

**DEFENDING AMERICA FROM
THE CHINESE COMMUNIST PARTY'S
POLITICAL WARFARE
PART II**

HEARING
BEFORE THE
COMMITTEE ON
OVERSIGHT AND ACCOUNTABILITY
U.S. HOUSE OF REPRESENTATIVES
ONE HUNDRED EIGHTEENTH CONGRESS

SECOND SESSION

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- * Questions for the Record: to Ms. Kissel; submitted by Rep. Gosar.

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**DEFENDING AMERICA FROM
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PART II**

Wednesday, June 26, 2024

U.S. HOUSE OF REPRESENTATIVES
COMMITTEE ON OVERSIGHT AND ACCOUNTABILITY
Washington, D.C.

The Committee met, pursuant to notice, at 10:01 a.m., in room 2154, Rayburn House Office Building, Hon. James Comer [Chairman of the Committee] presiding.

Present: Representatives Comer, Gosar, Foxx, Grothman, Cloud, Palmer, Higgins, Sessions, Biggs, Mace, Fallon, Perry, Timmons, Burchett, McClain, Fry, Langworthy, Burlison, Raskin, Norton, Lynch, Connolly, Krishnamoorthi, Porter, Brown, Garcia, Frost, Lee, and Crockett.

Chairman COMER. This hearing of the Committee on Oversight and Accountability will come to order. I want to welcome everyone here today.

Without objection, the Chair may declare a recess at any time.

I now recognize myself for the purpose of making an opening statement.

This hearing is the second in the Oversight Committee's investigation into the Federal Government's inadequate acknowledgment of and response to the Chinese Communist Party's campaign to infiltrate and influence America through a strategy known as political warfare. Americans outside of Washington have no difficulty identifying the CCP for what it is: an authoritarian, communist regime enslaving its own people and seeking to destroy America, which the CCP calls its "chief enemy."

The American people know that the CCP represents the greatest foreign threat to the American way of life. According to the latest Pew Research poll, 81 percent of U.S. adults see China unfavorably. This spring, Gallup reported that Americans see China as our country's top foe, yet too few Federal agencies have recognized that. For decades, the CCP has waged an aggressive campaign of political warfare, a strategy to weaken our Nation without ever firing a shot. The end goal is clear: to weaken and defeat America.

The Committee's government-wide investigation has brought Federal agencies in to answer for their insufficient responses. We have found that too much of Washington bureaucracy is incapable

of or unwilling to address the CCP threat. Today, our witnesses will testify about how the CCP is seeking to subvert our open system of government and society. These witnesses have great insight into CCP influence within Federal agencies, the intelligence community, international institutions, and business circles. To be clear, it is the Chinese Communist Party who is to blame here, not people of Chinese descent, who themselves are often singled out by the CCP using these exact influence tactics.

Despite the fact that CCP political warfare targets and threatens all Americans, why do many Federal agencies fail to speak honestly to the American people about the CCP? Too many Federal officials do not realize that they have fallen for CCP influence tactics in ways that cause some officials to reflexively dismiss the truth about this communist regime. Worse, some Federal officials go so far to actually excuse the CCP's action. Some agencies do so despite abundant evidence that the CCP is spying on Americans, fueling the fentanyl crisis that is killing tens of thousands of Americans each year, stealing trade secrets to stifle American innovation, harassing Chinese students who dare speak out against the regime, threatening our energy grid and critical infrastructure, infiltrating our food supply, and much, much more. To say that it is somehow racist or inappropriate for Federal agencies to aggressively combat the CCP threat plays directly into the Party's hands.

The CCP uses many tools and people to wage political warfare against America. Through what is known as the united front, the CCP manipulates networks to carry out relationship-focused influence campaigns through a multitude of proxies. The united front has long used proxies found in the business community, amongst cultural and political leaders, in international organizations, and in other influential circles to advance the regime's destructive ambitions.

The CCP prioritizes seeking to influence key players in prominent business circles to carry good favor for the Party, shape U.S. decision-making, and exploit U.S. businesses. Through deceptive but enticing business deals, the CCP has lured many American businesses into the lion's den that is China. Once reliant on China, too many U.S. companies fall prey to "elite capture." They may find that they feel they have little choice but to support CCP interests to the detriment of their own business and our Nation. CCP elite capture tactics have also seeped into Federal agencies, influencing their approach to China. Many Federal officials, especially in the military and intelligence community, fell for the false CCP narrative of the so-called "peaceful rise" of China and have yet to acknowledge their dereliction of duty.

For too long, the courageous few who spoke out about the CCP threat were ignored and some were silenced. Much of the American Government seems to have forgotten that its purpose is to promote the interests of Americans. When Federal officials transparently message to the public about the CCP threat, they should also help inspire and equip Americans to strengthen their communities, innovate, and create, which will secure a strong and prosperous future for our Nation. A strong America can resist even the most aggressive communist political warfare.

I thank the witnesses for appearing today and look forward to your testimony. I now yield to Ranking Member Raskin for his opening statement.

Mr. RASKIN. Thank you, Mr. Chairman. Welcome to our witnesses. The Majority has convened a hearing on “Defending America from the Chinese Communist Party’s Political Warfare.” This is paradoxical because our colleagues have spent the last 18 months spreading disinformation from Alexander Smirnoff that Moscow and Beijing have clearly used as political warfare against America as part of their collapsed impeachment inquiry against President Biden.

All over the world, from the autocrats in Moscow to the communist bureaucrats in Mainland China to the theocrats in Saudi Arabia, the enemies of constitutional democracy and freedom seek to destabilize the American government. The tyrants of the world are targeting Joe Biden and promoting Donald Trump, who has fawningly described President Xi as a brilliant man, who has called Vladimir Putin a genius, and who has said he fell in love with Kim Jong Un. While Donald Trump has described President Xi as a very good man, China is, in fact, an authoritarian police state and violator of the human rights and civil liberties of hundred millions of people.

President Xi has persecuted, incarcerated, and oppressed the Tibetans, the Uyghurs, and the people of Hong Kong and Taiwan. Xi has made common cause with his fellow tyrants, forming a no limits alliance with Putin’s Russia just a few weeks before Putin’s illegal invasion of Ukraine in 2022. Beijing maintains a defense treaty with Pyongyang and is a key ally to Kim Jong Un, a third-generation dictator and communist monarch who presides over a totalitarian dungeon for his people.

At our last hearing on the CCP’s political warfare, Professor Tim Snyder explained how Chinese propaganda ploys have succeeded because certain American officials, including, sadly, some members of this Committee, have parroted Russian and Chinese state disinformation. In *The Atlantic*, Anne Applebaum describes how the CCP’s political propaganda against the U.S. both undermines American faith in our own political institutions and helps to consolidate domestic repression in China. As she puts it: “If people are naturally drawn to the image of human rights, to the language of democracy, to the dream of freedom, then those concepts have to be poisoned. That requires more than surveillance, more than close observation of the population, more than a political system that defends against liberal ideas. It also requires an offensive plan: a narrative that damages both the idea of democracy everywhere in the world and the tools to deliver it.”

Far from opposing these autocrats, Donald Trump has joined them in attacking our democracy by promoting utterly debunked claims of election fraud and orchestrating a lawless and violent campaign to overturn the legitimate results of the 2020 Presidential election. He has openly stated his desire to pardon criminal insurrectionists and to rule as a dictator, using government not for the common good, but to pursue his political enemies and to enrich himself and his family.

As President, Donald Trump received millions of dollars from the Chinese Government and state-owned companies, to say nothing of the valuable trademarks Chinese authorities rushed to grant him and his family. In exchange, he opposed sanctions against Chinese telecom companies and banks even when they threatened our national security. He assured President Xi that sending Uyghurs to forced labor camps was “exactly the right thing to do” and that violently cracking down on pro-democracy protests in Hong Kong was acting very responsibly. He even tried to cancel military exercises with Japan and South Korea because China complained about it.

While Donald Trump has proclaimed that he and Xi love each other, the Biden-Harris Administration has responded forcefully to the political, security, and economic challenges posed by the CCP. As Secretary Blinken put it, the U.S. relationship with China is the biggest geopolitical test of this century. The Biden Administration has shored up our democratic institutions to withstand attacks from autocrats and strengthen our alliances with democracies both in Europe and Indo-Pacific. While Trump has said he would encourage Russia to “do whatever the hell they want” to any NATO member country that does not meet spending guidelines on defense, President Biden has established AUKUS, a security pact with Australia, the U.K., and the U.S. to help sustain peace in the Indo-Pacific.

Domestically, bills championed by congressional Democrats and signed into law by President Biden, including the Inflation Reduction Act, the Bipartisan Infrastructure Law, and the CHIPS and Science Act, are investing in American workers and innovation, creating hundreds of thousands of manufacturing jobs here and establishing domestic supply chains in strategic industries. These are big wins not just for our economy, but for our national security. President Trump has idolized and emulated dictators like Xi and Putin and worked to move our country toward authoritarianism and away from democracy and the rule of law. In stark contrast, the Biden-Harris Administration recognizes that the key to out-competing the People’s Republic of China lies in defending the extraordinary journey of American democracy, the enduring strength of our international relationships, and the revitalization of our economic competitiveness.

I look forward to exploring these themes with our expert witnesses, including our distinguished former colleague Tom Malinowski. Thank you, Mr. Chairman. I yield back.

Chairman COMER. I am pleased to introduce our witnesses today. All witnesses are testifying in their personal capacities. Mary Kissel—did I pronounce it right? Kissel, OK—is the Executive Vice President and Senior Policy Advisor at a financial services firm, where she provides advice on macroeconomic trends and geopolitical risks. Prior to this role, she served as the Senior Advisor to the U.S. Secretary of State, Mike Pompeo. Before joining the State Department, Ms. Kissel spent 14 years on the Wall Street Journal Editorial Board as Chief Foreign Policy Commentator in New York and Editorial Page Editor for Asia-Pacific based in Hong Kong.

Captain James Fanell is a retired U.S. Navy captain. He worked as a naval intelligence officer, specializing in Indo-Pacific affairs for

almost 30 years. Most recently, he served as the Director of Intelligence and Information Operations for the U.S. Pacific Fleet. Throughout his career in the Navy, he served in an unprecedented series of afloat and ashore assignments focused on China. He was also a founding member of the Committee on Present Danger China. He is currently a Government Fellow with the Geneva Center for Security Policy.

Erik Bethel is a former U.S. Executive Director at the World Bank, where he participated in the analysis and development of over \$100 billion of capital in the developing world. He is currently a partner at a venture capital fund focused on maritime sustainability. Prior to these roles, Mr. Bethel worked as an investment banker and private equity professional focused on developing markets and served as managing partner of SinoLatin Capital and managing director of ChinaVest in Shanghai, China.

Former Congressman Malinowski served two terms in the U.S. House of Representatives on behalf of New Jersey's 7th congressional District. While in Congress, he was Vice Chairman of the House Foreign Affairs Committee and a member of the Transportation and Infrastructure and Homeland Security Committees. Since leaving Congress, he has been a Senior Fellow at the John McCain Institute and serves on the boards of Radio Free Europe and Refugees International. Prior to Congress, he served as President Obama's Assistant Secretary of State for Democracy, Human Rights, and Labor, among other roles.

Pursuant to Committee Rule 9(g), the witnesses will please stand and raise their right hand.

Do you solemnly swear or affirm that the testimony that you are about to give is the truth, the whole truth, and nothing but the truth, so help you God?

[A chorus of ayes.]

Chairman COMER. Let the record show that the witnesses answered in the affirmative. Thank you, and you all may take a seat. We appreciate you being here today and look forward to your testimony.

Let me remind the witnesses that we have read your written statement and they will appear in full in the hearing record. Please limit your oral statement to 5 minutes. As a reminder, please press the button on the microphone in front of you so that it is on and the members can hear you. When you begin to speak, the light in front of you will turn green. After 4 minutes, the light will turn yellow. When the red light comes on, your 5 minutes have expired. We would ask that you please wrap up.

I now want to recognize Ms. Kissel for her opening statement.

**STATEMENT OF MARY KISSEL
FORMER SENIOR ADVISOR TO THE
U.S. SECRETARY OF STATE
DEPARTMENT OF STATE**

Ms. KISSEL. Mr. Chairman, Ranking Member, distinguished members, I am honored to testify today on the Chinese Communist Party's influence operations and their impact on the Department of State. As former Senior Advisor to the Secretary, I was one of the few officials who worked across all bureaus and with many of our

missions abroad. I saw firsthand China's vast influence operations and why they are a threat to our national security.

Xi Jinping has accelerated China's influence operations by expansion and empowerment of the United Front Work Department and other Party state apparatuses. Often these operations seem innocuous, and even friendly exchanges, sister city agreements, business chamber meetings, think tank conferences, and interviews with Chinese propaganda outlets, to name a few, are all opportunities for gray zone influence operations. Many of these activities are legal under current U.S. law. The Chinese Party state targets our diplomats most obviously by attempting to soften their views of its totalitarian regime through formal state-to-state engagement, giving the impression of productive work.

Unfortunately, talking to Party officials is not the same as talking to our democratic allies. Beijing uses these exchanges to give itself breathing room to further China's foreign policy priorities and to distract us from the regime's economic coercion, gross human rights violations against the Chinese people, the People's Liberation Army's accelerating militarization, and many other transgressions. This is why our diplomats must always prioritize tracking what China does rather than what its officials say.

The Xi regime regularly conducts influence operations within our own borders because we as a democratic society allow Party officials freedom of movement and speech that no ordinary Chinese citizen enjoys at home. In contrast, our diplomats must apply for advanced permission to travel or meet with Chinese officials, permission that is regularly refused without explanation or recourse, and are closely surveilled and even harassed while doing normal diplomatic work. Additionally, Beijing maintains an unofficial presence in our country, often cloaked as civil society organizations or community-based organizations that ultimately report to and receive money from the Party and, in some cases, instructions from China's Ministry of Public Security.

We worked to correct these imbalances during the Trump Administration, using the tools available to the Department, such as shuttering China's Houston consulate for its malign activities and reinvigorating longstanding but long ignored restrictions on Chinese diplomats' travel. Yet we are far from achieving parity in the treatment of our diplomats. More perniciously, China has proved adept at using state's bureaucratic structure to its advantage. Our diplomats are incentivized to smooth disputes and reticent to issue frank statements that might upset their diplomatic counterparts. Different bureaus also pursue different priorities. As a result, state may provide conflicting messaging to Americans. For example, the Department recently encouraged American students to study in China, but at the same time counsels Americans to "reconsider travel to the country because of the risk of wrongful detentions."

Educating Americans on gray zone Chinese influence operations is also deeply important for our business community. I serve as a director of two publicly traded companies. Few American executives and directors are aware that they, like our diplomats, are prime targets of Chinese influence operations, which aim to identify prominent Americans who may now or in the future be convinced to aid Beijing in some form or fashion.

The State Department should be at the forefront of America's efforts to combat CCP influence operations. Our political officers can work with allies to document and curb China's malign activities. The Consular Affairs Bureau can issue clear and complete travel warnings, while using new technologies to ensure visa applicants from China are thoroughly vetted for links to China's military, intelligence, or security services. Our public diplomacy teams can proactively refute Chinese Party propaganda while promoting our superior free political system. The IO Bureau can track and expose Chinese influence ops at the U.N. and other multinational bodies that receive substantial U.S. financial contributions.

Here at home, the Department can educate and inform some national units of our Federal system that are heavily targeted by influence operations but lack foreign policy expertise. The Economic and Business Affairs Bureau can issue regular guidance on the risks of operating in China and the benefit of diversifying supply chains. These are just a few ways State should be engaging in this fight. These efforts do not require new resources, but, rather, a more strategic allocation of our existing assets.

In conclusion, I believe this Committee's work is vital to the national interests of the United States. I am grateful for your attention, and I look forward to your questions. Thank you.

Chairman COMER. Thank you very much. I now recognize Captain Fanell for his opening statement.

**STATEMENT OF JAMES E. FANELL
FORMER DIRECTOR
INTELLIGENCE AND INFORMATION OPERATIONS
U.S. PACIFIC FLEET GOVERNMENT FELLOW
GENEVA CENTRE FOR SECURITY POLICY**

Mr. FANELL. Chair Comer, Ranking Member Raskin, and distinguished members of this Committee, thank you for inviting me to testify.

China's political warfare poses an existential threat to America, a threat that we have ignored for far too long. My focus today will be on how our government was so easily co-opted and deceived, as well as how senior officials ignored valid indications and warning and failed to forcefully alert decision-makers. Their failure over decades undermined America's ability to build a national security strategy to defend against the PRC's ongoing political warfare. Through such tactics as elite capture, psychological warfare, deception, disinformation and propaganda, the Chinese Communist Party misled and enculturated our government as well as other American elites. Out of fear of provoking Beijing, these elites blindly promoted the engagement strategy, which was in an effect, an appeasement strategy. The result is a matter of national policy, the U.S. chose both to ignore and abet the PRC's unrestricted warfare against America.

In particular, the intelligence community and the Department of Defense were deceived into buying the lie of China's peaceful rise and, thereby, failed to fulfill their most basic function in our government. As a result, senior U.S. leaders unilaterally disarmed psychologically, intellectually, militarily, despite clear evidence that the PRC's rise was anything but peaceful. These leaders failed to

understand that since its inception, the Chinese Communist Party has classified America as its main enemy. They chose to ignore Beijing's clearly stated intent to defeat America, first through political warfare that is through a protracted Maoist political struggle, as well as through the very real threat of kinetic warfare.

