

**A REVIEW OF THE PRESIDENT'S FISCAL YEAR  
2024 BUDGET REQUEST: INVESTING IN U.S.  
SECURITY, COMPETITIVENESS, AND THE PATH  
AHEAD FOR THE U.S.-CHINA RELATIONSHIP**

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**HEARING**

BEFORE THE

**COMMITTEE ON APPROPRIATIONS**

**UNITED STATES SENATE**

ONE HUNDRED EIGHTEENTH CONGRESS

FIRST SESSION

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**SPECIAL HEARING**

MAY 16, 2023—WASHINGTON, DC

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**TUESDAY, MAY 16, 2023**

U.S. SENATE,  
COMMITTEE ON APPROPRIATIONS,  
*Washington, DC.*

The committee met, pursuant to notice, at 2:02 p.m. in room SD-106, Dirksen Senate Office Building, Hon. Patty Murray (chair), presiding.

Present: Senators Murray, Durbin, Reed, Tester, Shaheen, Merkley, Coons, Schatz, Baldwin, Murphy, Manchin, Van Hollen, Heinrich, Peters, Collins, Murkowski, Graham, Moran, Hoeven, Boozman, Capito, Kennedy, Hyde-Smith, Hagerty, Britt, and Fischer.

OPENING STATEMENT OF CHAIR PATTY MURRAY

Chair MURRAY. This hearing of the Senate Appropriations Committee will please come to order.

We are here today to discuss the U.S.-China relationship and the investments that we need to keep our Nation secure, competitive, and strong, and maintain our leadership on the world stage.

And let me make clear from the outset, when we talk about competing against China and countering Chinese influence, we are talking about competing against its government, not the Chinese people, or the millions of Chinese-Americans who help make our country great. I am glad to have Secretaries Austin, Blinken, and Raimondo here to discuss the all-of-Government approach we need to meet this challenge.

And, as this is our first Full Committee hearing, I do want to thank Vice Chair Collins, as well as our Chairs and Ranking Members, Tester, Coons, Shaheen, Graham, and Moran, for working with us on this topic that I know every one of our members cares about. And I would like to thank all of my colleagues for their work in recent weeks to jumpstart our appropriations process, and hold more than 30, very substantive hearings on President Biden's budget request and critical issues. We have made important progress, but I hope we can keep things on track and mark up our bills soon.

Vice Chair Collins and I had hoped that this Thursday would be our first Full Committee markup. She and I are working hard and will update all of our Committee Members on when we expect to have our first markup in the June work period. This week in the House, they are getting ready to mark up their own appropriations bills. It is my goal, and I know the goal of Senator Collins, to be marking up in a similar timeframe. What every Member in this room knows, too, is that the Senate must have its voice heard in this process. To that end, this Committee has received critical input from nearly all 100 Senators to inform our work as we craft our spending bills that meet our Nation's needs. We owe it to our colleagues, and our communities, and most of all, our constituents, to put forward the shared priorities of this chamber in a slate of bipartisan spending bills.

And this hearing offers a valuable opportunity to go in depth on one of those shared priorities: Making the investments that our Nation needs to stay ahead of the Chinese government and other competitors, who are doing everything they can to try and overtake America economically, militarily, and on the world stage. As I have said throughout our subcommittee hearings, keeping our country safe and competitive is not just about defense spending. Keeping our country safe means investing in diplomacy and development, to counter political and economic coercion, to promote stability, to stand up to autocrats, to support our allies, and advance our global leadership, instead of ceding ground to the governments of China and Russia.

Keeping our communities safe means funding to stop deadly fentanyl from crossing our borders, and dangerous cyber-attacks that can decimate our infrastructure, our schools, our hospitals, and more. And it means funding to make sure our supply chains for drugs, food, baby formula, and more are safe, are stable, and not dependent on the whims of Beijing and others. And when it comes to keeping our competitive edge on the world stage, that means investing in American innovation, with funding for R&D (research and development), advanced manufacturing, like we passed in the CHIPS (Creating Helpful Incentives to Produce Semiconductors) and Science Act, clean energy jobs, cutting-edge biomedical research, emerging technologies, like AI (artificial intelligence), and more. It means investing in our economy at every level, supporting our farmers and small businesses, maintaining our ports, and our railways, and other infrastructure that we need for trade, strengthening and expanding our trade partnerships so we can sell American goods across the world, protecting our intellectual property. And, of course, we cannot be competitive with the Chinese government if we are not investing in the backbone of our economy, our working families. We cannot compete without investing in high quality public schools for our kids. We cannot compete without investing in higher education and workforce programs that help key industries find the workers they need. And we are stunting the efforts to rebuild American manufacturing, and so many other sectors of our economy, if we refuse to tackle the child care crisis that is keeping parents out of the workforce.

And not only are these issues as important as our defense investments, they are connected. Make no mistake: China is pressing for-

ward with an aggressive modernization and expansion of their military capabilities. As such, there are certain investments we absolutely must make to strengthen our own defensive and deterrence capabilities.

The President's budget requests the largest ever amount of funding for the Pacific Deterrence Initiative, and that is critical. We need to ensure the Military has the resources it needs to stay ahead of China's Military modernization, strengthen logistical preparedness, and expand cyber capabilities, and more. However, as the Secretary of Defense has said repeatedly: Keeping our Nation safe requires a whole-of-Government approach. After all, our weapons need chips, so making them ourselves and working with likeminded partners to secure our supply chains is a matter of national security.

And this is key: We have to make sure we have a regular appropriations process so every Department, including DOD (Department of Defense), can plan for the year ahead. We cannot settle for CRs (continuing resolutions) that freeze our progress, result in year-over-year funding cuts, and seriously impair every single one of our agencies' abilities to fulfill their missions and move our country forward. The Chinese Communist Party does not govern by CRs, and they do not govern by cuts, and we cannot either, which is why it has been so important to me, and I know Senator Collins and so many others, to make sure we meet this moment, do our jobs, and get our bipartisan funding bills passed in a timely way.

I am glad to say we have bipartisan agreement on the problem we are here to discuss today: Keeping ahead of the Chinese government and our competitors. And based on our past bipartisan efforts, I think we have a shared understanding that the solution here must be an all-of-Government approach.

Just a few months ago, we passed an appropriations bill for this fiscal year that showed Congress can take this challenge seriously. Senators Shaheen and Moran worked together to increase funding for the National Science Foundation, and fund the Tech Hubs Program, building on our bipartisan CHIPS and Science Act, to invest in R&D, and innovation, and building a strong STEM (science, technology, engineering, and math) workforce. Senators Coons and Graham secured additional resources to advance U.S. global leadership, by growing our diplomatic footprint, especially in the Indo-Pacific, increasing funding for the Indo-Pacific strategy, and providing funding and flexibility for agencies like State, USAID (United States Agency for International Development), and the Development Finance Corporation to address emerging strategic priorities. Senators Murphy and Capito made critical funding increases to improve detection and seizures of narcotics like fentanyl, and related illicit contraband, and to dismantle and to disrupt transnational criminal organizations. Senators Feinstein and Kennedy worked together to increase funding for the Office of Science at the Department of Energy, and fund our National Labs, so we can develop clean energy solutions, and improve advanced manufacturing. Our funding bill and the Bipartisan Infrastructure Law also included critical investments to support infrastructure improvements to ensure our ports can ship goods around the world.

I think it is safe to say, we showed just a few months ago, there is bipartisan support for an across-the-board effort to counter the growing influence of China's Communist Party. But if we want to stay competitive, if we want to stay ahead, we have to stay the course and build on those investments. Which is why I find the approach House Republicans have called for, dangerous; suggesting massive funding cuts across the Government at a pivotal moment. After years of bipartisan consensus for maintaining America's global leadership, that tactic will throw in the towel to our competitors, and give the Chinese government our spot as the global superpower of the 21st century. Because let us be clear: House Republicans are not just proposing 1 year of cuts to R&D and diplomacy and workforce programs, essentially everything that keeps us competitive. They are demanding spending caps that will tie our hands and lock in even more cuts over the next decade.

I worry that what is being proposed leads to a lost decade for America in a moment when we cannot afford it. So let us be clear: China is not debating whether to pay its debts or wreck its economy. China is not debating whether to invest in its future or cut and cap the investments that keep it competitive. And China does not operate on CRs. The more we play with default, and punt investments, and teeter on the edge of Government shutdowns, the more we prove China and our competitors are right, and helping them show the world that this is their moment to overshadow our leadership. And helping them demonstrate their core belief that totalitarianism is stronger than democratic values here at home and around the world.

This is why it is critical for the Senate to make its voice heard on America's future. We have to show there is a bipartisan vision to strengthen our Nation's competitiveness and security by investing in American leadership across the board, and a bipartisan will to get it done. That is what I have been focused in all our subcommittee hearings. It is what I hope to hear about from our witnesses today. And it is why I want us to continue our work and mark up bipartisan spending bills soon.

Because bottom line: We find ourselves at a real turning point, and this year's Government spending bills will determine whether or not we are prepared to compete with China, and whether or not we will stay ahead or fall behind. We cannot close our eyes or plug our ears when it comes to the threat the Chinese government poses. We have got to build on the progress we have made, keep our country safe and competitive, and invest in America's future. And as we decide what investments we do or do not make, the stakes could not be higher, and they could not be more serious.

So I want to thank everyone who is here today. Thank our witnesses. We look forward to hearing your testimony today.

And I will turn it over to Vice Chair Collins for her opening statement.

#### STATEMENT OF VICE CHAIR SUSAN M. COLLINS

Vice Chair COLLINS. Chair Murray, thank you so much for holding this important hearing.

Before I turn to my formal remarks, let me echo the Chair's determination to keep proceeding with the appropriations process in

a way that will avoid a late, end of the year, gigantic continuing resolution that continues to fund programs that do not need funding, that prevents new programs from starting, and that makes it impossible for agencies to plan. It also ends up costing the taxpayer more money. So I share the Chair's determination to keep proceeding, and I look forward to beginning subcommittee markups in June.

I would note that we have gotten off to a very fast start. Our subcommittees on both sides of the aisle have worked together to have a series of hearings that literally have held dozens of hearings on the President's budget request. And that is an essential start for this process.

To our witnesses, I want to tell you that I am very much looking forward to your testimony on how we can work together to strengthen U.S. security and competitiveness regarding China. America's competition with China is an increasing challenge, but it is not a new one. Overlay China's modern economic successes with its 3,500 years of history, and today the world faces an authoritarian government that seeks to regain its hegemonic past and dismantle the international order created by the United States and our allies following World War II. To be clear, China's vision is to be the world's military and economic powerhouse, and it is well on its way. Today, China has the world's largest navy, the world's largest army, and the world's largest economy by purchasing power parity. Competition with China occurs in every domain, from the United Nations to cyberspace to Africa.

Our focus with regard to our military competition with China must remain on deterrence, which is defined by the strength of our readiness, capacity, and capabilities, and that of our allies and partners. We must ask ourselves if the Pentagon and Taiwan have the weapons, munitions, and manpower necessary to credibly deter China from using force to accomplish its objectives. As Secretary Austin knows from our hearing last week, I believe that the administration could do better in this regard. Secretary Blinken's challenge is getting our bilateral, diplomatic relations with China on as stable a footing as possible. Given the inconsistent statements by the President on U.S. policy toward Taiwan, it would also be helpful if the Secretary were to clarify today if there has been any change in the One China Policy and the strategic ambiguity therein. America is only as strong abroad as we are at home, including the innovation and technology we can protect. I hope today that Secretary Raimondo will give us an update on efforts to prevent the theft of the intellectual property, to bolster U.S. leadership in advanced technologies, and to impede China from exploiting American technologies to advance its military interests.

Finally, as one Department of Homeland Security official recently testified, the fentanyl crisis begins and ends in China. Many precursor chemicals originate in China, and Chinese criminal organizations launder the drug cartels' money, and source the pill pressers that facilitate the distribution of this deadly poison. Just last month, the employees at a restaurant in Auburn, Maine, opened a crate, expecting to find mugs that they had ordered. Instead, they found 14 kilograms of fentanyl. That is enough to kill five times the population of the entire State of Maine. Thankfully,

the employees called local law enforcement, who seized the fentanyl, undoubtedly saving many lives. Addressing the fentanyl crisis must be at the top of this administration's agenda with China.

Again, I look forward to discussing these significant issues with our witnesses this afternoon. Thank you.

Chair MURRAY. Thank you, Vice Chair Collins. I will now briefly introduce today's witnesses, and move to testimony.

I am very pleased, again, to welcome Secretary of Defense, Lloyd Austin; Secretary of State, Anthony Blinken; and Secretary of Commerce, Gina Raimondo. I am grateful to all three of our witnesses for the work they do every day to keep our communities safe and help us stay competitive. And I want to thank each one of you for taking time today to be with us, and to answer our questions.

We will now move to opening remarks. And Secretary Austin, I will begin with you.

**STATEMENT OF HON. LLOYD J. AUSTIN III, SECRETARY, DEPARTMENT OF DEFENSE**

Secretary AUSTIN. Chair Murray, Vice Chair Collins, Members of the Committee, thanks for the opportunity to testify about America's strategic competition with the People's Republic of China.

I am glad to be joined by Secretary Blinken and Secretary Raimondo. We rely on each other every day, because to compete and succeed, we must use all the tools of American power. And I am grateful to Congress for recognizing the urgency of the China challenge, and taking bipartisan action to meet it.

I would like to underscore five key points today about how the Department of Defense is tackling the security challenge of the PRC, in lockstep with our partners across the administration, around the world, and here in Congress.

First, we are focusing the entire Department on continuing to out-pace the PRC (People's Republic of China). As the President's National Security Strategy notes, the PRC is our only competitor with both the intent and, increasingly, the capacity to reshape the international system to suit its autocratic preferences. Beijing has increased its bullying and provocations in the Indo-Pacific. It has embarked upon a historic military buildup, including in space and cyberspace. Of course, war is neither imminent nor inevitable, but we must face up to the PRC's growing assertiveness. The Department's mission is clear: To deter aggression that threatens our vital national interests. So we are investing more than ever in a formidable, innovative fighting force, and a more resilient force posture in the Indo-Pacific.

Our budget includes a 40-percent increase over last year's request for the Pacific Deterrence Initiative, to an all-time high of \$9.1 billion. We are delivering critical capabilities through more agile approaches to testing and acquisition. And we are developing novel operational concepts for how we employ the Joint Force.

Our National Defense Strategy calls the PRC our pacing challenge. And we chose the word "challenge" carefully. The United States does not seek confrontation, conflict, or a new Cold War, but America has never shied away from competition, and we are working with both our rivals and our friends to strengthen the guard-

rails against conflict. To prevail in strategic competition, we must work together as one team. That is my second point. And that demands even closer cooperation with our colleagues at the Departments of State, Commerce, and elsewhere. We work with the Department of State to help prevent conflicts from breaking out in the first place. We protect the free and open trade lanes that drive the world economy. And we are supporting the Department of Commerce's leading role in implementing the CHIPS and Science Act. And we work closely with Commerce to advance our technological advantages.

Third, we are determined to keep the Indo-Pacific free and open. Most countries in the region share a common vision of an open and inclusive Indo-Pacific free of bullying and coercion. We are proud to stand together with them. So we will continue to strengthen the rules-based international order by making clear the folly of aggression, and maintaining open lines of communication.

Fourth, the whole administration is working to deepen ties with our network of alliances. We are working with our friends around the Indo-Pacific, and the world, through security cooperation and assistance, and through combined operations and exercises. We are also working to develop innovative new capabilities and deepen integrated deterrence.

In recent months, that strategy has produced historic results. In Japan, we are forward-deploying more resilient and mobile assets. And that includes our plans to deploy the 12th Marine Littoral Regiment. We are pursuing major new force-posture initiatives with Australia. And through the historic AUKUS (Australia, the United Kingdom, and the United States) Partnership, we will work with our Australian and British allies to help forge a more stable balance of power in the Indo-Pacific for generations. With our Philippine allies, we will have rotational access to four new locations under the Enhanced Defense Cooperation Agreement. And meanwhile, we are expanding our security cooperation with South Korea, India, Thailand, Singapore, and many others. We are deepening our ties with ASEAN (Association of Southeast Asian Nations) and the Quad, and I am pleased that the United States will soon provide significant additional security assistance to Taiwan through the Presidential Drawdown Authority that Congress authorized last year. This is part of our long-standing commitment to upholding our obligations under the Taiwan Relations Act and other U.S. policy, and to doing our part to maintain peace and stability in the Taiwan Strait.

So we will need to remain—so we need to remain a reliable partner. That that brings me to my final point: The best way that Congress can ensure our strategic advantage is with an on-time appropriation that supports the President's budget request. No amount of money can buy back the time that we lose when we are forced to operate under continuing resolutions. And reducing funding to fiscal year '22 levels across the Government would hamstring our ability to compete, even if the Defense Department is exempted from cuts. We succeed as a team, and the Department of Defense succeeds when our interagency partners succeed. We are not just shaping our military but America's entire strategy to compete and lead.

And I look forward to working with all of you to continue that proud tradition of U.S. global leadership.

Thank you, Madam Chair.  
[The statement follows:]

PREPARED STATEMENT OF HON. LLOYD J. AUSTIN III

### Introduction

Chair Murray, Vice Chair Collins, distinguished Members of the Committee: thank you for the opportunity to testify on American competition with the People's Republic of China (PRC).

I also want to thank Secretary of State Blinken and Secretary of Commerce Raimondo, who are appearing alongside me. The Departments of State and Commerce are vital partners in America's whole-of-government effort to deter aggression and ensure a free and open Indo-Pacific region.

