such projects?

Answer:

USAID seeks to highlight our shared values with Taiwan, amplify the positive benefits of Taiwan's development expertise, and bolster Taiwan's engagement in the region beyond its four diplomatic partners (Palau, Republic of Marshall Islands [RMI], Nauru, and Tuvalu). USAID regularly issues press releases and other public communications, with State Department coordination to ensure alignment to the One China policy, that emphasize the concrete benefits of the USAID-International Development and Cooperation Fund (TaiwanICDF) partnership and

how we jointly deliver on Pacific priorities. USAID seeks to identify more opportunities to jointly finance projects with Taiwan through our robust engagement with TaiwanICDF in the Pacific, which includes quarterly working groups, joint scoping missions, participation in public events at key international fora, and regional dialogues.

For example, with the November 2022 signing of the American Institute of Taiwan and the Taipei Economic and Cultural Representative Office Memorandum of Understanding (MOU) on development and humanitarian assistance, which is implemented by USAID and TaiwanICDF, USAID is seeking more strategic and higher-value joint financing opportunities that extend our development impact.

One of the signature partnerships under this MOU is the Pacific American Fund (PAF) - U.S.-Taiwan Partnership, where Taiwan is contributing up to \$600,000 to USAID's PAF, leveraging USAID's already-obligated resources. This partnership will issue joint grants to local civil society organizations across the Pacific Islands region focused on creative and culturally relevant development solutions related to climate resilience. In addition, USAID and TaiwanICDF will hold a regional workshop in Suva March 27-29 to train professionals from Fiji, RMI, Nauru, Palau, Papua New Guinea, Tuvalu, and Vanuatu on developing modern national cybersecurity strategies, policies, and responses to improve cybersecurity and e-governance plans, which was amplified via a press release.

USAID's Missions in Guatemala, Paraguay, and the Eastern and Southern Caribbean are also coordinating closely with TaiwanICDF to advance cooperation and formalize new partnerships in Latin America and the Caribbean. For example, USAID's Mission in Paraguay and TaiwanICDF are providing technical assistance, training, and logistical support to the Government of Paraguay to help improve competitiveness and formalization of micro-, small-, and medium-sized enterprises through establishing small business development centers around the country. USAID's Mission in the Eastern and Southern Caribbean is leveraging Taiwan's smart classroom infrastructure investments to supplement the ongoing work of USAID's education activity in Saint Lucia, which aims to improve the digital literacy of primary and secondary school learners and build youth employability skills. USAID's Mission in Guatemala's implementing partners have also organized visits to industrial parks and manufacturing facilities for Taiwanese investors and companies interested in manufacturing in Guatemala to promote private sector investment. USAID and TaiwanICDF meet regularly in the field to discuss development assistance coordination and how to strengthen cooperation.



Question:

What sectors is USAID and DFC focused on bolstering in the Western Hemisphere to counter China's investments and growing influence in the region?

Answer:

While the United States' partnership with the LAC region remains strong, concerns about the People's Republic of China's (PRC) growing footprint are real and warranted. The competition from the PRC is strategic and relentless; the PRC's strategy in the Western Hemisphere is broad. While Chinese investment has increased significantly, governments and citizens are also increasingly aware of the downsides of working with the PRC, and conversely, the upside of working with the United States. Quite simply, the region shares democratic values with the United States despite malign influence and economic pressure from others.

USAID leverages its commitment to long-term, sustainable development to challenge the PRC's often predatory agenda in the region. In Latin America and the Caribbean (LAC), USAID works to advance an affirmative American agenda in the region that demonstrates the clear advantages of democracy, economic freedom, and the rule of law as the best foundations to foster the open, just, transparent, and sovereign societies we help to bolster in the hemisphere and around the world, through specific interventions across these sectors.

Some of that work is funded with Countering PRC Influence Fund (CPIF) appropriated funds. For example, with CPIF funds, USAID is building capacity in Jamaica so that they can become the region's future cybersecurity center of excellence, and serve as a leader in cyber expertise in the Caribbean.

A USAID partnership with the "Instituto Centroamericano de Administración de Empresas" or INCAE is working to build the capacity of governments in Central America to increase transparency and strengthen public procurements, to ensure that major projects, such as those in information technology and infrastructure, meet international standards for security, privacy, and environmental sustainability, and that deals aren't embedded with predatory conditions that infringe on the rights of citizens. USAID provided technical assistance to the Government of the Dominican Republic to ensure a fair and transparent tendering for infrastructure development in the Port of Manzanillo. Other USAID interventions in LAC are directly and indirectly working to shore up confidence in democratic institutions, and build the resilience of partners to withstand malign influences. Our work strengthens electoral systems in El Salvador, builds up local supply chains in Central America, counters and combats illegal, unreported and unregulated fishing in Ecuador, and trains and supports investigative journalists throughout the region such as in Mexico, Ecuador, and the Caribbean.

Question:

What does China's reopening post-COVID mean for its international commitments through Belt and Road, and specifically within the Forum on China-Africa Cooperation?

Answer:

At the most-recent Forum on China-Africa Cooperation (FOCAC) meeting in Dakar in 2021, there appeared to be a pull-back by the People's Republic of China (PRC) from the level of total financial commitment, the number of promised projects and opportunities, and action items. For agriculture, climate and environment, health, peace and security, and trade, the number of projects for each category dropped from 50 new projects in 2018 to 10 projects in 2021. Most remarkably, infrastructure was not mentioned. This is likely due to the FOCAC meeting coinciding with the PRC's own domestic economic slowdown as well as African project viability and debt sustainability issues coming to the forefront.

During his tenure, fiscally conservative former Vice Premier Liu He implemented a number of economic reforms in the financial sector to mitigate economic risks, including a large scaling back of credit for the Belt and Road Initiative (BRI), which impacted Africa tremendously. Investment in the 40 African countries which had MOUs and received BRI funds fell from \$11 billion in 2017 to \$3.3 billion in 2020.

The retirement of Vice Premier Liu He during the Party Congress in November led to the recent succession by He Lifeng, a Harvard-trained pro-growth economist who previously ran the National Development and Reform Commission where he was responsible for the structuring and planning of the BRI. This leadership change, together with reopening of China post-COVID, may once again provide for a more-outward looking strategy for improving the PRC's economy, such as reinstating credit to fulfill the ambitious BRI commitments made during prior FOCACs.

**Questions for the Record Submitted to  
Mr. Michael Schiffer, USAID Assistant Administrator for Asia  
Representative Issa  
House Foreign Affairs Committee Hearing on Combating the Generational Challenge of  
Chinese Communist Party Aggression  
February 28, 2023**

Question:

Does USAID have any active grants or contracts to EcoHealth Alliance? If so, please list the award number and total obligation for each.

Answer:

EcoHealth Alliance is currently the prime implementing partner for the Conservation Works Activity in Liberia. Conservation Works employs One Health strategies to conserve biodiversity and promote sustainable economic growth throughout Liberia by improving protection of forest resources and biodiversity and building conservation-compatible economic opportunities for communities relying on those natural resources. This is the only active award to EcoHealth Alliance.

Vendor Name	Award Number	Start Date	End Date	Sum of Obligation Amt (\$)
ECOHEALTH ALLIANCE INC	72066921CA00006	10/26/2021	10/25/2026	\$8,675,023.00
<b>Grand Total</b>				<b>\$8,675,023.00</b>

Question:

Has USAID canceled, paused, terminated or otherwise stopped or shortened any grants, subgrants or contracts to EcoHealth Alliance since 2021.

Answer:

There is one active cooperative agreement with Ecohealth. This is the only award to the partner from 2021 forward.

Subawards are managed by prime awardees and reported to [USASpending.gov](https://USASpending.gov) via the Federal Subaward Reporting System.