While there were some in the government who did their job and gave warning, in general, those officers were silenced. In a world of dangerous group-think, these officers were ridiculed, smeared, threatened, and censored. For them, their integrity and accuracy became a career death sentence. Thus, the question to be answered by this Committee should be why did the U.S. national security community, specifically the IC and DOD, fail to recognize this dangerous strategic trend line? Why did they fail to give adequate warning so our government could adopt policies to stop the PRC's malignant rise? Just as has been done before, Congress must compel the IC and DOD to explain this failure.

The most important steps must be to understand how it happened, and as such, Congress must demand accountability. Questions that must be answered also include, how did the PRC's political warfare organizations influence and deceive the IC and the DOD, what multiple failures occurred, why were these failures not corrected internally, what assumptions and biases existed that colored IC and DOD reporting on China, as well as who understood the threat but was ignored or punished for their accurate assessments.

My written testimony provides seven recommendations for you to use to address this clear and present danger. Today I will focus on just one, that the executive branch and Congress must admit that the U.S. national security community failed. These officials inherited a post-World War II Pax Americana, a position of overwhelming military and political dominance, and they squandered it. Admission of failure is the most important first step in establishing accountability and, more importantly, fixing the problem.

Finally, I remain extremely concerned that our national defense today continues to be degraded by those who favor unconstrained and unaccountable engagement with the Chinese Communist Party despite the overwhelming evidence of the PRC's malicious intentions and their lethal capabilities. Just as America must rapidly build the platforms and weapons necessary to deter and defeat the PLA, the U.S. Government must also fight the PRC's political warfare operations, which have so badly subverted America's defenses. This must be done immediately.

I strongly support this Committee's work and will do whatever is possible to assist you to help America acknowledge our past failures and to fight against the Chinese Communist Party's political warfare. If the Republic is to survive these attacks, we must vigorously preserve our system of individual liberty, democracy, and rule of law. If we fail, America will surely fall under the boot of an expansionist, genocidal, and totalitarian Chinese Communist Party.

I thank the Committee for the opportunity to testify, and I look forward to answering your questions.

Chairman COMER. Thank you very much. I now recognize Mr. Bethel for his opening statement.

**STATEMENT OF THE HONORABLE ERIK BETHEL
FORMER U.S. EXECUTIVE DIRECTOR
WORLD BANK**

Mr. BETHEL. Mr. Chairman, Ranking Member, esteemed members of the Oversight Committee, I am honored to address you today. This is a matter of critical importance, and that is China's expanding influence within multilateral institutions and the imperative that we have to address this development.

Drawing from my own experience at the World Bank as the U.S. Director, I have witnessed firsthand the nuanced and strategic efforts that China has employed to enhance its presence within key international bodies. These efforts significantly impact global governance and regulations. China's concerted plans to augment its influence are evident across several pivotal organizations. For instance, China holds significant sway with the International Telecommunications Union, the ITU. This is an organization that actively helped shape the global telecommunications standards. In 2014, Zhao Houlin was elected Secretary-General, and he remained at the organization until 2022. During his tenure, China leveraged its influence at this organization to support companies such as Huawei and ZTE.

Meanwhile, at the United Nations Industrial Development Organization, UNIDO, they exemplify China's strategic alignment of multilateral initiatives with their domestic agenda. UNIDO was initially established to promote the industrialization of the developing world. In 2013, Chinese Communist Party member, Li Yong, became Executive Director, and during his 8-year term, China seamlessly integrated UNIDO with the Belt and Road Initiative, otherwise known as the BRI. The UNIDO endorsement not only enhanced China's credibility, but it also extended their economic and strategic reach globally, leveraging other multilateral platforms to further their national interests.

The CCP's involvement in the International Civil Aviation Organization has also been concerning, particularly regarding the establishment of air navigation and safety standards. Liu Fang led the organization from 2015 to 2021. During her tenure, the ICAO came under fire for denying Taiwan access to participation in crisis coordination efforts during COVID, and then attempting to silence criticism on Twitter.

China's ascendancy extends far beyond these examples. I do not have enough time to go through them. Its influence permeates other critical multilateral bodies, including the 15 principal agencies of the United Nations, where Chinese deputies hold influential positions. The implications of China's influence within these institutions are profound. They extend beyond mere representation to shaping global engagement, rules, regulations, and standards. China's involvement in the ITU, for instance, impacts global telecommunication standards with significant ramifications for technology and innovation worldwide. Similarly, its influence at UNIDO and other international bodies reflects its efforts to align multilateral initiatives with China's foreign policy agendas, such as the Belt and Road.

As China continues to assert its influence in multilateral institutions, it is imperative for the international community, including

the United States, to respond effectively. Failure to address this issue could result in a significant shift in global governance dynamics, and this is going to have far-reaching effects for international cooperation, the rules-based order, and the promotion of democratic values.

During my tenure at the World Bank, I observed firsthand the critical importance of maintaining the integrity and impartiality of multilateral institutions. Ensuring that these organizations serve the collective interests of the international community is paramount. We should develop a comprehensive strategy to safeguard these institutions from undue influence and ensure that they remain effective in promoting global development and stability.

In conclusion, I urge the Committee to recognize the urgency of addressing China's expanding influence within multilateral institutions. It is essential to develop a comprehensive strategy to safeguard the integrity, the impartiality, and the effectiveness of these organizations so that we can ensure that they serve the collective interests of the international community. Thank you for your attention to this pressing matter.

Chairman COMER. Thank you very much. I now recognize Congressman Malinowski for his opening statement.

**STATEMENT OF THE HONORABLE TOM MALINOWSKI
FORMER ASSISTANT SECRETARY OF STATE FOR
DEMOCRACY
HUMAN RIGHTS AND LABOR**

Mr. MALINOWSKI. Thank you, Mr. Chairman, Mr. Raskin. It is great to be back with you.

As we focus on America's vulnerabilities today, I would like us to remember our strengths. America has the strongest economy in the world. China is struggling. We have allies. China has none. We are a democracy with ideas that people everywhere find attractive. China is the opposite. Everyone wants to come to America. No one wants to emigrate to China. In fact, they are losing their best and brightest people to us.

All that said, a CCP-led China does pose a growing political, military, and economic threat to the United States, and CCP political warfare in America is part of that picture. But it is essential to remember what China is trying to accomplish, the ends as well as the means, which are to amplify our divisions and to create political paralysis so that we squander our strengths so that our government cannot act to meet our challenges.

So, how do we beat that? First, I believe that the Trump Administration deserves credit for beginning to change the old paradigm of U.S.-China relations. The Biden Administration rightly continued what its predecessor started, including its trade measures, but Biden added far more effective restrictions to deny China access to critical technologies, and, unlike Trump, he got our European allies to join us. This kind of unity is precisely what we need to win and what CCP political warfare aims to prevent. If we want to win, we need to invest in our own industrial base, bring high-tech manufacturing back to America, and make sure that we, not China, dominate the clean energy technologies of the future, again, exactly what the Biden Administration is doing thanks to the Infrastruc-

ture Bill, the CHIPS Act, and the clean energy and science investments in the Inflation Reduction Act. Please remember this: the Chinese Government explicitly opposed the CHIPS Act. It is currently suing the United States and the World Trade Organization to stop the IRA's electrical vehicle subsidies. That is how they are trying to weaken America, and it tells us all we need to know about how to strengthen America.

If we want to win, we have to strengthen our security alliances, and here again, Biden has succeeded through the AUKUS partnership, by defending the Philippines in the South China Sea, by bringing Japan and South Korea closer together. Remember that President Trump threatened to pull our troops out of Japan and South Korea, which would have realized the wildest fantasies of CCP strategists seeking to displace U.S. power in Asia.

And President Biden has also been right to heed the advice of our friends in Taiwan by helping Ukraine. The CCP wants Putin to win in Ukraine. It was obviously happy to see the national security supplemental with its funding for both Taiwan and Ukraine held up for so many months. Passing that bill was another defeat for CCP political warfare.

And finally, if we want to win, we have to stand up consistently for our values and for American institutions. I believe the Biden Administration has done that, too, and while the Trump Administration sometimes tried and deserves credit for it, it was repeatedly undercut by Trump personally. You do not win a contest of ideas with the CCP under a leader who says, as President Trump did, that Xi Jinping is "smart, brilliant, everything perfect," because he "runs 1.4 billion people with an iron fist."

And finally, please remember this. One of the goals of CCP political warfare is to discredit the United States and our democracy. I went up against them many times as a diplomat. They tried to probe every single internal weakness we had in that way. We are not going to rebut CCP propaganda about us if we have leaders in our own country who say that America's elections are rigged, that our free press is the enemy of the people, that our independent judiciary is corrupt, that we have political prisoners in America, that it is America's fault that Russia invaded Ukraine, and so on and so on. If you are a CCP propagandist trying to disparage America and you hear stuff like that, you do not have to invent your own material anymore. All you have to do is retweet the Americans who say it.

Now, there is a lot that Democrats and Republicans can do together to combat CCP political warfare inside our country. I agree with much of the picture that you painted, Mr. Chairman. There is bipartisan legislation in this Congress and previous Congresses that should be taken up that I hope we have a chance to talk about today to deal with some of those specific concerns. But above all, I hope we will keep in mind what China wants us to do to ourselves—to stop believing and investing in our country and to stop leading the world—and then we should do the exact opposite. Thank you, and I look forward to your questions.

Chairman COMER. Thank you. Votes have just been called. There are just two votes, and the Speaker's Office has sent out a notice that they are not going to hold these votes open as long as they

have been. So, we are going to recess until approximately 10 minutes after the conclusion of the last vote in the series.

[Recess.]

Chairman COMER. The Committee will now reconvene.

I now recognize Mr. Gosar from Arizona for 5 minutes for questions.

Mr. GOSAR. Thank you, Mr. Chairman. The corporate left is quick to cancel and adhere to openness and political correctness, but only in this country. In NFL stadiums, the end zone is covered with the word "End Racism" in enormous letters, but as the NFL expands to viewers in China, the racism occurring in China is not such a big deal anymore. Who cares that the Uyghurs are enslaved or if the racial and religious minorities, like the Uyghurs and the members of the Falun Gong, have their organs forcibly removed? It is all about profits over people while pretending to be as clean as wind-driven snow, as Rush Limbaugh used to put it.

The list of corporate hypocrites who cozy up to human rights abusers goes on and on, but I will not bore you with that right now. If you are going to rely on the goodwill of the corporate left to forego all the greed in China, you are going to be waiting a long, long time, but there is a very simple solution: ending the fiat currency system. It is simply too enticing for these companies to not do business in a country whose currency is a pittance compared to the dollar. Arthur Lewis Lederman called being the country with the reserve currency "a curse" because that is exactly what it is. Consumers in foreign countries simply cannot afford goods priced in the American dollar, so bye-bye manufacturing and say hello to America's biggest new import: debt. And if you wonder why Big Banks like the fiat system, a non-fiat monetary system would level the playing field between all countries and restore manufacturing to the United States.

I appreciate the Committee's desire to keep us safe from China. However, in all honesty, I am much more afraid of the United States' Government. Just look at January 6. Over 1,450 mostly peaceful protesters have been charged with crimes. The FBI cannot help but brag. The government wanted to put Julian Assange behind bars for 175 years for daring to expose government misconduct and the true nature of the United States military involvement in Iraq and Afghanistan, which was not pretty, to say the least. The DOJ is attempting to send a number of peaceful pro-life protesters to jail for years simply for voicing their beliefs that abortion is murder. Steve Bannon, Mark Meadows, John Eastman, and Jeff Clark are just four of the names targeted by the DOJ due to the crime of supporting Trump. The list of people and entities prosecuted by the DOJ, including, obviously, the former President, is also one that goes on and on, but I will not bore you again.

I am happy that the House leadership decided to investigate these atrocities on behalf of the American population who supported Donald Trump by setting up the Weaponization Subcommittee run out of the Judiciary Committee. And, while not dismissing China as a threat, I reiterate I am much more concerned about our own government's desire to imprison those who disagree with them and their actions to render the First Amendment a meaningless paper memento than I am with a country suffering

from a self-imposed demagogic catastrophe caused by forced abortions and a one-child policy. All this leads me to a simple question: how are we supposed to fight China when we are becoming China?

I have a question for all of you. In the Twitter files, we learned the FBI pressurized Twitter to remove posts from the Hunter Biden laptop, information on election fraud and COVID-19, and suspend Donald Trump's Twitter account. Has the CCP engaged in similar censoring activities, Ms. Kissel?

Ms. KISSEL. Thank you for your question, sir. I do not think that it is accurate to compare the United States, the world's most vigorous democracy, to a totalitarian Marxist-Leninist regime that is committing crimes against humanity and genocide. I am here today to talk about what I believe to be a nonpartisan issue, which is the extraordinarily serious threat that the United States and American citizens here and abroad face from the Chinese Communist Party. And I strongly believe that this threat is differentiated from the threat that we faced during the cold war where they were over there, and we were over here. This is a far more dangerous and complex threat.

Our economies are intertwined, as my witnesses to my left have also articulated. This is unlike anything else we have ever faced. I spoke in my testimony about the gray zone activities that I believe are not adequately recognized and combated by the Federal Government, and I am here in particular to talk about CCP influence on the State Department. I also work in the business community, and I am telling you directors, CEOs are not aware of these threats.

Now part of the problem is that the Trump Administration woke up America and the world to the threat of the CCP. We would not be having this hearing today were it not for the work that we did. The Biden Administration has essentially adopted our framework and continued it. I am grateful for that, but there is far more to do, and we do not have a lot of time. Thank you very much.

Mr. GOSAR. I yield back.

Chairman COMER. Thank you. The Chair now recognizes Mr. Lynch from Massachusetts.

Mr. LYNCH. Thank you, Mr. Chairman. First of all, I want to thank the witnesses for your willingness to help the Committee with its work. I appreciate that.

Mr. Malinowski, one of the most common weapons that authoritarian regimes employ when attacking democratic governments around the world is to undermine the very electoral process, the democratic electoral process, by claiming that elections were either rigged or stolen. And that is in order to discourage democratic participation, No. 1, but also to undermine the government that is elected through that process. And that is happening around the world and largely being conducted by both China and Russia.

In this country, back in 2022 after the election, former President Trump and his personal attorney, Rudy Giuliani, Kenneth Chesebro, Mr. Eastman, and others challenged the results of the 2020 Presidential election in this country. They did so in 62 cases in, 9 states. They lost all of them. Every single case was either dismissed because there were no facts to support the claim, or they were dismissed after the merits were heard. All those attorneys

have been disciplined in some fashion, either that or indicted or disbarred, and are currently appealing their convictions.

Now meanwhile, Candidate Trump, despite losing those 62 cases, continues to say that the elections in the United States were stolen and seeks to undermine—and some of the members on this Committee do the same thing—seek to undermine the democratic process in this country. Does this not have the same effect, is this not in harmony with the Chinese program and the Russian program to undermine the credibility and integrity of our elections in this country?

Mr. MALINOWSKI. It is definitely in harmony. One of the central goals of CCP propaganda, and it is true of the Russians and the Iranians and most of our adversaries, is to convince people around the world that the United States is not, in fact, the democracy that we claim it is or even to convince people that democracy itself, the idea of democracy is a spent force. When I was an Assistant Secretary of State for Human Rights and Democracy arguing with the Chinese Government, this is the argument that they tried to make, not very successfully, and certainly, it is a major feature of their propaganda around the world.

As I noted in my testimony, it does not help us when American leaders echo exactly the same argument when they say that America has political prisoners, American elections are rigged, American institutions are corrupt. Now, Republicans and Democrats, we have always disagreed about policy, and that is fine. That is good. But at least in most of my life, we were united in defending America, in saying that our country has the best institutions, the finest system of government in the world. I think blaming America first is no way to win an argument with the Chinese Communist Party.

Mr. LYNCH. Thank you. I just want to add that U.S. former President Donald Trump praised Chinese President Xi Jinping after the ruling Communist Party announced that it was eliminating the two-term limit for the presidency, paving the way for Xi to serve indefinitely, according to audio aired by CNN. And this is a quote from former President Trump: “He is now president for life, President for life, and he is great, and look, he was able to do that. I think it is great. Maybe we will have to try to give that a shot someday,” meaning electing a leader for life rather than subject to periodic election. Trump went on to praise Xi as a great gentleman, and added he is the most powerful Chinese President in 100 years and said Xi had treated him tremendously well during his visit in November. What does this do about our ability to hold Xi responsible for his oppression and conducting full spectrum surveillance over the Chinese people?

Mr. MALINOWSKI. Right. So look, at the time former President Trump said those things, other members of his Administration, including Secretary Pompeo, were trying to do the right thing. They were standing up to Chinese human rights abuses, but the President of the country is the boss, and when the President says things like that to Xi or about Xi, it undercuts everybody else who is working for him to try to advance American values of freedom and democracy. And besides, it is just kind of bizarre and embarrassing. It sounded like he was envious of Xi Jinping, and that is no place for an American leader to be.

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

Chairman COMER. The Chair recognizes Mr. Palmer from Alabama for 5 minutes.

Mr. PALMER. Thank you, Mr. Chairman. Just a point of clarification before I begin. Is this a hearing about China or is it about Donald Trump?

Chairman COMER. It is a hearing about China, and we have passed along a number for Trump derangement syndrome to our colleagues. So, apparently, they have not started taking classes yet, but it is about China, a very important issue, and the government's failure to respond to the CCP threat.

Mr. PALMER. Well, reclaiming my time. I think that China is a serious enough threat that we need to focus on China, and I will encourage my colleagues to do that.