The PRC has a very different view of the region's future. We see a pattern today of unceasing PRC efforts to coerce its neighbors. As President Biden has stated, the PRC is becoming our only global competitor with both the power and the intent to reshape the international system to suit its authoritarian preferences. And increasingly, the PRC is turning to its military in an attempt to advance its revisionist aims. For this reason, the *National Defense Strategy* (NDS) identifies the PRC as our "pacing challenge" and top priority.

In recent months, the PRC has increased its provocative actions, including flying record numbers of warplanes near Taiwan on an almost-daily basis and employing a military-grade laser against a lawfully operating Philippine vessel. The Chinese military has repeatedly conducted risky intercepts against U.S. and allied aircraft in the international airspace over the East and South China Seas, including harassing aircraft helping to enforce U.N. sanctions on North Korea. And we have also seen the People's Liberation Army (PLA) continue to engage in coercive behavior along the Line of Actual Control (LAC) with India.

Meanwhile, the PRC has been rapidly building its military footprint in the Indo-Pacific region, expanding its nuclear arsenal, and extending its influence in space and cyberspace. The PRC is also considering providing lethal aid to Russia to fuel Russia's cruel war of choice against Ukraine.

The Department of Defense is confronting the pacing challenge of the PRC with confidence and resolve, not pessimism and panic. As President Biden has made clear, the United States is not seeking a new Cold War. Rather, we are working to prevent conflict and advance an open international system in which all countries are free from coercion or bullying. We do not seek confrontation, and we are committed to maintaining open channels of communication with the PRC. As I have communicated to my counterparts, open channels of communication are critical for ensuring we resolve any misunderstanding or miscalculation to mitigate the risk of escalation.

Tackling this challenge must be a whole-of-government effort. We will meet this historic task with core American strengths: our democratic values, our economic vitality, technological dynamism, diplomatic clout, and military might. As our NDS explains, the Department is committed to working closely with our partners across the U.S. Government to ensure that any potential foe understands the folly of aggression against the United States.

The NDS also underscores the need to work with others to strengthen peace and stability in the Indo-Pacific region. We will work closely with our unmatched network of allies and partners in the region and around the world.

The Department's mission is clear: to prevent conflict with the PRC through deterrence today, tomorrow, and into the future. So we are aligning our resources with our objectives to meet urgent challenges in the near-term as we increase our investments in deterrence and warfighting capabilities for the future.

The support of Congress is vital to our success. Your leadership and oversight are critical to meeting the PRC's challenge, and they underscore the openness and partnership that are hallmarks of American democracy. Above all, the success of a whole-of-government PRC strategy will rely upon on-time resourcing. Conversely, a failure to provide adequate resources for our efforts will profoundly hamper our ability to compete in the 21st-century security environment. Thank you in advance for your attention and your continued support.

### **A Whole-of-Government Approach to the PRC Challenge**

Protecting the American people relies on our teamwork—across federal departments and agencies and branches of government, as well as with State and local governments. Our strategic competition with the PRC is no exception. And we cannot succeed unless all of our teammates have the resources and the authorities they need.

Our State Department colleagues bolster our efforts in the Indo-Pacific region by ensuring continued, close cooperation with our unparalleled network of Allies and partners. More broadly, meeting our National security objectives relies on our partnership with the State Department and on the professionalism and dedication of our diplomatic corps. We are committed to backing the vital work of America's diplomats with the hard power of the most formidable fighting force in history.

Meanwhile, our work with the Department of Commerce tackles some of the biggest economic and industrial challenges that the United States faces. Together, we are focused on strengthening our defense industrial base; reducing reliance on foreign production and supply chains; and finding creative new ways to deepen our technological advantages. That includes supporting the Commerce Department's leading role in implementing the CHIPS and Science Act, which Congress passed and President Biden signed into law in 2022. This work will not only boost the American economy; it will also strengthen our National security.

### **The Importance of Allies and Partners**

The United States is far stronger because of our friends around the world who share our values and strategic goals. Our cooperation with our allies and partners is central to maintaining a free and open Indo-Pacific region—and represents a strategic advantage that no rival can match. So, we are coordinating more on industrial exchanges, integrating our efforts to develop innovative new capacities, and making our military forces more interoperable.

#### *The AUKUS Partnership*

This approach is especially clear in the historic AUKUS partnership. It breaks new ground by bringing together three proud democracies and highly capable allies—Australia, the United Kingdom, and the United States—to take on the challenges of the 21st century and promote a free and open Indo-Pacific region. As President Biden has said, we are building bridges among our partners in the Pacific and those in the Atlantic, and AUKUS sits at the center of that endeavor. This initiative will enhance our combined military capabilities, strengthen deterrence, and forge a more stable balance of power in the Indo-Pacific region for generations to come.

On March 13, 2023, Australia, the United Kingdom, and the United States announced our plans for the first major initiative of AUKUS: providing Australia with conventionally armed, nuclear-powered submarines. Our phased, commitments-based approach will deliver this capability on the fastest possible timeline while upholding the highest standards for responsible nuclear stewardship and strengthening the nuclear nonproliferation regime.

AUKUS is also enhancing our three countries' combined military capabilities in advanced-technology areas that will be critical for deterring 21st-century conflict. Our shared priority is delivering the cutting-edge capabilities that our warfighters need now while also investing in our long-term science and technology capacities. At the same time, each of our countries has committed to significant investments to strengthen our industrial bases. Finally, we will deepen our defense-industrial cooperation through enhanced sharing of information and technology.

#### *Deepening U.S. Cooperation with Regional Allies and Partners*

Strengthening our peerless network of alliances and partnerships in the Indo-Pacific region is a top priority of the Biden administration. The progress that we have made with critical support from the Department of State in recent months, especially in improving our regional force posture, shows how this approach is making the region more stable and secure.

We are working closely with Japan to deepen our alliance. The United States is forward-deploying more versatile, resilient, and mobile U.S. capabilities to Japan such as the 12th Marine Littoral Regiment, the Marine Corps' most advanced formation. We are also supporting Japan's historic efforts to bolster its own capabilities, including in counterstrike, unmanned vehicles, and counter-hypersonic weapons. We are also increasing trilateral cooperation among the United States, Japan, and Australia.

Alongside our valued South Korean allies, we are working to ensure that our combined forces continue to deter the Democratic People's Republic of Korea (DPRK) and support peace and stability in Northeast Asia, including by increasing the scope and the scale of our combined defense exercises. We are taking important steps to strengthen our extended deterrence commitment to the Republic of Korea (ROK), including through the recently promulgated Washington Declaration and the establishment of the Nuclear Consultative Group. We are also advancing critical trilateral cooperation with the ROK and Japan to ensure we can collectively deter the DPRK.

With Australia, we are continuing to rotate significant U.S. air, land, and sea capabilities through Australia, while working with our counterparts to identify additional locations to support enhanced U.S. presence. We have enhanced our alliance with ambitious, forward-looking initiatives on technology and advanced capabilities, including space cooperation and space domain awareness. And in 2022, we also announced that we will preposition munitions and fuel to support U.S. logistics capabilities in Australia.

We are also modernizing our alliance with the Philippines by enhancing maritime cooperation and improving interoperability and information-sharing. We will have rotational access to four important new locations under the Enhanced Defense Cooperation Agreement to further support our combined training and exercises. These steps underscore our unwavering commitment to the Mutual Defense Treaty with the Philippines.

We are continuing to strengthen our longstanding alliance with Thailand. Our annual Cobra Gold exercise, for example, is a major contribution to peace and security in the Indo-Pacific region, even as it helps to ensure that we are prepared to respond rapidly and effectively to humanitarian disasters.

Meanwhile, we are launching a new chapter in U.S.-India ties. We are working with the world's most populous democracy to advance our Major Defense Partnership and to bolster India's ability to uphold a favorable balance of power across the wider Indo-Pacific region. We will continue to work closely with India to cooperate on technology, such as our Strategic Partnership with the initiative on Critical and Emerging Technology (iCET); deepen our interoperability across key domains, including space and cyberspace; and support the efforts of our broader network of Allies and partners, especially the Quad.

The Defense Department will stay focused on growing and strengthening our alliances and partnerships in the Indo-Pacific region, and we're grateful for the State Department's support to advance this top priority.

### **The Resources for Strategic Competition with the PRC**

The Department of Defense is moving urgently to deter aggression today, while increasing investments in our future deterrence and warfighting capabilities. Our Fiscal Year (FY) 2024 budget is directly aligned to the imperatives of the NDS to ensure that we maintain the most combat-credible force to deter the pacing challenge of the PRC in the near-, medium-, and long- term.

#### *Our FY 2024 Budget Request*

To ensure that our forces have what they need to meet today's challenges, our FY 2024 budget requests the largest procurement budget ever at \$170 billion. We are continuing to modernize across all domains, including upgrading our ground formations, buying more of our premier surface-ship and submarine classes, and investing in additional fifth-generation fighter aircraft, as well as in continuous upgrades to these platforms. The FY 2024 budget also requests \$146 billion to ensure a high level of readiness. We are increasing funding for flying hours and ship sustainment and investing in training so that our Joint Force is prepared to fight tonight. We are also buying offensive and defensive cyber tools to compete in the critical cyberspace domain.

Meanwhile, through an all-time high investment of \$9.1 billion in the Pacific Deterrence Initiative, we are enhancing our posture in the Indo-Pacific region and demonstrating our capability through joint exercises and campaigning (including in the First Island Chain), even while investing in logistical capabilities that will bolster our ability to project power and sustain distributed operations.

One of the Department's biggest near-term priorities is munitions, and we are investing more than \$30 billion in them in this budget. This includes expanding production capacity and buying the maximum number that industry can produce of munitions most critical to Indo-Pacific deterrence—such as the Tomahawk (including maximizing the Maritime Strike variant), the Long-Range Anti-Ship Missile, and the multi-mission SM-6. The Department is also leveraging new authorities from Congress to pursue multi-year procurement contracts for several critical munition

types, combined with novel approaches to maximize procurement efficiency, expand inventories, and improve supply chain resilience. This sends a clear and stable demand signal to industry and encourages further investment in this important supply chain.

Over the medium-term, our budget request seeks to sustain our military advantage over the PRC by investing in integrated air and missile defenses and operational energy efficiency so that our forces can operate flexibly in the Western Pacific. This year's budget also requests \$1.4 billion in research, development, technology, and evaluation (RDT&E) to advance the development of Joint All Domain Command and Control. We are laser-focused on expanding our data and information advantages, because the future battlefield in highly contested environments will belong to those who can act on the best information.

The Department is also committed to maintaining and modernizing our nuclear triad in the face of a growing PRC nuclear arsenal. The FY 2024 budget request, including an investment of \$37.7 billion in FY 2024, fully funds the nuclear triad and nuclear command, control, and communications, demonstrating our commitment to maintain reliable and effective legacy systems while pursuing their timely replacements.

The Department continues to invest in the next generation of advanced weapons. That includes a request of \$11 billion to deliver a mix of hypersonic and long-range, subsonic missiles. By the end of this decade, we aim to have hypersonic weapons that can strike from land, air, and sea. We are also investing to make key parts of the defense supply chain more resilient, such as rare-earth elements, castings and forgings, batteries, and microelectronics.

To compete over the long term, the Department of Defense's budget request includes the largest ever investment in research and development—a total of \$145 billion in FY 2024. This includes more than \$17 billion for basic science and technology research. These investments will lay the foundation for critical future weapons systems, including resilient space architectures, directed energy systems, and advanced autonomous and remotely crewed systems. At sea, Large Uncrewed Surface Vessels will enable the Navy to effectively distribute fires, while new Combat Collaborative Aircraft can revolutionize our pursuit of air dominance in the Western Pacific. In space, the Department is requesting \$33 billion in resilient reliable communications, surveillance, and early warning systems, all while working with the commercial sector wherever possible.

Finally, this budget request continues to responsibly make the transition away from systems that do not support our strategy, enabling us to invest in the maintenance and development of more advanced systems that provide greater combat power today and into the future.

#### *Stronger Deterrence in the Taiwan Strait*

One of the Department's top priorities is supporting Taiwan's self-defense capabilities. The United States has a vital national interest in preventing conflict across the Taiwan Strait. Indeed, the entire world has a stake in peace and stability in the Taiwan Strait, and we are committed to working with our Allies and partners to build our ability to operate together to deter conflict. U.S. leadership remains vital to upholding the status quo, and the United States continues to uphold our commitments under the Taiwan Relations Act (TRA) and to sustain our longstanding one-China policy, which is guided by the TRA, the three Joint Communiqués, and the Six Assurances.

To strengthen deterrence in the Taiwan Strait, the Department is doing more than ever to provide Taiwan with materiel and non-materiel support. Given the growing nature of the PRC threat, this will require a comprehensive, "all-of-the-above" approach. That means drawing on the statutory authorities and tools passed by Congress and signed into law by the President, including Presidential Drawdown Authority, Foreign Military Sales, and Foreign Military Financing, as well as third-party support and Taiwan's own indigenous capacity. We are focused on closing the critical gaps in Taiwan's self-defense capabilities, which will require that authorities are matched with sufficient resources.

#### *The Importance of Congressional Support*

The single most important way that Congress can support our strategic competition with the PRC is to pass a full-year, on-time appropriation. Operating under continuing resolutions (CRs) handicaps us for months out of every year and stifles our ability to compete—while the PRC is investing with single-minded focus.

Under a CR, we are prohibited from undertaking new initiatives, which effectively freezes our efforts to transform our military to meet the PRC's challenge. Specifically, a CR would prevent us from spending \$9.7 billion in our shipbuilding account.

Production rate increase restrictions would prevent the award of the second Columbia Class Submarine and prohibit the start of new multi-year procurement contracts for Virginia Class. A CR would also delay new starts for Conventional Prompt Strike and preclude award of production increases to numerous critical munitions, including Guided Multiple Launch Rocket Systems (GMLRS), Tomahawks, Advanced Medium-Range Air-to-Air Missiles (AMRAAMs), and MK-48 Torpedoes. Within the Air Force and Space Force, a CR would inhibit high priority programs such as Sentinel, Battle Management Command and Control, Joint Strike Missile, and Combat Collaborative Aircraft development. A CR also delays the modernization of our nuclear triad, and we will lose valuable time in investing in our space-technology architecture. Meanwhile, CRs harm the readiness of our force by slowing our efforts to improve quality of life for service members and their families and delaying important investments in military infrastructure.

In addition, the effects of CRs on the defense industrial base are profound. The absence of a full-year appropriation puts U.S. industry at a serious competitive disadvantage, especially in the race to field emerging technologies. A CR places supply chains at risk and leaves workers in limbo.

Every failure to pass a full-year, on-time appropriation harms our National security. We must break this pattern. CRs cost us time as well as money, and no amount of money can buy back the time we lose.

Additionally, reducing the Department's funding to the FY 2022 appropriated level of \$742.3 billion would be similarly damaging to our strategy. Such a reduction would constitute a cut of \$73.7 billion relative to current funding and nearly \$100 billion relative to the President's FY 2024 budget request. Cutting the current request to FY 2022 levels would have profound consequences for our efforts to modernize the force and to take care of our people. Critical investments that would be jeopardized include the Pacific Deterrence Initiative, which remains the cornerstone of our defense efforts in the Indo-Pacific region; a reduction in our shipbuilding plan, with the elimination of at least two capital ships; and enormous reductions to funding for space-based missile warning and ground-based missile defenses critical to defending the homeland—along with many critical programs in every priority area for the Department.

Finally, such budget reductions would significantly hamper our competition with the PRC even if the Department of Defense were to be exempted and the entire burden of these budget cuts were to fall on the non-defense departments and agencies. Meeting the PRC's challenge requires much more than military strength. It requires the entire U.S. Government to have the capabilities and the resources to focus on this generational challenge. I urge Congress to ensure that our teammates can continue to do their part to boost America's competitive advantages and protect the American people.

### **Conclusion**

The PRC's bullying behavior and military buildup pose a historic test—and in the face of it, America has shown extraordinary unity and resolve. Thanks to the support and the leadership of Congress, we have bolstered U.S. deterrence and expanded America's competitive advantages. We ask for your support to continue meeting this momentous challenge today, tomorrow, and in the decades to come.

We remain committed to working with Congress to be responsible stewards of hard-earned American taxpayer dollars. Partnership with Congress has always been critical to a strong national defense. I look forward to working with all members of the committee to continue to keep America safe and to continue the proud American tradition of strong, principled, global leadership in the service of democracy and freedom.

Chair MURRAY. Thank you, Secretary Austin.  
Secretary Blinken.

### **STATEMENT OF HON. ANTONY J. BLINKEN, SECRETARY, DEPARTMENT OF STATE**

Secretary BLINKEN. Chair Murray, Vice Chair Collins, State and Foreign Ops Chair Coons, Ranking Member Graham, distinguished Members of the Appropriations Committee, thank you for this opportunity to testify before you today. Thank you for bringing us all together.

I am very pleased as well to be here with Secretary Austin and Secretary Raimondo. This administration is committed to leading a bipartisan, whole-of-Government China Strategy that advances U.S. interests and values and delivers for the American people. And to your point, Chair Murray, I think we do stand at an inflection point. The Post-Cold War era is over. There is an intense competition underway to shape what comes next.

China represents the most consequential geopolitical challenge that we face today; a country with the intent and, increasingly, the capability to challenge our vision for a free, open, secure, and prosperous international order. We cannot dictate Beijing's path. We cannot wait for China to change its trajectory. But we can put ourselves in a position of strength to compete intensely, to shape the broader strategic environment around China, and to advance our vision.