Question:

Does USAID have any additional or unique oversight measures in place for EcoHealth Alliance?

Answer:

The Conservation Works activity in Liberia, for which EcoHealth Alliance is the implementing partner, supports local partners to increase protected areas, such as parks, nature reserves, etc., through training and capacity building of Liberia's Forest Development Authority and community organizations. As a cooperative agreement, the award is subject to greater oversight than other forms of assistance awards. This particular award also benefits from the participation of international partners that provide review of project documentation. The British Embassy and European Union Mission have overlapping interests in the conservation sector and provide outside perspective on the activity's performance. Finally, we have additional Mission oversight on Conservation Works' results and outcomes. The Mission holds an independent contract to provide quality assurance of activity monitoring reporting and additional guidance on annual performance reviews.

Question:

Do any of USAID's active or open for application grants, subgrants or contracts, include a performance location of China? If so, please list the award number and total obligation for each.

Answer:

Under an annual \$10 million congressional directive, USAID implements six awards in regions that have significant Tibetan populations in the People's Republic of China (PRC). No USAID assistance is provided to or through the government of the PRC. There are currently six activities, the first four of which run through 2024 while the last two run through 2027. New activities are in the design process to continue intervention areas that will end in 2024.

**Assistance to Ethnic Tibetans Project**

Activity One: Cultural preservation and associated livelihoods development

- 10 years, \$14.2 million
- The activity engages local Tibetan communities in cultural preservation and enables communities to use their heritage as a tool in their economic development. Training, workshops, and symposia are aligned with grant support to build livelihoods capacity and a network of artisans and culture-centered enterprises, including local leaders, stakeholders and the Implementing Partner's sub-awardees.

Activity Two: Sichuan Market Development

- 10 years, up to \$15 million
- The activity develops market linkages for established Tibetan businesses both in Tibetan areas and further afield (Mainland China and for export); providing business development services linked principally with value chain analysis and targeted to specific value chains; and increasing financing for Tibetan businesses.

Activity Three: Cultural preservation of Tibetan texts and intangible culture

- 10 years, up to \$11.8 million
- The activity preserves previously unknown or non-digital source material. The project finds, vets and scans/records previously undocumented and unaccounted for texts and intangible cultural items from the Tibetan areas of the PRC. The implementing partner repatriates the collected Tibetan literary and intangible cultural heritage that it preserves by distributing digital library hard drives across the Tibetan plateau.

Activity Four: Environmental conservation and natural resources management

- 10 years, \$13.9 million
- The activity identifies restoration plans and best management practices of soil, grassland, forest, and water resources. The implementing partner focuses on traditional Tibetan livelihoods which rely heavily on the biodiversity and alpine ecosystem.

Activity Five: Sustainable Market Systems Development

- 5 years, up to \$16.4 million
- The activity promotes sustainable livelihoods of ethnic Tibetans by focusing on business and trade value chains that play a key role in Tibetan traditional lifestyles. Supports the preservation of Tibetan culture and identity, while accounting for environmental concerns, and works with individuals and micro/small/medium enterprises to improve livelihoods and improve natural resource management awareness.

Activity Six: Access to culturally-responsive health services

- 5 years, up to \$16 million
- The activity improves Tibetan health service utilization, increases cultural sensitivity of health materials and services for Tibetans, and increases the availability of culturally-sensitive basic health services.

**Questions for the Record Submitted to  
Mr. Michael Schiffer, USAID Assistant Administrator for Asia  
Representative Titus  
House Foreign Affairs Committee Hearing on Combating the Generational Challenge of  
Chinese Communist Party Aggression  
February 28, 2023**

Question:

What foreign aid programs or investment opportunities can a country like Mongolia take advantage of to ensure they remain a stable and growing democracy at the same time we hold Beijing to account for its behavior?

Answer:

USAID's primary objectives in Mongolia are strengthening its democracy, safeguarding its sovereignty, and diversifying its economy so that it remains stable and less reliant on its authoritarian neighbors. USAID works with local champions in government, civil society, and the private sector.

USAID is increasing women and youth participation in elections and bolstering Mongolia's disaster preparedness and response capabilities. In addition, USAID supports small and medium-sized enterprises to secure financing to expand their businesses. Over the past year, USAID has prioritized assisting businesses in the agriculture sector, as Mongolia currently imports a significant amount of agricultural products from the People's Republic of China (PRC). By boosting Mongolia's domestic production, this financing makes Mongolia more self-sufficient and more resilient to potential PRC economic coercion.

USAID is helping improve energy sector performance and independence, and supporting a transition to cleaner energy resources. Mongolia currently imports approximately 20 percent of its electricity from Russia and the PRC. A more competitive and financially sustainable energy sector will increase Mongolia's economic competitiveness and create a more secure domestic energy supply. Additionally, USAID is working with key government and private sector partners to improve planning and operational performance, enable greater market competitiveness, incentivize private investment through clear and transparent rules, and support increased adoption of modern clean energy technologies.

Civil society and media play a critical role in holding governments accountable. Through a program to increase civic engagement among women and youth, USAID worked with several civil society organizations in Mongolia to become more effective advocates for increasing accountability and reducing corruption, while energizing women and youth to become more active in the political process. Despite Mongolia's progress, however, USAID has concerns about the trendline for freedom of expression. For example, citizens and journalists who raise

their voices sometimes encounter aggressive police questioning, nuisance investigations, and intimidation, and parliament is currently considering a “criminal insult” law that would outlaw harming the “honor or dignity” of persons or entities. A new USAID activity (in procurement) will address these concerns by supporting civil society and media organizations that fight for press freedom, by building their capacity to become more capable watchdogs and more effectively combat misinformation and disinformation. These activities also increase the ability of civil society to shine a light on transactions with and influence from the PRC.

Question:

What do you view as the positives, as well as the drawbacks to our long-standing approach to how we invest in physical infrastructure or not via USAID in the same countries China has sought to gain influence through the BRI?

Answer:

The People’s Republic of China (PRC) approach to financing and constructing infrastructure is to provide loans (or equity financing) whose terms are often opaque or unknown to the general public and with construction directed to PRC entities. PRC companies and lenders are predominantly not focused upon economic returns but, rather, political or strategic ones. Some projects are successful while others become “white elephants” and many include substandard building codes, exclusively use PRC labor, and do not address environmental considerations and other impacts.

The U.S. model, which USAID supports, seeks to improve the business environment and reduce risk for private and public lenders in order to ensure sustainable and sound economic development that benefits local communities and our partners. USAID’s infrastructure programming assists partners to make decisions that will support quality infrastructure that is built to last and gives the greatest value for money to a country’s citizens. USAID also contemplates the full lifecycle cost of the investment, ensuring that what appears to be a good investment today (frequently based on lowest price or due to legacy technologies) still makes economic sense in the long run. USAID supports transparent government procurement systems that utilize quality infrastructure standards based on internationally recognized building and environmental standards, codes, and consumer safety.

USAID does not match the PRC dollar for dollar in investments. Instead USAID works with the private sector to identify investment worthy projects, while building up rigorous standards and transparent processes. In addition, USAID works collaboratively with like-minded donors (e.g. Japan, Australia, and multilateral development banks) to further promote quality infrastructure investments as an alternative to the PRC’s approach.

USAID takes a systems approach to infrastructure development to leverage project investments for sectoral growth. USAID’s systems approach views infrastructure challenges through a broader lens and considers cross-cutting issues to support the long-term sustainability of its

projects. USAID's infrastructure investments leverage the Agency's expertise in sectors such as water, health, and education to provide holistic support. In providing this infrastructure assistance, USAID safeguards the integrity of environmental resources and ensures social accountability while building local capacity.