I have watched as China has become the dominant influence, at least economically, and through their debt diplomacy in our own backyard in the Western Hemisphere, and we have done little to nothing to address it. I think we have put ourselves in a very bad position, Ms. Kissel, in that we have allowed China to become the dominant economic force. I think in November, Xi Jinping will be in Peru to cut the ribbon on a major seaport that is built and designed to compete with our West Coast seaports. They are planning to build a major railroad. How would you respond to the fact that we have been rather absent in our own region?

Ms. KISSEL. Thank you for your question, Congressman, and thank you, Mr. Chair. I agree this is a serious threat, and I would like to focus on it. It also, I do not believe, should be a partisan issue at all, as the former Congressman intimidated. This is a threat to all Americans—Republican, Democrat, or otherwise.

The good news is that the Trump Administration, as I said previously, woke up America and the world to the threat, and we started to take actions across a number of fronts. President Trump, of course, was the first one to identify the fact that China was cheating on trade, that they were violating our intellectual property, and we took action on that. Under Secretary Pompeo, who I worked for at the State Department, we declared crimes against humanity and genocide, that China was committing these actions against the Uyghurs, the Hui, and other people.

We did a number of other important initiatives. We went around the world and we convinced many, many nations to get rid of Huawei from their telecommunications networks. We worked to probe what was going on at the WHO and what happened with COVID, which we now know came from a lab in Wuhan—

Mr. PALMER. And if I may interrupt.

Ms. KISSEL. Yes, sir.

Mr. PALMER. When the Trump Administration took action against China in regard to the spread of COVID, I think my colleagues across the aisle referred to him as a xenophobe.

Ms. KISSEL. Well, again, I would rather this not be a partisan hearing because I believe the threat is too grave to engage in that today.

Mr. PALMER. I want to continue this dialog, but I only have a couple of minutes left, and I want to talk about China's debt diplomacy. We know Pakistan, Kenya, Zambia, and Sri Lanka, Laos,

Mongolia are all under tremendous pressure. We just saw what happened a couple of days ago in Kenya when the government there was trying to raise taxes just to pay their debt. I think Zambia and Sri Lanka defaulted on their debt, and we are seeing this happen all over the world. It is not just Sub-Saharan Africa. It is happening in South America as well.

Ms. KISSEL. Well, again, the good news is that at least U.S. investors, U.S. businesses are waking up. Look at the numbers of foreign direct investment into China. It is falling off a cliff.

Mr. PALMER. Right.

Ms. KISSEL. And if you go and you talk to our Latin-American partners, our African partners, they want to do business with American companies. And I believe that the State Department could play a very constructive role in reaching out to these partners partnering with U.S. business and saying, OK, where can we come in and compete and win because these nations do not want Chinese workers coming in and taking their jobs. They do not want dirty money floating around their economy and their system further corrupted. They want to do business with us. So, there is a lot of room here for the U.S. State Department to play a positive role.

My fear, Congressman, is that we do not have the time that we had during the cold war. We had decades to argue amongst ourselves, Republicans and Democrats, about the best way, right, to combat the Soviet threat. I do not believe that we have that time with Communist China today, and that is, again, why I am so glad that Congress is taking this threat seriously and having these hearings. We need to talk about it. We need to talk about their military buildup, in particular. There are experts on this panel—

Mr. PALMER. I have only got a few seconds. I think we also need to talk about how complicit we have been in helping build out their navy and other military assets, how we have been lackadaisical in protecting our intellectual property, and just have not taken seriously the China threat. And again, Mr. Chairman, I think we need to take a long hard look at what is happening in our own hemisphere. And that is something that I am working on as a Western Hemisphere Alliance because, contrary to what some of my colleagues think about other issues, China is the existential threat and I think businesses are waking up to that.

We also need to wake up to the fact that other countries around the world need us to engage and engage intelligently in this, and I appreciate every member of the panel here. I am sorry I did not get a chance to address the rest of you, and, Tom, good to see you. But this is the existential threat facing our country, and I yield back.

Chairman COMER. Very good. The Chair now recognizes Ms. Brown from Ohio.

Ms. BROWN. Thank you, Mr. Chairman. As a member of the Select Committee on the Strategic Competition between the United States and the Chinese Communist Party, I have spent much of this Congress analyzing and evaluating the threat posed by the Chinese Communist Party's rising influence. Democrats and Republicans are clear eyed about the critical ways in which we need to advance our national interests, politically, economically, and

from a security standpoint to be able to compete with the People's Republic of China on the world stage.

The policies passed by House Democrats last Congress and implemented by the Biden-Harris Administration are already working to do just that, bringing tens of thousands of good-paying manufacturing and technology sector jobs back to the United States. This is in part due to the legislation passed under Democratic leadership, like the CHIPS and Science Act. CHIPS and Science is an investment in American labor, the American work force, and our economy, and ultimately, our national security.

In just one specific instance, American semiconductor jobs are growing rapidly following decades of decline. This is because the CHIPS Act makes a \$50 billion investment in the American semiconductor industry and creates an unprecedented tax credit for investments, and that is only the start. As a result of this Federal kick-start, the American private sector is matching and surpassing government funding, announcing more than \$160 billion in their own investment in semiconductor and other electronics manufacturing.

Welcome back, Mr. Malinowski. I have a couple of questions for you. How is the CHIPS and Science Act working to bring jobs back to American communities which have seen a decline in manufacturing opportunities in the past?

Mr. MALINOWSKI. Well, thank you, Ms. Brown. I think you put it very, very well. I mean, we are reinvesting in America. We were reinvesting in American manufacturing. When I was first running for Congress, most people thought we would never become the manufacturing country that we used to be and we are becoming that country again. This is obviously good for American workers. It is good for our economy. But in the context of this hearing, we have to consider how much it helps us in the strategic competition with China.

And keep in mind, in addition to the CHIPS Act, which is investing in semiconductor manufacturing in the United States, the Biden Administration has imposed devastatingly tough restrictions on the export of microchip technology to China not just from the United States, but enlisting countries like Japan and the Netherlands, which are the main manufacturers of the machines that make high-end microchips, semiconductors. And between the positive investments and the sanctions, if you will, the United States is racing ahead and China is falling behind.

As I mentioned in my opening testimony, the Chinese Government explicitly opposed passage of the CHIPS Act by the U.S. Congress for all of those reasons. They understand what their national interests are, and I think there are lessons for us in that about how we should invest in our country in the future. Thank you.

Ms. BROWN. No, thank you. So, it is like you were in my mind. In addition to the investments in semiconductors that President Biden has also made and directing that increase on tariffs, which you kind of touched on, on semiconductors and certain imports like EVs, electric vehicles, steel and aluminum, and medical supplies, can you elaborate a little bit more on how these tariffs benefit American manufacturers, our economy, and strengthen our national security?

Mr. MALINOWSKI. Yes. So, like on EVs, for example, I always think about this. Sure, it is an environmental issue, but it is an economic security issue. This is the industry of the future. People around the world are going to want to electrify transportation, and the question is, does America dominate that industry or does China dominate that industry? Again, we are not only investing in domestic manufacturing, in clean energy industries through the Inflation Reduction Act, we are also imposing tariffs on Chinese made EVs. And just a few days ago, at our urging, the European Union imposed its own tariffs on Chinese-made electric vehicles.

And, if anybody wonders where China stands on the Inflation Reduction Act, they are currently suing the United States and the World Trade Organization to try to take down those EV policies. So, whatever we make think of it, it is absolutely clear where China stands. They want us to stop doing this because it hurts them.

Ms. BROWN. Thank you, again. These strategic tariffs directed by the President are helping to combat the unfair trade practices of the Chinese Communist Party. They are a win for American workers and manufacturers, bringing even more jobs, opportunities, and security back to the United States. President Biden knows what so many of us in Ohio and other manufacturing states know. Bringing jobs, opportunities, and technology back to the United States is the best way for us to compete economically with the Chinese Communist Party. In doing so, we are supporting manufacturers large and small, lifting communities out of poverty, and strengthening our national security. Thank you, Mr. Chairman.

Mr. PALMER. [Presiding.] The Chair now recognizes the gentleman from Pennsylvania, Mr. Perry, for 5 minutes for his questions.

Mr. PERRY. Thank you, Mr. Chairman. Mr. Bethel, can you give me a brief rundown, if you can—yes, kind of keep it brief because I think we could have a long conversation about it—about how the PRC uses its power to infiltrate our financial systems to its advantage and to our disadvantage? And I want to have a broader discussion with the rest of the panel about that.

Mr. BETHEL. Where to begin?

Mr. PERRY. Yes.

Mr. BETHEL. First of all, let us provide context and understand what we are dealing with. What we are dealing with is we have a free and open system, and our financial managers, hedge fund managers, Wall Street professionals have an obligation, and their obligation is to provide a rate of return to their pensioners. They have a fiduciary and a moral obligation. So, the challenge that we have is to tell them you cannot invest in China because they will say, well, do not blame the player, blame the game. My job is to create a rate of return.

Now, what I find very ironic about this situation is that those same players that are quadrupling down on ESG are also quadrupling down on China. Every letter in that acronym stands for something. “E” stands for the environment. Having lived in China 10 years, I can assure you that I may have lost years of my life just breathing the air, right? “S” stands for social, and clearly what is happening in Tibet, in Xinjiang, in other places do not reflect a

positive social outcome for the Chinese people. And “G” stands for governance. You may ask yourself, how do there exist private companies in China when the government can strip you of your CEO and disappear your senior leadership. So, what I do not understand is how you can be for ESG and at the same time for China.

I have been arguing this case for years, but we now find ourselves in a situation where many of these financial managers have lost money to the tune of \$2 trillion, \$3 trillion over the last several years. One company alone, an American company, Nvidia—I was going to say thank you to Ms. Brown, but she left—but Nvidia has a higher market capitalization than the entire stock market of China, and that has happened over 2 years. So, the word of caution to our financial community is, be aware of what you are dealing with. And I find it also objectionable that Chinese companies listed in the United States do not file proper PCAOB accounting standards. How is that possible?

Mr. PERRY. So, how is that possible? And I suspect if I talk to each one of you, including my former colleague here, all with the best of intention, you know, to counteract the Belt and Road Initiative, we need to use things like the International Development Finance Corporation. We need to compete against China where they are competing. They cost the American people more money. But what you just described, the unequal playing field where American companies must comply, Chinese companies do not have to, they are advantaged. And the answer is the taxpayers got to pay more. Like, we are funding our own demise. We are funding our own demise.

Ms. Kissel, I am sure you have plenty of examples. Captain, I do not know if that is your wheelhouse, no pun intended, but I would love to hear your thoughts on that because I feel like there is an answer right in front of us, which is relatively inexpensive from an output, right? It is going to cost everybody something, right, if you are not getting cheap Chinese goods. But, we are going to take the cheap Chinese goods while allowing them to abuse our system, which they literally finance their operation, that we are asking our American taxpayers to then finance the opposition, which is ridiculous.

Ms. KISSEL. Well, I think Erik hit on an important concept that could be applied across agencies, and that is the concept of transparency and, as you say, fair and equal treatment. We should not give China special advantages because communist China, it is a party-state. We do not use that terminology, but we should. It does not function like our economy—

Mr. PERRY. It is a criminal state is what it is.

Ms. KISSEL. Every economic activity accrues to the Party’s benefit, and the Party’s goal is to upend our way of life and to dominate and change our way of life. I believe that these listing standards should be changed. I believe that the State Department should issue very clear guidance on the risks of traveling and doing business with China. It is very confusing. I get a lot of questions from clients about this, saying, well, should I go? Should I continue to invest? What are the risks? We should explain that very clearly. I think transparency goes a long way. And I also think, frankly, that it is unconscionable that you have Federal employees’ pension

funds going to companies that uphold the party-state that is committed to destroy us. That is insane—

Mr. PERRY. Mr. Chairman, I will conclude here. Who has the sole power to even the playing field? What I am saying is, is that we should be reciprocity. If it is good for them, it is good for us. If they allow it, we will allow it, but if they will not allow it, we will not allow it. Who has the sole authority?

Ms. KISSEL. Here is the challenge. There is not a single answer to your question. It is a very complex and complicated threat. The SEC has to deal with it. Commerce has to deal with it. The National Security Council, State Department, all arms of the Federal Government have to deal with it. But also, state governments have to deal with it because the CCP is conducting influence operations and softening up our local—

Mr. PERRY. Allowing them to not follow the rules. All those agencies have to change that?

Ms. KISSEL. This has to be an all-of-government effort in my opinion.

Mr. PERRY. Thank you, ma'am.

Mr. HIGGINS. [Presiding.] The gentleman's time has expired. The Chair recognizes the gentlewoman, Ms. Norton, for 5 minutes for questions.

Ms. NORTON. Thank you, Mr. Chair. This is a question for Mr. Malinowski. The Biden-Harris Administration is investing in domestic technology and domestic manufacturing because they are key components to strengthen our economy, create good jobs, protect our national security, and compete with the People's Republic of China. These investments mean that more components of our computers and cars as well as critical nano and biotechnology are being developed and manufactured here in the United States. By strengthening American supply chains, we prevent over-reliance on China for essential goods. As we have learned from COVID-19 pandemic, supply chain diversification is crucially important, not just for our economy, but to ensure Americans have food, medical supplies, and other essentials during times of global crisis.

Mr. Malinowski, how specifically will increasing domestic manufacturing of semiconductors and other technology strengthen national security?

Mr. MALINOWSKI. Thank you. I will repeat myself as often as necessary on this point, Congresswoman Norton. Bringing advanced manufacturing away from China to the United States and to our allies is absolutely essential to our national security, in part because these advanced technologies are critical to China's military development and for many, many other reasons. We are doing that in ways that are, I think, very surprising to the Chinese Communist Party. One reason why Xi Jinping expressed confidence when he launched on his current path several years ago was that he believed the United States was in decline, both politically and economically. He did not believe that we would come together, as we have, to invest in our infrastructure, to invest in critical technologies and advanced manufacturing. And so, politically, from the standpoint of our morale and his morale, it is also very important that we are doing this.

I want to quickly also just associate myself with my colleagues on the panel in their answers to Mr. Perry. I enjoy the rare moments when I can agree with Mr. Perry. It did not happen often when I was here, but we both enjoyed it when it happened. I agree with their analysis. I agree with their recommendations. I think the only way in which I would part a little bit is that I just think the United States of America is doing better across the board right now on all these fronts. I do not think we are on the verge of somehow being defeated or overrun by China.

Foreign direct investment in China, as a result of policies that were begun in the Trump Administration, continued under Biden, declined by 82 percent in just the last year. Think about that, 82 percent. They are reeling because we are finally waking up to the threat and doing things that are effective on a bipartisan basis, and my plea to you is do not stop doing those things.

Ms. NORTON. Since 2021, the Biden-Harris Administration has created hundreds of thousands of new manufacturing jobs in the United States through the CHIPS and Science Act. The Biden-Harris Administration is making significant investments in domestic manufacturing of batteries and electric vehicle components, which simultaneously reduces dependence on the PRC and helps reduce dependence on fossil fuels by making electric vehicles more accessible to Americans when they make a choice about what type of car to buy. Through the Inflation Reduction Act and the Bipartisan Infrastructure Law, every congressional district in America is benefiting from Federal funding for sustainable battery manufacturing.

Mr. Malinowski, how are these investments key to competing with the People's Republic of China?

Mr. MALINOWSKI. Well, I have 2 seconds, so I will just say that the People's Republic of China, their government opposed us making every single one of those investments because they understand that they are good for America and bad for their designs on America.

Ms. NORTON. China controls over 80 percent of certain segments of the EV battery supply chain. Investing in the domestic battery supply chain and building a sufficient domestic industrial base is a win-win. The Biden-Harris Administration is enhancing our resiliency, strengthening our national security, and creating jobs. I yield back, Mr. Chairman.

Chairman COMER. The Chair now recognizes Dr. Foxx from North Carolina.

Ms. FOXX. Thank you, Mr. Chairman. I thank our witnesses for being here today. Nice to see you, Tom.

We know that the Chinese Communist Party seeks to influence and undermine the U.S. economy in countless ways, and I appreciate what you all have said. This is felt in nearly all industries, including our domestic textile industry which is being flooded with fraudulent products that undercut U.S. manufacturers, its work force, and the legitimate players in the market. To stop the CCP's shameful use of forced labor in the Xinjiang region, Congress passed the Uyghur Forced Labor Prevention Act in 2021. This law is designed to prevent goods manufactured in the Xinjiang region from entering the U.S. because they are presumed to be made with forced labor since 2021.

Mr. Bethel, are you aware that the CCP continues to use forced labor to exploit its own people and undermine the U.S. economy, especially the textile industry?

Mr. BETHEL. Yes.

Ms. FOXX. Yes? OK. Good.

Mr. BETHEL. I will make it easy for you.

Ms. FOXX. Yes. Mr. Fanell?

Mr. FANELL. Yes, ma'am. Everything that I see in the reporting suggests that that is still going on.

Ms. FOXX. Ms. Kissel?

Ms. KISSEL. Yes, and we should not forget this is a totalitarian regime. None of the citizens, the ordinary Chinese people enjoy the rights and freedoms. So, while we recognize the crimes against humanity and genocide in Xinjiang, we should also recognize that the people of Hong Kong, Macau, and the rest of Mainland China also suffer under the jackboot of the Chinese Communist Party.

Ms. FOXX. Yes. We have heard that many Chinese companies exploit the *de minimis* tariff exemption to avoid tariffs inspections and continue importing goods from the Xinjiang region that are prohibited under the Uyghur Forced Labor Prevention Act. Mr. Bethel, can you speak to how this exemption is being exploited by the CCP?

Mr. BETHEL. Sure. Before I do, let us contextualize what we are dealing with. China has ethnic minorities. They are called the Uyghurs, OK? And China has taken these ethnic minorities and put them in concentration camps. How are we allowing this, and how is the world not waking up to this? This is atrocious.