We do not seek conflict with China, or a new Cold War, we are not trying to contain China. And in fact, the United States continues to have a comprehensive trade and investment relationship with China, as do most of our allies and partners. We are, however, resolutely for de-risking and diversifying, not decoupling. That means investing in our own capacities, and in a secure, resilient supply chain, pushing for a level playing field for our workers and companies, defending against harmful trade practices, and ensuring that the United States and allied technology is not used against us. We are also committed to working with allies and partners to advance a free and open Indo-Pacific, one that is at peace and grounded in respect for a rules-based International Order. When we talk about "free and open" what we mean is this: We mean countries being free to choose their own path and their own partners, and that problems will be dealt with openly, not coercively. Rules will be reached transparently and applied fairly. Goods, ideas, and people will flow lawfully and freely across the land, the seas, the skies, and cyberspace. The world is watching how we and Beijing manage this relationship, and it is in our best strategic interest to do so responsibly, in a way that promotes security and prosperity, and delivers solutions on shared challenges that matter to the American people, and to people around the world.

Last year, I had an opportunity to set out the administration's comprehensive PRC strategy to invest, align, and compete. We have made historic investments here at home, including the Bipartisan Infrastructure Law, the CHIPS and Science Act, the Inflation Reduction Act, to strengthen our ability to compete. We have aligned our approach with key partners in Europe and Asia, and beyond, working methodically to elevate our engagement around the world, and as a result, we have achieved greater convergence on how to deal with the challenges that China poses than ever before. As we compete, we will work to maintain open lines of communication at all levels with the PRC to avoid miscalculation, to prevent competition from veering into conflict. Senior-level engagements over the past few weeks demonstrate that commitment. We will purposefully engage China, not as a favor, or with engagement as an end in and of itself, but in ways that reflect our values, and where we can find areas of cooperation that are in our mutual interest. That is what the world expects of responsible powers. So we

will push for progress on priorities like the climate crisis, macro-economic stability, public health. We will continue to press the need to curb the flow of precursors that exacerbate fentanyl, and synthetic opioids, and the crisis that they pose. And I very much appreciate the leadership of this Committee on this most urgent challenge for the United States.

We have heard from Members in both parties, on both sides of the Hill, that this unprecedented challenge requires an ambitious resource strategy. We very much agree. That is what the President's proposed fiscal year 2024 State Department budget aims to do: To give us the resources and the agility to advance our strategy.

This budget positions the United States to up our game in the Indo-Pacific, the frontline of our competition with China. The Indo-Pacific is the most dynamic and fastest-growing region in the world: 50 percent of the world's population; 60 percent of global GDP (gross domestic product); 8 of the top 15 U.S. export markets. It supports 3 million jobs here in the United States, provides about \$900 billion in foreign direct investment to our country, and it has driven about 75 percent of global economic growth over the last 5 years.

China, as it happens, invests a full 50 percent of its assistance and economic and diplomatic resources in the Indo-Pacific. Our budget proposal will allow us to further deepen our diplomatic footprint in the Indo-Pacific from new missions in the Pacific Islands to a surge of new positions in the region and beyond, including in the areas of greatest contestation with Beijing like technology, economics, and regional and international organizations.

Beijing understands that diplomacy is a critical tool, that is why it has invested heavily in building up its own diplomatic capacity, its own diplomatic reach, and in fact, it has increased its diplomatic budget last year at a faster rate than its military one. And today, it has more diplomatic posts around the world than the United States. If we are serious about this competition, we have to demonstrate the same diplomatic seriousness of purpose across the board.

Now, we are not demanding that other countries choose between us and China, but rather, we aim to offer a more attractive choice. If we can spark a race to the top, so much the better, that would be to everyone's benefit. Our budget sets us up to work with likeminded partners to strengthen our offer, and ensure it is relevant and responsive to the needs and aspirations of people around the world.

That is why the budget includes \$2 billion in new investments in high-quality, sustainable infrastructure rather than low-quality, opaque, extractive projects that leave countries mired in debt. It would invest \$2 billion to bolster Indo-Pacific economies and help the United States compete in areas where the PRC currently dominates, and in key priorities for the region, including maritime security, disease surveillance, clean energy, digital technology, under-sea communications cables, critical mineral mining. And it contains over \$7 billion to extend our economic engagement with the freely associated states via the Compacts of Free Association that is a critical component of our Indo-Pacific and National Security Strat-

egy. Altogether, these funding streams ensure that we can meet a generational challenge and demonstrate our long-term commitment on issues that matter most to key countries in the region, so that the United States remains the partner of choice.

During this decisive decade, our efforts and investments, together with our partners, will determine whether we succeed in advancing our shared affirmative vision for the international system, or whether the PRC can erode or replace the global rules and norms that guarantee peace, security, and stability in the world.

I am grateful for this Committee's partnership to sustain the resources and policies required by this challenge and very much look forward to taking your questions. Thank you.

[The statement follows:]

PREPARED STATEMENT OF HON. ANTONY J. BLINKEN

Chair Murray, Vice Chair Collins; State and Foreign Operations Chair Coons and Ranking Member Graham; distinguished members of the Senate Appropriations Committee: thank you for the opportunity to testify before you.

I'm pleased to be here with Secretary Austin and Secretary Raimondo. This Administration is committed to leading a bipartisan, whole-of-government China strategy that advances U.S. interests and values and delivers for the American people.

We stand at an inflection point. The post-Cold War era is over. There is an intense competition underway to shape what comes next.

China represents the most consequential geopolitical challenge we face today: a country with the intent and, increasingly, the capability to challenge our vision for a free, open, secure, and prosperous international order.

We of course cannot dictate Beijing's path. And we cannot wait for China to change its trajectory. But we can put ourselves in a position of strength to compete intensely to shape the broader strategic environment around China and advance our vision.

We are not trying to contain China. And in fact, the United States continues to have a comprehensive trade and investment relationship with China, as do most of our allies and partners. We are for de-risking and diversifying, not decoupling. That means investing in our own capacities and in secure, resilient supply chains; pushing for a level playing field for our workers and companies and defending against harmful trade practices; and ensuring that U.S. and allied technology isn't used against us.

The world is watching how we—and Beijing—manage this relationship. And it's in our best strategic interest to do so responsibly, in a way that promotes security and prosperity and delivers solutions on shared challenges that matter to the American people and to people around the world.

Last year, I set out the Administration's comprehensive PRC strategy to "invest, align, compete." We've made historic investments at home—including the bipartisan infrastructure law, CHIPS and Science Act, and Inflation Reduction Act—to strengthen our ability to compete. We've aligned our approach with key partners in Europe, Asia, and beyond, working methodically to elevate our engagement around the world—and as a result, have achieved greater convergence to deal with the challenges China poses than ever before.

As we compete, we will work to maintain open lines of communication at all levels with the PRC to avoid miscalculation and prevent competition from veering into conflict. Senior level engagements over the past few weeks demonstrate that commitment.

We will purposefully engage with Beijing, not as a favor, or with engagement as an end unto itself, but in ways that reflects our values and where we can find areas of cooperation that are in our mutual interest. That's what the world expects of responsible powers.

So, we'll push for progress on priorities like the climate crisis, macroeconomic stability, and public health. And we will continue to press the need to curb the flow of precursors that exacerbates the fentanyl and synthetic opioids crisis—and I appreciate the leadership of this committee on this most urgent challenge.

We've heard from members in both parties, on both sides of the Hill, that this unprecedented challenge requires an ambitious resourcing strategy. We agree. That is what the President's proposed FY2024 State Department Budget aims to do: giving us the resources and agility to advance our strategy.

This budget positions the United States to up our game in the Indo-Pacific: the frontline in our competition with Beijing. The Indo-Pacific is the most dynamic and fastest growing region in the world—with 50 percent of its population, 60 percent of global GDP, and eight out the top 10 U.S. export markets. It has driven 75 percent of global economic growth over the past 5 years. China invests 50 percent of its assistance and economic and diplomatic resources there.

Our budget proposal will allow us to further deepen our diplomatic footprint in the Indo-Pacific—with \$140 million in discretionary funding for new missions in the Pacific Islands and a surge of new positions in the region and beyond, including in the areas of greatest contestation with Beijing like technology, economics, and regional and international organizations.

Beijing understands that diplomacy is a critical tool. It's why it has invested heavily in building up its diplomatic capacity and reach, and in fact increased its diplomatic budget last year at a faster rate than its military one, and why it today has more diplomatic posts around the world than we do. If we're serious about this competition, we must demonstrate the same diplomatic seriousness of purpose across the board.

We are not demanding that other countries “choose” between us and China—but rather, are offering a more attractive choice. If we can spark a race to the top, that would be to everyone's benefit. Our budget sets us up to work with like-minded partners to strengthen our offer, and ensure it is relevant and responsive to the needs and aspirations of people around the world.

That's why our budget includes \$2 billion in new investments in high-quality, sustainable infrastructure, rather than low-quality, opaque, extractive projects that leave countries mired in debt.

It would invest \$2 billion to bolster Indo-Pacific economies and help the United States compete in areas where the PRC currently dominates and in key priorities for the region, including maritime security, disease surveillance, clean energy, and digital technology. This complements nearly \$2.2 billion in discretionary funding for our Indo-Pacific partners to support critical investments in good governance, rule of law, clean energy, health security, security assistance, and vital regional institutions.

And it contains over \$7 billion to extend our economic engagement with the Freely Associated States via the Compacts of Free Association: a critical component of the Administration's Indo-Pacific and National Security Strategy.

Altogether, these funding streams, including new and innovative mandatory funding to complement our ongoing investments with discretionary funding, ensure we can meet a generational challenge that is testing American diplomacy like few in recent memory and demonstrate our long-term commitment on issues that matter most to our partners in the region.

During this decisive decade, our efforts and investments—together with our partners—will determine whether we succeed in advancing our shared affirmative vision for the international system, or whether the PRC can erode or replace the global rules and norms that guarantee peace, security, and stability in the world.

I'm grateful for this committee's partnership to sustain the resources and policies required by this challenge. And I look forward to answering your questions today.

Chair MURRAY. Thank you, Secretary Blinken.  
Secretary Raimondo.

**STATEMENT OF HON. GINA M. RAIMONDO, SECRETARY, DEPARTMENT OF COMMERCE**

Secretary RAIMONDO. Good afternoon. Good afternoon Chair Murray, Vice Chair Collins, and Members of the Committee. It is my pleasure to be here with you, with my colleagues, to have this opportunity to discuss President Biden's fiscal year 2024 budget request; in our work as a whole-of-Government approach to protect America's national and economic security, and promote our competitiveness in the face of the very real and increasingly significant challenges from China.

As has been said by my colleagues, and by Senator Murray, and Senator Collins, competing with China requires everyone on the field operating as a whole-of-Government, and working in a bipartisan way with Congress. It requires the use of the full extent of

our economic, diplomatic, and military tools. And I am so honored to be here with my colleagues in doing this work together. And I look forward to working with you, on a bipartisan basis, with the Senate, as you develop additional legislation building on the CHIPS and Science Act, to ensure that we can compete and secure our economic future.

The Commerce Department, in partnership with you, is leading the way in a bold domestic agenda, bringing advanced manufacturing, and critical industries back to the United States. And at the same time, we have never been more aggressive in using our Department's tools to address the threats from China. I want to say that again. This Commerce Department, under President Biden's leadership, has never been more aggressive in using our tools, than we have been in the past few years.

Today, I would like to focus on three key areas of investment in the President's budget request for the Commerce Department that will strengthen our ability to out-compete China.

First, this budget makes strategic investments in innovation, manufacturing, and supply chains. The fact of the matter is, without strong manufacturing, and the jobs, and innovation, and technological leadership that flow from it, we are at a disadvantage in the race to invent, and commercialize future technology. The numbers are in my written statement, but the budget supports funding for the National Institute of Standards and Technology, including the Manufacturing Extension Partnership and the International Trade Administration (ITA), which will improve American manufacturing capabilities, strengthen our supply chains, and improve our export capacity. Additionally, as has been mentioned today, thanks to the CHIPS and Science Act, the Department is investing over \$50 billion to strengthen, revitalize, and re-shore domestic semiconductor manufacturing capacity, and critically, research and development. These investments, along with the Department's new Tech Hubs Initiative, which just on Friday, released its first funding opportunity, will supercharge tech ecosystems all across this country, and are absolutely crucial investments in order for us to compete and out-compete China.

Second, the budget includes funding for the Bureau of Industry and Security to continue activities that strengthen U.S. national security, foreign policy, and our economy. Through our strategic use of export controls, including unprecedented restrictions imposed last October on China's access to advanced computing chips and semiconductor manufacturing equipment, BIS is preventing the use of U.S. technologies that enable China's military modernization, their human rights abuses, and other activities that are contrary to the United States national security and foreign policy interests. Currently, there are over 2,400 entities on the Entity List that face restrictions on export controls, and China and Russia represent the top two countries captured on the list. When we find conduct prohibited by our export controls, we take action. And I am very proud to say that last month the Commerce Department announced a \$300 million civil penalty, the largest ever administrative penalty imposed by the Department against an American company, for selling hard disk drives to Huawei without a license.

Third, and finally, the budget enables us to partner with our allies to advance our shared values and shape the strategic environment in which China operates, as Secretary Blinken just said. The budget includes funding for ITA, to ensure that U.S. businesses and commercial interests, have a robust advocate on foreign trade, and market access barriers. This funding will help us counter China's economic coercion, and enhance U.S. export competitiveness worldwide. The budget calls for increased funding for U.S. economic engagement in the Indo-Pacific. So this budget request is absolutely critical to our economic and national security and without this funding, or with substantially reduced funding, make no mistake about it, we are putting both at risk.

As has been said by Chair Murray, China is doubling down on its competition with the U.S. and investments, and we cannot afford to slow down now. So I look forward to the discussion we are having today.

And I thank you for your time; and your efforts.  
[The statement follows:]

PREPARED STATEMENT OF HON. GINA M. RAIMONDO

Chair Murray, Vice Chair Collins, and members of the Committee, thank you for this opportunity to discuss the U.S. Department of Commerce's strategy to protect our national security and promote America's economic competitiveness in the face of challenges posed by the People's Republic of China (PRC).

Over the past decade, the PRC's leaders have made clear that they do not plan to pursue political and economic reform and are instead pursuing an alternative vision of their country's future. The PRC is committed to constraining the free flow of capital and information, decoupling economically in several areas and accelerating efforts to fuse their economic and technology policies with their military ambitions.

In the face of this dramatically transformed strategic environment, the priorities for the Department of Commerce are clear.

We are bolstering our domestic capabilities and creating new ones to prevent the PRC from undermining our national security and democratic values. We are working with our allies and partners to advance our shared values and shape the strategic environment in which the PRC operates. And we are advocating for U.S. trade and investment and the benefits that come with it.

The President's Budget requests \$12.3 billion in discretionary funding and \$4 billion in mandatory funding for the Department of Commerce. The investments proposed in this budget will enable the Department to continue fulfilling its mission to create the conditions for economic growth and opportunity for all communities and place our country on a stronger footing to outcompete the PRC.

Today, I will focus on some of the key areas of investment by the Department that strengthen the position of the United States to outcompete the PRC.

**First, we are making transformational investments in American innovation, manufacturing, and people.**

Our economic competitiveness and national security depend on a bold domestic investment agenda. The Department is revitalizing U.S. domestic manufacturing, particularly advanced manufacturing. Over the past decades, communities across the country have seen manufacturing shut down, businesses close, and the local engines of innovation grind to a halt, as we exported jobs and manufacturing capacity to the PRC and the rest of Asia and reduced investment in the workforce development and infrastructure necessary to maintain our long-term competitiveness. Without manufacturing strength in the United States, and the innovation that flows from it, we are at a clear disadvantage in the race to invent and commercialize future generations of technology.

In just the first twenty months of this Administration, we worked with Congress to enact the American Rescue Plan, the Bipartisan Infrastructure Law, the CHIPS and Science Act, and the Inflation Reduction Act. Taken together, they represent historic investments in America and a once-in-a-generation commitment to advancing innovation, technology, manufacturing, workforce training, supply chain resil-

ience, and the infrastructure that we need to ensure our future competitiveness and national security.

The Department of Commerce is investing \$50 billion to strengthen and revitalize the U.S. position in semiconductor research and development and significantly increase domestic semiconductor manufacturing capacity to advance our national security and economic competitiveness. By 2030, we will be the premier destination in the world where new leading-edge chip architectures can be invented in our research labs, designed for every end-use application, manufactured at scale and packaged with the most advanced technologies. This combination of technological leadership, supplier diversity, and resiliency does not exist anywhere else in the world today and will reduce our reliance on the PRC for the microelectronics that drive our economy and power our national defenses.

We are building innovation and manufacturing ecosystems in communities across America. At the Economic Development Administration (EDA), we launched the Build Back Better Regional Challenge and awarded 21 coalitions with funds to leverage private capital and regional assets to create high quality jobs. In the coming weeks, EDA will launch the Regional Technology and Innovation Hub Program to ensure a strong foundation for U.S. global leadership in technologies critical to strengthening our national security and economic competitiveness in the decades to come.

We are also investing in America's massive talent pipeline. EDA launched the Good Jobs Challenge to fund employer-led workforce training systems and partnerships to train and place American workers into high-quality jobs and support regional economies. The program was massively oversubscribed, with 12 times the demand for our \$500 million in grants.

The President's FY 2024 budget request builds on the foundation of these investments that enable innovation and resilient supply chains to ensure our economic prosperity and national security. The Budget requests \$4 billion in mandatory funds and \$50 million in discretionary funds to expand the Tech Hubs program. Additionally, it includes \$100 million for the Good Jobs Challenge.

The Budget calls for \$1.6 billion to support the work of the National Institute of Standards and Technology, or NIST, including \$277 million for the Manufacturing Extension Partnership, or MEP. The additional investment we propose in MEP for FY 2024 will enable our 51 MEP centers to expand coordination with private sector manufacturers to narrow gaps in supply chains and adopt critical technologies to make U.S. manufacturers more resilient to global market disruptions.