For example, the Infrastructure Transaction and Assistance Network (ITAN), a whole-of-government initiative to advance transparent and high-standard infrastructure development in the Indo-Pacific region, has provided prioritized support for strategically important infrastructure projects. ITAN established a new Indo-Pacific Transaction Advisory Facility to provide independent legal counsel for negotiation support, and coordinate capacity-building programs to improve partner countries' project evaluation processes, regulatory and procurement environments, and finance and debt management. This combination of technical assistance and negotiation support has helped to level the playing field for infrastructure development in the Indo-Pacific region.

USAID's approach strengthens markets, supports improved rule of law and accountability, and reduces the risk of debt distress. Through USAID's capacity building activities, the Agency is able to emphasize the value in taking the long view and upholding the principles of quality infrastructure that will provide infrastructure solutions that are built to last for decades.

In 2022, G7 leaders announced the Partnership for Global Infrastructure and Investment, with the intent to mobilize hundreds of billions of dollars in private and public investment capital to meet the enormous infrastructure needs of low- and middle-income countries. USAID is contributing to this effort by catalyzing investments in health care, energy, and digital infrastructure in developing countries.

Question:

President Biden pledged \$55 billion in investment in Africa as part of the African Leaders Summit in 2022. What is the vision for how those funds will be distributed and broken down by which agencies? Will the upcoming Budget reflect this commitment? And are there specific themes we intend to push as part of this financial commitment?

Answer:

At the U.S. Africa Leaders' Summit (ALS), the President announced plans to work with Congress to provide \$55 billion. The Department of State and USAID plan to provide approximately \$47 billion from existing FY 2021 resources and are working with Congress to complete notification for FY 2022 and FY 2023 funds. The remaining funds will come from other U.S. government agencies. The FY 2024 budget request builds upon the announcements made at ALS and includes a total of approximately \$9.6 billion to support North and sub-Saharan Africa. The Department of State has emphasized that the ALS is integral for advancing the administration's



Strategy for Africa and partnership is the key for success. We will align diplomatic and development efforts and resources with this.

**Questions for the Record for The Honorable Michael Schiffer**

1. (Issa) Does USAID have any active grants or contracts to EcoHealth Alliance? If so, please list the award number and total obligation for each.

No Response

2. (Issa) Has USAID canceled, paused, terminated or otherwise stopped or shortened any grants, subgrants or contracts to EcoHealth Alliance since 2021.

No Response

3. (Issa) Does USAID have any additional or unique oversight measures in place for EcoHealth Alliance?

No Response

4. (Issa) Do any of USAID's active or open for application grants, subgrants or contracts, include a performance location of China? If so, please list the award number and total obligation for each.

No Response

5. (Titus) What foreign aid programs or investment opportunities can a country like Mongolia take advantage of to ensure they remain a stable and growing democracy at the same time we hold Beijing to account for its behavior?

No Response

6. (Titus) What do you view as the positives, as well as the drawbacks to our long-standing approach to how we invest in physical infrastructure or not via USAID in the same countries China has sought to gain influence through the BRI?

No Response

7. (Titus) President Biden pledged \$55billion in investment in Africa as part of the African Leaders Summit in 2022. What is the vision for how those funds will be distributed and broken down by which agencies? Will the upcoming Budget reflect this commitment? And are there specific themes we intend to push as part of this financial commitment?

No Response

8. (Committee) Do you agree with ODNI Director Haines assessment that China is "collecting foreign data to target audiences for information campaigns?"

No Response

9. (Committee) Do you agree with CIA Director Burns' statement that its "genuinely troubling to see what the Chinese government could do to manipulate TikTok?

No Response

10. (Committee) Does Beijing's control of a predictive algorithm facilitate its ability to implement censorship or influence operations in foreign countries?

No Response

11. (Committee) It is our understanding that USAID's broad strategic plan (or approach) to counter Chinese influence in partner countries is awaiting the approval of Administrator Powers.

- When was this document given to her for approval?
- As a part of this document's approach, will there be regular intra-agency coordination meetings?

No Response

12. (Committee) Do you support an outbound investment screening regime for the PRC? Yes or no?

No Response

13. (Committee) Trade tools have been unsuccessful in addressing systemic asymmetries and market distortions emanating from the PRC. What tool do you not currently have that you need?

No Response

14. (Committee) What barriers remain to supporting our partners who are targeted by PRC economic coercion campaigns?

No Response

15. (Committee) To what extent is USAID and other agencies making training available to officials in South and Central Asia in assessing and mitigating the risks of China's investment and lending in the region?

No Response

16. (Committee) The Indo-Pacific remains a small percentage of the total State Department budget. What is the State Department doing to re-align its priorities with that of the Biden administration's self-declared priority theater? Will this be reflected in the President's budget request?

No Response

17. (Committee) Can you provide an overview of the strategic importance of the COFA agreements and the implications of renewing them for competition in the Indo-Pacific? What were the main commitments in our MOU's with the FSM, Marshall Islands, and Palau?

No Response

18. (Committee) What specific actions have we taken to combat CCP efforts to increase development and economic activity in the Indian Ocean region?

No Response

19. (Committee) Taiwan has expressed interest and capability to engage in joint-financing with the U.S. on various development projects around the world, particularly Southeast Asia and Latin America. What have we done to promote joint-financing projects with Taiwan, and how are we messaging such projects?

No Response

20. (Committee) What sectors is USAID and DFC focused on bolstering in the Western Hemisphere to counter China's investments and growing influence in the region?

No Response

21. (Committee) What does China's reopening post-COVID mean for its international commitments through Belt and Road, and specifically within the Forum on China-Africa Cooperation?

No Response

**Questions for the Record for The Honorable Daniel J. Kritenbrink**

1. (Waltz) Located in the center of the Indian Ocean, Naval Support Facility Diego Garcia serves as a base for U.S. military aircraft and ships transiting from the Philippines to the Middle East and gives our strategic bombers and ISR assets the capability to reach maritime chokepoints and Chinese installations in the region. The U.K. owns this installation and leases portions of it to U.S. forces. The U.K. is currently negotiating the return of control of the island chain Diego Garcia is part of to Mauritius. After the abandonment of Bagram Air Base in Afghanistan, I was assured by Biden Administration officials that this loss of capabilities could be mitigated by assets operating with similar effect from Diego Garcia.
  - a. What is the level of involvement by Biden Administration officials in these negotiations to ensure the U.S. retains access to this critical installation?

No Response

2. (Waltz) Is the U.S. doing enough to expand and deepen our relationship with India as a partner and counter-weight to Chinese influence in the Indo-Pacific?
  - a. What signal does it send that more than two years into the Biden Administration, we still don't have an ambassador to India?
  - b. Why does the Biden Administration continue to support Eric Garcetti's nomination, especially in light of allegations he covered up sexual harassment issues in his mayoral office?

No Response

3. (Castro) On Tuesday, February 28, the PARTNER with ASEAN Act was reported favorably out of the House Committee on Foreign Affairs. The bill would extend diplomatic privileges and immunities under the International Organizations Immunities Act to the Association of Southeast Asian Nations. If this bill was signed into law, what opportunities would the PARTNER with ASEAN Act unlock for deeper US engagement with ASEAN?

No Response

4. (Castro) The Biden administration's concept of the Indo-Pacific, including as described in its Indo-Pacific strategy, defines the region as stretching from the United States' Pacific coastline to the Indian Ocean. The People's Republic of China is increasingly active in the Indian Ocean, including through the People's Liberation Army-Navy. Given many of the countries in the Indian Ocean are in different bureaus at the State Department, how is the State Department integrating engaging with countries in the Indian Ocean into the broader Indo-Pacific strategy?