Anyway, to answer your point, it is very easy for Chinese companies to circumvent the anti-dumping and forced labor bill by simply going to other countries. So, in other words, if China can export goods and materials to, say, Mexico or a CAFTA country, and Mexico can assemble them, they can get them into the U.S. through NAFTA. So, I think we should be very aware of not just the end destination, the ultimate origin of where the goods came from.

Ms. FOXX. Well, I want to stick with this issue for just a moment. It is estimated that half the *de minimis* shipments entering this country are textile or apparel products. This severely hurts the U.S. textile and apparel industry because it does not abide by the established trade rules, and many of the *de minimis* shipments, as confirmed by Customs and Border Protection's testing and as you alluded to, contain cotton from that region. What can be done to close this *de minimis* loophole that harms U.S. industry and perpetuates human rights abuses? Mr. Bethel?

Mr. BETHEL. Well, I think galvanizing a whole-of-government approach is a great first step. I think one of the things that we are missing here is that China views warfare as a multidimensional attack against the United States, where we view warfare purely in the kinetic realm.

So, I saw that Jim had this book here called "Unrestricted Warfare," which is written by two PLA colonels, in which they claim that you can attack the United States diplomatically through culture and education, science and technology, data, space, trade, and it is all interconnected. So, I think taking a whole-of-government approach and understanding that this cannot be solved by one

agency but rather by many agencies, I think that is probably the smart approach.

Ms. FOXX. Thank you. And, Captain Fanell, to build on what Mr. Bethel was saying, how can we get our military and intelligence community to recognize that it has underestimated the CCP and what is being done in these very disparate ways of undermining our country?

Mr. FANELL. Well, as Erik said, we need to recognize that China is using comprehensive national power, as they define it, to attack the United States across this whole-of-government, as we call it, process. And in terms of the military domain and the IC, as I said in my opening statement, we need to have a recognition of past failure to truly understand the intentions of the Chinese Communist Party to displace the United States as the world's superpower. And until we do that, we are not going to be able to move forward.

And so, we need to have something like we had in the 70's with the Church Committee or the Pike Committee. We need to have a committee hearing that really goes into the IC and the DOD to understand how it is possible, for instance, from 2005, the United States Navy had a 76-ship advantage over the Chinese Navy, and today, it is 39 ships in favor of the Chinese. That is 115 ships swing in a 20-year period, and yet we sat here dumbfounded and did not do anything about it. And while we have moved some manufacturing back to the United States, China today has 13 major naval shipyards. The United States has seven. Just one of China's is greater than all seven of ours. We have some serious problems ahead of us.

Ms. FOXX. Thank you, Mr. Chairman. I yield back.

Chairman COMER. The lady yields back. The Chair recognizes Ms. Lee from Pennsylvania.

Ms. LEE. Thank you, Mr. Chair. You know, this really should be a bipartisan hearing, but I am afraid my Republican colleagues are so focused on getting their fear-mongering soundbites that they have lost the plot a bit because there is a lot on this topic we could agree on—American jobs, for instance. We all want to see manufacturing come back to our communities, and we all want to see that local manufacturing to create good-paying union jobs. Communities like my home city of Pittsburgh have been hit hard by outsourcing and relocating. We are the steel city, but we have had to adapt and transition to other industries as the manufacturing has declined. Rather than giving up, we should be working to revitalize our manufacturing and expand job opportunities.

The Bipartisan Infrastructure Law, CHIPS and Science Act, and the Inflation Reduction Act have created the support for more than \$860 billion in business investments in industries like electric vehicles and clean energy and semiconductors. Mr. Malinowski, how does investing in these types of industries help ensure good-paying jobs in manufacturing here in the United States?

Mr. MALINOWSKI. Well, it transparently obviously does. And I think, as you know better than most given the district that you represent, not only were we losing jobs in these industries year after year after year, decade after decade, but we were losing the confidence as a country that we could ever be a manufacturing

power again. And if you look at what Chinese strategists and propagandists were saying about the United States, they, too, were dismissive of the possibility that the United States would become that kind of manufacturing country again.

So, the fact that we have come together and made the decision we are going to do it and demonstrated that it is possible in the way that we have in the last couple of years not only is great for jobs and for families getting money in their pocketbooks, but it is also, I think, great politically and from a morale standpoint for our national confidence, and it shows China that we are not to be trifled with.

Ms. LEE. Thank you for that. Staying on those particular sectors, those types of industries, what are some of the long-term benefits of developing these jobs in our communities aside from the morale boost, but for the communities themselves?

Mr. MALINOWSKI. They are highly skilled, better-paying jobs than existed before, so there is a dignity benefit that I think should be very important to all of us. There is a huge benefit to our national security because many of these industries are critical to our military modernization, and, therefore, for national security reasons, it is important that this manufacturing happen either in the United States or on the soil of our closest democratic allies. So, the benefits are infinite. The drawbacks are zero. And I keep coming back to, China explicitly did not want us to do this, and that tells us everything.

Ms. LEE. Thank you. Of course this is just the start, right? Workforce hubs and communities around the country, including Pittsburgh, are creating job training programs to ensure these investments translate into pipelines for good-paying jobs in communities that have been left behind. Through this program, the administration has invested almost \$450 million to expand registered apprenticeship and pre-apprenticeships, which supported the education and training needs of more than a million Americans. Already these investments have created nearly 800,000 manufacturing jobs here in the United States and doubled new factory construction. But to better understand the full problem, I think we also need to ask how did we get here and how do we keep moving forward?

Mr. Malinowski, what are some of the challenges to remaining competitive against China and keeping our manufacturing workforce in the United States?

Mr. MALINOWSKI. Workforce is the key. We are investing in manufacturing. We are investing in science. We have 8 million unfilled job openings in the United States right now. How do we solve that? We need workforce training. We need to invest in community colleges which train young people directly for these jobs. And, if I can touch a third rail, we absolutely from a national security point of view need more legal immigration to the United States. One of our biggest comparative advantages over communist China is that no one wants to emigrate to China because it is a dictatorship. And the best, brightest, most talented people in the world want to come here. I do not want a single person coming illegally, I want us to control it, but we need more, not less, legal immigration. Thank you.

Ms. LEE. Thank you for that. Fighting back against China's unfair trade practices, investing in our American workers, and bringing good-paying union jobs back to the communities across the country all seem like bipartisan goals. The American people deserve more than this fear mongering. They deserve solutions and actions, and I thank you for that. And with that, I yield back.

Chairman COMER. [Presiding.] The Chair now recognizes Mr. Grothman from Wisconsin.

Mr. GROTHMAN. Thank you. First of all, Mr. Bethel, you mentioned, I think, a little bit the plight of the Uyghurs, which kind of shows what the CCP is capable of. I know particularly the NBA owned by these billionaires; it does not seem to bother them. Could you give us, in general, an overview of what the response of, the schmoozers who run America's big corporations, has been to what is going on with the Uyghurs?

Mr. BETHEL. I think people just do not want to talk about it. To give you an illustration, Volkswagen, it is not an American company obviously, but it is emblematic of what the situation is. Volkswagen has its single largest factory for automobile production in Xinjiang, China. If they were to speak out, ask yourself what happens. Furthermore, 90 percent of the photovoltaic material for solar panels comes from Xinjiang. So, we have solar panels on our roof. We have a Tesla. We are very concerned about the environment. I will preface that. However, it is all coming from China and from Xinjiang, and so I think there is a level of intellectual dishonesty. And furthermore, China's been very careful to address the seams in our government. Do you care more about human rights or do you care more about environmentalists?

Mr. GROTHMAN. Well, first of all, I think this institution has to familiarize itself where this green stuff is coming from, and maybe if they realize so much of it is coming from China, they would not be so gung-ho in pushing it more on people. And I do want to comment on Mr. Malinowski's comment. I do not believe American industry is on the ropes for manufacturing. Wisconsin right now is the No. 1 manufacturing state in the country. They got two problems. One problem is they need more people to work. And by the way, I really dislike it when people imply the non-union jobs, of which we have so many good ones, do not count. I think probably disproportionately the boom in manufacturing jobs in Wisconsin has come from non-union jobs, and if we try to focus on union jobs, we will not be as successful.

But manufacturing is booming in Wisconsin. I wish we had more high-tech manufacturing. Do you think we should do something tax-wise on that? Mr. Malinowski, do you think that would help?

Mr. MALINOWSKI. I would be very open to anything, yes.

Mr. GROTHMAN. Good. We will bring you in on this.

Mr. MALINOWSKI. Could I comment on your NBA comment because I think we could agree on a bunch of things.

Mr. GROTHMAN. Right.

Mr. MALINOWSKI. So, a few years ago, the Houston Rockets, an NBA team, fired one of their executives for criticizing human rights abuses in China. I introduced a bipartisan bill—I am forgetting now who my co-sponsors were—to prohibit American companies from taking personnel actions against employees for exercising

their free speech rights to criticize human rights abuses abroad. I mean, it is a non-controversial bill. We were not able to pass it, but it is something I would highly recommend you guys take up. I cannot think of any argument against it. I think it is something that would unite all of us Republicans and Democrats on this panel, and I totally agree with you. That is an issue that we should be concerned about.

Mr. GROTHMAN. Thank you. I think the middle class in America is very proud to be American and very great to be American. It is the multi-billionaire class that does not seem to recognize what we have. But, I will ask one final question here. We will go to Ms. Kissel. It can be any one of you. One of my concerns is how America is portrayed in the Chinese media, you know, what they are saying about America as they communicate with their own citizens.

And, you know, I have heard for years, and when I talk to Chinese around here who are here, whatever, they are all, Oh, everybody in China loves America. But I hear, you know, in their curriculum that they are giving their own people is sometimes anti-American. Could one of you guys comment on how are they educating the Chinese to think about America?

Ms. KISSEL. First of all, I think it is important that we recognize that China does not have media. It has propaganda. It is fundamentally different from our free and open press, and so it is a party-state. I have used that phraseology before. I think it is important that we adopt it as a country and a Federal Government. I will give you an example from our time in office.

We declared Chinese propaganda outlets like Xinhua foreign missions because they report to Beijing. They do not report to a CEO with an independent board. Their function is to promote the interests of the Chinese Communist Party. We received huge pushback from U.S. media organizations that wanted to keep their reporters in China, and my question to them was how are they going to report in China? They cannot freely walk around. They are surveilled. They are harassed. You would probably get more good reporting out of basing your people in Taipei and talking to the Chinese businesspeople who are traveling there. So, again, we face this problem of—

Mr. GROTHMAN. We are running out of time. Can I ask you what is more progressive, the Chinese media or the American media?

Ms. KISSEL. The Chinese do not have media. They have propaganda outlets. The United States has a dynamic competitive free media. Some of it is garbage, some of it is great, but at least we have a competitive free and open system.

Mr. GROTHMAN. Thank you.

Chairman COMER. Very good. The Chair recognizes Mr. Frost from Florida.

Mr. FROST. Thank you, Mr. Chair. So, when we talk about the threats posed by the CCP, I think it is important that we make sure that the actions to counter those threats do not also undermine our own democracy in the process. Otherwise, we play right into the hands of our adversaries and folks who wish to destabilize our country. And what we need is a targeted, informed action, the kind that the Biden Administration has been taking, not the chaotic sideshow that we saw during the Trump Administration. For

proof of Trump's China first, America second policy, all we have to do is look into his business dealings. Mr. Malinowski, are you familiar with the Industrial and Commercial Bank of China or the ICBC?

Mr. MALINOWSKI. Yes, generally.

Mr. FROST. Is it an independent entity or is it tied to the Chinese Communist Party?

Mr. MALINOWSKI. There are no independent entities in China, but that one, in particular, is tied, yes.

Mr. FROST. So, the ICBC is owned by the People's Republic of China and, in the first few years of his presidency, former President Trump took payments after payments from one of his Trump Tower tenants, the ICBC. Yes, the one owned by the CCP. This continued even after authorities started investigating ICBC's ties to front companies funneling money to North Korean nuclear programs. In other words, Trump was valuing North Korean nukes, the CCP, and his own bottom line over our national security in the interest of Americans.

As a matter of fact, during Trump's only term as President, the Republican Chairman of the House Foreign Affairs Committee begged the Trump Administration to target sanctions toward "more Chinese banks that do business with North Korea with or without Beijing's cooperation." But, that would require the former President to recognize America's interests in curtailing the PRC's influence over his own financial interests. Trump has enabled President Xi every step of the way. Mr. Malinowski, do you know what former President Trump's policy was toward the Uyghur people?

Mr. MALINOWSKI. Look, I have tried to be fair here and make a distinction between the Trump Administration and the former President. I think the Trump Administration did a lot of things that I agree with for China and had people who are responsible and working for the American people. I think his former National Security Advisor, John Bolton, has said the President himself far too often mixed his personal interests and obsessions with his responsibilities as commander-in-chief. And, of course, we know what he reportedly said to Xi Jinping about the concentration camps, that we all agree are horrible, in Xinjiang. He said that that is a perfectly fine thing to do.

Mr. FROST. Exactly. Yes, he said exactly the right thing to do when talking about concentration camps to detain folks. Mr. Malinowski, considering that former President Trump repeatedly chose his pro-CCP patrons over Americans, what guardrails are in place to ensure that future administrations do not repeat this pattern?

Mr. MALINOWSKI. I do not know if there is any legal guardrail against the kinds of statements that he would make about Xi Jinping. We just have to exercise our good judgment as voters, whether we are Republicans or Democrats, to choose leaders who really do put American values first. On issues like emoluments, which the Ranking Member of this Committee has emphasized, I think there are also legal measures that we can enact, whoever may be President at any given moment, Democrat or Republican, to make sure that they do not have personal business interests that are linked up with foreign powers.

Mr. FROST. What signal does it send to authoritarian regimes around the globe, including China, when we have a leader who repeatedly puts their own interests first and turns a blind eye to human rights abuses?

Mr. MALINOWSKI. I think the signal that it sent to China at the time was that they could ignore Secretary Pompeo and National Security Advisor Bolton and others in the Trump Administration who were trying to emphasize human rights because their boss did not care. Their boss seemed to envy the powers that Xi Jinping possessed rather than being disgusted by them.

Mr. FROST. The threats posed by the CCP are very real, and our foreign policy toward them is one of the most pressing policy issues our country faces. But we need an administration and a President who can effectively counter the threats posed by the CCP, not leaders who put their own financial interests first. Thank you. I yield back to the Ranking Member.

Chairman COMER. The Chair now recognizes Ms. Mace from South Carolina.

Ms. MACE. Thank you, Mr. Chairman. It would not be a China hearing on the CCP without the left invoking Trump, Trump, Trump, and I find their comments today quite ironic. And I do want to respond to some of the things that were said today, most recently, to quote my colleague, "leaders who put their own financial interests above all else." Well, Joe Biden and his family have received over \$8 million from Communist China, by the way. So, let us have an honest discussion about who is bought and paid for by China and who is not and the entitlements that I am witnessing today.

But also, you know, the idea that Joe Biden is free and clear on this thing, the Biden and Harris Administration has responded forcefully to the political security and economic challenges by the CCP, and nothing could be further from the absolute truth. It would be wonderful if mainstream media would actually cover it, but here are some of the things that they have said that Biden has said, and the Harris Administration that they do not want to contain China. Biden called Xi Jinping a "smart, smart guy."

He described his relationship with Xi Jinping as a "friendship." Joe Biden said directly that they are not bad folks. He said also that it is in our own self-interest that China continues to prosper, but is it? It is not actually. It is actually unsafe for the entire world, not just the United States. Also, Joe Biden called travel restrictions with China during COVID hysterical, xenophobia, and fear-mongering.

So, I see a lot of hypocrisy from my colleagues on the other side of the aisle today. And, even worse so, the fact that they want to place an attack on democracy, on Trump, or Republicans is actually hysterical, and it is actually a lie. It was just last year when the Ranking Member of this Committee when discussing Smirnov today called that witness, when we were going over the FBI 1020 form as trustworthy and credible because that is what the FBI told members of this Committee. I am just tired of the lies, I am tired of the attacks on Republicans, and to quote my colleague earlier today that we want to damage the idea of democracy, that Donald Trump attacks democracy.

I can think of nothing worse than an attack on democracy when you are literally throwing the Presidential nominee for our party off the ballot in multiple states whereas the Supreme Court ruled that was unconstitutional. Literally, the left is trying to dismantle freedom. They are trying to dismantle liberty. They are trying to dismantle the Constitution and everything our founding fathers and our Nation was founded on in this country today.

So, I would like us to have a more honest discussion about what is actually happening in this country, what we are doing, and more importantly not doing, to combat CCP. So, I have got about 2 minutes left. I want to reiterate, Joe Biden and his family have received over \$8 million from China and CCP aligned companies.

So, my first question goes to Mr. Fanell. Your testimony today focused on the failures of the intelligence community, the same "professionals" that lied to the American public weeks before an election that said that Hunter Biden's laptop was Russian disinformation, literally an attack on democracy, the position that the left took. What steps, in your opinion, are necessary to ensure that bias and faulty assumptions do not poison the intelligence that our Nation and her people rely on?

Mr. FANELL. Well, as it relates to the intelligence assessments on China, we have had 30 years of what my co-author and I have called threat deflation, where the intelligence community has habitually and perpetually downplayed the threat from the PRC.

Ms. MACE. Are they lying to the American public? Are there instances of them purposely dishonestly providing false information?

Mr. FANELL. In the course of my career, I do not think I saw anybody outright lie about and manufacture anything. What I see though is, how is it possible that for 30 years, you can continually say that this is not a threat, this is not a threat, and never once say, hey, we have to worry about a threat.