The Budget also includes \$98 million to expand NIST's role in Manufacturing USA. With the funding requested in FY 2024, the Department will finance \$60 million in new competitive awards to enable existing Manufacturing USA Institutes to promote domestic production of institute-developed technologies.

The Budget also proposes \$26 million for the International Trade Administration (ITA) to make the Department's supply chain resilience efforts more proactive. Of the \$26 million, \$21 million is to establish a supply chain resiliency office within ITA to identify and assess risks to supply chains; develop strategies to mitigate risks; and implement those strategies. The remaining \$5 million is an increase for SelectUSA that will further allow that program to attract foreign direct investment to strengthen supply chain resilience. We are working with the private sector to re-shore or friend-shore core parts of our supply chains. And we are developing a near real-time "common operating picture" of global supply chains for critical industries so that we can address vulnerabilities as quickly as possible.

**Second, the Department of Commerce is laser focused on protecting U.S. technologies, capital, and expertise from the threats posed by the PRC.**

Outcompeting China to shape and lead the global economy of the 21st century demands that we move nimbly and quickly to harden our defenses against an array of emerging and ongoing practices that tilt the playing field against American workers and businesses and in some cases, threaten our national security.

The PRC Government is deploying its military in ways that undermine the security of the United States and our allies and partners and free and fair international trade. It also seeks to dominate certain advanced technology sectors, while using many of those technologies to advance its military modernization and undermine fundamental human rights at home and abroad. Therefore, we are strengthening our efforts to safeguard our core technologies by strategically and continuously updating our export control policies and investment screening frameworks.

The Bureau of Industry and Security (BIS) has long-maintained controls related to the PRC. Of the over 2,500 entities added to the Entity List for actions contrary to U.S. national security or foreign policy interests, nearly 700 or almost 30 percent,

are based in the PRC. More than 200 have been added since the start of this Administration.

These restrictions include license requirements for all military and spacecraft items under Commerce jurisdiction; all multilaterally-controlled dual-use items; a large number of dual-use items with extensive commercial applications if the item is intended, entirely or in part, for a military end use or military end user in the PRC. Furthermore, restrictions apply to all items under our jurisdiction if the item is exported knowing it will be used in certain WMD programs or if it is intended, entirely or in part, for military-intelligence end uses or end users in the PRC.

In addition, BIS controls prohibit certain U.S. person activities that would support WMD-related activities or military-intelligence end use or end users in the PRC absent authorization.

However, as the Committee is aware, this is a dynamic environment and the Department is constantly evaluating existing authorities and updating our controls based on the evolving threat picture.

In October, BIS released unprecedented restrictions that impose systematic and technology-specific export controls to limit the PRC's ability to purchase and manufacture certain advanced computing chips that are used to train large-scale artificial intelligence models, which in turn can improve the speed and accuracy of the PRC military's decisionmaking, planning, and logistics. The restrictions also impose export controls on China's ability to obtain semiconductor manufacturing equipment essential to producing advanced chips, which are vital to the development and production of advanced military and surveillance systems. BIS continues to work with interagency and allied partners to identify and restrict key technologies on a multilateral basis.

When we find conduct prohibited by our export controls, we take action. Just last month, BIS announced a \$300 million civil penalty—the largest standalone administrative penalty we have ever imposed—against an American company for selling items to Huawei without a license. BIS, along with the Department of Justice, also established a Disruptive Technology Strike Force in February to prioritize investigations of advanced technologies and impose criminal and administrative penalties against violators, in addition to adding companies to our Entity List, to safeguard U.S. technology. We will continue to take action to protect our advantage and maintain as large a lead as possible in technology sectors critical to national security.

We also continue our review of inbound investment as a member of the Committee on Foreign Investment in the United States (CFIUS). Last year, the President issued a directive—the first of its kind since CFIUS was established decades ago—to sharpen CFIUS's focus on certain risk factors reflective of our modern economy, such as technological leadership, supply chain resiliency, and foreign access to our personal data.

And together with Congress and the private sector, we are working to identify and mitigate the risks to our national security from outbound capital investments in critical technology sectors. As one example, we have prohibited companies receiving CHIPS funding from investing in leading-edge or advanced technology facilities in the PRC for ten years.

Our request for FY 2024 includes funding for BIS and ITA to continue activities that advance U.S. national security, foreign policy, and economic interests. The Budget includes \$6 million (\$3 million at BIS and \$3 million at ITA) to continue supporting CFIUS examinations and \$36 million to continue to develop the Information and Communications Technology and Services (ICTS) program within BIS to protect ICTS in the United States from foreign adversaries. The Administration is also considering the establishment of a program to address national security risks associated with outbound investments to prevent U.S. capital and expertise from financing advances in the critical sectors of countries of concern that could potentially undermine U.S. national security. The Budget includes \$5 million to enable ITA to assist the Department of the Treasury in scoping and implementing such an outbound investment program.

**Third, the Department of Commerce is strategically addressing PRC's non-market economic practices, working with our allies and partners to advance our shared values, and shaping the strategic environment in which the PRC operates.**

We know that the PRC employs a range of economic practices that disadvantage U.S. and other foreign companies trying to compete in the Chinese market. The PRC also gives unfair advantages to its own industries in ways that displace American workers and businesses—and those of our allies and partners—from the global market. The Department will continue to press the PRC to address its non-market economic practices that result in an uneven playing field, such as its massive sup-

port—financial, regulatory, or otherwise—to its state-owned and private firms, forced technology transfer, and egregious intellectual property theft.

We are continuously working with our G7 allies on a shared approach to these issues. We are working with the Quad Critical and Emerging Technologies working group with Japan, Australia, and India, and we are leading working groups to align our approaches to secure supply chains, ICTS security, export controls, technology standards, and small and medium-sized businesses' access to digital tools through the U.S.-EU Trade and Technology Council, or TTC. Taken together, these multilateral engagements reflect the shared values of the United States and its partners and allies, amplify the power of the United States, and provide the basis for future global growth that is sustainable and inclusive.

The Budget also includes \$420 million for ITA's Global Markets program to ensure that U.S. businesses and commercial interests have a robust advocate and first line of engagement on foreign trade and market access barriers. This includes an additional \$17 million for Global Markets to counter economic coercion by the PRC and enhance U.S. export competitiveness in strategic markets worldwide. The Budget also includes \$3 million to proactively reaffirm U.S. economic engagement in the Indo-Pacific region, by tackling mutual challenges, promoting long-term inclusive growth and stability, and advancing shared values through the Indo-Pacific Economic Framework for Prosperity, and \$2 million to expand the standards attaché program in ITA.

Robust funding for ITA helps create prosperity by strengthening the international competitiveness of U.S. businesses and workers, promoting trade and investment, and ensuring fair trade and compliance with trade laws and agreements—and this mission is more important than ever in the context of the U.S.-China relationship. Annual trade between our two countries has grown exponentially from \$4.7 million in 1972 to more than \$750 billion today. This trade provides revenues for American companies, jobs for American workers, and connectivity with the Chinese people.

China is now our third largest export market, and those exports directly support 750,000 American jobs. The benefits from these exports go not only to our large multinationals but also to more than 25,000 small and medium-sized enterprises (SMEs) that exported \$33 billion to China in 2020. To support these smaller businesses, the Commerce Department recently launched an export promotion initiative around personal care products. We aim to boost exports by helping SMEs navigate the market, while ensuring that their intellectual property (IP) is protected. China is also the U.S.'s largest agricultural market, and our farmers are on track to export \$36 billion in agricultural goods this year to China.

The Department is committed to appropriately using its tools to protect our companies and counter unfair economic practices, including egregious IP theft by the PRC. For example, we maintain a team of IP experts in China that helps address our companies' needs while seeking to drive important changes to China's IP laws over the longer term.

We seek fair competition—because no one can outcompete the U.S. if we are playing by the same rules.

\* \* \*

These investments only scratch the surface of the Department's efforts to drive U.S. innovation and global competitiveness, foster inclusive capitalism and equitable economic growth, and expand opportunity and discovery through data.

The effectiveness of all these investments would be threatened by a misguided return to FY 2022 enacted levels or a draconian 22 percent reduction to our spending in FY 2024. Either scenario would cause significant damage to our national security by, for example, reducing BIS's administration and enforcement of critical export controls, including those that keep sensitive goods and technology out of the hands of the PRC and other countries of concern. Furthermore, these cuts would weaken our economic competitiveness by reducing ITA's capacity to promote trade and investment and ensure fair trade and compliance with trade laws and agreements. In either funding scenario, we would also be forced to implement a hiring freeze and potentially a reduction in force. Our workforce is our great asset, and we need a strong, reliable Federal workforce to impartially, efficiently, and effectively oversee the Department's programs, services, and investments that strengthen our national security and economic competitiveness.

I look forward to working with members of this Committee to enact the President's FY 2024 Budget and continue the important work of the Department to outcompete the PRC and lead the global economy of the 21st century. I am happy to take your questions.

Chair MURRAY. Thank you very much, Secretary Raimondo.

We will now begin a round of 5-minute questions of our witnesses. And I do ask my colleagues to keep track of your time and stay within those 5 minutes.

Each of you has testified about the importance of the investments the President's budget proposal makes in your agencies. I want to drill down for a minute and make clear to this Committee what the stakes really are. If we do not pass bipartisan spending bills, if we end up flat lining spending, and not making any policy decisions this year, under a continuing resolution, or if we cut non-defense spending back by billions, what can you say, in this open setting, about the worst impacts, and how far it will set us back in our ability to stay competitive with countries like China?

And Secretary Austin, I will begin with you.

Secretary AUSTIN. Thank you, Chair Murray. As I said before, no amount of money can make up for lost time, and as you have said Chair Murray, PRC is not waiting. Our budget reflects our strategy. We went to great pains to make sure that we linked our budget request to the strategy, and so it without a budget, it is difficult to execute the strategy as designed. And we cannot execute new starts, severe impacts to procurement, and it will affect readiness and our ability to build out our infrastructure as well.

Specifically, what that means, let us take shipbuilding, for example, but we could expect a \$9.7 billion, or so, impact to shipbuilding, production rate increases, we will not be able to accomplish those, we will not be able to award the second—a contract for the second Columbia-class submarine; we will not be able to start the production on the Virginia-class submarines; it will delay our ability to get the critical munitions that we need for ourselves; and also to support our allies and partners as well. Munitions, like GMLRS (Guided Multiple Launch Rocket System), and Tomahawks, and AMRAAMs (Advanced Medium-Range Air-to-Air Missiles), and Mark 48 torpedoes, just to name a few things, that you are—and again, the list is pretty extensive.

Chair MURRAY. Thank you. Secretary Blinken.

Secretary BLINKEN. Yes. Thank you very much. I will just say two things. First, if you look at this overall from our perspective, before drilling down on China, if we were to end up in that world, our ability to do things, that on a bipartisan basis Congress supports, including support for Ukraine and its neighbors, including countering harmful PRC influence, and resourcing our Indo-Pacific strategy, including maintaining our leadership in everything, from humanitarian assistance, to global food security, we would be severely hindered in doing that. We would also have real challenges when it comes to the investments that we need to make in security, and in upgrades, physical and cyber, leaving our personnel, leaving our facilities, leaving our cyber defense more vulnerable than it otherwise would be.

More specifically, in this region, and with regard to China, we have in the budget, a number of items that are critical, in our judgment, to being able to effectively counter China's growing influence in virtually every region of the world. It would reduce our efforts to engage and build the kinds of partnerships we need to push back

against that influence. To make sure that the United States remains the partner of choice.

We have, among many other things, funding provided in the budget to make significant investments, and to enable us to catalyze private sector investment in critical infrastructure, in mining, critical materials, and rare earth materials, in making sure that we can help develop secure communications networks, undersea cables, and a secure cyberspace. And these and so many other ways, we would be significantly hindered. Beyond that, the investments that we need to make in our own personnel, expanding our missions in the Indo-Pacific, as we are in the process of doing, making sure that we attract and train, the most effective talent, particularly when it comes to dealing with China. All of that would be hindered.

And finally, and it is hard to quantify this, I think we would be sending a broader message of retreat, at a very time when we need to be sending the opposite message around the world.

Chair MURRAY. Secretary Raimondo. Do you want to turn on your—

Secretary RAIMONDO. Oh. Excuse me. Can you hear me? Yes. The Commerce Department is involved in both our offensive strategy, which is to say, investing, and in our defensive strategy, which is to say, protecting our technology. So I would like to very quickly highlight three ways that we would be very significantly impaired in our ability to meet the China Challenge.

First, BIS (Bureau of Industry and Security): So if we were to go back to 2022 levels that would be about 125 fewer people in BIS. That is 125 fewer people to do operations like end-use checks around export controls. Last year we did approximately 1,100 end-use checks in 54 countries, the vast majority related to China. With 125 fewer people, we would not be able to do all we do, and U.S. technology would get into the hands of malign actors in China.

ITA (International Trade Administration): We have Foreign Commercial Service Officers in 79 countries all over the world, we would have to cut at a time when China is expanding. We would not be present in Africa, and South America, in the Indo-Pacific, in the way that we want to be.

And finally, as it relates to investment, as you said, Senator Murray, we need to invest. NIST (National Institute of Standards and Technology) has the Federal Government's smartest minds around artificial intelligence and cyber. We need to be investing in that. We currently have a billion dollar backlog of deferred maintenance at NIST, at the same time China is investing in new facilities of their NIST equivalent. So I will stop there in the interest of time. But it is significant.

Chair MURRAY. Thank you very much.

Senator Collins.

Vice Chair COLLINS. Thank you, Madam Chair.

Secretary Blinken, what specifically is the State Department doing to deter China from continuing to send to Mexico the precursor ingredients, and the pill presses for fentanyl that eventually makes its way into the United States?

Secretary BLINKEN. Thank you very much. To step back for one second; in 2019, China agreed to schedule fentanyl and fentanyl-

related substances. The positive development there was that the export of fentanyl itself to the United States more or less ended. However, what emerged in its place is exactly what you have described, and that is the fabrication of precursor chemicals, many, if not all of them perfectly licit, but then illegally diverted to the production of fentanyl, often made in Mexico, and then, as you know, shipped into the United States.

We have been, in every single engagement that we have had with China, pressing this issue, in particular pressing China to take action to get control of the illicit diversion of precursors into fentanyl, and other synthetic opioids. China's response has been a number of things, including their view that this is a demand problem for the United States, and that while they scheduled fentanyl, we have not, so this is an argument that they raised.

We have also pressed them to not only do what they have already done, but again, to crack down on the diversion. In the absence of that, we have sanctioned Chinese individuals and Chinese entities that we have found taking part in this diversion. At the same time we are building an international coalition of countries on fentanyl and on synthetic opioids to make this a global challenge. And here is why, and here is how this will affect China. What we are seeing, because our market has tragically become saturated. We are seeing criminal enterprises push to make new markets in other parts of the world, in Europe and in Asia. As a result, the demand signal on China to take effective action, I am convinced, is going to grow, and not just from us, from other parts of the world.

China is going to have to decide whether it wants to be responsive to that demand signal or whether it is going to continue to allow, one way or another, the diversion of these chemicals. We will continue to take resolute action wherever we find those who are engaged in the diversion, and at the same time we would be better off if we could secure genuine cooperation from China in helping us to deal with this problem.

Vice Chair COLLINS. Do we have that now?

Secretary BLINKEN. We do not have that now.

Vice Chair COLLINS. Correct. I mean, China is not only providing the precursor chemicals, it is now providing the pill presses that are used by the cartels.

Secretary BLINKEN. And the only thing, the only I would add, Chair, is that this, of course, is and has to be a comprehensive effort, starting with the actions that we are taking at home, moving to the work that we are doing on our border, then to the work that we are doing with Mexico, which is absolutely vital, and then the broader international community, to include, of course, China.

Vice Chair COLLINS. Secretary Austin, last year, Congress authorized up to \$1 billion to send existing DOD weapons to Taiwan, consistent with the Taiwan Relations Act. You have testified that the administration intends to exercise its authority, and there were press reports just last week that the administration was contemplating a \$500 million package for Taiwan. Will the administration be requesting the necessary funding to backfill any U.S. weapons and munitions that are provided to Taiwan, as we have done with Ukraine, so that there is no net loss to the U.S. Military capability

as a result of the package under consideration by the administration?

Secretary AUSTIN. Thanks, Vice Chair. First of all, let me thank Congress for what you have done to provide us with the authority to effect presidential drawdown. That is critical in our efforts to provide Taiwan what it needs for its self-defense going forward. And you are correct. We are working on that initiative, and we hope to have an action forthcoming here in the near term.

We will absolutely need to have the appropriations to replace those things, which we provide. And so, Vice Chair, we will not hesitate to come forward and ask for what we need to make sure that we maintain our stocks.

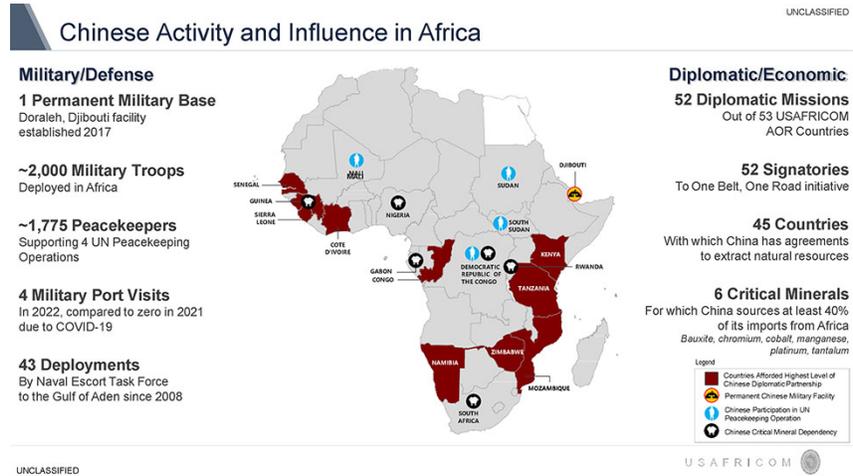
Vice Chair COLLINS. Thank you.