No Response

5. (Castro) What efforts is the US government pursuing to deepen cooperation between the United States and Japan on cybersecurity?

No Response

6. (Kamlager-Dove) I want to ask about the role of climate change in our strategic competition with China. For many of the developing countries whose support is critical to confronting China's malign activities, climate change is a major concern. The Pacific Island nations, for example, list climate change as the number one national security threat facing their countries.
- a. How does U.S. global leadership on climate change make us a more credible and desirable partner for these nations we need to counter the PRC, and what are the risks to our strategic advantage of abdicating that leadership?

No Response

7. (Kamlager-Dove) Assistant Secretary Krittenbrink if you could speak to the strategic importance of climate leadership.

No Response

8. (Kamlager-Dove) My district in Los Angeles is a hub of entertainment, art, and culture, and is home to preeminent educational institutions like the University of Southern California. I believe arts and education are some of our most powerful tools for enhancing engagement with other countries. When it comes to deepening our relationships with Indo-Pacific partners and countering China's influence, can you speak to the importance of cultural and educational exchanges in strengthening the people-to-people ties that are the backbone of these partnerships, especially among our youth populations?

No Response

9. (Titus) What more do we need to do to assist democracies in the region, like Mongolia, as we hold China to account for its deliberate transgressions?

No Response

10. (Titus) President Biden pledged \$55 billion in investment in Africa as part of the African Leaders Summit in 2022. What is the vision for how those funds will be distributed and broken down by which agencies?
- Will the upcoming Budget reflect this commitment?
  - And are there specific themes we intend to push as part of this financial commitment?

No Response

11. (Titus) What changes have we seen in how the PRC discusses Taiwan internally or externally since Speaker Pelosi's visit?
- What more can we be doing to support the continued democratic maturity of Taiwan?
  - And what as policymakers should we be looking for to notice potential subtle shifts in policy or posture?

No Response

12. (Titus) Looking back more than twenty years now – what did we get right and what did we get wrong in our assessment of how China would react and adjust to membership in the WTO and to stepping into a larger role overall on the global stage?
- Are there key decisions or inflection points you can think of that had they been handled differently at the time could have us on a different course today?

No Response

13. (Hill) Secretary Krittenbrink, I co-chair the first Congressional Member Organization to advocate for American Hostages and Wrongful Detainees with my Democrat colleague Rep. Haley Stevens from Michigan.

No Response

14. (Hill) Along with Iran, China was one of the first foreign government's employing the tactic of wrongfully detaining U.S. nationals since the early 2000's and has held David Lin since 2006, Mark Swidan since 2012, and Kai Li since 2016.

No Response

15. (Hill) In December, you told your Chinese counterparts that securing the release of U.S. nationals who are wrongfully detained or subject to exit bans in China is a personal priority of President Biden.

No Response

16. (Hill) What efforts have been made to secure the releases of these three known individuals and other U.S. nationals that may be unknown publicly?

No Response

17. (Hill) What has the State Department done to deter countries from taking Americans that may arrest them simply because they're American?

No Response

18. (McCaul) Do you agree with ODNI Director Haines assessment that China is "collecting foreign data to target audiences for information campaigns?"

No Response

19. (McCaul) Do you agree with CIA Director Burns' statement that its "genuinely troubling to see what the Chinese government could do to manipulate TikTok?"

No Response

20. (McCaul) Does Beijing's control of a predictive algorithm facilitate its ability to implement censorship or influence operations in foreign countries?

No Response

21. (McCaul) The PRC has reportedly opened hundreds of overseas police stations that



target the diaspora, forcibly repatriate those the Party deems “non-compliant”, and harasses foreign citizens on foreign soil.

No Response

22. (McCaul) What is the State Dept doing with local governments around the world, particularly in Latin America and Africa, to expose and push back against these egregious infringements on national sovereignty by the CCP?

No Response

23. (McCaul) The PRC continues to export surveillance equipment, thereby collecting valuable personal data around the world and molding foreign governments’ policing practices to be more welcoming to authoritarian practices.

- What alternatives are being produced by the United States, or our allies, to combat the pervasive presence of China’s technological firms throughout the world?

No Response

24. (McCaul) Press reporting indicates that China now has more ICBM launchers than the United States. This revelation is just the latest in a line of reporting about how the Chinese are embarking on a massive nuclear modernization that will put them at parity or beyond the U.S. in nuclear capability?

- a. Do you agree that China’s massive nuclear modernization presents a unique threat to the
- b. U.S. and the region?
- c. Do you assess that Chinese are willing to entertain discussions with the U.S. about their nuclear doctrine?
- d. Do you assess that the Chinese are willing to entertain negotiations on arms control?
- e. What message do you think the Chinese leadership receives when they see the U.S. fail to respond to Russia’s blatant violations of New START?
- f. Putin’s nuclear arsenal and nuclear threats have shaped the U.S. response to the Russian further invasion of Ukraine by limiting the types of weapons this Administration is willing to supply. Are you concerned that Chairman Xi will likewise use this same strategy to contain a U.S. response in the event of a PRC invasion of Taiwan?

No Response

25. (McCaul) Do you support an outbound investment screening regime for the PRC? Yes or no?

No Response

26. (McCaul) The CHIPS Act gave you \$500 million to spend on working with allies and partners on chips and semiconductor supply chains. We are concerned that the funding may be overstretched and ineffective, what are your plans to tie the money to diplomatic outcomes with strategic partners?

No Response

27. (Committee) What tools—both coercive and persuasive—does the U.S. have to bring Japan and the Netherlands to the same export control level as the United States?

No Response

28. (McCaul) Trade tools have been unsuccessful in addressing systemic asymmetries and market distortions emanating from the PRC. What tool do you not currently have that you need?

No Response

29. (McCaul) What barriers remain to supporting our partners who are targeted by PRC economic coercion campaigns?

No Response

30. (McCaul) How can Indo-Pacific Economic Framework be successful if the United States doesn't offer greater market access?  
a. Will the Administration be asking for Trade Promotion Authority to support its Indo-Pacific Economic Framework or its U.S.-Taiwan Trade Initiative? If not, what is the ultimate goal of these talks?

No Response

31. (McCaul) What is the State Department doing to encourage allies and partners to diversify their supply chains?

No Response

32. (McCaul) What role is there for U.S. interests to pry away investments from China in the critical minerals sector?

No Response

33. (McCaul) How does the US Minerals Security Partnership program support this?

No Response

34. (McCaul) Does Xi Jinping want security guardrails? Or a floor to the relationship?

No Response

35. (McCaul) Does the administration's "align, invest, compete" mantra fit into the current global institutional framework or does the admin aspire for a larger vision for a world order that is currently being torn apart by China and Russia?

No Response

36. (McCaul) The PRC is acting increasingly reckless and dangerous, a trend that has worsened in the last two years. It appears your strategy of managing the relationship through talks is failing to halt the PRC's aggression and may in fact be worsening it. How is the admin course correcting in its approach to China?

No Response

37. (McCaul) Why did the administration bring up the 2019 balloons, choosing to highlight those balloons that were not visible on radar at the time?

No Response

38. (McCaul) Secretary Blinken just met with his PRC counterparts in Munich. Who asked whom for the meeting? Yet, once again, this engagement yielded no results. If the Admin does not expect results from its meetings with the PRC, what is the value of our continued engagement? Are we not wasting precious taxpayer resources facilitating engagements that do not advance U.S. priorities?

No Response

39. (McCaul) Why was the environment for a meeting between Blinken and Wang not right the week after the balloon incident, but it was right in Munich?

No Response

40. (McCaul) Biden admin keeps mentioning climate change, counter-narcotics, non-proliferation, and global health as areas of cooperation with the PRC. Yet the PRC has not proven to be a reliable partner in any of these areas, and regularly violates the international commitments it has made.