Ms. MACE. Would you call it propaganda? Is that a better way? Other than a lie, is it propaganda coming from the Intel community?

Mr. FANELL. I think it is what we are talking about here today in this hearing. It is the influence of political warfare from the PRC that has infected our academics, our think tanks, our government institutions.

Ms. MACE. We have 20 seconds left. How are U.S. tax dollars funding some of this propaganda and promoting the CCP? Yes or no.

Mr. FANELL. Yes.

Ms. MACE. Thank you, Mr. Chairman, and I yield back.

Chairman COMER. The gentlelady yields back. The Chair recognizes Ms. Crockett.

Ms. CROCKETT. Mr. Chair, you know, I always come ready and then I get thrown off. So, first of all, I thought that this was going to be somewhat bipartisan. I often tell our friends from Taiwan that the only thing that is bipartisan in this 118th Congress is China. But boy, you know, it never ceases to amaze me how we get so partisan, and how we just start straight up lying. So, let me make sure that we get the record correct really quickly.

At this time, I would like to enter into the record, an article from Reuters, "Biden Calls Xi a Dictator After Carefully Planned Summit."

Chairman COMER. Without objection.

Ms. CROCKETT. Thank you so much. In addition to making sure that we can outline some of the things that it was Trump had said, I think my colleague from South Carolina may have gotten confused about who said what, but these are things that Trump has said about Xi: "smart;" "brilliant;" "everything perfect;" "we love each other;" "President Xi, who is a friend of mine, who is a very, very good man;" "there is no body like that;" "the look, the brain, the whole thing;" "my feeling toward you is an incredibly warm one." This does not sound like someone that has any intentions of being hard on China, in my opinion.

So, let me go through a couple of other things that are disturbing. It was brought up a little bit earlier this question about immigration, or there was some things about immigration. I know that you emphasized that we should look to legal immigration. And because I am off script right now, I am curious to know if any of you are aware of what has happened in Japan, and the difficulties that Japan has faced based upon the fact that they actually have not wanted to engage in legal immigration and it has detrimentally affected them economically. Is anyone familiar with it? Just curious.

Mr. MALINOWSKI. Yes. No, it is absolutely true.

Ms. CROCKETT. It is absolutely true. So, I do want to say that it does hurt us when we decide to demonize people that are trying to come to this country. It hurts us economically. There also was this insinuation that people are not working because they just, I guess, are lazy. I am not really sure. But, I do want to be clear that we have had record unemployment under this Administration. In fact, we hit a 54-year record low under this Administration, so people are working.

Now, let me get to my actual planned remarks. I want to go back to something else that you brought up, which is my amazing Ranking Member, and the investigation that we were trying to do as it relates to emoluments. So, I am going to start off first with you, Captain. I know you are no longer serving as an intelligence officer on China, but I have a simple "yes" or "no" question. Given your experience, would you trust someone to go head-to-head against an enemy like the Chinese Government if that person whose duties include ensuring national and international security against the PRC, if that person has received millions of dollars and other financial benefits from the Chinese Government?

Mr. FANELL. I do not know who you are talking about, so I would have to wait and see who you are mentioning.

Ms. CROCKETT. OK. Well, I am going to say that I would not trust that person, and it is the reason that I do not trust that Trump will protect this country. In fact, just this year, when asked whether the U.S. should defend Taiwan if it means going to war with China, Trump merely stated, "Well, I do not want to say, but remember, Taiwan did take all of our chips business. We used to make our own chips. Now they are made in Taiwan. Taiwan took our business away." It does not sound like he is too friendly on Tai-

wan. And I do want to say that while that may be the case, this Administration and a Democratically controlled House and Senate made sure that they did something smart on legislation. That legislation was led by my predecessor, the late great Eddie Bernice Johnson, in the Science Committee and the CHIPS and Science Act is absolutely making sure that we are moving those jobs back. I know Samsung is doing lots of great things in Ohio, and we know that these plants are sprouting up everywhere to make sure that we can make chips here.

But what I continue to see is that Trump seems to only care about his money. Democrats on this Committee publicly released financial documents detailing how Trump received over \$5.5 million from the Chinese Government. Not only that, these records also showed how President Trump and his White House Senior Advisor, daughter, Ivanka, received hundreds of trademarks by the PRC during that time, so I am going to skip to this timeline because I want to make sure we cover this.

ZTE is a China telecommunications company, which has had extremely close ties to the Chinese Government, including report showing ZTE employees entering and exiting Chinese spy facilities. Unfortunately, what we saw when we look at this timeline is that in May 2018, China approved Ivanka's trademarks for bath mats, textiles, and baby blankets. May 7, 2018, China approved five additional trademarks. May 13, 2018, President Trump tweets he has instructed the Commerce Department to reverse its decision to sanction ZTE. June 7, 2018, Ivanka's company gets three more provisional Chinese trademark approvals. The same day, the Trump Administration officially announces an agreement to lift the sanctions on a 7 year—

Chairman COMER. The gentlelady's time has expired. The Chair recognizes Mr. Sessions from Texas.

Mr. SESSIONS. Mr. Chairman, thank you very much. I want to thank the panel for being here today.

The USDA estimated that foreign investment in U.S. agriculture land grew to approximately 40 million acres in 2021. That is a GAO study. We increasingly find out that China is not only after food, but after land that is near important installations. Perhaps it could be something related to the military. Do any of you have an expertise in speaking about that, that you could lend some insight to that? Captain, you?

Mr. FANELL. Yes, sir. The threat from the Chinese in terms of what they are acquiring in our country, in terms of buying land and its close proximity to our military installations, is greatly concerning, as was their spy balloon reconnaissance, intelligence, surveillance, and reconnaissance balloon that flew over our country and collected over critical U.S. military installations. And so, we need to be very aware of where they are at, what they are doing. In the book that we just wrote, "Embracing Communist China: America's Greatest Strategic Failure," we actually call out and say that we need to move to the CFIUS process, which is the oversight of where certain acquisitions are made in our country, move it out of Treasury and move it over to Defense because that is how important and serious this threat is.

Mr. SESSIONS. Interesting.

Mr. BETHEL. If I can add a little bit.

Mr. SESSIONS. Oh, yes, sir. Please go ahead.

Mr. BETHEL. It is not just in the U.S., right? Not only is China buying hundreds of thousands of acres—

Mr. SESSIONS. You can go to Uruguay and find it.

Mr. BETHEL. Well, you can go to Argentina, which is where I was going. China has a military base with satellites that can track their Polar LEO satellites that can then track hypersonic weapons. This is not fear-mongering. This is reality. In Argentina, they are building a dual-use port in Ushuaia, and they are going to land a fiber optic cable to Antarctica, and the fiber optic cable can be used as a sensor to detect our submarines. In Panama, China owns container terminals on both sides of the canal. So, I think it is not just in the United States, but we should be aware that China is encircling us, and we need to kind of wake up and get out of the matrix.

Mr. SESSIONS. Ms. Kissel?

Ms. KISSEL. If I could add just a little bit more to that. And the purchases of land do not always have military and intelligence implications. It is also crime and drug running, which we have seen in states like Oklahoma and Maine, where Federal authorities have arrested Chinese individuals, likely associated with the triads, who are running drugs and committing Federal crimes within our borders.

Mr. SESSIONS. Marijuana farms.

Ms. KISSEL. Correct. The marijuana farms, which is why we need a whole-of-government approach. As the other panelists and I have suggested, there is not one solution to this problem. It is a very comprehensive, different, serious threat than anything we have ever faced in the past.

Mr. SESSIONS. Ms. Kissel, just so that we all understand, we are up here for policy. I thank the people that are serious about this, are in the room right now. Tom, welcome. I am glad to see you.

I am interested if both of you would accept the challenge. I am not asking about a 20-page paper. I am asking about executive summary or whatever you would like to do. I am interested in how you, Ms. Kissel, in the Trump Administration, Undersecretary of State, viewed this issue and how it was looked at from if there was a holistic viewpoint of a plan that might lay itself out across government. Was it the NSA who was in charge, if you would do that, and, Tom, if you would do that for me, too? I am not trying to do anything more than compare and contrast.

I think somewhere, the answer has got to lie with all of us, not one administration or the other. And I know that there are people that write about these things all the time. I am not doing that, but I am interested in a professional viewpoint that you have about serious people in the prior Administration and serious people in this Administration, writing me—I will share it with everyone on this Committee—about how it was looked at from a perspective of national security and following down. Tom, is that something that you could accept?

Mr. MALINOWSKI. A hundred percent. It is a legitimate concern, and I appreciate the way in which you are approaching it.

Mr. SESSIONS. Because I am concerned we had a member here who was talking about it is all politics. No, it is not all politics. It

is all protecting the Nation, and there are people who do things differently. Mr. Chairman, when I receive this, I will notify this Committee for distribution. I would like to ask that both of you provide that to me. Tom, I will give you my information.

Mr. MALINOWSKI. Thank you. And you are speaking specifically of the land.

Mr. SESSIONS. No, sir. I am speaking about how we should look at China. If it is just land, that is fine, but I am worried about how do we look at China. Do we have someone specifically related in there who can see the entire set? I appreciate both of you. If you want to send me some just on land, that is fine. What I am saying to you is, I will share it with the entire Committee, and we will appreciate it. And thank you all for being here. Captain, I am sorry, I have run out of time, but I gave you my information. Mr. Chairman, thank you.

Chairman COMER. Thank you. The Chair recognizes Ms. Porter from California.

Ms. PORTER. Does everyone remember 2008 when the United States caused a global economic meltdown? We were financing our housing market with securitized bonds backed by shady risky collateral, shady risky mortgage loans that went bad, and the fallout was terrible. Today, China is setting the world up for a global economic meltdown. How? They are financing their infrastructure with securitized bonds that are backed by risky, lousy collateral. Local governments in China have major expenses. They build massive infrastructure, they deliver public services, and those investments are ballooning in size and price, driven in part by an effort from localities, cities, and provinces to out-compete each other.

Now, in China, unlike in the United States, state and local governments cannot assess sales or property tax, and they cannot directly issue bonds. So, the Chinese localities do not have those ways to raise money for infrastructure services. Given this, the Chinese have gotten creative with how to fund their infrastructure. In China, local government sign over assets like land or stock in government companies to private local government financing platforms. For example, local government might have a 50-year lease on land under a residential high rise, but that lease and its revenue are collateral for the private financing platform. Now, these platforms are called private, but they are implicitly backed by Chinese state assets as collateral.

With all this backing, the local government financing platform borrows money from a bank. The bank loans are bundled together into the bond market. These bonds get a high rating, Triple A, because they have the implicit backing of the CCP. This should remind us of what happened here. Our mortgage bonds got really high rates, even though they were loaded with mortgage loans, sub-prime, predatory mortgage loans because they were implicitly backed by our government sponsored entities like Fannie Mae and Freddie Mac.

Mr. Bethel, what is the greatest risk of this Chinese financing system?

Mr. BETHEL. First of all, let me congratulate you on doing a deep dive on what is happening in the Chinese economy.

Ms. PORTER. I would like to recognize my staffer for helping me put this together and myself for making it comprehensible to the American people.

Mr. BETHEL. So, I would like to go back to the gentleman from Pennsylvania, who asked about why on earth are we investing in China. And so, a lot of these bonds are being sold globally and internationally, and so I think we should be aware that there is a ticking time bomb. What concerns me more broadly than this particular issue? Well, this particular issue that is linked to China has a massive debt crisis and their economy is decelerating, and what does a Xi Jinping do when the relationship between the government and people is broken, right? There is an implicit pact between the people and the government. The government provides economic opportunity to the people, and the people, in turn choose not to create a revolution or—

Ms. PORTER. This is actually not different than our country, I just want to point out. So, when things went south here in 2008, we bailed out banks and homeowners. I guess what I am trying to get at in this specific instance is, and I want to get back to the consequences of all this in a minute, is the value of land. This works so long as the value of this land, of these assets, continues to go up, just like it worked when housing prices in America continued to go up. So, it is likely, it is inevitable that prices will not continue to rise. There is a significant property bubble, so like any bubble, the system is not sustainable. And once this batch of long-term urban leases, which began years ago, expires, which will start in the next 5 years, there will be a glut, and leases will not be as valuable. That will cripple the bond market. Mr. Bethel, do you know how large this bond market is?

Mr. BETHEL. I can get back to you on that.

Ms. PORTER. Ms. Kissel, do you know?

Ms. KISSEL. I do not, but again, I would also like to add my congratulations. It is the first time I have seen Congress take a deep dive like this. It is very important, but you touched on actually what I think could be the solution. You mentioned the rating agencies and the Triple A ratings. Congress could act to break up the duopoly of S&P and Moody's and force American investors to do their own due diligence and not outsource their due diligence to rating agency.

Ms. PORTER. The rating agencies are not perfect. We all saw that in 2008, and 2009, and 2010, and 2011, as the financial crisis continued. Go back to the size of this market. It is trillions of dollars. It is a multi-trillion dollar time bomb in the middle of the world's second largest economy.

I just want to close by explaining to the American people because I know the witnesses understand this. Why should we care? Because I think when we hear, oh, China's economy might go south, well, no, maybe that is good news for us. It is not. If the Chinese economy collapses, it will reverberate around the world just like when our housing market, backed by crappy bonds, securitized bonds, collapsed, it reverberated around the world. Our economy will suffer because of these risks.

Global companies that rely on Chinese corporations for manufacturing, other supplies, will all be hurt. So, this is a disaster waiting to happen, and we need to mitigate our risk. I yield back.

Chairman COMER. The gentlelady yields back. Excellent questions Ms. Porter. The Chair recognizes Mr. Biggs from Arizona.

Mr. BIGGS. Thanks, Mr. Chairman. I appreciate all the witnesses being here. Appreciate this. I apologize for having to step out for a portion of your testimony.

I did hear that the Ranking Member, and I thought at first he was talking about former Presidential candidate Hillary Clinton claiming the 2016 election was stolen and with all of the groups on the left that asserted that for literally 6 years now. But then I realized, no, no, he has got TDS. That would be wrong. So, leaving the political side of it out now. I thank you for your testimony.

And I will just say, Captain Fanell, in your book, "Embracing Communist China: America's Greatest Strategic Failure," which I recently read, you argue that the United States should employ a modern-day Truman Doctrine to counter the Chinese Communist Party. And there are some significant contextual differences between what was going on post-World War II with where we are today, and the ascension or the immersion of the cold war. I am wondering if you would discuss and tell me and tell us what aspects of the Truman Doctrine you think need to be implemented today with regard to China?

Mr. FANELL. Well, I think that we need to look back on that history and understand that we were coming out of a World War, and that we were coming out of a time where we did not know what the future would lead to with a threat from the Soviet Union. And so, the government under Truman and this doctrine was designed to make sure that we were defending ourselves against this potential threat. And so, we used the resources that we had to make sure that our government and our country were able to defend ourselves against a threat that we did not know everything about it, but we knew that it had malign intentions for us. And I think that is the difference of what has not happened over the last 75 years is we have not labeled the PRC as that threat, which the Truman Doctrine did with the Soviet Union, and that we did not draw the distinctions and the line in the sand for a lot of reasons. And there was, you know, we understand why we engaged—

Mr. BIGGS. Well, for a lot of reasons, we did not perceive China as a threat because economically they were backward, and we did not view them as a capable military threat legitimately. And so, we then facilitated their rise and their move from basically a Third World economy with no technology, we allowed them to skip literally generations of technological development because we have facilitated their theft of our IP and our technology. And so, I appreciate what you are saying about that. And so, I am thinking of all the things that I know went on in the cold war, all the things that we did, whether it was imposition on corporations, what we were selling, what we would allow in, the exchanges of people across the borders, not just directly U.S. to Soviet Union, but affiliates and within the blocks of countries.

So, Mr. Bethel, in your statement, you talk about a comprehensive strategy, and I have sensed that is what all of you talk about.

I am trying to get specific iterated issues that we can look at, create legislation, and do what we are supposed to do, which is impose laws, to enact policy, and, well, impose policy to enact laws, vice versa, it does not matter. But, can you give me some of your strategies when you say a comprehensive strategy dealing with China?

Mr. BETHEL. I have to be sensitive about what I say because I recognize that the CCP could be listening. So, I am happy to take this—

Mr. BIGGS. I anticipate that they are.

Mr. BETHEL. But I think the first strategy is to know what you want. I do not think we know what we want as a country, and so if you do not know where you are going, then any road will take you in any direction.

Mr. BIGGS. Yes. Well, OK. So, that is an old Kotowaza, as we would say in Japanese. But the bottom line is we want to be secure from China. We want to have control of our destiny. When China, Zhongguo, the Middle Kingdom, they wanted to become the hegemon, the world hegemon. And that is the problem that we face is dealing with a country that is willing to emasculate itself in order to gain the upper hand, and so that is why I am asking. Maybe you feel more comfortable talking in a SCIF or something, but I am trying to get specific items, not generic items. I mean, should we be limiting student visas from China, for instance? Maybe we should. We probably should.

And, Ms. Kissel, in your document, you were talking specifically about how we are treated by CCP on diplomacy and in diplomats and visitors, et cetera. Should we be doing the same? Should we be restricting travel of Chinese diplomats here, and I would like to know.

Ms. KISSEL. A hundred percent. We talked a lot about reciprocity in the Trump Administration, but there is a long way to go. We do not have freedom of movement in China. They should not have freedom of movement here. Our Consular Affairs people, as I say in my testimony, should be clearly vetting every person who enters from Communist China for military intelligence security ties. We should be limiting Chinese students who are coming here to study STEM. We should be talking to our European allies and encouraging them to forbid Chinese students who come from military universities in China for studying in European universities or Australian or Japanese universities, for instance. There is an enormous amount that the State Department can do.