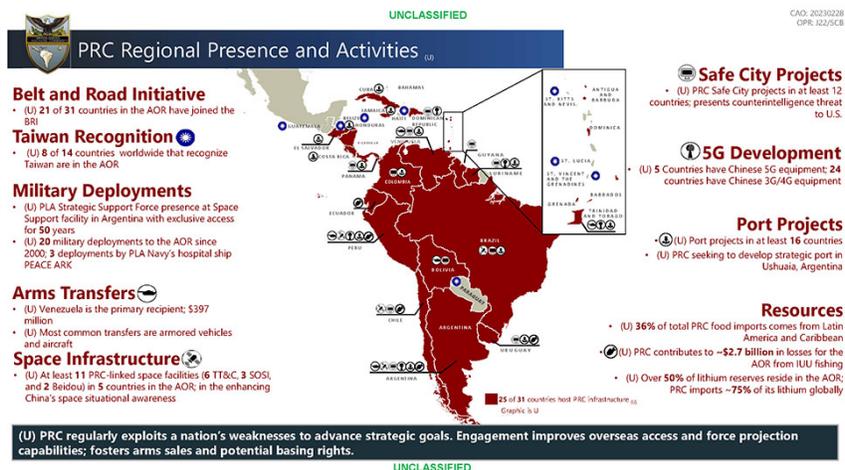
Chair MURRAY. Senator Shaheen.

Senator SHAHEEN. Thank you, Madam Chair. And thank you, to each of you for being here.

I have brought along with me two maps that I know you have seen before, Secretary Austin, because they are done by the Department of Defense.

[The maps follow:]





Senator SHAHEEN. And I brought them because I think it shows, very clearly, the challenge that we have these are of China's influence in Latin America, and in Africa. And if you look at the maroon color in Latin America, Central, and South America, everything that is in maroon, all of those countries are members of the Belt and Road Initiative; 21 of 31 countries in Central and South America members of the Belt and Road Initiative. In Africa, it also shows the challenge that we have.

Now, Secretary Blinken, you said in your opening remarks that the PRC, People's Republic of China, has more diplomatic posts around the world than we do. We cannot effectively compete if we do not have qualified, confirmed ambassadors in place, and that is important not just for each country, but also for the multilateral bodies where China is busy building support, while in many cases, we do not have anyone serving.

So I appreciate that the Biden administration has accelerated the announcement of key nominations in recent weeks, but we are still waiting on the appointment of a Special Envoy to Belarus, at a time when Lukashenko is making visits to China, the administration has not nominated an ambassador to Haiti or the Dominican Republic, and it only just appointed Ambassador Markell to serve in Italy which, of course, is welcome news, but it has taken over 2 years to get there. I recognize that the hold up here is largely in the Senate. I call on my colleagues, particularly those people who are holding, in masse, ambassadorial nominations from coming to the floor. But we also do not have an ambassador to the Arctic Region, where both Russia and China are looking to gain strategic foothold. We cannot get our ambassador to the African Union confirmed, and we are in the middle of a conflict in Sudan, and where China is expanding their Belt and Road Initiative. In countries like Montenegro and Georgia, China is seeking to make strategic investments while our nominees are being held on the Senate floor.

So can you, Secretary Blinken, speak to how many ambassadorships are currently open and pending before the Senate? And then,

whether there are specific important ambassadorships that we should be taking up as soon as possible, because we have strategic interests at stake?

Secretary BLINKEN. Senator, thank you for raising that. As I mentioned, China now has a handful more diplomatic posts around the world than we do. We have 173 missions; they have roughly 180. Each one of theirs has a fully accredited ambassador. We currently have 14 nominees on the floor pending confirmation, many of whom have been in this process for a year or more. We have another 40 who are somewhere else in the process, going through their hearings, evaluation by the Committee. So we are acting at a deficit, at a disadvantage. China is able, not only to be present in more places, but it has got fully accredited ambassadors in each of them. And that makes a difference. As good as our charges are, as good as our DCMs (Defense Capabilities and Management) are—and they are terrific—it is simply not the same thing.

What happens? And I have seen this time and again, is that a foreign leader, head of government, head of state, will engage with one of our Senate-confirmed ambassadors but may be more reluctant to engage with someone who is there filling in until an accredited ambassador could get there. That leaves a vacuum. And guess who fills the vacuum? Increasingly, it is China. So we are penalizing ourselves if we are not getting our full team on the field as quickly as possible. It is simply not a serious way to compete.

Senator SHAHEEN. And what would you say to those people who say: I am very concerned about the PRC as a part of our great power competition, as we are looking at the challenges that we face, but I am not willing to vote for the ambassadors who are going to be there in countries to help us with this fight?

Secretary BLINKEN. Well, I think there is a contradiction. And I would hope that everyone who has invested in making sure we can compete effectively, and I believe that is probably every Member of this body, in both parties, will take account of the impact of not having accredited ambassadors in every country that that we need them.

And to your point, I am looking at your map, and we know, we see that China is active on every continent, seeking to advance its influence. Again, if we are not there, we are not competing.

Senator SHAHEEN. Thank you. Thank you, Madam Chair.

Chair MURRAY. Thank you.

Senator Graham.

Senator GRAHAM. Thank you. I have a statement I would like to introduce in the record about what our subcommittee has done to deal with the China problem.

Chair MURRAY. Without objection.

[The statement follows:]

#### STATEMENT OF SENATOR LINDSEY GRAHAM

For the past 20 years, the State, Foreign Operations, and Related Programs subcommittee has closely followed the rise of China and authored and included in its annual appropriations bills numerous provisions that seek to mitigate or counter China's power and influence, and strengthen the position of the United States abroad—while at the same time ensuring that the Congress has a role in this paramount foreign policy and security challenge.

These bipartisan provisions include:

- restrictions on the use of funds for any project or activity that supports or promotes the Belt and Road Initiative or any dual-use project of the PRC;
- a requirement that funds be used to counter the establishment of insecure communications and networks abroad, including 5G, promoted by the PRC;
- restrictions on the use of funds for any project that supports or promotes technology, including biotechnology, digital, communications, and cyber, developed by the PRC unless the Secretary of State, in consultation with the heads of other relevant agencies, determines that the use of such technology does not adversely impact U.S. national security;
- a prohibition on funds appropriated or otherwise made available for any grant, contract, or cooperative agreement with the People’s Liberation Army (PLA) or any entity that the Secretary of State has reason to believe is owned or controlled by the PLA;
- a prohibition on funds for the Wuhan Institute for Virology; and
- a directive that no funds should be used to create, procure, or display any map that inaccurately depicts the territory and social and economic system of Taiwan.

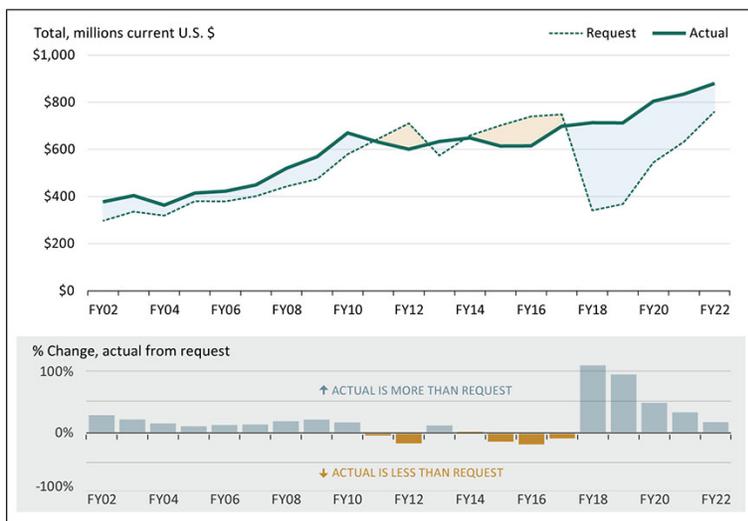
The subcommittee has also prioritized funding to counter the PRC by establishing a floor for assistance to implement the Indo-Pacific Strategy and the Asia Reassurance Initiative Act of 2018 (\$1.8 billion in FY 2023) and creating the flexible and discretionary Countering PRC Influence Fund, for which the Administration requested \$400 million in FY 2024. The subcommittee has maintained predictable bilateral funding levels for countries targeted by the PRC; appropriately conditioned assistance on governments under the influence of Beijing; provided funds for democracy, human rights, and cultural preservation programs for Hong Kong and Tibet; and included specific funding directives for assistance for Taiwan, including \$80 million in Foreign Military Financing Program funds in FY 2023 and loan authority.

In addition, the subcommittee has consistently appropriated significant resources for the U.S. International Development Finance Corporation (DFC), including \$1 billion in FY 2023. However, the DFC must do more to offer alternatives to strategic PRC infrastructure projects abroad, including through trilateral cooperation with our allies and partners like Japan, South Korea, and Australia.

At the request of the subcommittee, the Congressional Research Service prepared a table illustrating the difference between the budget requests and actual appropriations for certain countries in Southeast Asia from FY 2002 to FY 2022. As we know, China has historically viewed Southeast Asia as firmly within its sphere of influence. As the data below shows, with the exception of a few fiscal years, funds appropriated for these countries have exceeded the budget requests of both Republican and Democrat administrations.

### U.S. Foreign Assistance to Select Countries in Southeast Asia

#### U.S. Foreign Assistance to Selected Countries in Southeast Asia, FY2002-FY2022 Request vs. Actual



Source: CRS, using data compiled from Country/Account Summary (Spigot) charts contained in annual State Department Congressional Budget Justifications between FY2002-FY2024.

Notes: Countries included are Burma (Myanmar), Cambodia, Indonesia, Laos, Malaysia, Philippines, Thailand, Timor Leste, and Vietnam. Levels include Overseas Contingency Operations but do not include emergency appropriations. Funding accounts included in the calculation are Assistance for Europe, Eurasia, and Central Asia; Development Assistance; Democracy Fund; Economic Support Fund; Foreign Military Financing; Global Health Programs; International Military Education and Training; International Narcotics Control and Law Enforcement; Nonproliferation, Antiterrorism, Demining, and Related Programs; and Peacekeeping Operations.

Congress has an important role to play in preparing and enabling the United States to compete against our adversaries—the PRC, Russia, Iran, and North Korea, in particular. The record shows that in some cases, such as Southeast Asia and with respect to the PRC, the Appropriations Committees has been forward leaning and in front of the Executive branch.

Senator GRAHAM. Thank you. Secretary Austin, I have been telling my constituents in South Carolina that if we fold in Ukraine and let Putin have his way, China is more likely to invade Taiwan. Do you agree with that?

Secretary AUSTIN. I agree, Senator. Not only China, but we will see other bad actors around the world try to do the same.

Senator GRAHAM. I could not agree with you more. So how we deal with other bad actors in the world matters. Do you believe our disastrous withdrawal from Afghanistan embolden our enemies, Secretary Austin?

Secretary AUSTIN. Senator, as you know, there were three things that happened in Afghanistan.

Senator GRAHAM. I do not have time for three things. Do you believe it emboldened our enemies, and if you do not, you have missed a lot?

Secretary AUSTIN. I do not, Senator.

Senator GRAHAM. Okay. Good. Well, you have missed a lot. Secretary Blinken, you said a couple months ago, that China was on the verge of supplying lethal aid to Russia. Was that accurate when you said it?

Secretary BLINKEN. It was, Senator.

Senator GRAHAM. Okay. We all agree, we want China not to help Russia, right? Here is an idea: 100 U.S. Senators recommended to you that we declare Russia a state-sponsor of terrorism to deter people like China from giving them weapons. Here we are, months later, and nothing has happened.

Mr. Secretary, I like you a lot, but you are never going to designate Russia as state-sponsor of terrorism, are you?

Secretary BLINKEN. Never say never.

Senator GRAHAM. Well, I can pretty well say China sees all talk here. If you are really worried about China giving weapons to Russia, instead of picking up the phone and calling the Chinese—please do not do that—why do not you get 100 U.S. Senators to pass a law telling China if you give them one bullet, we are going to sanction the hell out of you?

Secretary BLINKEN. Senator, could I just add to that, if I may.

Senator GRAHAM. Yes, please, very quickly.

Secretary BLINKEN. I think China has taken account of the—

Senator GRAHAM. So do you think that they are deterred?

Secretary BLINKEN [continuing]. Of the unprecedented, sanctions and export controls that we have wielded against Russia with many countries—

Senator GRAHAM. So you think making Russia a state-sponsor of terrorism would not send a stronger signal to China: Do not help the Russians.

Secretary BLINKEN. I think the authorities that we have and we have used, which accomplished the same and have been very effective—

Senator GRAHAM. Well, I understand—

Secretary BLINKEN [continuing]. That has sent a clear message to the Chinese—

Senator GRAHAM. Yeah, let us go to Iran. Is Iran a state-sponsor of terrorism under U.S. law?

Secretary BLINKEN. Mm-hmm—

Senator GRAHAM. Madam Secretary.

Secretary BLINKEN. Sorry.

Secretary RAIMONDO. Yes, I believe it is.

Senator GRAHAM. Okay. They are sanctioned to the hilt, right?

Secretary RAIMONDO. Yes.

Senator GRAHAM. Okay. Do you realize Iran's oil revenue went up 20 percent last month?

Secretary RAIMONDO. I believe—I know it is gone up because—

Senator GRAHAM. It has gone up 20 percent every month. Why? Because of China. So this idea that we have a strong China policy is a bunch of crap. It is not the budget that will deter China. It is our will to take on people like China. So I think we are in a real world of hurt.

Let us talk about the Navy. You know, the Chairman criticized the House budget proposal, I quite frankly, understand some of your concerns. A CR would be disastrous, I agree.

Secretary Austin, the CNO (Chief of Naval Operations) of the Navy said we needed 373 manned ships, and 150 unmanned ships to deal with the threats we face. Are you aware of that?

Secretary AUSTIN. I am aware that he said that we—

Senator GRAHAM. Would you agree with it?

Secretary AUSTIN. I agree with the plan that the Navy has outlined.

Senator GRAHAM. Well, here is what the Navy said: For us to get 373 ships, what we need, I would think the Navy is really important to deter China, that we would have to spend 5 percent over inflation to reach that goal. Are you aware of the fact that the budget you propose to this Committee spends 1.7 percent under inflation?

Secretary AUSTIN. I am. It is under current rates, right, and you—

Senator GRAHAM. Okay. Well, I would say that you are never going to get the 373 ships if you got to spend 5 percent over inflation, and the budget is 1.7 below inflation. And here is what the Committee needs to know, under the budget proposed by the President we go from 296 ships this year to 291 in fiscal year '28. China has 340 ships, and by 2025 they will have 400, and we project by 2030 they will have 440 ships. So we are not doing what we need to be doing to let China know we are serious about playing in their backyard.

So this idea of countering China cannot be looked in the budget vacuum; how many diplomats we have on the ground; everything we have done in the last 2 years, in my view, has made every bad actor more emboldened. And it started with Afghanistan. And the Iranians are making more money under sanctions, not less. And China is the biggest reason we are not doing a damn thing about it.

We have a chance here in a bipartisan fashion to send a signal before it is too damn late. And when it comes to Ukraine, I appreciate this Committee's bipartisan action, but I am going to tell you right now, if the Department of Defense does not provide the ICC (International Criminal Court) with the evidence necessary to prosecute Russians, and you are holding it up, we are sending yet another signal that we are all talk when it comes to bad actors. So you may be pleased with what you are doing. But I am not.

Chair MURRAY. Senator Coons.

Senator COONS. Thank you, Chair Murray. Vice Chair Collins, thank you for the forbearance of my colleagues, given my timing demands. And thank you to our witnesses in front of us. Having the Secretary of Defense, Secretary of State, Secretary of Commerce jointly appear in front of us is a reinforcement of the need for a joint approach to reinforcing U.S. national security, our diplomacy, development, economic competitiveness, in the face of the very real challenge of the PRC.

I will, just at the outset, repeat what we heard from the Chair, which is that we cannot default and we cannot fail to appropriate. Xi Jinping has assessed the United States as a flawed and failing political and economic system. Nothing we could do would reinforce that impression more than defaulting on our national debt or fail-

ing to appropriate. Let me turn to some of the investments asked for in this year's budget that will advance our joint goal.

Secretary Blinken, Raimondo, you saw the posters that Senator Shaheen put up. In the Global South, whether in Latin America, Africa, the Pacific Island, Southeast Asia, we see that the Global South is increasingly aligning with Chinese economic and foreign policy, not because they fail to appreciate the risks of debt burden diplomacy, not because they perceive China's alternative governance model is better, but because they say over and over, the absence of an American presence. We have to show up. It is a challenge of presence and engagement, strategic communication, providing credible alternatives, particularly regarding economic investment.

You are both on the Board of the Development Finance Corporation (DFC). It is a critical new resource to compete with the Belt and Road Initiative, and it is investing billions in development projects with key partners around the globe. Speak if you would to: What authorities and resources does the DFC need to maximize its impact to meet this moment? And what else are you proposing in this budget to address these critical challenges of engagement to push back on China's investment, globally?

Secretary Blinken, if you would?