No Response

41. (McCaul) Does the Admin believe that the PRC will adhere to commitments it might make in these areas?

No Response

42. (McCaul) The Indo-Pacific remains a small percentage of the total State Department budget. What is the State Department doing to re-align its priorities with that of the Biden administration's self-declared priority theater? Will this be reflected in the President's budget request?

No Response

43. (McCaul) Besides the Quad fellowship and working group discussions, what are the next steps for the Quad?

No Response

44. (McCaul) Can you provide an overview of the strategic importance of the COFA agreements and the implications of renewing them for competition in the Indo-Pacific? What were the main commitments in our MOU's with the FSM, Marshall Islands, and Palau?

No Response

45. (Committee) How is the State Department supporting interagency efforts to achieve a more distributed posture of U.S. forces in the Indo-Pacific? What steps has State taken to speed up our foreign military sales to allies and partners in the Indo-Pacific?

No Response

46. (McCaul) The Biden administration launched its first ever U.S. Pacific Partnership Strategy in 2022 as an addendum to its Indo-Pacific Strategy, can you provide more texture as to how this expands our enduring partnerships with the Pacific Island Countries?

No Response

47. (McCaul) Is there any danger that increased investments in Europe will impact our ability to uphold our security commitments in the Indo-Pacific?

No Response

48. (McCaul) What progress has been made in the Indo-Pacific Partnership for Maritime Domain Awareness which will provide tech and training to support maritime domain awareness to promote stability and prosperity in South Asia, South East Asia, and the Pacific Islands

No Response

49. (McCaul) The BURMA Act, as part of the 2023 NDAA, authorizes technical support and non-lethal assistance for Burma's Ethnic Armed Organizations, People's Defense Forces, and pro-democracy movement organizations. What is being provided to these organizations and how is the Administration providing the support and equipment?

No Response

50. (McCaul) What would be the impact of a PRC invasion of Taiwan mean for the global economy? Financial Times reported that the cost could be trillions of dollars annually—what would that mean for the U.S. economy and American consumer?

No Response

51. (McCaul) Taiwan reportedly only has two weeks of energy reserves on the island and is decommissioning nuclear power. How do we get Taiwan energy in the event of an invasion?

No Response

52. (McCaul) Has State encouraged DoD to draw down its stocks for defense of Taiwan? If not why not? In your opinion should we be drawing down stocks given the long timelines we have for FMS cases?

No Response

53. (McCaul) Do we have a permanent military air presence in Japan? Does State's basing agreement in Japan allow for permanent stationing of U.S. fighter aircraft? What military aircraft do we have stationed there? Is State confident that its current posture in Japan deters against an invasion of Taiwan?

No Response

54. (McCaul) One of the reporting requirements in the NDAA requires interim capability

solutions to Taiwan, will the department encourage the DoD to draw down stocks?

No Response

55. (McCaul) The FY23 NDAA authorizes up to 2 billion per year over the next five years for Taiwan foreign military financing grants, but no money was appropriated. Do you support foreign military financing grants for Taiwan, and if so, is the Administration committed to engaging with the appropriators on this issue?

No Response

56. (McCaul) The FY 2023 NDAA, Section 5508 calls for the Department to report by March 1 on the status of arms transfers to Taiwan and other allies in the Indo-Pacific region. This reporting requirement also requires the Department to identify the steps it is taking to provide for interim capability or solution to address delivery delays.

No Response

57. (McCaul) Is the Department of State aware of any efforts by the interagency or the White House to delay arms sales notifications to Congress that are intended for Taiwan?

No Response

58. (McCaul) China barred two U.S. defense companies over arms sales to Taiwan earlier this month and have said in the past that arms sales to Taiwan are a "vicious provocation." Do you agree that these transfers are "vicious provocations?" Are there sales that China would perceive as anything other than "vicious provocations?"

No Response

59. (McCaul) Does the Department take steps to minimize China's response to U.S. arms sales to Taiwan when they are notified to Congress? How has that worked?

No Response

60. (McCaul) Are there any pending arms sales for Taiwan that are ready for notification to Congress but have not been notified? What would cause a delay in notifying a case to Congress, assuming it has already cleared the tiered review process?

No Response

61. (McCaul) Did you participate in any discussions regarding attempts to delay or conceal important arms sales that were being considered for Taiwan prior to Speaker Pelosi's August 2022 visit to Taiwan?

No Response

62. (McCaul) Why should the U.S. be concerned with China's responses to U.S. arms sales to Taiwan and aren't those the exact reasons we should be expediting and increasing arms transfers to Taiwan so that the Island has what it needs to defend itself?

No Response

63. (McCaul) On February 16, Chairman McCaul sent a letter to the President, along with other members of Congress, pressing the Administration to increase foreign military financing for Taiwan. This was also authorized under the Taiwan Enhanced Resilience Act, which passed into law in December.

No Response

64. (McCaul) Do you agree that Taiwan is in need of grant foreign military financing?  
a. Will you commit to putting forward a request to the Secretary of State for such financing for Taiwan?  
b. What message does it send to China if the administration is unwilling to request this critically needed assistance?

No Response

65. (McCaul) Secretary Krittenbrink, in December you told your Chinese counterparts that securing the release of U.S. citizens who are wrongfully detained or subject to exit bans



in China is a personal priority for President Biden. Have any efforts been made to secure the prisoner releases of Mark Swidan, Kai Li, or David Lin?

No Response

66. (McCaul) The White House issued its Conventional Arms Transfer Policy last week. This policy is specific to arms transfers, including certain items on the Commerce Control List.

No Response

67. (McCaul) The forced labor in Xinjiang is an egregious violation of human rights by the PRC, under Chairman Xi's leadership. Does it remain a priority for the Biden-Harris Administration to address forced labor and other human rights abuses being perpetrated by the CCP?

No Response

68. (McCaul) Has the Department of State supported interagency efforts to prohibit imports of products made in Xinjiang with forced labor in accordance with the Uyghur Forced Labor Prevention Act provisions, of which Subcommittee Chairman Smith was an original cosponsor.

No Response

69. (McCaul) Why is our economic trade with China more important than the potential use of U.S. exports to facilitate human rights abuses or the CCP's perpetration of human rights abuses?

No Response

70. (McCaul) What specific actions has the Biden administration taken to impose consequences on the PRC hindering or undermining multilateral efforts to address Iran's nuclear program and destabilizing activities?

No Response

71. (McCaul) What is your assessment of the threat posed by PRC entities ongoing trade with Iran, to including firms linked to the IRGC, to U.S. national security? Are existing U.S. export controls sufficient to restrict PRC government-owned or -controlled companies' ability to transfer U.S.-origin, dual use goods to Iran, either directly or through third parties?

No Response

72. (McCaul) What is the PRC's role in Iran's drone program? What parts do they supply? Is this a violation of Annex B to UN Security Council Resolution 2231? How is the Administration responding to try to cut off Iran's supply chain from the PRC?

No Response

73. (McCaul) Restrictions on Iran's missile program under Annex B of UN Security Council Resolution 2231 are set to expire in October. What steps are you taking to ensure the PRC plays a constructive role in any effort to secure the extension of these restrictions?

No Response

74. (McCaul) What does the PRC want to gain from its relationship with Iran? What is the Administration's interpretation of the results of the recent high-level visit of Iranian President Raisi to Beijing?

No Response

75. (McCaul) How much oil is Iran exporting to the PRC? How much revenue does this provide Iran?

No Response

76. (McCaul) Secretary, according to the Center for Disease Control (CDC) 107,000 Americans died from opioid overdoses in 2021 and more than 70,000 were from synthetic opioids containing fentanyl, with fentanyl. Overdoses are now the leading

cause of death for Americans ages 18-49.