Aside from just the actions that I have outlined here, rhetorically, we need to issue clear, comprehensive travel warnings. I fought very hard when I was at State to get the Consular Affairs Bureau to put accurate, complete warnings out about the risk of travel. We now have different travel warnings for Mainland China than we do for Hong Kong. These are not functionally different places. They are one and the same. It should be the same level, just to give you one example.

But I agree with Erik that it has to be a comprehensive strategy, and we have to stop being defensive. We need an offensive strategy that plays to our strengths and that also utilizes not just our own power economically, militarily, and otherwise, but the power of our friends and allies because we also have friends and allies that are

not just democracies. There are places like Vietnam, for instance, not a democracy. They very clearly recognize the threat from Communist China. We need to leverage that relationship across the spectrum of Federal power and use it. Thank you.

Mr. BIGGS. Thank you. Thank you, Mr. Chairman. And I will just say, having met with Central American leaders over the last couple of months, they are really concerned about the influence China is having in their nations. And you are right about them controlling, like, Panama or trying to get control of Panama, I think of Sri Lanka, I think what happened there. I will yield back.

Chairman COMER. Very good. Very good. The Chair recognizes Mr. Timmons from South Carolina.

Mr. TIMMONS. Thank you, Mr. Chairman. All right. Captain Fanell, I really think that the U.S. Government has been getting policy as it relates to China wrong for more than my lifetime, decades, and the people in South Carolina, we had a good thing going. We had a thriving textile industry up until the 70's when Washington said we have to increase labor standards and environmental standards. And to be fair, we needed to do both of those, but the manner in which we did that legislatively caused hundreds of thousands of jobs to go overseas.

And yes, we need to stop pouring chemicals into our rivers. Yes, we should not have people working in 100-degree temperatures 120 hours a week, but when we are not competitive in the global economy because of the regulations that we have here, it really impedes our ability to be prosperous. So, I mean, in retrospect, we should have said these are the new standards, and anybody that wants to engage in commerce in the United States has to meet these standards. And we really have not learned our lesson.

And it is frustrating because, I mean, I did see one glimmer of hope, the way that we handled Huawei a few years ago, and, I mean, the Chinese were essentially giving away next-generation wireless technology to get a back door into all the privacy of developing countries and some developed countries. And, I mean, I think Huawei shows that China can be held accountable, and it is a good example of the U.S. takes a leadership role, but we get all of our like-minded allies on board to get them to not cheat and to not steal our data. I mean, do you think that the way that the United States handled Huawei is a case study for how we can try to hold them accountable, to be equitable partners in the global economy?

Mr. FANELL. Well, I know you directed the question to me, but there is two people here that were in the Trump Administration that actually were responsible for that. I will let them answer.

Mr. TIMMONS. Ms. Kissel, let us start with you.

Ms. KISSEL. Yes, that entire effort was run out of the State Department and our Economic Affairs Bureau, and it was not easy. We went, for instance, to see the U.K. Government, and they laughed us out of the room. And eventually we had to tell them, look, we cannot share sensitive intelligence with you if it is traveling over Huawei networks, and so, finally, they came around. Germany, it is taking much longer, but the problem is not a single country or ally. There are many, many different kinds of Huawei's, whether it is the equipment that is scanning containers, whether it is China Unicom, China Telecom, we took action there. But, as

you have seen recently in the press, we have a problem now with the cloud services that they provide in the United States.

So again, there is an enormous amount that the State Department can do by going around the world because you do not want backdoors built in allied or neighboring countries. Look at the Bahamas. Huawei is all over the Bahamas. Huawei built Saudi Arabia's 5G network, so it an enormous challenge not just here at home, but abroad.

Mr. TIMMONS. To your point, I was using Huawei as example, but it is a cultural disparity. I mean, the Chinese Government views it as their job to make sure that every business has an advantage to compete in the global economy. It is cultural. And, I mean, our system of government is supposed to have the government staying out and allowing our businesses to produce the best product or service that we can provide and let capitalism do the rest. And, I mean, this really is a clash of cultures in many ways. Would you agree?

Ms. KISSEL. I believe that the United States, one of our greatest advantages is our capitalist, competitive, free and open system. And one of the challenges that we face with China is that we have integrated Communist China into that system, and we have made our companies, our investors, and others dependent on it. We also have China integrated into international institutions like the World Trade Organization. What do you do when the second largest participant in the WTO does not follow the rules? How do you fix that? It is a very difficult problem to fix.

So, it is a very multifaceted issue, but I believe that there are steps that can be taken today. Most notably, you recognize the problem, you make it transparent to U.S. investors and companies, the risks that they face. You force disclosure, and then you start to set red lines and say in strategic industries, whether it be pharmaceuticals, semiconductors, military equipment, or others, you cannot go there.

And we need to stop saying, we compete with China. That implies that they follow the rules. They do not. They are not a competitor. They are an enemy. And as a Nation, under both Republican and Democratic administrations, we simply have not gotten there yet. And because we have confusion of a cooperate, compete, and confront policy, which is confused, we get confused policy, and that is dangerous.

Mr. TIMMONS. I agree. Thank you. I yield back.

Chairman COMER. The Chair now recognizes Mrs. McClain from Michigan.

Mr. BIGGS. Mr. Chairman, can I—

Chairman COMER. Oh, I am sorry.

Mr. BIGGS. I just have a couple of UCs, if I can. Sorry, Mrs. McClain.

Chairman COMER. The Chair recognizes Mr. Biggs.

Mr. BIGGS. Mr. Chairman, I request that the congressional Executive Commission on China annual report for 2023 be admitted to the record.

Chairman COMER. Without objection, so ordered.

Mr. BIGGS. And a piece entitled, "Hong Kong is Unrecognizable after Two Years Under the National Security Law," which gets to the point that Ms. Kissel just made.

Chairman COMER. Without objection, so ordered.

Mr. BIGGS. And to the point that Mr. Bethel made but expanding on a little bit more is, "The World Health Organization is Not Salvageable With Regard to its Infiltration with CCP."

Chairman COMER. Without objection, so ordered.

Chairman COMER. Thank you. The Chair now recognizes Mrs. McClain from Michigan.

Mrs. MCCLAIN. Thank you, Mr. Chair, and thank you all for being here today.

Ms. Kissel, I think you said something very insightful that really caught my attention is we got to have some red lines. And to quote you, you said, "We cannot go there," and I am experiencing this a little bit in my state. I mean, if you look at the CCP, they are not our friend. I do not think anyone would disagree with that, right? That is pretty bipartisan. You know, from the internment camps, the abrasive military posture in the South China Sea, and the crackdown in Hong Kong, it is clear they are not our friend. And I would also want to make sure that my letters are on the right one, and I have a good understanding that if you are a Chinese company, you must turn over all of your data to the CCP, if they ask for it. Is that correct? Am I miss—

Ms. KISSEL. That is correct.

Mrs. MCCLAIN. OK. So, I just want to talk about some facts. We in Michigan have the Gotion plant that is very near and dear and it is a very sensitive topic to me. It is being built close to Ferris State University, which was recently given an accreditation for its information security and intelligence system program. This is an American University, right? Michigan also has a military facility that is actively training Taiwanese soldiers to combat China in the event of an invasion. The Gotion plant is being constructed just miles from this facility. I am not much for coincidences, but I would like to get your thoughts on do you think that is a coincidence? We have a Chinese-owned company, and the only spot they can figure out that is feasible for them to build at is next to a university and next to a military base. Anybody think that is a coincidence? I would just like to get your thoughts on that.

Now, here is the kicker. Here is the kicker. Our legislator, our Governor, is going to give that company, Chinese-owned company, \$800 million. I am with you Ms. Kissel. Am I saying your name correct?

Ms. KISSEL. Yes, Kissel, like "missile."

Mrs. MCCLAIN. You cannot go there. Why are we allowing this to happen? It baffles my mind. We talk about, well, it is going to create jobs. Jobs for whom? I am very concerned about that, and I am not much for coincidences. So, what I would like to start is, can anyone explain to me how the Chinese companies are bound to the CCP because when I say that, some folks back home across the aisle think I am crazy. But am I correct in that statement, and can you explain how the Chinese—we will start with you, Ms. Kissel—how the Chinese companies are bound to the CCP?

Ms. KISSEL. So, I would refer the Committee to a speech that Secretary Pompeo delivered on civil military fusion in San Francisco, where he outlines this threat and the laws of China that compel any company based in China to divulge any information to the Party at any time, in any manner of its choosing. I believe that all the information that you need is in those remarks.

Mrs. MCCLAIN. But, for the average American listening right now, you are talking to the people of the great state of Michigan. In layman's terms, what does that mean?

Ms. KISSEL. China is a Party state. The function of China is not to better the interests of the Chinese people. It is to promote, strengthen, and expand the power, influence, and reach of the Chinese Communist Party. All activity done by Chinese companies or within the Chinese borders is a cruise to the power of the Party.

Mrs. MCCLAIN. But what happens if it is a company here owned by China?

Ms. KISSEL. There are no independent Chinese companies.

Mrs. MCCLAIN. So, even if they are on our soil, if it is a Chinese company, everything will get divulged at any point in time to the Chinese Government.

Ms. KISSEL. Correct, and I would also note for the honorable member that many of the intellectual property theft suffered by American companies do not only occur in mainland China.

Mrs. MCCLAIN. Right here.

Ms. KISSEL. I spoke to one Fortune 500 CEO who told me that the greatest Chinese IP threat that he suffered was here in the United States, by a Party, shall we say, directed individual, it was directed to—

Mrs. MCCLAIN. And this is what I need to get our lawmakers in the state of Michigan to understand. China is not our friend. They are not our friend educationally, they are not our friend militarily, and they are not our friend economically. One last question, and if we could keep it to a "yes" or "no," it would be great. Do you think the Gotion plant is an example of China making a long-term investment in the American business community to advance their interests and perhaps gain information, private information, from American citizens?

Ms. KISSEL. Yes, but let us not give them too much credit as long-term thinkers. Let us remember they almost destroyed their country several times over the Cultural Revolution, now with this debt crisis, et cetera. And I really want to push back strongly on that notion that somehow, they are these magical long-term planners. They are not.

Mrs. MCCLAIN. So, you mean we could be in danger right now if this plant goes—

Ms. KISSEL. I am saying that we have great advantages. As the former Congressman laid out, we should use them. We need to recognize the nature of the threat, and we need to construct not just a defensive strategy, but an offensive strategy.

Mrs. MCCLAIN. But it starts with you just cannot go there, and with that, Mr. Chairman, I am over. I yield back. Thank you.

Chairman COMER. The gentlelady yields back. The Chair now recognizes Mr. Fallon from Texas.

Mr. FALLON. Thank you, Mr. Chairman. I appreciate it, and I want to thank all the witnesses very much for coming in.

We have heard some of the same common themes as far as China is an existential threat, they pose an existential threat to the United States. Do they have a freedom of religion? No. Press? No. Free markets? No. And a free exchange of ideas? No. I mean, we know these things, but they are far more dangerous than the Soviet Union ever was. And folks that look at this realize, but for the folks that are just kind of becoming aware, think about the fact that China has 10 times the population as Russia does today. And Russia is a threat, clearly, with their thousands of nuclear weapons, but 10 times the population and 9 times the GDP.

That is what gets my attention because the communists before China never had that kind of economic might, and the CCP are nothing more than bullies, but granted, dangerous, wealthy, and very well-armed bullies. And it will be a dark day for humanity if the Chinese Communist Party ever reaches their goal of world hegemony, and I shudder at the thought. And we are truly a thin line that prevents that from becoming a reality, and we should never lose sight of that. And we also see with their increased espionage, Chinese nationals being arrested for trespassing at Mar-a-Lago, claiming they are tourist at our military installations on a recurring and repeated basis. We saw the Chinese spy balloon. They are probing and they are testing to see what kind of resolve that we have, and then we have got, of course, the Southern borders.

Well, Mr. Malinowski, thank you for coming. Do you believe that Chinese Communist Party will exploit these porous Southern borders at any and every opportunity?

Mr. MALINOWSKI. I would not exaggerate that, though I agree with your fundamental assessment that they pose a threat to us. I think the Chinese Communist Party would be very, very happy if we decided to basically pull back from our global commitments and focus entirely on issues like our border, although I agree we have to focus on it.

Mr. FALLON. We can do both.

Mr. MALINOWSKI. We have to do both. We have to do both.

Mr. FALLON. Yes, their Belt and Road Initiatives is a—

Mr. MALINOWSKI. I think, look, there are a lot of people from a lot of countries exploiting our asylum system right now, as we all know, and—

Mr. FALLON. Do you think this Administration has done all it can to secure the Southern border?

Mr. MALINOWSKI. I think it has done all it can, and the focus right now needs to be on Congress passing the legislation that has been put before you, bipartisan legislation.

Mr. FALLON. Yes.

Mr. MALINOWSKI. We all know the politics of that and why it has not passed, and, yes, the China piece is a small part of that, but if you think that that is important, that is the—

Mr. FALLON. Yes. Thank you. I would say that when you look at it because I look at data, and under the prior Administration, we had 11 folks that were apprehended on the Southern border that were on the Terrorist Watch List. Under this Administration, we have had 362. We have not had a month where we had over

200,000 illegal border encounters in 20-plus years, and yet under this Administration, we have had 28 of those. We have had 38 months in a row of over 150,000 crossing the border and gives that context. We never had a month of over 300,000 illegal crossings. We had that in December 2023. We had 300,000 illegal encounters in all of Fiscal Year 2017, so by that definition, it is 12 times worse.

And if you look at the Obama Administration and the Trump Administration, at this juncture in their presidencies, about 2 million illegal encounters. Under this Administration, we have had 10 million. That is not even close to being in the same neighborhood, not ballpark, not even on the same planet, quite frankly. And there were things that this Administration did that had nothing to do with Congress. The wait in Mexico policy worked, and yet they rescinded that. And then we had a border wall, part of it ready to go, paid for, labor there, materials there, and it was just stopped, the construction ceased, and then we also left expedited removal, just left it on the table for some unknown reason.

And when you look at Chinese nationals, in 2018, there were 991 Chinese nationals that were apprehended on the Southern border. In 2023, it was 37,000. Again, not in the same ballpark, not in the same country, not even in the same planet, so 3,700 percent increase. And then what is China doing because, yes, and, Ms. Kissel, you made a very good point about they know what is going on in that country. It is a police state. It is a totalitarian regime. So, they know what is happening with fentanyl, and they know who the players are, and they know that they are making precursors there. They are teaming up with the Mexican drug cartels, and they are killing Americans, 76,000 in 2022, which is a 270-percent increase from 2017, and they are killing 208 Americans per day.

If you look at World War II, we lost 405,000 Americans, and over the course of that nearly 4 years, that was 299 a day. That is a comparative number. The Chinese Communist Party, Mr. Chairman, is waging asymmetrical warfare on this country, and we need to recognize the threat and act accordingly. I yield back. Thank you.

Chairman COMER. The gentleman yields back. The Chair now recognizes Mr. Cloud from Texas.

Mr. CLOUD. Thank you, Chairman. Just first off, I want to say I want to appreciate my colleagues on this Committee and certainly throughout Congress for passing H.R. 90. That was the resolution to demand China return Mark Swidan home. He is from my district, and I know there are many others, too, who are still there who need to come home. Also, being from Texas, I do think it is important to bring up the border because not only is fentanyl coming across our border, you do not leave China without China's permission, and so we have a number of Chinese nationals coming across our border. Many of them or most of them are single, adult, military aged, pretty fit young men who are coming here. Makes you wonder why they are coming here. It is unconscionable to me that we continue to let that be an open sieve.

Beyond that, I thought it was great that you brought up unrestricted warfare because unrestricted warfare talks about many of the ways that it goes beyond what we conventionally know as war-

fare, but it talks about financial warfare, network warfare, trade warfare, biochemical warfare, ecological warfare, but also it talks about resource warfare, economic aid warfare, regulatory warfare, smuggling warfare, drug warfare, media warfare. It goes on to say that, to suggest special funds be set up to exert great influence on another country's government by legislature, through lobbying, buying and gaining control of stocks to be used to turn other country's newspapers and television stations into tools and media warfare, and the like. And so, what we see happening on our border, along with some of the lobbying and regulatory regime, you cannot help but wonder if this is part of China getting us to burden our own economy, to burden our own aid resources that are meant to take care of those who are very needy in our country, and, in a sense, pay for the demise of our own country.

I wanted to bring up a 2008 National Intelligence Council report that they put out, and it said this: "The unprecedented shift in relative wealth and economic power roughly from West to East is now happening and will continue. The United States' relative strength even in the military one will decline, and U.S. leverage will become even more constrained." It basically said, "This transition is a virtual certainty that will continue." It said, "In terms of size, speed, and directional flow, the transfer of global wealth and economic power now underway from West to East is without precedent in modern history."

And again, it went on to say, "This is unprecedented and very likely to continue." It said it is happening for two reasons. One, we are sending oil and gas revenues overseas, and we are sending manufacturing overseas. We all want to take care of our environment. We want to be good stewards of creation. You mentioned ESG, and I wanted to get your thoughts in relation to this in the sense of much of the legislation that we are passing is artificially forcing a transition that is distorting the marketplace. It seems to me in a sense that some businesses that would seek to meet a need, provide a service in the economy, are instead rewriting their business model to go after what has become uncapped business dollars.