Secretary BLINKEN. Thank you very much, Senator. And just before I get to that, just for the record, and I am sorry that Senator Graham is no longer here. But, you know, we have sanctioned 40 different entities for oil trade with Iran. Of the 40 that we have sanctioned, 17 were Chinese.

With regard to these investments, Senator, I could not agree with you more, and it is vital for us to be able to compete, to compete effectively; and in particular, because this is our comparative advantage, to catalyze private sector investment. We are not going to match China dollar-for-dollar in state investment. The way we do it is by catalyzing private sector investment. The DFC is one of the most critical vehicles for doing that.

What we have proposed in the budget is a mandatory allocation for the DFC, in addition to its regular budget, that would allow us to create and effect a new revolving fund that would boost equity investments in viable development to leverage private capital and also to counter some of the predatory lending that we see coming from China. This would, in a number of ways, support the very kinds of projects that both people want and need, and that advance our position strategically, mineral mining, and reprocessing, wireless networks, undersea cables, ports, roads, rails, medical manufacturing different parts of the world, water and sanitation.

I will give you just one example, quickly, of something that is already in train. In fiscal year '22, we have a DFC investment of just \$30 million that is allowing us to produce critical minerals mining, a platform to support nickel and cobalt mining in Brazil. Something that is essential to the technology of the century. In addition, airport in Sierra Leone, an African Investment Fund for digital infrastructure. It is a long way of saying, we need to make sure that the DFC is well capitalized, that it also has the flexibilities particularly to make equity investments. This is what our partners are most looking for.

Senator COONS. Thank you, Mr. Secretary.

Secretary Raimondo.

Secretary RAIMONDO. Yes, thank you, Senator. And thank you for your leadership as it relates to the DFC. I agree with everything that Secretary Blinken has said. Our ability to counter China requires us to show up; it requires us to show up in embassies; and it requires us to show up on the ground with money. And that includes U.S. private capital.

And so the DFC, I would argue, plays a more important role now and in the years to come than it ever has. It is, as Secretary said, critical minerals, but it is also basic infrastructure. You know, basic investments in infrastructure, roads and bridges, clean energy, clean infrastructure. And the DFC can provide concessional finance, for example, to draw forward a great deal of U.S. private capital. I can tell you this. In all of my travels—and I will be going this summer to Africa—in all of my travels, the United States is the source of choice over China, and the DFC working with us will help us to show up with the capital that is so sorely needed.

Senator COONS. Thank you, both.

Vice Chair COLLINS. Senator Moran.

Senator MORAN. Senator Collins, thank you. Secretaries, thank you for being here.

Let me start with Secretary Raimondo, welcome back. You and I have had a chance to see some aviation and aerospace activities in our country. The RAND Corporation recently testified that for each three of the aviation categories—military, commercial, and general—the United States is ahead of China and competitive with or better than the rest of the world. However, and I quote, “China continues to close the gap with the United States.”

Secretary Raimondo, aviation aerospace plays a critical role in both our economic and national security in light of the China continuing, closing the gap, their advances in this field, and the Chinese Communist Party’s explicit intention to challenge U.S. dominance, what can policymakers do to ensure the U.S. remains a global leader in aviation, aerospace, and the innovation that is associated with both?

Secretary RAIMONDO. Thank you, Senator, for your question. There are a number of things we can do, but one thing, in particular, that I will point to at the Department of Commerce that we are doing is investing in tech hubs. There are regions all around the country that have expertise in aviation, skills, R&D, talent, et cetera, not necessarily in New York City and San Francisco, and so by investing in tech hubs, all across America, and identifying areas of excellence, including an aerospace and aviation, making those investments which draw together the public sector, and the private sector, and research universities, that is the way we stay ahead, that is the way we stay ahead of China: Investing in R&D, investing in every nook and cranny of this country to tap into the full extent of our innovation and talent, and investing in our workforce.

Senator MORAN. Thank you, Secretary.

Secretary Austin, anything you would add in regard to the value of technology, and capabilities in aerospace and aviation, generally,

as a manufacturing component, as a research component of our country, what does it mean to our national defense?

Secretary AUSTIN. First of all, I absolutely agree with the Secretary. And that is why you see us asking to invest some \$146 billion in RDT&E (Research, Development, Test and Evaluation). It is the largest request for research and development that we have ever made, and you also see us continuing to invest in our Air Forces.

We are asking for some \$60 billion plus to make sure that we maintain a dominant Air Force. And if you look at things that we are doing with respect to making sure that we maintain that edge, I think the Raider that we unveiled—the B-21 Raider that we unveiled in December is clear evidence of our focus on making sure that we remain out front, and we go after the capabilities that are necessary to support our war fighting concepts. So we will continue to do that. I think we are investing in the right thing, and we appreciate Congress' support.

Senator MORAN. Secretary Blinken, during your Appropriations Subcommittee hearing, I asked you about trade, and particularly the updated TPP (Trans-Pacific Partnership) Agreement that we are not a part of. And I would highlight this as well for Secretary Raimondo. Your answer, I do not mean that you were cavalier in your answer, but your answer was in part: TPP was a good agreement, but we have moved on since then; the world has changed. And I took those words and researched what many countries are saying. In fact, they are asking us to engage in this Trade Agreement, countries in the South Pacific, Australia, for example, Thailand. And I just would highlight again for both of you, Secretary Raimondo and Secretary Blinken, the importance of trade. We need the relationships that, perhaps, you have described, using diplomacy, and diplomats, and State Department officials, and relationships. But in my view, one of the pillars that is missing in this administration's efforts to connect the rest of the world and the United States together is trade agreements in which we are not negotiating and not pursuing. And I think it is a mistake for our country's economy, and I think it is a mistake for our country's national security. The rest of the world needs to see economic benefits by being aligned. And I can tell you China does an excellent job of demonstrating, at least upfront, temporarily, what an ally and supporter they are of other countries' economies.

Secretary BLINKEN. Senator, I very much appreciate your perspective on this. Let me just say, very quickly, two things. First, some of the investments that we are talking about, and the vehicles for those investments financed in the President's budget, are actually critical to delivering what people are looking for and need in country after country around the world, and doing it in a way, as I said, that is a race to the top, not the race to the bottom that we sometimes see with investments coming from China.

Second, we are very focused on putting in place and implementing the Indo-Pacific Economic Framework, IPEF. We have 14 countries that have signed on to do that. It includes trade facilitation particularly with regard to digital trade; it includes supply chain diversification and resilience; it includes work on a clean economy that many of these countries are looking for including the

financing, the development of such an economy; and it includes a pillar on combating corruption and other things that corrode the efforts to actually make trade investment work. We found great enthusiasm for that among the countries that have signed on. As I said, they are now 14, and we are working overtime to actually put that on the rails and make it work.

Senator MORAN. Mr. Secretary, China has requested to engage in that—to enter that agreement, and Great Britain has entered as well, other countries are finding the value that I wish we would see. Thank you.

Vice Chair COLLINS. Senator Tester.

Senator TESTER. Thank you, Senator Collins. And I want to thank all three of you for being here today. We have heard, and we know some of the things that China is doing; what they are doing with their military; what they are doing with money manipulation; what they are doing with the precursors of fentanyl, with cyber-attacks, harmful trade policies, opposition to free and open pacific, and Senator Shaheen talked about the Belt and Road's Initiative; what they have done worldwide with rare earth; and what they are doing with technology theft.

On the other side of the equation, we have got the United States of America, the greatest country on Earth, did not happen by accident because we had folks who came before us that made good decisions. Unfortunately, we are not in that boat. The folks here in Congress, I think, have forgot what our mission is. We are dealing with the debt ceiling on money that we have already spent, which will cause us to go in default, which will cause us to go into a depression, if not remedied, folk will lose retirement. We could even lose over to reserve currency. We are dealing with an individual who is holding all our flag, officers in the Military. I do not have to talk to Secretary, or ask about how negative that is. Senator Shaheen talked about the ambassadors that have been held on the floor, and we have got a situation where we are probably on the cusp of going to a CR, which I know the Chairman and Ranking Member of this Committee despise, as do I, but if we do not get our act together that is exactly where we are headed. That does not make us stronger, that makes China stronger. And it is not on any of you three that are sitting there. It is on the United States Congress. And so we need to wake up because this is a real threat.

Secretary Austin, I want to ask you about weapons modernization; and how does our weapon modernization compare to China's efforts with weapon modernization?

Secretary AUSTIN. Thanks Senator. First of all let me tell you, that I truly maintain and believe that we have the competitive edge, and we are going to work to maintain that competitive edge going forward. And so that is why you see us looking to invest, not only in research and development, but also \$60 billion to maintain the Air Force that we believe we need; another \$48 billion to invest in maintaining the world's greatest Navy. And I will bet on our Navy versus any other Navy any day of the week. And also \$11 billion to invest in long-range fires, and that includes hypersonics.

So we are pushing hard to make sure that that we are going after the right capabilities that will help us maintain the edge in

the future, now and in the future. And that is why we are asking you for the budget that we are asking for.

Senator TESTER. Are there any areas that you would talk about in this type of a session where you would say we are behind from a technology standpoint, modernization standpoint?

Secretary AUSTIN. I would like to have a conversation—that conversation in a secure—

Senator TESTER. Very good. Thank you. Thank you for that. Look, I have heard directly from folks in Montana about the impression that Chinese is buying—or buying land in our great State. We have seen some reports out of North Dakota. And I think it is not only about food security, it is actually more even about the—it is national security, and both are pretty damn important.

Look, I know this is not an easy nut to crack. I think there is 30 bills out there on—deals with foreign ownership of land, China, Russia, Iran, North Korea. I guess the general question is: Are you guys, in any of your capacities, and if it is not within your bailiwick that is fine, seeing any evidence that Chinese are buying land? And are they doing it themselves through Chinese companies, or are they potentially doing it through shell companies?

I will start with you, Secretary Blinken.

Secretary BLINKEN. So Senator, to put this in perspective. And again, not my area of expertise, but based on the facts as I believe them to be, I think about 3 percent of our farmland is foreign owned; and of that 3 percent, a very small percentage is owned by Chinese individuals or Chinese entities. Which does not mean there is not an issue because depending, for example, on where that farmland happens to be situated there may be an issue, but I wanted to put it in perspective; and we are well aware of a number of bills, both Federal and State, that would place restrictions of one kind or another on foreign ownership to include Chinese ownership of agricultural land. The Committee on Foreign Investment, CFIUS?

Senator TESTER. Yes.

Secretary BLINKEN. Looks, as you know, at anything that might involve a strategic investment that could pose a threat to our security, I will leave that to them, that is in the province of the Treasury Department. Needless to say, we look very carefully at any investment from anywhere, but notably from China, that could pose a threat in one way or another to our security.

Senator TESTER. I am out of time, either one of you could respond to this in writing, unless you have got a real quick response. I would just say this, that there are a number of bills out there, and I think you are spot on. It is not quantity, it is quality. And if it is the wrong site, we are in trouble. Thank you, all, very much.

Chair MURRAY. Thank you.

Senator Capito.

Senator CAPITO. Thank you, Madam Chair, and Vice Chair. And thank you all for being here with us today and for your service.

Secretary Blinken, I heard your response to Senator Collins's question on fentanyl. I come from the State that has the largest amount of overdose deaths per capita than any other State in the Union, and a lot of this is directly attributable to fentanyl. What I heard in your answer was highly insufficient because I do not

have the impression that we are pressing hard enough. I do not know. We were in Mexico several—about a month ago, talking to the President there, to try to help with that. You said things going on at the border. We all know that this drug is flowing across our southern border.

Can you give me a better answer here? And give us some hope that we can really clamp down on this illicit killer of a drug?

Secretary BLINKEN. Thank you very much, Senator. And first of all, let me be very clear that I could not agree with you more—

Senator CAPITO. Understand.

Secretary BLINKEN [continuing]. On the imperative of this challenge. As you know very well, this is the number one killer of Americans aged 18 to 49.

Senator CAPITO. Right.

Secretary BLINKEN. And as we also know, last year, we seized enough fentanyl to kill every single American. That is what we seized; there is obviously a lot more out there. So, this is at the very top of our priority list. What I was trying to suggest earlier is that we have to deal with this, and we are across the entire spectrum of the issue. By which I mean this: There is obviously work that we are doing that is very significant in terms of what is happening here at home, including demand, treatment, recovery, that is a critical component.

I was just in Denver visiting the—among other things—the Police Department of the Cities Summit of the Americas. We brought together 250 mayors from across our hemisphere. One of the things we focused on was fentanyl synthetic opioids, precisely because this is a problem that is coming to them as it has already come to us.

The border is obviously critically important. The most important thing is this: 95 percent of the fentanyl that is coming into the United States from across the border is coming through legal ports of entry as best we can tell. That means that the technology, among other things, that we need to get to our border to screen for this, which we are doing, is a critical component. Mexico, you could not be more right, a vital, necessary partner in this. Now, I have spent, more important President Biden has spent, many hours with President Lopez Obrador on this issue, and I would say that we have seen both a glass half-full and glass half-empty. Glass half-full: We saw record levels of seizures of fentanyl by Mexican authorities last year. We have seen far more people dedicated to trying to interdict the fentanyl, to break up the labs, et cetera. We now have a cooperation agreement with them that goes not just to law enforcement but that also goes to their regulatory agencies. This is a critical component. But clearly, more effort and more resources need to be dedicated.

Finally, the broad picture, sorry to come—

Senator CAPITO. The China, the China piece?

Secretary BLINKEN. China, yes. So as we were discussing before, the critical piece of this, right now, is the diversion of illicit precursors—actually licit precursors that turn into illicit fentanyl.

Senator CAPITO. Right.

Secretary BLINKEN. And right now China is the—or Chinese entities are the leading—

Senator CAPITO. Are you communicating with them now, every day, on this?

Secretary BLINKEN. We are communicating, every single engagement—I think I can say that without fear of contradiction, I think every single engagement that I have had with a Chinese counterpart—

Senator CAPITO. When was your last engagement with them on this?

Secretary BLINKEN. Last engagement was in Munich. This is a couple of months ago.

Senator CAPITO. Right.

Secretary BLINKEN. Yeah. Well, I am not the only one, every official that we have, who is engaged with China, including officials in my Department, this is at the top of the agenda. So we have one of two ways that this is going to work: Either we are going to elicit genuine cooperation from China on this. And as I said earlier, there is going to be a growing global demand for that cooperation because the problem that started here, as you know, is moving around the world.

Senator CAPITO. Right.

Secretary BLINKEN. So we are building, you will see in a few weeks, a coalition of countries coming together to work together on dealing with synthetic opioids, notably fentanyl. So that demand signal is going to grow stronger and stronger. In the absence, though, of the cooperation, we have already sanctioned a number of Chinese enterprises and entities, for engaging in the transfer of precursors for fentanyl.

Senator CAPITO. We know if we can stop the ingredients from getting to where they are produced, much less the pill presses that I did not realize China is now sending into Mexico. If you look at methamphetamine, when it was—when it first came on to the drug scene, probably 20 years ago; what did our State governments do? Our State, you know, stopped the flow of Sudafed; you had to get it behind the counter because that was one of the ingredients, if you could—and guess what it will hurt. If you can get rid of the ingredients you can—

Secretary BLINKEN. You are exactly right.

Senator CAPITO [continuing]. Really make a huge difference here.

Secretary BLINKEN. You are exactly right.

Senator CAPITO. So whatever we can do, I think it is just horrifying what we see happening. I understand we have a demand issue; I understand we need to work on prevention—that stuff we can do and will do. But I would just press you, and I know you are pressing hard, but we have just got to press harder here because this is a national disaster. Thank you.

Secretary BLINKEN. I share your concern. Thank you.

Chair MURRAY. Senator Schatz.

Senator SCHATZ. Thank you, Chair. Thanks to all of the Secretaries for being here.

Secretary Blinken, the PRC remains the world's worst environment for Internet freedom, given its global influence the political advantages of a repressive use of technology and the PRC's relatively inexpensive products, there is concern that this could further increase the number of countries without a free Internet. How

important are tools like the Open Technology Fund, which helps to create circumvention tools, in pushing free access to information?

Secretary BLINKEN. Senator, there are a number of things that are critical, and that is one of them. Making sure that we are able to get in the hands of people, organizations around the world, the tools that that we have, and that are available to circumvent efforts to stifle their ability to communicate. It is something, by the way, that we have done in Iran since the protests broke out, and the efforts were made to crack down on the ability of people to communicate. So these are vital tools. But there is a—there is an even bigger picture that I think is vital, and that is the competition that we are engaged in to see who is going to actually build the communications networks of the future as well as the present.

We have, across the board, countries that are investing in 5G. We want to make sure that they use, as we call it in this business, “trusted vendors”, not untrusted vendors, and our diplomacy has been intensely engaged in working with countries to do that. Part of that is getting countries to adopt investment screening mechanisms. We have had some success over the last couple of years in getting countries to do just that to make sure that they have the tools to detect someone who is trying to make an investment in their country, including in critical technologies and communications infrastructure, whether that is someone or an entity that they can trust.

So the macro picture is very important, and then individual technologies that we can help get into the hands of people to circumvent suppression are important as well.

Senator SCHATZ. A couple of Legislative matters I want you to comment on, please. I will just give them to you both, although they are not particularly related. How important would it be if we were able to ratify the Law of the Sea Treaty? And as Ambassador Yoon, hopefully, lands these negotiations of the Compact of Free Association with our brothers and sisters in the Pacific Islands, I am wondering if you can speak to the importance of implementing legislation and follow through with the COFA (Compacts of Free Association) nations?

Secretary BLINKEN. So on the latter, we have made very significant progress in getting—in expanding and extending these agreements. They are vital to our Indo-Pacific Strategy, vital to our overall National Security Strategy. As you know very well, these Island Nations in the North Pacific are—basically what stands between us and the further reaches of the Pacific. We have long-standing agreements with them. It would be vital to make sure that having negotiated their extension that we provide the resources necessary to do that.