- a. Is China involved in any facet or bare any responsibility in the supply chain at any point with the fentanyl crisis in the United States? It is a simple yes or no. If yes, how?

No Response

77. (McCaul) Secretary, how long has the State Department known about China's exports of chemical precursors to the Jalisco and Sinaloa Cartel and/or other illicit bad actors proliferating the raw materials or chemical inputs necessary to synthetically produce, manufacture, and distribute fentanyl to the United States?

No Response

78. (McCaul) Since you discovered this direct linkage between China, the principal source of 88-90 percent of the worlds chemical precursors found in fentanyl, and Mexican Cartels, what ways is the State Department supporting enforcement of OFAC sanctions on Chinese companies responsible for this drug epidemic?

No Response

79. (McCaul) How does the State Department, with the assistance of the Treasury Department, plan to sanction the narcotics laboratories of the currently sanctioned factories responsible for the creation of main precursors chemicals found in fentanyl?

No Response

80. (McCaul) How is the State Department working with the Drug Enforcement Agency (DEA) offices in the Beijing, Shanghai, Guangzhou, and Hong Kong to prevent further exports of the life-threatening chemical precursors to the Western Hemisphere?

No Response

81. (McCaul) Secretary, are you aware of China's announcement of formally suspending U.S.- China cooperation on counternarcotics due to former House Speaker Nancy Pelosi's visit to Taiwan on August 5, 2022? If so, how do you see this bold action by

China adversely affecting our attempt to prevent exports of chemical inputs and precursor chemicals to criminal organizations in Latin America and the United States?

No Response

82. (McCaul) State has consistently moved the goalpost on secondary sanctions on China for its continued support of Russia's renewed invasion of Ukraine.

No Response

83. (McCaul) Has the existing approach of using stern warnings materially changed the PRC's support of Russia or does it need a new strategy?

No Response

84. (McCaul) Why isn't the Biden administration taking more assertive actions against China to deter support?

No Response

85. (McCaul) Russia's continued deployment of PRC drones on the Ukrainian battlefield shows how its military has been able to draw critical items for its military from abroad. These drones not only fuel Russia's war effort but also let the PRC gather crucial battlefield intelligence that might enhance Beijing's war readiness.

No Response

86. (McCaul) How is the U.S. government unable to stop these PRC drones from supporting Russia's war?

No Response

87. (McCaul) Chairman Xi just met President Putin in Moscow.  
a. Is the PRC supplying or planning to supply Russia with lethal aid?

- b. How is China helping Russia evade sanctions put in place as a result of Putin's invasion of Ukraine?
- c. Is China's economy acting as a haven for Russia to avoid punitive measures like embargos on Russian-origin fossil fuels or the oil-price cap?
- d. To what extent is China enabling Russia to have continued access to high-tech electronics?

No Response

88. (McCaul) What European countries have the most work to do to diversify their economies away from China's?

No Response

89. (McCaul) What concerns do you have that Chinese investment in Europe and control of European markets might limit the European response to a future exigency over Taiwan? Are there plans in place to reduce this Chinese economic influence in the European states?

No Response

90. (McCaul) Are you concerned about Belarusian President Alexander Lukashenko's recent state visit to Beijing? Is there any evidence Belarus is prepared to support the PRC in providing lethal aid or other assistance to Russia for use in Ukraine?

No Response

91. (McCaul) What does China's reopening post-COVID mean for its international commitments through Belt and Road, and specifically within the Forum on China-Africa Cooperation?

No Response

92. (McCaul) Despite pledges of non-interference, the CCP continues to prioritize senior leadership engagement with multiple countries in Africa. What are the CCP's objectives embedded in the consistent diplomatic prioritization of Africa?

No Response

93. (McCaul) In order to combat Beijing's clear and consistent diplomatic focus on the African continent, what specific deliverables have been accomplished in the aftermath of December's US-Africa Leaders' Summit? What has specifically been planned for the rest of the year to ensure this engagement remains?

No Response

94. (McCaul) What message does the Department deliver to our African partners to emphasize the importance for African governments to consider the promise of democracy in contrast to the repressive nature of the CCP's illiberal political model, most notably their "new type of political party system"?

No Response

95. (McCaul) Does the Department still hold the expectation that China is planning to open additional military bases on the African continent? If so, I would like to receive more information in a closed setting.

No Response

96. (McCaul) What concerns does the State Department have that, in the absence of U.S. funding, Kenya will turn to China for the approximately \$50 million extension of the runway at Manda Bay Airfield?

No Response

97. (McCaul) PRC accounts for roughly 12% of Africa's external debt at a value of around \$700 billion. Does the Department view Beijing's stance in the Zambia negotiations as an isolated example or as indicative of an overall unwillingness from Beijing to reach debt restructuring agreements that we should anticipate replication of?

No Response

98. (McCaul) How does the Department/Corporation expect this negotiation to impact the future willingness of African governments to enter into opaque lending agreements with the Chinese?

No Response

**Questions for the Record for The Honorable Scott Nathan**

1. (Kamlager-Dove) I want to ask about the role of climate change in our strategic competition with China. For many of the developing countries whose support is critical to confronting China's malign activities, climate change is a major concern. The Pacific Island nations, for example, list climate change as the number one national security threat facing their countries. How does U.S. global leadership on climate change make us a more credible and desirable partner for these nations we need to counter the PRC, and what are the risks to our strategic advantage of abdicating that leadership? Mr. Nathan if you could elaborate on these countries' needs for DFC's adaptation and mitigations projects.

No Response

2. (Titus) What foreign aid programs or investment opportunities can a country like Mongolia take advantage of to ensure they remain a stable and growing democracy at the same time we hold Beijing to account for its behavior?

No Response

3. (Titus) What do you view as the positives, as well as the drawbacks to our long-standing approach to how we invest in physical infrastructure or not via USAID in the same countries China has sought to gain influence through the BRI?

No Response

4. (Hill) Since the BUILD Act created your organization, please give me some examples of the challenges you have faced and lessons you have learned since that time.

No Response

5. (Hill) Are there any additional authorities or changes to your mission that we can make here in Congress that would help?

No Response



6. (Hill) In your testimony you note some of the investments that the DFC has made in the energy sector, including solar and gas. Has the DFC made any investments in nuclear energy? If so, where? If not, why?

No Response

7. (McCaul) The CCP is aggressively spreading its malign influence through efforts like the Belt and Road Initiative (BRI). It is imperative the U.S. maximize our efforts in countering the CCP's malign influence, which is one of the reasons why Congress passed the BUILD Act creating the Development Finance Corporation (DFC).

No Response

8. (McCaul) If our efforts fall short, the CCP will fill the gap. How is your agency competing with the CCP and presenting the U.S. as a preferred partner to developing countries, knowing that the CCP does not have the same standards or constraints on its development funding?

No Response

9. (McCaul) What specific successes has the DFC had which allowed the U.S. to out-compete China?
- a. Can you give us examples of when China won the competition for influence in certain cases and undermined your efforts? Can you share a specific example and describe lessons learned?

No Response

10. (McCaul) Does the Corporation believe PRC reduced international lending levels to be indicative of a new Chinese investment presence internationally? Or is the CCP merely utilizing new strategies for their overseas investments – such as the apparent equity approach used in Nigeria's Lekki Deep Sea Port?

No Response

11. (McCaul) What role is there for U.S. interests to pry away investments from China in the critical minerals sector?

No Response

12. (McCaul) What projects related to the critical mineral supply chain are the DFC considering? Are country income limitations limiting the types of viable critical mineral projects that the DFC can consider?