For example, the IRA was estimated, CBO scored around \$600 billion, I believe, and now Wall Street says, no, that is going to be closer to \$2 trillion. And what you are seeing in that space as we continue to force feed a transition that is not actually meeting the goals, its stated dimension, but that is a different discussion for a different time.

Mr. BETHEL. Sure, Congressman. I will try and keep it simple and straightforward, and I will simply say that incentives drive outcomes. So, if the incentives are not properly thought through, the outcome is going to be terrible. So, I think it is incumbent upon the members of this august body to write an incentive policy that actually does make sense.

Mr. CLOUD. And could you speak to also what is happening in BRICS? One of the things I think that gets lost in this conversation as well is we have a petrodollar, and so the strength of our dollar is based on oil and gas trade right now. Meanwhile, our own government is trying to suppress that industry. We do not have another plan, it seems, to counter that, and BRICS is waning. I know

we are still a strong dollar, relatively speaking, but what is going on there?

Mr. BETHEL. You raise a really good point, and that is something that most Americans should really take stock in. The U.S. dollar as the global medium of exchange is crucially important for the United States. So, to put it in perspective, we are 60 percent of the global central bank deposits, if you will, its reserves. We are 80 percent of the FX trade. So, if you have Colombian pesos and you want to get into euros, typically you have to go through the dollar, and it is something like 80 percent or 90 percent of the world's commodities are denominated in dollars.

What China is doing very effectively is quietly and surreptitiously undermining the U.S. dollar. Will we ever lose reserve currency status? I think that is a little bit overblown. But if you take the U.S. dollar from an 80 percent to a 60 percent in terms of the denomination for commodities, like oil, I think that could cause very serious reverberations to the U.S. And if we cannot continue to print money, and we seem to somehow print a trillion dollars every hundred days, what happens? How are we going to finance anything? So, this is a very important issue, so thank you for bringing it up.

Mr. CLOUD. No, thank you. And I know from ports to universities, to everything that is going on, there is so much to talk about. I appreciate you all being here. Ms. Kissel, I just want to say I thought you summed up this probably when you said they are not a competitor, they are an enemy. I think that is probably the first thing is we have got to really, as an all-of-government approach, understand that, and so I appreciate you stating that so clearly.

Chairman COMER. The Chair now recognizes Mr. Higgins from Louisiana.

Mr. HIGGINS. Thank you, Mr. Chairman. Captain Fanell, thank you for your service to our country, sir. In your testimony, you discuss how United States businesses seek economic cooperation and contractual agreement with China, obviously. With your background, I mean, have you witnessed or observed exchange of data and intellectual properties that on a surface would be American businesses doing business with China, but in reality would be, in essence, American businesses providing the People's Republic of China and the Communist Party of China the technologies and data that it is using to usurp American dominance in that industry sector?

Particularly, have you been concerned about the CCP or the PRC gaining access at any point to ship designs from our United States Navy shipbuilding endeavors? We use ship builders that have tossed, in some cases, to China, and then the next thing you know, the Chinese appear to be building the craft that we thought that the designs were top secret. What are your thoughts on that, sir?

Mr. FANELL. Sir, that is a great question, and it is exactly the concerns that I have had over the last many years, and we can just look at today a couple of examples. The Chinese have just rolled out a number of big deck ships. We call them amphibious ships. Some of them are carriers. Right now, the Chinese third aircraft carrier, the Fujian, is at sea doing sea trials or may be back in port

now, but she is in her sea trial process after being keeled, laid down 2 years ago. She is now out at sea doing sea trials. That ship has Electromagnetic Aircraft Launch System. It is a system that we are just experiencing on the USS Gerald Ford. And we have had a decade more of design and work and development now in our fleet, trying to get it ready to be operational in the fleet, and it is now. But, it has taken an exceptionally long time and cost us billions of dollars in cost overruns to be able to put the Ford to sea without a lot of problems.

China went from having its first two carriers that were ski jump ramps, no catapult launch mechanism or system, just the wind over the deck and go up the ski jump, which what they got from the Russians or Soviet design on the Kuznetsov class that they got in their first two carriers, the Liaoning and Shandong. They then went from those two carriers to the Fujian with this Electromagnetic Aircraft Launch System. They skipped steam catapults. That is important because I spent 20 years on carriers with steam catapults. The American Navy developed over almost 80 years steam catapults.

Mr. HIGGINS. They work very, very well.

Mr. FANELL. They stole that and they—

Mr. HIGGINS. And a new technology, so please speak to the difference. What I am getting at here is that we should be concerned, as a Congress and as a Nation, with the protection of our intellectual properties. And when we have built-in pathways to exchange sensitive and even classified technologies, then we should vigorously protect that technology. So, it is one thing if China steals technology the old-fashioned way through espionage. It is another if we do not address a built-in means by which China is just absorbing our technological data and our intellectual properties. And in my remaining half a minute, would you address that, including as it perhaps relates to our universities and our research and development laboratory, sir?

Mr. FANELL. Yes, sir. That is exactly the problem. We have around 400,000 Chinese students in the United States today, every year—400,000. And they are studying in our high-tech STEM arenas, in our advanced universities, learning this technology that is going back and feeding this new PLA across the board, and so we have to be on guard against that. The example of the carriers is just one of hundreds, if not thousands, of areas where we are losing and having our technology—

Mr. HIGGINS. Exactly.

Mr. FANELL [continuing]. Given away by us freely, and that is a crime.

Mr. HIGGINS. Thank you, sir, for your insightful answer. Mr. Chairman, I yield.

Chairman COMER. The gentleman yields back. The Chair now recognizes Mr. Burchett from Tennessee.

Mr. BURCHETT. Thank you, Mr. Chairman. Thank you all for being here. My buddy, Tom Malinowski, good seeing you again, brother.

My question. I have a piece of legislation that I am curious if you all would comment on, and it deals with genetic material or testing actually that is being disclosed to the Chinese Communist Party.

They are actually purchasing it from a lot of our businesses. This *FindYourAncestor.com*, you find out your great, great grandfather was an African king or something, and you go back, and most of us just found out like maybe we are just a bunch of mutts. I think I heard President Obama say that one time that he is just from all over, and that is probably most of America. And I am wondering what your thoughts are on that us limiting or excluding them from having our genetic material? Tom?

Mr. MALINOWSKI. I mean, I would love to look at your bill. I will tell you just personally, I have always wanted to use one of those surfaces because I am curious to know how you and I may be distant cousin somewhere, but I have not done it for this reason. I find it creepy how the data may be used, and there are other issues related to human rights in China. There are American companies that have helped the Chinese police state develop genetic data bases of their own citizens, that is actually much more sinister because the Chinese government cannot imprison me. They can imprison their own citizens.

Mr. BURCHETT. What if they were to develop some kind of biological entity that could say, hey, I want to wipe out females of childbearing ages or something? I mean, just the mind just can wander. How they can do that?

Mr. MALINOWSKI. I do not want us to wander too far because the reality is bad enough in terms of what they are doing to their own people, but I do think I have never talked about legislation I have not read, but it is a legitimate concern.

Mr. BURCHETT. All right. Ms. Kissel, that rhymes with "missile?"

Ms. KISSEL. Thank you.

Mr. BURCHETT. Yes, ma'am.

Ms. KISSEL. Well, I concur with what was just said. One of China's weapons is the number of people that they have. They can use AI and Big Data to collect information and to develop more sophisticated technology and weapons systems to just suppress their own people, but also to attack us, our friends and our allies. So, I think there are gray areas as well, not just, for instance, genetic material, but let us say location services. Why would China, for instance, through *TikTok* want to know where Americans are going? I mean, I have had clients say to me, who cares, Mary, if I have *TikTok* on my phone? Who am I?

Well, you may not be a target yourself, but if they have aggregate data on tens of millions of Americans, how they are all related to one another, if you are using this app, they can also listen to you. It is not just about dissemination of propaganda. It is about listening to what you say and seeing where you are. So, it is genetic information, it is location information, it is all manner of things that can feed their big data and their AI that should be of concern to us.

Mr. BURCHETT. I had breakfast one time with your boss, and I remember he told me, he said, Tim, they know how many paperclips you all are using in the Longworth Building. I thought that was doubly creepy because I did not tell him I was in Longworth, but anyway. Mr. Bethel, I have not heard from you all day, brother, and so please.

Mr. BETHEL. The company I think you should spend a lot of time focusing on is BGI, Beijing Genomics Institute. That is the entity that Ancestry and 23andMe and others use to process the DNA. It may perhaps not shock you that in 2021, it was found out that BGI was working with the Wuhan Institute of Virology. Perhaps that is coincidental. I am not sure, but to Mary's point about *TikTok*, we should really understand what *TikTok* is. It is not about watching funny cat videos or, you know, twerking or whatever.

Mr. BURCHETT. Right.

Mr. BETHEL. It is really an app that is looking at what you are looking, what you are viewing, and it is monitoring your facial expressions and your pupil dilation, and it is sending you more videos—

Mr. BURCHETT. What stimulates your brain, right?

Mr. BETHEL [continuing]. That elicit the same response. So, after a certain period of time, they have an imprint of who you are, right? So, they have genetic data, the data of who you are, your location data. How can that be good, and yet we cannot conjure up a way to ban *TikTok*.

Mr. BURCHETT. I think I am out of time.

Chairman COMER. Yes.

Mr. BURCHETT. I am out of time. Sorry, Mr. Fanell. I apologize.

Mr. FANELL. Can I just say one thing?

Mr. BURCHETT. Yes, buddy, and like that you can. Go ahead.

Mr. FANELL. Yes, sir. I would recommend everybody to read a State Department document from March 2023 by Dr. Dave Dorman and Dr. John Hemmings, "Understanding Xi Jinping's Digital Strategy for China." They have done some outstanding open-source research. We talk a lot about Xi's Belt and Road and all these initiatives, but also, he started in 2023, Digital China, which is all related to what we are talking about.

Chairman COMER. Very good. Thank you. The gentleman yields back. The Chair recognizes Mr. Garcia from California.

Mr. GARCIA. Thank you, Mr. Chairman, and thank you to our witnesses that are here. Obviously, we have talked a lot about the Chinese threat, which we all know is real here in this country. I also think it is important that we are talking about Chinese political warfare, that one of the prime threats that we have, as far as I am concerned, is Donald Trump, who we know has a history of working with China on a variety of different, in my opinion, unethical and illegal matters. Now, briefly, Mr. Malinowski, has China funneled bribes and payments to leaders and heads of state as part of their foreign influence operation? Just briefly.

Mr. MALINOWSKI. Yes.

Mr. GARCIA. Thank you. And these are exactly the kinds of threats that our founders had in mind when they wrote the emoluments foreign interference clause of our Constitution. Is that not correct, Mr. Malinowski?

Mr. MALINOWSKI. Absolutely, yes.

Mr. GARCIA. And let us be clear about the facts. The former President spent his time in office collecting payments from China and many other countries through his businesses. He refused to divest from these businesses and broke decades of precedent. Now, we all know that the Constitution has specific prohibition from re-

ceiving payments from foreign governments. Our Committee, this Committee, actually had an investigation that documented cash-flowing directly from the Chinese Government state-owned businesses into the businesses and pockets of the Trump family. Here is just some of that.

We know that the People's Republic of China, including state-owned enterprises, sent more than \$5.5 million to the Trump Organization, and just to be clear, it is a minimum of \$5.5 million because we only have data and a few of the Trump locations. It is likely much, much higher a number that China actually spent money and drove money into the Trump organization, of course, while Donald Trump was the President. This is unconstitutional and threatens our national security.

Now, these, of course, are not the only favors that the Trump family got from China. Just months after he took office, the Chinese Government suddenly reversed longstanding policies and ordered Trump 38 new trademarks in China for industries related to restaurants and advertising, and, of course, this went beyond just Donald Trump himself. In April 2017, with Trump's White House in chaos, many people, including the Chinese Government, were all trying to gain influence during this time. Ivanka Trump was working in the White House, got preliminary approval for three Chinese trademarks on the same day that Donald Trump had dinner with Xi Jinping at Mar-a-Lago. And remember, Ivanka never divested her company while she was working in the White House. Now, President Trump also overruled our own security officials in our own government and publicly promised to save jobs at a Chinese Government telecom company which was facing sanctions, and the list goes on and on and on.

I think we should all be very concerned that the President of the United States at the time, Donald Trump, decided to actually let corporate criminals off the hook while he was claiming to fight for Chinese jobs, and you also do not have to take my word for it. John Bolton, who was Donald Trump's right wing national security advisor, a strict conservative, wrote about Trump "that he commingled the personal and the national, not just on trade questions, but across the whole field of national security." This is actually from The Washington Post. John Bolton even reported—John Bolton, the extreme right-wing former member of the Administration—that Donald Trump told President Xi, "Make sure I win," during a dinner at the G20 Conference in Osaka, Japan. Now, Mr. Malinowski, if John Bolton story is true, as reported by The Washington Post, Donald Trump is literally inviting Chinese political warfare. Is that not right?

Mr. MALINOWSKI. Yes, and I have no reason to believe that John Bolton would be making any of this up. He would have no reason to do that.

Mr. GARCIA. I think I completely agree with you. The fact that John Bolton is essentially laying out that Donald Trump was inviting Chinese political warfare is shameful, and that should be investigated here as part of this Committee, but we know the conflicts go on and on. Jared Kushner was paid \$2 billion by Saudi Arabia just a few months after leaving office, after he and Trump pursued radical pro Saudi policies during their time in the White House.

And we know that the attacks on our democracy continue not just in Trump's actions around China, but in the numerous other payments to other foreign governments that happened while Trump was in office and is happening now to the Kushner family post White House.

Now, we have all been working to investigate this conflict of interest for months, but the majority has not moved or joined us. This is unacceptable and we should continue to demand answers. And with that I yield back.

Chairman COMER. The Chair now recognizes Mr. Burlison from Missouri.

Mr. BURLISON. Thank you, Mr. Chairman. When China first opened its doors and its economy in the 1980's, former Chinese Communist Party leader, Deng Xiaoping, was able to penetrate the financial interests of U.S. firms, the media, think tanks, and individuals, including politicians. In essence, he used what was called the invisible hand to get Americans to do work for the CCP. This practice of elite capture continues at a rapid rate today. Ms. Kissel, could you explain what elite capture is and how it is employed by the CCP today?

Ms. KISSEL. So, the topic of this hearing is defending America from the Chinese Communist Party's political warfare, meaning their influence operations, and I spoke about how they do that at the State Department with our diplomatic elites. What you are referring to is the organized activity of CCP directly linked and indirectly linked organizations to capture our elites, to convince them to work on behalf of the Party and the Party's interests. This is done through overt ways by, for instance, payments or contracts, and ways that are in, what I would deem, the gray zone.

And I spoke about this in my written testimony where they would, for instance, invite corporate CEOs to China through business chambers, give them a red-carpet treatment, grant them audiences with Xi Jinping and other top leaders. This is a way both to capture them but also to circumvent any tough conversations that they might have with our U.S. Government leadership. That is something that I believe that this Committee should investigate, not just the influence on the Federal agencies, but CCP influence on our state and local government officials. That is also a big problem.

Mr. BURLISON. So, elaborate on the business partnerships. You said the word "overt." Are they direct in saying we will do business with you if you provide information for the CCP, or how does that usually operate?

Ms. KISSEL. Well, again, I think context is important. For 40 years, Republican and Democratic administrations alike encouraged U.S. businesses to outsource to China, and they did so. So, this happened over a long period of time, and we have only recently woken up to the threat. How does this capture happen? It happens through flattery, come to China and be lauded and have these high-level audiences. It happens through their own pecuniary interests. They are rewarded, as Erik, I think, spoke to, their fiduciary obligations to their shareholders to make money.

They also prey on the fact that there is not the kind of patriotism in corporate America that we used to see. Look at what Jamie

Dimon, for instance, the Head of JPMorgan, said recently. He said, "I am a patriot. If the U.S. Government tells me to get out of China, I will get out of China." So, this is a country that is committing crimes against humanity and genocide against its own people, and yet, he is not going to get out of China until he is told to do so.

Now, our firm is not involved in China because we have owners who are patriotic Americans who would not do business there. There are many other Americans like that that you do not hear about. But this elite capture is a significant problem because these figures, be they diplomats, be they CEOs, chairmen of boards—

Mr. BURLISON. Or politicians.

Ms. KISSEL [continuing]. Or politicians, they have significant influence on you all. And so, it is why transparency and clarity and talking about this regime are so, so important.

Mr. BURLISON. So, what are some of the most egregious examples that you have seen with politicians?

Ms. KISSEL. Well, again, I do not want to make this a partisan discussion because I think that this, you know, transcends politics.

Mr. BURLISON. Right. I can do that for you. So, let me ask this. Would sleeping with a Chinese spy be an example of elite capture?

Ms. KISSEL. Yes.

Mr. BURLISON. President Biden claimed that his family never took money from China. Is that accurate?

Ms. KISSEL. Again, I am not here to have a partisan political discussion. I think that this—

Mr. BURLISON. I appreciate your—

Ms. KISSEL. We talk about many aspects of the threat from China. Here is something that I would—

Mr. BURLISON. So, let me ask it in a different way. If \$40,000 flowed through different bank accounts that were associated with a family member, would that be an example of elite capture, that flowed into a personal bank account?

Ms. KISSEL. Here is what I wish we would discuss. We are facing an enemy with 400 nuclear weapons, a million-men army, the third largest air force, the world's largest navy, a probable chemical and biological weapons programs. They attack our satellites every day. They are cutting cables. We have threats to our infrastructure here at home, and as the topic today is, we have influence operations—

Mr. BURLISON. I am almost done. So, Ms. Kissel, I just want to say you are absolutely right. You are right.

Ms. KISSEL [continuing]. Here in the United States. To me, that is the issue.