Senator SCHATZ. And Law of the Sea?

Secretary BLINKEN. In Law of the Sea. Look, in my judgment, not being a part of that is a self-inflicted wound. We see again and again, country after country, in Southeast Asia, looking to, pointing to the Law of the Sea to assert their maritime rights as opposed to the rights that China is asserting that bear no relationship to the law. And when we point this out, when we call out China for making maritime claims that are not based on the law, they say: Well, you do not have much standing to speak about that because

you have not ratified Law of the Sea. My response to them has been: It is true, we did not ratify it, but we abide by it, you ratified it, and you do not abide by it. Nonetheless, it would be tremendously helpful for—

Senator SCHATZ. It is a good line. I think it is the best you can do.

Secretary BLINKEN. That is about right.

Senator SCHATZ. But the best we can is to ratify the Law of the Sea.

Secretary BLINKEN. That is about right, yeah.

Senator SCHATZ. Secretary Austin, could you take those two questions as well, the COFA question and the Law of the Sea?

Secretary AUSTIN. I agree with Secretary Blinken that these are partners that are really, really important to us. As you know, Senator, a significant portion of their residents actually have served in the military or are serving in the military so they are—they are very, very supportive. And where they are from a—in terms of geography, is absolutely critical. And so we are leaning into this and helping Secretary Blinken's people do everything that we can, as a team, to get this across the goal line. But to the point that he made is—I think it is absolutely critical. And I agree with Secretary Blinken that we are—we live by the Law of the Sea, and so it would make sense to ratify it, so.

Senator SCHATZ. Thank you.

Chair MURRAY. Senator Kennedy.

Senator KENNEDY. Thank you, Madam Chair. And thank you all for being here.

Secretary Blinken, have you ever visited any of the 15 Pacific Island nation states?

Secretary BLINKEN. I have, yes.

Senator KENNEDY. They are wonderful people, aren't they?

Secretary BLINKEN. I would agree.

Senator KENNEDY. And they have well-placed pride in their countries, do they not?

Secretary BLINKEN. They do, right.

Senator KENNEDY. Can we agree that these 15 independent Pacific Island nation states, are just that, they are—they are independent countries? They are not just dots that some world leaders see out of their plane windows when they are traveling to meetings elsewhere?

Secretary BLINKEN. That is correct.

Senator KENNEDY. And can we agree that China is making a concerted effort to try to bring these independent countries within the ambit of the Communist Party of China.

Secretary BLINKEN. We can.

Senator KENNEDY. Can we agree that America should have a deeper—strike that. Let me rephrase that, Mr. Secretary. Putting China aside, do you agree with me that it is the prudent and moral thing to do to have deeper engagement with our fellow countries, in the Pacific, particularly in terms of trade and investment?

Secretary BLINKEN. Very much so, Senator, yes.

Senator KENNEDY. Would you support showing the 15 Island—15 Pacific Island nation states the respect and dignity that they deserve by creating an ambassadorship just for these 15 Pacific Is-

land nation states to be appointed by the President of the United States and confirmed by the United States Senate.

Secretary BLINKEN. Senator, it is something that we are looking at. But let me just put this in context. As you rightly said, these are independent, sovereign countries which is exactly why we have been engaged in a very intense effort to actually get embassies and to have ambassadors in more of these countries. And as you know, right now, we have opened an Embassy in the Solomon Islands; we have opened one on Tonga; we have one pending in Kiribati; and we are also doing the same thing in Vanuatu. So having these bilateral ambassadors is critical. As you also know, President Biden—

Senator KENNEDY. Mr. Secretary, can I interrupt?

Secretary BLINKEN. Yeah, please.

Senator KENNEDY. I am really sorry, but we have limited time.

Secretary BLINKEN. Please.

Senator KENNEDY. And I have followed the efforts of the Biden administration in this regard. But what I am talking about is appointing, and not relying on other envoys or ambassadors. I am talking about creating a new ambassadorship for the 15 Pacific Island nation states appointed by the President and confirmed by the Senate, who would spend her or his time traveling to all of the island states talking about trade investment and listening?

Secretary BLINKEN. So Senator, I say two things to that; one, I think it is important that we continue to engage these countries, independently, given their independence. But to your point, and I agree, this is important. We have not appointed a senior envoy to the Pacific Islands forum. This is the main body, as you know, that brings all of these islands together. We appointed someone who is a deeply experienced ambassador to serve—

Senator KENNEDY. But it is not created in law, is it, Mr. Secretary?

Secretary BLINKEN. It is not. It is an appointment by the Secretary of State; that is correct.

Senator KENNEDY. Okay. So a new President could come in and say: We do not want to do this anymore?

Secretary BLINKEN. That is correct.

Senator KENNEDY. Could she or he not?

Secretary BLINKEN. That is correct.

Senator KENNEDY. What I am talking about, if the Pacific Island countries are so important, and I think they are, and I think I have heard you say they are. Let me ask you again: Would you support creating an ambassador, ambassador level status, I do not care what you call it, but it would be an ambassador level status appointed by the President and confirmed by the United States Senate; what is wrong with that?

Secretary BLINKEN. I would just say, Senator, that first the Senior Envoy that we have, who is a former ambassador to several of these countries, in effect fulfills that that function, so that is important—

Senator KENNEDY. But he is not an ambassador; he is appointed by a President. I am talking about making this permanent. Why would you not—

Secretary BLINKEN. Of course, a future President could decide not to appoint an ambassador at any given country.

Senator KENNEDY. Well, but why would you not want to—why would you not want to embed this in the law and give the Pacific Island countries the respect they deserve?

Secretary BLINKEN. I would be happy to pursue this with you. I think what we are hearing—

Senator KENNEDY. I just happen to have a bill, Mr. Secretary.

Secretary BLINKEN. Mm-hmm. Yeah. I am very happy to look at it and come back to you on it.

Senator KENNEDY. Would you?

Secretary BLINKEN. Yes.

Senator KENNEDY. I really think that we have not given—I am not criticizing you or your team, I just think that we have not given these countries the respect they deserve, and the best way to do that, would be to give them a permanent ambassador.

Secretary BLINKEN. I think we should pursue this conversation. I would really welcome doing that, what I am—

Senator KENNEDY. I am going to put you down as a “yes.”

Secretary BLINKEN. To talk about it, absolutely.

Senator KENNEDY. Thank you, Madam Chair.

Secretary BLINKEN. Thank you.

Chair MURRAY. Thank you.

Senator Baldwin.

Senator BALDWIN. Thank you, Madam Chair and Ranking Member, for convening this very important hearing; and thank you to our Secretaries for being here today.

Secretary Raimondo, I want to thank you for including in your testimony the importance of the Tech Hub Program, and you have also responded to a number of questions referencing the importance of that program. And I certainly appreciate your leadership at the Department of Commerce. As a member of both the Commerce Committee and this Appropriations Committee, I work both on the authorization side and the funding side of the Regional Tech Hub Program, and our Committee delivered an initial \$500 million investment to get it started. So I look forward to working with you and my colleagues on this Committee to develop tech hubs in more geographically diverse parts of the country, which I agree is needed to ensure our economy can compete with China. Fiscal year '24, in this coming fiscal year, Congress needs to deliver additional funding for the program to help ensure U.S. global economic and technological leadership, and the only way we can get this done is by passing robust bipartisan appropriations bills in a timely manner.

But my question for you is actually on a different priority under your purview at Commerce, and that is trade enforcement. As Secretary of Commerce, you are a member of the Forced Labor Enforcement Task Force which was established by the Uyghur Forced Labor Prevention Act. That legislation also specifically tasks the Secretary of Commerce along with the Director of National Intelligence with consulting on the development of a strategy to ensure U.S. supply chains are free of forced labor in China.

So Secretary, could you both explain the nature of that undertaking, but also, importantly, the impact that reduced funding or

even a continuing resolution would have on the important work being done at Commerce to combat forced labor in China?

Secretary RAIMONDO. Thank you, Senator, and good afternoon. First, very briefly on tech hubs, I do want to reiterate that the CHIPS and Science Act authorized a \$10 billion investment which I think is about right, and so a half-a-billion is, you know, barely a down payment. I am very grateful for half-a-billion. We are hard at work; we are going to run a pilot program, I believe will be spectacular. However, you know, as you correctly say, we definitely need more money. The President's budget this year I believe calls for another 2 billion—1.5 billion. With respect to trade, we take trade enforcement incredibly seriously, and in this regard I have always said America can out-compete China if we all play by the same rules. And China does not play by the same rules in trade. They flood our market with heavily subsidized goods and undercut our prices and undercut our industry, and as you say, there is often forced labor in the supply chain. And we should have zero tolerance for forced labor in the supply chain.

Right now, one of the things that we do at the Commerce Department is at any given time we are enforcing between six and seven hundred countervailing duty, anti-dumping countervailing duty orders, many of which relate to China's unfair practices. Any cut in our funding would massively inhibit our ability to do that. You know, we barely have enough people to do it now, and that would affect the Uyghur issue, you say, but also anything else that China is doing to undercut any of our industries.

Senator BALDWIN. Thank you.

Secretary Austin, in fiscal year 2023 the Committee supported—our Committee supported the establishment of an Industrial Base Expansion and Shipyard Infrastructure Initiative specific to the Constellation-class frigate, a ship that is currently being built in Wisconsin. This program will now be supported by a Workforce Development Initiative that will equip our workers with the specialized skills required to support the domestic shipbuilding base as well as keep the Navy on track to expand the fleet. This year I am, again, advocating for this program to continue to receive funding because we know that sustained investment is critical to the health and stability of our defense industry. Again, the only way we will get this done is by passing robust bipartisan bills on time.

Secretary Austin, can you speak to how the workforce investments that we have been funding, like this program, keep our Nation competitive and secure?

Secretary AUSTIN. It goes without saying, Senator. Thanks for the question. But our workforce is absolutely critical, you know, as we, you know, we have—in our industrial base is one of our core strengths, and central to that core strength is the workforce. And as we have been challenged over the years in terms of being able to rapidly expand capacity and capability, some of those challenges are workforce challenges. So everything that we can do to train and empower our workforce, I think, is helpful; it is critical. And so I appreciate all that you are doing. I think it is the right thing, and would ask that we do more in that regard.

Chair MURRAY. Senator Boozman.

Senator BOOZMAN. Thank you, Madam Chair.

Thank all of you all for being here. We appreciate all your great work.

Secretary Blinken, there is growing concern about the lack of communication between the U.S. and China. I believe you change the world through personal relationships, and then also you deescalate things as they occur. In visiting with some of our allies as we get out and about, there is concern from them, you know, that again, China and the United States are not communicating as well as we should. Can you talk a little bit about that, and what steps you take to reach out to your Chinese counterparts?

Secretary BLINKEN. Thank you very much, Senator. When President Biden and President Xi met in Bali at the end of last year, one of the things that they agreed on was the importance of having these lines of communication, at the very least, so that we put a floor under the relationship or some guardrails on it. President Xi calls it a safety net. Take your pick of terminology, but it is important because as we have all talked about today, we are engaged in an intense competition with China across many areas, but it is not in our interest for that competition to veer into conflict, if we can do anything to avoid that, and we are determined to do that. That starts with communication. So I could not agree with you more.

I think we have shown recently that there is more senior level engagement with China, most recently our ambassador in Beijing, and also the National Security Advisor, Jake Sullivan, meeting with his Chinese counterpart, Wang Yi, over a couple of days in Europe. And that is important because what we believe would be the right course is to now see more senior-level engagement in a— in a sustained way across our administration and theirs, precisely so that we can make sure that at the very least, we are— we are talking to each other, that we are making very clear what we stand for; what our intent is; what we are looking for as well as, where possible, finding areas of cooperation, including as we were just talking about, on something like synthetic opioids, on fentanyl.

So I also think, Senator, that it is not only what is in our interest, but the rest of the world looks to us to manage this relationship responsibly. We are determined to do that.

Senator BOOZMAN. I appreciate that, and like I said that I think, you know, there has been concern amongst some of our allies in that part of the world, that that we can do a better job, certainly they can do a better job of making that work.

Madam Secretary, we had a really good conversation the other day about trade. I know that you feel like it is important. We feel like it is important. Can you tell us what the challenge is, or obstacles, that you anticipate in facing and establishing additional trade? Many of the many of the potential partners in the region, they do not want to choose between us and China, but they want to hedge their bets as far as where they do business. What are the— what are some of the obstacles to getting additional trading opportunities going?

Secretary RAIMONDO. Yes. Thank you, Senator. First, let me say—I want to echo something that Tony just said: the Commerce Department is very focused on export controls, and we will be vigilant and aggressive as possible. We will protect what we must, but we want to trade where we can, and that includes with China. You

know, we have no interest to decouple. Many jobs in America depend upon trade with China, in things outside of technology, completely unrelated to our national security, and I do think it is important that you hear that from me, that we want to trade where we can. With respect to the—

Senator BOOZMAN. I agree, and I appreciate you stating that.

Secretary RAIMONDO. Thank you. With respect to the rest of the region, I think there are a few things. First, it is showing up. The Commerce Department's budget, the President's budget calls for additional funding for Foreign Commercial Service presence in the Indo-Pacific. One of the most dynamic, fastest growing regions of the world, economically, we need to be there; we need to be doing business; we need to promote our own exports there.

Secondly, as we have discussed, the Indo-Pacific Economic Framework, although not a trade agreement, as we have discussed, it is significant. If we are successful, I believe we will be, in getting 14 countries to sign on to a Supply Chain Cooperative Agreement, a Critical Minerals Cooperative Agreement, infrastructure agreement, it will bring more U.S. industry, trade, investment to the region. And I think that is all incredibly important.

It is not so much obstacles because they want us in the region, it is a—you know, China does not want us, and we should not make these countries choose, by the way, but we should be their partner of choice, and I believe we will be when we show up in the way that we are, and need to continue to.

Senator BOOZMAN. All right. Thank you very much.

Thank you, Madam Chair.

Chair MURRAY. Thanks.

Senator Murphy.

Senator MURPHY. Thank you, Madam Chair, and to the Vice Chair for this very important hearing. Thank you all for enduring a long afternoon.

Listen, China is not 10 feet tall. They are tall; they are getting taller, but we still enjoy certain definitive advantages. One of those advantages is our story. Our story of participatory democracy and open economy is the story of the last 100 years, and can be the story of the next 100 years. And so I want to talk to you for just 1 minute, Secretary Blinken, about our investment in telling that story but also in making sure to push back against false narratives coming out of Beijing. It is hard to tell exactly how much money they are spending on their propaganda operation, but it is more than us. They are making a lot of mistakes with the information that they spread, so they are not flawless in the execution of their misinformation and propaganda operations. But they do threaten to dwarf ours over the next 10 to 20 years if we do not really get smart about spending more money and spending it in a more coordinated way.

So you have proposed a 12-percent increase to the Global Engagement Center, which is the State Department's capacity, but that does not feel like a big enough number. And so I wonder if you could just say a word about the importance of that capacity; the importance of the other capacities that our agencies have? And, oh, by the way, we have to reauthorize the Global Engagement Center (GEC). We actually have to get that done by the end of the

year in order to make sure that we can continue to push back against these narratives around the world.

Secretary BLINKEN. Thank you for raising that, Senator. I think what we are seeing is a number of countries who are in the business of, in effect, trying to weaponize information as part of competition or, in some cases, adversarial relationship with us. And one of the reasons that we established the Global Engagement Center was precisely to be able to push back effectively on that, but with the truth, not with misinformation or disinformation. And so the GEC, as you know, is working with other Federal agencies to direct, to lead, to synchronize, and coordinate our efforts to understand the sources of the trends in foreign malign actors' efforts to spread disinformation and misinformation and also to compete in the information space even when it is not disinformation.

With regard to China, the GEC plays, I think, a very, very important role. And just to give a few examples: In our own hemisphere, in the Western Hemisphere, where we see China being very active, it has supported journalism and research on the messaging tactics that China engages in. It has helped them assess their influence in the information environments in the Western Hemisphere, and we have helped them to build out regional expertise in Africa. We have engaged—the GEC has engaged in capacity building workshops with sinologists to help people better understand the influence that China is wielding, its ambitions, and to make those findings public.

And one final thing, just because this is an important one, together with China House, the consolidated place that we have built in the Department to bring all of our China expertise together, we are engaged with the GEC in proactive, affirmative messaging to push back on something that is very interesting that China does and Russia also does. They provide, free of charge, their equivalent of the Associated Press to country after country. And so if you are getting up in the morning in dozens of countries and listening to the news or reading a newspaper, you are getting information that sounds like it is being locally produced but is, in fact, directly from The Wire Service of China or the Russian Federation. We are now making available to these countries the Associated Press, Reuters, and other objective sources of information.

Senator MURPHY. I think that is incredibly important information. Thank you for leading. Just give us one last piece of advice on Taiwan Policy to the extent that this gets brought into our discussions about appropriations. You have recommended significant changes in Taiwan Policy to bolster economic relations, security relations, cultural relations, but you have warned Congress against implicit security guarantees or implicit formal recognition of Taiwan, recognizing symbols of sovereignty. You have not seen the—you do not predict a return on investment related to U.S. security if we, essentially, overturn the One China Policy in the Taiwan Relations Act. Does that continue to be your recommendation to the Congress?