No Response

13. (McCaul) Can you give specifics about talks to secure the critical mineral supply chain in Africa and South America? How are you helping US companies in the critical mineral supply chain work in Africa and S. America?

No Response

14. (McCaul) The DFC, by law, must "...complement and be guided by overall United States foreign policy, development, and national security objectives, taking into account the priorities and needs of countries receiving support." And must "...leverage private sector capabilities and innovative development tools to help countries transition from recipients of bilateral development assistance toward increased self-reliance"

a. How does the focus on climate advance our national security objectives of countering the CCP's malign influence and behavior?

No Response

15. (McCaul) What specific actions have we taken to combat CCP efforts to increase development and economic activity in the Indian Ocean region?

No Response

16. (McCaul) Taiwan has expressed interest and capability to engage in joint-financing with the U.S. on various development projects around the world, particularly Southeast Asia and Latin America. What have we done to promote joint-financing projects with Taiwan, and how are we messaging such projects?

No Response

17. (McCaul) 14 countries in the world recognize Taiwan over Beijing and most of them are in the Western Hemisphere.
- a. How is DFC prioritizing these countries in the Western Hemisphere to provide viable critical infrastructure alternatives to China's Belt and Road Initiative (BRI) through private-public partnerships?
  - b. In the same vein, how much of the \$1B budgeted for FY2023 is dedicated to Western Hemisphere projects?

No Response

18. (McCaul) What sectors is USAID and DFC focused on bolstering in the Western Hemisphere to counter China's investments and growing influence in the region?

No Response

19. (McCaul) What concerns do you have that Chinese investment in Europe and control of European markets might limit the European response to a future exigency over Taiwan? Are there plans in place to reduce this Chinese economic influence in the European states?

No Response

20. (McCaul) How does the Department/Corporation expect this negotiation to impact the future willingness of African governments to enter into opaque lending agreements with the Chinese government?

No Response

21. (McCaul) What inroads are being made with financing data centers in Africa in order to counter the BRI?

No Response

**Questions for the Record for The Honorable Alan F. Estevez**

1. (Waltz) In the FY23 NDAA, Congress identified three high-risk, Chinese government-tied semiconductor manufacturers (SMIC, CXMT, YMTC) and took steps to prohibit their procurement by the DOD. SMIC is designated as a Chinese military company by DOD. CXMT supplies dual-use companies, including Huawei, and has ties to actors across the defense and surveillance technology sectors in China.
  - a. Will the Department of Commerce's BIS interim final rule on semiconductor manufacturing controls completely cut off these three companies from supplies of American technology, equipment, components, and tools? If not, which components will these companies still be able to acquire?

No Response

2. (Castro) Given the transfer of authority over small arms exports to the Commerce Department, please describe the sales you have you authorized to the Indo-Pacific region, including information on the weapons systems sold, dollar amounts, and the recipients.

No Response

3. (Castro) What changes to United States export controls is the Biden administration considering to improve coordination with Australia and the United Kingdom through the AUKUS partnership and with Japan, Australia, and India through the Quad?

No Response

4. (Waltz) Has the Administration halted the issuance of new export licenses for Huawei?
  - a. If so, will current licenses be revoked?
  - b. If licenses are not revoked, how many have been issued?
  - c. What is the duration of any issued licenses?
  - d. For what products have licenses been issued?

No Response

5. (Lieu) The Entity List is a tool that the Bureau of Industry and Security (BIS) at the Department of Commerce uses to restrict exports to entities that may threaten U.S. national security or foreign policy interests. U.S. companies must apply for licenses to export products to listed entities.
  - a. What are the steps of the review process when U.S. companies apply for licenses to export products to companies on the Entity List?

- b. Is there a window of time within which BIS is required to respond to license applications?
- c. If an application is denied, does the U.S. company receive an explanation of the factors that led to the denial? If not – what is BIS’ rationale for not providing information about the review process?

No Response

- 6. (Lieu) I have seen in recent reporting that the Administration is considering a ban on all new licenses for Huawei. Through conversations with multiple stakeholders, it appears that some companies will be “grandfathered” in, how does BIS plan to rectify any inconsistencies between competitors in licenses while no new licenses are being issued?
  - a. What is the policy on removing existing licenses moving forward with regards to Huawei?

No Response

- 7. (Titus) Looking back more than twenty years now – what did we get right and what did we get wrong in our assessment of how China would react and adjust to membership in the WTO and to stepping into a larger role overall on the global stage?
  - a. Are there key decisions or inflection points you can think of that had they been handled differently at the time could have us on a different course today?

No Response

- 8. (McCaul) Do you agree with ODNI Director Haines assessment that China is “collecting foreign data to target audiences for information campaigns?”

No Response

- 9. (McCaul) Do you agree with CIA Director Burns’ statement that its “genuinely troubling to see what the Chinese government could do to manipulate TikTok?”

No Response

- 10. (McCaul) Does Beijing’s control of a predictive algorithm facilitate its ability to

implement censorship or influence operations in foreign countries?

No Response

11. (McCaul) The PRC continues to export surveillance equipment, thereby collecting valuable personal data around the world and molding foreign governments' policing practices to be more welcoming to authoritarian practices.

No Response

12. (McCaul) What alternatives are being produced by the United States, or our allies, to combat the pervasive presence of China's technological firms throughout the world?

No Response

13. (Committee) Do you support an outbound investment screening regime for the PRC? Yes or no?

No Response

14. (McCaul) Did the Japanese and the Dutch agree to the same export controls as the United States on semiconductor manufacturing equipment?  
a. If no, what is the delta and how do you plan to bring them to our level?

No Response

15. (McCaul) What tools—both coercive and persuasive—does the U.S. have to bring Japan and the Netherlands to the same export control level as the United States?

No Response

16. (McCaul) Do you agree that any technology transferred to the PRC, to include intellectual property derived from business deals with U.S. companies, has the potential of being coopted by the CCP's military?

No Response

17. (McCaul) How does BIS justify a “general policy of approval” for the transfer of militarily useful technology controlled for national security reasons to the PRC? Since technologies that are controlled for National Security reasons would make a significant contribution to the military potential of the PLA, why does BIS approve any of these transfer requests to the PRC?

No Response

18. (McCaul) Can you provide this committee with the latest approval and denial rates since implementation of the Oct. 7 rules on semiconductors, types of technologies being approved and denied with these new rules, and an assessment of how partner states are doing in implementing similar restrictions of semiconductors and semiconductor manufacturing equipment?

No Response

19. (McCaul) Are there other technologies that the administration is considering, and with which partners and allies?

No Response

20. (McCaul) Given the high rate of U.S. approvals and limited benefit of membership in the various multilateral export control regimes, does the U.S. have a global leadership responsibility here to lead by way of example to establish meaningful unilateral controls for others to follow?

No Response

21. (McCaul) It seems that the interagency review process is broken. In fiscal year 2021, only 57 transfer decisions out of 41,000 license applications were escalated for higher level scrutiny – and many of these escalations were not necessarily for China. Why so few? Help me to understand why interagency export control stakeholders would be content with the status quo knowing what we know about China and diversion risks?

No Response

22. (McCaul) You noted in your written Senate Confirmation response to Senator Toomey that “many of our foreign adversaries, such as the People’s Republic of China (PRC) Government, continue to act in an irresponsible manner, including through the diversion of dual use technologies to military uses; theft of intellectual property; human rights abuses; and anticompetitive, unfair and coercive trade practices.”

No Response

23. (Committee) You’ve acknowledged diversion. Why does BIS agree to the transfer even one item of military utility to the PRC knowing this?

No Response

24. (McCaul) The BIS Mission states that “where there is credible evidence suggesting that the export of a dual-use item threatens U.S. security, the Bureau must act to combat that threat.”