Mr. BURLISON. I just want to recognize, though, that we have a responsibility to investigate the outcome of the millions of dollars that have flowed in from the Chinese energy company to Biden family members. Thank you.

Chairman COMER. The gentleman yields back. The Chair now recognizes Mr. Langworthy from New York.

Mr. LANGWORTHY. Well, thank you very much Chairman Comer. China has invested in and built relationships with the highest levels of the American business community to advocate and advance the CCP interest in the United States for decades. However, I re-

cently saw that the Chinese e-commerce giant, Alibaba, is ramping up its global expansion with new services aimed at attracting small businesses in the United States. Small businesses are the backbone of many communities across the United States, especially in a district like mine, New York 23d congressional District. These are family owned operations. They often do not have the resources to compete with large corporations and could easily be persuaded to be seemingly receiving a helping hand, so to speak, from a Chinese partner.

Ms. Kissel, do you see this aggressive outreach to American small business by Chinese conglomerates like Alibaba as something that we should be concerned about?

Ms. KISSEL. Yes.

Mr. LANGWORTHY. And beyond Alibaba, can you expand for us today on any efforts that you are aware of by the CCP to influence America's small business sector, our local chambers of commerce, or even local governments to gain greater access to communities in small town America?

Ms. KISSEL. Well, when I worked at the State Department, the Secretary made a concerted outreach to state government officials. For instance, I would refer you to the speech that he made, and I believe it was Wisconsin, talking about how that was a direct effort of the United Front organizations to capture and to influence policymaking on the state level.

Now, to your question about small business, small business, as you suggest, is a very vulnerable target, and that is why, in my written testimony, I suggest that one of the things that the State Department could do is to educate sub-national grouping—so, state legislatures, chambers of commerce, and others—to these gray zone tactics, which, by the way, the Chinese do not hide. They speak very openly about their so-called magic weapons; namely, their efforts to co-opt and influence a wide swath of not just our diplomatic and political community, but our business community as well.

And I will also speak to my personal experience. As I said before, I serve on two publicly traded company boards of directors. Most directors of American corporations are former executives. They are accountants. They are operational experts. They are not schooled in Chinese political warfare tactics. It is why we have to speak openly, honestly, and often about how they are trying to advance their interests so that we can equip our diplomats, politicians, and businesspeople with the knowledge that they need to then act appropriately.

Mr. LANGWORTHY. Thank you. Where do you see a role for the Federal Government in helping businesses, large and small, to avoid political or other pressures from the CCP?

Ms. KISSEL. Well, State Department has the ability to issue business advisories. It is a loud megaphone that they can use to talk about the risks of doing business there and encourage the diversification of supply chains. We have other arms of our Federal Government that can enforce transparency, be it in accounting practices, for instance. We talked about rating agencies earlier and the role that they play with their protected status, allowing investors to outsource their due diligence to S&P and Moody's.

I believe the more transparent we are about the threats that we face, the more rational decisions U.S. investors and U.S. companies will make. And we are starting to see this with the foreign direct investment numbers, which have fallen off of a cliff, which suggests to me that even absent clear guidance from the U.S. Government, that U.S. businesses are starting to appreciate the depth and the breadth of the risks that they face from doing business in China.

Mr. LANGWORTHY. My time is limited here today, but if you could briefly state what resources are currently available at SBA for small businesses to consult regarding China's attempts to infiltrate small family owned businesses? Where do you see the gaps?

Ms. KISSEL. I am not an expert in the SBA, but I do not believe that there is a single source where U.S. businesses and the investment community can go to fully appreciate and understand the risks that they face, and, again, we have talked a lot today about the complexity of the problem. That is why we need, as our other panelists have suggested, a whole-of-government approach, but it has to begin with recognizing the nature of the regime. It is not a competitor. It is an adversary.

Mr. LANGWORTHY. Thank you. We would hope that the guidance should come from SBA soon to prevent further Chinese access to our communities. The threat China poses to the United States cannot be emphasized enough. I commend this Committee, the House Oversight Committee, our Chairman, James Comer, for continuing to dive deeper into China's efforts, and I look forward to working with my colleagues to bring more attention to this very real threat. And I yield back, Mr. Chairman.

Chairman COMER. Thank you. The gentleman yields back. The Chair now recognizes the Ranking Member from Maryland.

Mr. RASKIN. Thank you kindly, Mr. Chairman. I want to thank all the witnesses for their excellent testimony today.

Congressman Malinowski, you made an interesting point earlier when you distinguished between the various means that are used by China to assault the American democratic system and what the ends are, and I wonder if you would say a little bit more about what you think the ends are. I mean, if you are a Chinese political planner, where do you see all of this going when you look at the world situation with America and Europe, I think, trying to stand for political freedom, and then Russia and North Korea and Hungary and other illiberal democracies or authoritarian regimes?

Mr. MALINOWSKI. Yes. Thank you for asking what I think is the key question, and look, some of their ends are pretty short-term and mercenary. Of course they want to steal our intellectual property. If they have an opportunity to hurt us, to make us sicker, whatever, absolutely, but we need to ask ourselves, if they are trying to influence the United States, what is it that they would like to influence us to do? And I think the answer to that is fairly straightforward. They want us to pull back from our alliances around the world, in Asia, with Japan, with South Korea, with the Philippines, from NATO. They want us to stop supporting Ukraine. They want us to have a lower military budget, obviously. They want us to stop investing in the revival of our domestic manufacturing. Mr. Grothman was talking—I am glad he acknowledged

it—that there is a massive revival of manufacturing in Wisconsin, in part because of policies we pursued.

They want us to stop doing those things. They would love us to repeal our clean energy subsidies under the IRA. How do I know that? Because they are suing us in the World Trade Organization to get us to do that. And of course, they want us to hate each other and to be at war with ourselves so that we are incapable of countering their aggressive actions around the world and so that we look bad to the rest of the world. And so, my simple answer to the question of what we should do, and I agree on a lot of the little things that my former Republican colleagues have raised. But the big answer is we should do the opposite of what China wants us to do on those big strategic questions.

Mr. RASKIN. There are more than a million Uyghurs who have been incarcerated in re-education camps and subjected to mental and physical torture, sexual abuse, deprivation of food. President Biden signed the bipartisan Uyghur Forced Labor Prevention Act in December 2021. And this was a break from the prior Administration where the former President told President Xi to go ahead with the building of these camps and said it was the right thing to do. Will you just explain what difference that makes in terms of our willingness to confront human rights violations?

Mr. MALINOWSKI. As I have tried to do throughout the hearing, I want to distinguish between the Trump Administration, which had plenty of officials who were disgusted by the genocide in Xinjiang and tried to do something about it, and the former President. And it is a critical distinction because no matter how hard a State Department under a Republican or Democratic administration tries to stand up for human rights, if the leader, if the President says to a foreign dictator, I do not mind your concentration camps, I envy your power to execute people, I like you because you rule with an iron fist, it completely undermines what everyone else in our country is doing to advance human rights.

Mr. RASKIN. And is that a demonstration of what has been called “elite capture” today where the use of flattery and—

Mr. MALINOWSKI. Yes. I do not know if it was flattery or corruption or if he just shares Xi Jinping’s values going in, but the effect is catastrophic to our moral authority and the world.

Mr. RASKIN. It seems to me that the point you have made is correct, which is that we need to strengthen and celebrate democratic institutions and democratic freedom. But it is a very difficult thing to do because it is that freedom which also creates the openness and the porousness that authoritarian regimes like Putin or the CCP exploit in order to come in and to try to create problems in our country.

Mr. MALINOWSKI. Yes. That makes it complicated, but we should have confidence that our democratic system, our open democratic system, is a greater threat to Chinese autocracy than the other way around.

Mr. RASKIN. Thank you very much, Mr. Chairman. I yield back to you.

Chairman COMER. The gentleman yields back. The Chair recognizes Mr. Fry from South Carolina.

Mr. FRY. Thank you, Mr. Chairman, and thank you to our witnesses for being here. Fortunately for you, I am the last guy.

Chairman COMER. You are next to last, but go ahead.

Mr. FRY. OK. Just kidding. I did not want to get your hopes up. Mr. Bethel, I want to start with you. It is no secret that China has exploited international organizations and the U.S. Government in order to feed its global ambitions. Our world stands threatened by the rise in China's authoritarian practices and its increasing aggression. Through China's Belt and Road Initiative, we have seen China creep into the backyards of the United States, our trade partners, and our allies. It is, therefore, essential that we commit ourselves, our efforts in Congress and across the Federal Government to undercut China's growing influence worldwide and refocus our institutions on the actual threat that Communist Party of China represents. From your experience, how have U.S. capital and taxpayer dollars contributed to China's growing influence in South America and other emerging markets?

Mr. BETHEL. Thank you, Congressman. Great question. Let me begin with my personal experience at the World Bank. U.S. taxpayer dollars fund the World Bank, and we, to a great degree, backstop the World Bank. You have to ask yourself how an institution with a Triple A credit rating can have that rating when you are loaning money to developing countries. So, the United States is the largest shareholder. The United States wields a tremendous amount of influence in an institution that is meant to do good in the world. It is meant to take people out of poverty and to promote shared sustainability.

Now, unfortunately, what I witnessed when I was at the World Bank, and that may have since changed, is that China was the largest recipient of World Bank loans, and you ask yourself why. You are the No. 2 economy in the world. And if you think about it, what happens is when you get money from the World Bank, it is not the money itself, but it is what the money represents that is important. It represents that you are a developing country. And if you are a developing country, then you get special benefits at the World Trade Organization, Universal Postal Union, et cetera, and so that also allows you a backstop in the event that, say, a developing country cannot pay their loan to China, while perhaps the World Bank or the IMF can.

And so, the third point I would mention is that, of the procurement contracts, of the tens of billions of dollars every year that go out the door of the World Bank to fund great projects—roads, hospitals, schools—around 40 percent went to China, Chinese contractors, and less than 1 percent went to American contractors. And so, I saw China—

Mr. FRY. So, we are funding by default our adversaries, right, their growth?

Mr. BETHEL. That is right.

Mr. FRY. Established a decade ago, the Asian Infrastructure Investment Bank now poses a potential disruption in the dominance of the U.S. and the World Bank. How does the PRC balance its engagement with the World Bank while being the predominant power in the Asian Infrastructure Investment Bank?

Mr. BETHEL. So, the AIIB was created to be a direct competitor to the World Bank. I will not regale you with how it came into existence, but it is a very interesting story. The World Bank actually, in many ways, assists the AIIB in its overseas loan portfolio. It helps source and originate deals for the AIIB. It provides a lot of the back office and cash management and custodial work for the AIIB, and, in effect, it is helping to subsidize it. So, the World Bank is working to help a competitor and a rival succeed.

Mr. FRY. Thank you for that. That is actually very fascinating to hear. How concerned are you about the obvious ties between the World Intellectual Property Organization and the CCP?

Mr. BETHEL. You may recall in the latter part of the Trump Administration, and I think Mary can address this more effectively than I, there was a vote to determine who was going to be the head of the World Intellectual Property Organization. And China was fielding a very good candidate, and it looked like they could win, which is insane on the face of it if you think about intellectual property. I am not sure if you want to—

Ms. KISSEL. No, I think it is a great—

Mr. FRY. No, go ahead, please.

Mr. BETHEL. Thank you. I think it is a great example of how the State Department could be wielded for good. We stood up, effectively, a political-type campaign. We did not put up an American. We backed an allied country's candidate, and we effectively ensured that the Chinese will not get a chance to run WIPO for, I believe, the next 50 years because the chairmanship cycles through different regions of the world. And it was the International Organizations Affairs Bureau at the State Department that went around the world talking to our allies and ensuring that we got that outcome and that win for the United States.

Mr. FRY. Chairman and the Ranking Member, with your indulgence, I have one more question since it seems like we are waiting on somebody else, if that is OK. Can institutions like WIPO and the World Bank reverse course, or are they beyond help at this point?

Mr. BETHEL. It goes to a point I made earlier, and that is, what do we want, and let us begin on a first principles basis. We need to understand what is it that we want out of these institutions and then work backward, because if you do not know what you want, then we flounder.

Mr. MALINOWSKI. If I could just quickly jump in. We have got a basic choice with all these international organizations. We can either lead and win or leave like losers. I prefer staying, fighting, as you guys did, as this Administration has done in similar cases, and when we do that, we win most of the time.

Ms. KISSEL. Well, and we can set out some basic guidelines, as Erik and the former Congressman suggest, and under the Trump Administration, we asked two basic questions of all international institutions: is it providing and moving toward fulfilling its core mandate, as stated when it was created, this institution, and is it serving the interests of the member states who are members of the institution. Very simple, core questions. And then we would ask, OK, if the answer to those questions is no, then can we fix this organization? And if we cannot fix it, then we should exit it, and we

should construct organizations that are effective in fulfilling their mandates and serving the interests of the member states that created them.

Mr. FRY. Thank you. All three of you. Thank you for that. Mr. Chairman.

Chairman COMER. Thank you. And I am the last questioner. So, Captain Fanell, you have testified about the national security community's failure to recognize and combat the CCP threat. How has the U.S. intelligence community fallen prey to influence by the CCP?

Mr. FANELL. Well, Chairman Comer, in my experience in the IC, what we had was this, and I mentioned it before, this threat deflation. That is a creation of my co-author and I, but the message behind it is, is that we were getting information about China and we were seeing things happen. But, because of this kind of overriding engagement policy that we have had as a Nation toward China since the opening up to China, there was this idea that if we engage with them, that they would change their behavior at some point in time. And because of that mindset that permeated Washington and our institutions, the IC became ensnared with that, and so they were less likely to make the connections to see what was happening.

And I have examples. For instance, we saw what happened in 2012 at Scarborough Shoal in the South China Sea. We could not believe that China was going to take sovereign territory from a treaty ally. In 2013 to 2015, they started dredging up sand to build these seven artificial islands, three of which are the size of Pearl Harbor. And they did that, but the IC was reluctant to call that out until it was so painfully obvious. And we did that over and over and over again, over decades, over various programs, not just in the naval arena, across the board.

Chairman COMER. Mr. Bethel, you testified that the CCP has infiltrated top levels of international institutions. Could you explain why China's influence at the World Bank and other international institutions matters to American security?

Mr. BETHEL. Well, I addressed some of that earlier in my remarks to the Congressman. But consider that U.S. taxpayer money is being funded to an institution that is getting people out of poverty, and, at least while I was there, one of the preeminent recipients of money was China. And it would then leverage having a developing country status to gain advantage in other multilateral institutions, like the World Trade Organization and the Universal Postage Union, et cetera.

Chairman COMER. Do you remember roughly how much American tax dollars we are talking about here?

Mr. BETHEL. It is a very complex question which I can take off-line with you, but we have effectively backstopped the institution, or at least our share of it, to the tune of hundreds of billions of dollars.

Chairman COMER. Right. Very good. Ms. Kissel, who is the CCP targeting when it engages in elite capture? I know you have mentioned that a little bit. Let us get it in perspective here.

Ms. KISSEL. It is a complex answer because they are not targeting a single type or class of individuals. They have a very, very

large, united front operation and affiliated organizations who target everything from our political class, state, local, and Federal, to our top CEOs, our chairs of boards of directors, universities, think tanks, business chambers. It is a long list, sir.

Chairman COMER. So, what role does the State Department play in protecting American businesses from CCP influence and becoming so-called corporate hostages? What role does it play, or should it play?

Ms. KISSEL. I think the State Department, as I outlined in my written testimony, has a number of tools to inform and educate all of those groups that I just mentioned, sir, and I think also even something like Consular Affairs, right, where they are issuing travel warnings.

Just to give you an example, the other day, there is a Wall Street research firm I will not mention, who is advertising for U.S. investors to go with them to China. I believe that is a dangerous thing, and why do we allow it? Well, we cannot ban people from going to China, but I think it is incumbent for the safety and security of Americans to inform them of the risks. That is just one small example.

Chairman COMER. Well, based on your testimony today and the many briefings we have had with Federal agencies, it really does not seem that there is a cohesive government-wide strategy to combat the CCP influence in American communities. So, do you believe we have an effective government-wide strategy in place?

Ms. KISSEL. Not yet. How many decades did it take us to have an effective strategy against the Soviets? It took us a long time as a democracy. My concern is that we do not have the luxury of time today.

Chairman COMER. And you agree that we should have a strategy?

Ms. KISSEL. Yes. We must.

Chairman COMER. What would that look like, in your opinion?

Ms. KISSEL. Well, then you would need have to have another hearing on that, sir.

Chairman COMER. Well, we probably will because obviously, we take this very seriously. We understand the threat, and we sincerely want to address this issue. And my time has expired, but I will say this. I think this has been a very substantive hearing. Obviously, we have very credible witnesses here today, and hopefully, we will continue this issue. This is a priority for the House Oversight Committee, for the majority. We want to work with the minority. There are certain members that I think had very substantive questions, and there were some that regurgitate their usual animosity toward the former President. But at the end of the day, I think that we can come together in a bipartisan way to try to address this situation.

It begins by making certain that our government agencies know and understand the CCP threat, and I do not believe they do. In two hearings, I do not believe we have a single government agency that truly understands the threat and has a plan to alleviate that threat. So, hopefully, we can continue these hearings and come together as a Congress and make effective change.

So, in closing, I want to thank our witnesses again for your testimony today.

And with that, without objection, all members will have 5 legislative days within which to submit materials and additional written questions for the witnesses, which will be forwarded to the witnesses.

Chairman COMER. If there is no further business, without objection, the Committee stands adjourned. Thank you.

[Whereupon, at 1:54 p.m., the Committee was adjourned.]