No Response

25. (McCaul) What is credible evidence? Is a publicly pronounced strategy to divert technology from civil to military end-use credible evidence? Do you think that the export of militarily useful technology to the PRC threatens U.S. security? How is BIS acting to combat that threat?

No Response

26. (McCaul) Most Americans would be shocked that less than one percent of U.S. exports to the PRC require a license. How do you explain that?

No Response



27. (McCaul) In 2020, the USG approved nearly 95 percent of controlled dual-use technologies to the PRC. Why would technology that has a military application be approved at such a high rate to a country that may seek to use force against Taiwan?

No Response

28. (McCaul) How does the Department of Commerce's Bureau of Industry and Security (BIS) justify the overall high approval rates for the transfer of controlled militarily useful technology to People's Republic of China (PRC)?

No Response

29. (McCaul) There are media reports that BIS is considering changing its licensing policy for Huawei. Will BIS halt new transfers to Huawei AND revoke existing licenses to confirm with a new licensing policy?

No Response

30. (McCaul) Can you explain the foundational role of biotechnology in the U.S. economy and defense and how can export controls be used to keep the PRC behind.

No Response

31. (McCaul) Biotechnology is inherently a dual-use technology, and it is the responsibility of the Bureau of Industry and Security to address the national and economic security risks of dual-use technologies. We have noted a concerning lack of controls in biotechnology, despite clear and explicit warnings regarding the PRC's targets in this critical industry. Can you explain why the Bureau of Industry and Security has taken no substantial measures to curb the threats to this industry?

No Response

32. (McCaul) In President Biden's recent Executive Order on Advancing Biotechnology and Biomanufacturing Innovation, the administration notes that "for biotechnology and biomanufacturing to help us achieve our societal goals, the United States needs

to invest in foundational scientific capabilities.” If the Biden administration is to hold true to its promises to invest in foundational biotechnologies, then the Bureau of Industry and Security must play its part in protecting those foundational technologies. Unfortunately, the Bureau has since scrapped its designations for emerging and foundational technologies and will now characterize all technologies pursuant to Section 1758 as “Section 1758 technologies.” What, specifically, is the Bureau’s strategy for protecting foundational technologies? How is the Bureau prepared to protect the federal investments in the biotechnology industry?

No Response

33. (McCaul) Why would BIS possibly believe that any transfer of controlled technology to the PRC will actually be for its alleged stated end-use?

No Response

34. (McCaul) How would the U.S. know if components sent to the PRC end up in cell phone towers or anti-aircraft missiles to be fired at U.S. pilots in some future conflict? These chips could be used for the same purposes.

No Response

35. (McCaul) Could you provide this committee with a breakdown of approvals and denials by the various reasons for controls, to include NS controls?

No Response

36. (McCaul) If a company is identified by the U.S. government as a Chinese military company, as the USG has repeatedly done with SMIC, why or how is it appropriate to supply them with the U.S. manufacturing equipment needed to produce chips for the People Liberation’s Army?

No Response

37. (McCaul) Does BIS think it has visibility into where the chips produced in the factories of a Chinese military company run by CCP members, such as SMIC, are going?

No Response

38. (McCaul) Can you say with 100% certainty that those chips produced using U.S. technologies are not going into the PLA's weapons systems?

No Response

39. (McCaul) How many subsidiaries or affiliates of a parent corporation must be identified as threats to U.S. national security or foreign policy for BIS to act against the parent corporation? If over thirty subsidiaries or affiliates are on the Entity List for activities contrary to U.S. national security and foreign policy interests, why would BIS be naïve enough to think that the parent company that oversees them all is somehow insulated from and not directing these nefarious activities?

No Response

40. (McCaul) When BIS identifies entities as posing threats to U.S. national security or foreign policy interests, what coordination is done with the Treasury Department to ensure entities do not aid nefarious actors through alternative means, such as through investments?

No Response

41. (McCaul) What new steps has the Admin taken to ensure that U.S. technologies do not end up directly or indirectly supporting the People's Liberation Army?

No Response

42. (McCaul) How has the U.S. shifted its export control strategy to meet the new challenges of the PRC's Military-Civilian Fusion programs?

No Response

43. (McCaul) What are the PRC's most vulnerable sectors, or sectors that are heavily reliant on the United States?

No Response

44. (McCaul) How are we using our export controls to deny the PRC the capability they need to carry out a Taiwan invasion scenario?

No Response

45. (McCaul) How is the Commerce Dept. working to implement sanctions against North Korea to a more perfect degree? How is the PRC undermining our sanctions against North Korea?

No Response

46. (McCaul) Has Commerce determined whether U.S. component parts are used in these surveillance balloons since becoming aware of China's surveillance balloons?

No Response

47. (McCaul) With the U.S.-EU sanction regime, the junta government should be unable to access the global financial markets. However, the Bank of China has been providing the junta loans in USD. How are USD payments going through to the junta government, and how can we stop all USD transactions to this regime?

No Response

48. (McCaul) What is your assessment of the threat posed by PRC entities ongoing trade with Iran, to including firms linked to the IRGC, to U.S. national security? Are existing U.S. export controls sufficient to restrict PRC government-owned or -controlled companies' ability to transfer U.S.-origin, dual use goods to Iran, either directly or through third parties?

No Response

49. (McCaul) What is the PRC's role in Iran's drone program? What parts do they supply? Is this a violation of Annex B to UN Security Council Resolution 2231? How is the Administration responding to try to cut off Iran's supply chain from the PRC?

No Response

50. (McCaul) Restrictions on Iran's missile program under Annex B of UN Security Council Resolution 2231 are set to expire in October. What steps are you taking to ensure the PRC plays a constructive role in any effort to secure the extension of these restrictions?

No Response

51. (McCaul) The Administration has designated PRC companies for violating U.S. sanctions on Iran in recent months. How do you plan to respond to the PRC's continued sanctions evasion?

No Response

52. (McCaul) Russia's continued deployment of PRC drones on the Ukrainian battlefield shows how its military has been able to draw critical items for its military from abroad. These drones not only fuel Russia's war effort but also let the PRC gather crucial battlefield intelligence that might enhance Beijing's war readiness.

No Response

53. (McCaul) How is the U.S. government unable to stop these PRC drones from supporting Russia's war?

No Response

54. (McCaul) What are the ongoing challenges to fully implementing the Uyghur Forced Labor Prevention Act? How is the Dept of Commerce working through these challenges?

No Response

55. (McCaul) The White House issued its Conventional Arms Transfer Policy last week. This policy is specific to arms transfers, including certain items on the Commerce Control List.

No Response

56. (McCaul) The White House issued its Conventional Arms Transfer Policy last week. This policy is specific to arms transfers, including certain items on the Commerce Control List.

No Response

57. (McCaul) How is the Commerce Department using legally required end use checks to ensure U.S. products are not being used in the CCP's perpetration of human rights abuses in Xinjiang and elsewhere in China? How many end use checks has Commerce conducted in the last year on U.S. commercial exports potentially used by the CCP in its human rights abuses?

No Response

58. (McCaul) President Biden's CAT policy alters the review criteria on human rights to "more likely than not" from the prior Administration's "actual knowledge." We have "actual knowledge" of human rights abuses by the CCP. Can the Commerce Department explain what U.S. goods are being banned from export to China because they are being used to perpetrate human rights abuses?

No Response

59. (McCaul) Will the Commerce Department also employ a similar standard of "more likely than not" in its review of commercial exports, particularly when the country and the private end user of U.S. commercial goods are indistinguishable, as in the case of many companies in China?

No Response

60. (McCaul) How is BIS monitoring the supply chain to ensure that American components do not end up in PRC-made surveillance products which ultimately end up used to spy on African citizens?

No Response