Secretary BLINKEN. It does. The policy that administration after administration has pursued over 5 decades, Republican and Democrats alike, grounded in the One China Policy, the Taiwan Relations Act, of the Three Communiques, or Six Assurances, has done

very well. Done very well for Taiwan, done well for us, and ironically, arguably done well for the PRC because it has preserved peace and stability. It has put in place an understanding by which, up until now, everyone refrains from taking unilateral action to try to change the status quo, and thus, potentially, creating a crisis that would have global effects. One of the concerns that we have going back some years is that Beijing no longer seems to accept the status quo in Taiwan and has been taking steps of various kinds to increase the pressure, to coerce Taiwan, and to contemplate perhaps the use of force at some point in the future.

I think country-after-country around the world is increasingly making clear to Beijing that that would have catastrophic consequences for everyone. We have 50 percent of World Trade that goes through the straight every single day, 70 percent or so of the semiconductors manufactured in Taiwan. If there were to be a crisis as a result of unilateral action taken by China with regard to Taiwan, we would have a global economic crisis on our hands that country after country would be affected by. But at the same time, we have been resolute, absolutely resolute in our support for Taiwan including its ability to defend itself to make sure that it has the ability to engage throughout the international system and with countries around the world.

We have, ourselves, increased our engagement in a whole variety of ways with Taiwan because we take very seriously our commitments under the TRA, the Taiwan Relations Act, that, again, goes back many years. But I think the basic framework that has been in place for many decades, over many administrations, has served us well, and disrupting that status quo would actually not be in our interest.

Senator MURPHY. Thank you, Madam Chair.

Chair MURRAY. Thank you.

Senator Fischer.

Senator FISCHER. Thank you, Madam Chair. I have a number of issues I would like to touch on today, so I am going to try to not make a long statement. I hope all of you will answer with a short response as well.

Secretary Austin, section 1262 of last year's NDAA (National Defense Authorization Act) required that both the Departments of Defense and State submit a comprehensive report on the Bilateral Access Agreements to Congress. These are the agreements with over-flight basing agreements, agreements for logistics support, or refueling support, and that report is due in a couple weeks. Will it be on time?

Secretary AUSTIN. It will.

Senator FISCHER. Great. How many planned, cooperative security locations, forward operating locations, or fuel support points require access agreements that currently do not exist?

Secretary AUSTIN. Well, there are, as you know, a number of agreements that we continue to pursue and, of course, when the need arises, when an operation is being conducted, no matter what, even if we have agreements, we will have to go back in to that country and request those rights.

We have done some things recently to increase our—the locations that we are operating with our allies and partners in the region,

for example, the Philippines is a good example of that, we continue to work with countries like Japan and Australia to make sure that we can rotate forces in and out in Australia, for example. And so we are making significant progress—

Senator FISCHER. It would be really helpful to have those agreements in place before they are needed, correct?

Secretary AUSTIN. That is correct.

Senator FISCHER. Yeah. Thank you for the work you are doing on that.

Secretary Blinken, are you coordinating with the Department of Defense on these agreements?

Secretary BLINKEN. Absolutely.

Senator FISCHER. Thank you.

Secretary Raimondo, when you were before the CJS (Commerce, Justice, Science, and Related Agencies) Subcommittee, we brought up—I brought up, and we had a discussion over Rip and Replace being an emergency that we have to be aware of, with the Huawei that is installed, and being able to have that funded. Do you believe that Congress needs to consider all the legislative options on the table, right now, in order to address this emergency?

Secretary RAIMONDO. I certainly believe it poses national security risk if Huawei remains in American networks, including near military bases, and I think that Congress should fully fund the FCC's Rip and Replace Program.

Senator FISCHER. Okay. Thank you. I am going to quote Senator Kennedy, "I happen to have a bill for that," and I hope my colleagues will consider that Senator Hickenlooper and I have been working on a bill, and hopefully we can use some of those unobligated COVID-19 funds to fill that gap that exists there.

Secretary Austin, I appreciate the prior discussions we have had about the Department's fiscal year 2024 budget request and how it addresses munitions production issues that we are facing in this country. And I agree that the current request is a step in the right direction, but I also think there is more that we can do, and I think there is more that we have to do. From your perspective, would it be useful to be able to add additional munitions multiyear procurement authority and help us to remove some of the low-value, I would say, contracting requirements that are out there when we are setting up these future contracts?

Secretary AUSTIN. It very much would, Senator. And let me thank you for what Congress is doing, has done, and I hope we will do in terms of granting us authorities for multi-procurement actions here. That has been very, very helpful. And as you know, we are going that—we are asking for some \$30 billion to invest in munitions, which is just about the limit of what the—what industry can produce in this next year.

Senator FISCHER. You know I have been very concerned about our munitions requirements that we have for ourselves for the security of our Nation, but we also obviously have contracts and supply to other nations as well.

Secretary Blinken, you testified recently that the long pole in the tent in providing equipment to Taiwan to defend itself is the production capacity. Do we have the same issue with foreign military sales to other nations as well, besides Taiwan?

Secretary BLINKEN. We do. I think—let me put it this way, in my capacity as Secretary of State, I have signed out more cases for Taiwan than any of my predecessors, and we are looking at ways to make our Department even more efficient. And I know that our colleagues at DOD are doing the same thing. But if you actually look at the calendar, the schedule of these things, where we have a challenge is on the production end. And there are a whole variety of reasons, as you know, for that. That is actually changing. It is changing as a result of intense engagement with industry. It is changing as a result of the fact that, in part, because of Ukraine and the Russian aggression. There is a growing demand around the world that is getting production lines that had been dormant moving again, but unfortunately, it is not flipping a light switch. But we are intensely focused on that. And the Secretary of Defense, obviously, is doing this every day.

Senator FISCHER. Thank you.

Thank you, Madam Chair.

Chair MURRAY. Senator Peters.

Senator PETERS. Thank you, Madam Chair. And first of all, I want to thank the panel. Thank you for being here today and discussing U.S. economic competitiveness especially with respect to China.

You know, I am particularly focused on ensuring that we are competing and winning at every single level of our economy, that means both in attracting and retaining talent in STEM and technology innovation, including AI, as well as making sure that America's manufacturing sector remains the best in the world by, obviously, first off supporting a strong workforce on the shop room floor, but also just making sure we are making things in our country. I do not believe you can really be a great country unless you actually make things, which is why manufacturing is absolutely essential to that.

One example of this dual competitiveness imperative, I believe, is autonomous vehicles. That technology is represents the future for mobility in the auto industry, and if the U.S. is going to be a leader in the future of the automotive industry, we have to find ways to, not only develop autonomous vehicle technology here in America, but we actually have to manufacture it here in America and deploy it in our country as well.

That is why I have worked along on legislation to ensure that America can manufacture this cutting-edge technology so we do not lose the race with China. China is investing massive amounts of money in this technology, and we believe this technology represents, in some ways, the "moonshot" for artificial intelligence because of the complexity of it. And I do not want to be in a position where we are playing catch-up for years, like we are, or we have been in areas like semiconductor chips.

So Madam Secretary, Secretary Raimondo, my question is for you. How is the Department of Commerce working to ensure that its strategy on economic competitiveness, particularly with China, reflects strong support, not only for just research and development and innovation, but actually the making of things and manufacturing with American workers here in the United States.

Secretary RAIMONDO. Thank you, Senator. Good afternoon. I wholeheartedly agree that we need to get back into the business of making more things in America. And as my colleagues know, no one believes that more than President Biden. And so we are doing a number of things ensuring that we can regain our—rejuvenate our manufacturing sector. First and foremost is the CHIPS Act, obviously we will create hundreds of thousands of manufacturing jobs. This budget calls for increased investments in the Manufacturing Extension Partnership (MEP) which will provide technical assistance to small manufacturers which is the majority of manufacturers, even in Michigan, you know, I know big auto, but all the small suppliers MEP will help them to become more digitized, to do training, et cetera. We are also investing a great deal of money in job training and apprenticeship initiatives with the focus on manufacturing. So in the interest of time, I will simply say, we took our eye off the ball as a country on manufacturing; we thought we could, in search of cheap labor, outsource everything. And now we have problems in our supply chain. We are overly dependent, and it is a national security risk. And so we have to improve that.

The final thing I will say is this: In the budget that we propose, we are asking for additional funding to establish a supply chain office at the Commerce Department so that we can be in the business of proactively monitoring and predicting supply chain challenges before they happen, and not just be reactive, and that will be immensely helpful to us to rejuvenate manufacturing.

Senator PETERS. Thank you. Certainly all of you know, China is persistent, and ever-evolving cyber security threat to our Nation, as well as our Federal Government systems, and yet despite this, our main Federal Cyber Security Law, the Federal Information Security Management Act, FISMA, has not been updated for a decade.

Secretary Austin, I want to ask this question, for you, is that given DOD's position in both countering the Chinese government through Cybercom, as well as protecting DOD systems from cyber-attack, could you discuss how the DOD's empowers and benefits from the Department of Homeland Security's (DHS) mission to protect Federal civilian systems as well as critical infrastructure here in the homeland and how this Committee can support that effort?

Secretary AUSTIN. Well, thank you, Senator. First of all, let me agree with what you said in terms of China being a persistent cyber threat. It is absolutely the case. As you very well know, DOD and DHS have overlapping equities, and we continuously collaborate, and share information in order to be able to better protect our information domestically. But not only do we share intelligence, we actually coauthor advisories when the time—when an occasion presents itself, and we also share best practices, so this is, we are very, very tightly connected, but again, the ability to help even more would be welcome. And so to your point, everything that we can do to ensure or that we have the freedom to do that, or the ability to do that, would be helpful.

Senator PETERS. Great. Thank you. Thank you.

Thank you, Madam Chair.

Chair MURRAY. Senator Murkowski.

Senator MURKOWSKI. Thank you, Madam Chair. And thank you to Senator Britt for deferring, appreciate that. Thank you for your leadership. I appreciate it. I am going to talk about the Arctic.

Secretary Austin, you noted yourself on a trip to Alaska in '21, you said, "Here in Alaska, we are where the Indo-Pacific Nation and us, as an Arctic nation, intersect, these two critical regions intersect. This is where we can project power in both regions, and where we must be able to defend ourselves from threats coming from both places. It is also where we can better posture ourselves and prepare for climate changes that will impact our future."

Secretary Blinken, you were in Anchorage conducting a summit with China, just recognizing the geostrategic location that that plays there. We had a classified brief this morning with General VanHerck, NORTHCOM, NORAD. And General VanHerck is very, very upfront in saying that our direct investment in Arctic-capable platforms, training, and infrastructure continues to lag. He repeated that again this morning.

And so I want to move us, because when we talk about the Indo-Pacific, it is not just the islands that Secretary—that Senator Kennedy was talking about, I think we recognize that it extends all the way up North.

And when we are thinking about China and where China is partnering right now and where Russia is gaining advantage even at a time of sanctions coming at them because of this awful war in Ukraine, the two of them are partnering in bilateral relationships with everything from what is going on in the water, to moving oil from Russia, to evade those sanctions, to help out China there, and fund Putin's War.

Last year, we saw a flotilla coming across the Gulf of Alaska, with Chinese and Russian ships, warships. You know, they were 75 miles from Alaska. We are nervous about all that is happening there. And I think you all probably would agree that we have reason to be nervous. So what we do in sending that that message, it comes down to policies, it comes to personnel. To Senator Shaheen's point, the President has named an Arctic Ambassador-at-Large. We need to get that moving. Thank you for that. We have put in place some additional personnel to help on the personnel side. Policies, we need to know that, Secretary Austin, you guys are right there with us in acknowledging that we need to have a deep water port in the Arctic, now needs to move forward.

Senator Britt and I were down in Mississippi and Alabama checking on the Polar Security Cutters, they are coming, but they are not coming fast enough. We need a commercially available icebreaker up there soon, because we are not going to see our Polar Security Cutters for 3, 4 years and probably longer than that because they are going to be down in Antarctica. So we are exposed up there. And so when we are talking about—about the U.S.-China relationship, let us remember how it kind of comes together, unfortunately, because of Russia and our proximity there.

So I want to ask you, Secretary Austin: We have acknowledged that we have updated our Arctic strategies that is so important from all branches of the Department, but I think we all recognize that strategy without action is just a piece of paper; when I look at the MILCON projects that the President's budget has submitted,

only seeking funding for two MILCON projects in one of the most strategic locations in our country. Now, we have talked about what is on the unfunded priority list, and there is a lot of things for the Arctic there, but it causes me to question whether or not we are appropriately resourcing what we need to do in order to have the level of preparedness, the level of deterrence, that I think we would—we would hope to see. So Secretary?

Secretary AUSTIN. As you well know, Senator, we have some of our most valued assets in Alaska. We have F-22s, F-35s—

Senator MURKOWSKI. More fifth-generation fighters and we are happy about it.

Secretary AUSTIN. That is right. And you are taking really good care of them up there. We have just stood up the 11th Airborne which is—that is going to continue to provide great capability.

I asked to invest this year some \$500 million in Over-the-Horizon Radars which will increase our domain awareness. Last year, I asked for \$373 million to invest. So we are going to continue to invest, to increase domain awareness. We are going to continue to do things, the kinds of things that we are doing, as we speak.

As you know, we have an exercise ongoing in Alaska, up in the Great North. We need more of that with allies and partners, to make sure that we can operate efficiently and effectively in that environment. So we will look to continue to invest, but your point is well taken on MILCON.

Senator MURKOWSKI. Thank you. And I am out of time, but, Secretary Blinken, acknowledging that we can always do more on the personnel side, we would like to make sure that we are paying attention to that as well.

Secretary BLINKEN. Welcome, as always, working with you on that.

Senator MURKOWSKI. Thank you.

Secretary BLINKEN. Thank you.

Senator MURKOWSKI. Thank you, Madam Chair.

Chair MURRAY. Senator Merkley.

Senator MERKLEY. Thank you, all. And Secretary Blinken, we have China engaged in slave labor with the kind of a million Uyghurs; we have them taking away the Tibetan children to boarding schools when they are just 5 or 6 years old; we have China stripping the political rights out of out of Hong Kong. Is it fair to say that China is a massive human rights violator?

Secretary BLINKEN. Yes.

Senator MERKLEY. Is this alone a reason to encourage our companies to develop supply chains elsewhere?

Secretary BLINKEN. In and of itself, I think that companies that do not want to perhaps face the moral hazard of engaging in that way would see it that way, yes.

Senator MERKLEY. And we have seen under Xi, that China is flexing its muscles very much in the Indo-Pacific region in a whole host of ways. In that context, I want to thank you for visiting Vietnam, you visited the week right after I led a Congressional Delegation there. How important is Vietnam and other ASEAN nations as a counterweight to China in the region?

Secretary AUSTIN. Well first, ASEAN itself is vital because it brings together, as you know, all the Southeast Asian nations. And

in many ways, they sometimes feel more comfortable tackling a challenging issue, collectively, as opposed to individually.

But for us the bilateral relationships, as well as the relationship with ASEAN, are of increasing importance. As you mentioned, we have I think a good and growing relationship with Vietnam. We just had the President of the Philippines here, President Marcos, for a very important visit. The work the Secretary of Defense has done there, as well as the work that my Department has done in strengthening our engagement the Philippines is vital. And I could go down the list of countries in Southeast Asia as well.

Senator MERKLEY. I just wish it did not take 2 days to get a Congressional Delegation halfway around the world to start those meetings. It gets hard to—for the legislators to hold as many direct conversations in the region. But it means a lot if we go, it means obviously a lot if members of the administration—

Secretary BLINKEN. No, I really—I strongly applaud and also encourage what you and other Members of this Committee and other committees are doing. I think that Congressional engagement is absolutely vital. And it is really important that our counterparts hear from you directly, of the concerns, the prerogatives of Congress.

Senator MERKLEY. Secretary Raimondo, you noted that in search of cheap labor, we lost manufacturing jobs in the United States as supply chains moved overseas and, of course, it is particularly true, primarily true in China. And that effort really gave—well, I guess I will put it this way: Do you agree that trade relationship with China and the enormous number of supply chain factories that moved from the U.S. to China helped accelerate China's path to wealth and power?

Secretary RAIMONDO. In some ways, yes, I would agree.

Senator MERKLEY. Yeah. Well, in many ways because they ran huge surpluses that allowed them to invest massively, including helping the Belt and Road Initiative. As we look at the way China behaves in the world and the factors of competition, should we be encouraging our companies develop and move their factories to other countries in the region?

Secretary RAIMONDO. I think that companies—there are certainly increased risks with operating in China. In fact, you are seeing it. You are seeing in recent months Chinese officials, without notice, raiding American companies. So I think every company has to make these decisions. And as Secretary Blinken said, there are risks associated with it. What we are doing in our work, especially in the Indo-Pacific, and I was recently in India, and, of course, the President is hosting Prime Minister Modi; is working with those countries to increase our economic relationship and partnership, but also working to help American companies re-shore workers to America.

Senator MERKLEY. Thank you. I love the word “re-shore”, thank you. But I have one more question I wanted to get in before my time is up. But appreciate that. I just want to acknowledge that even as we are sitting here worried about the wealth and power of China, their wealth and power continues to grow, in part, because of the massive amount of products that we buy from China which is, in my mind, reason to encourage and remove.

Secretary Austin, I have heard two strategies in relation to Taiwan. One is: Hey, the Taiwan Strait is a very difficult piece of water to cross, and we can do a massive amount to turn Taiwan into a porcupine with inexpensive weapons that can take out expensive weapons, and that lays out a whole strategy, and is important in the context of Xi's argument, he wants to be militarily prepared to take Taiwan by 2027.

And then I have heard the other argument being: We need to greatly enhance our ability to conduct war directly against China including pre-positioning tons of material, armaments, weapons, so forth. And those are two very different strategies. Which strategy do you think is most important?

Secretary AUSTIN. Actually, Senator, thanks; I think they are both important. Number one, we have learned a number of important lessons from Ukraine's War with Russia, and one of those lessons is that, you know, with asymmetric capabilities and asymmetric tactics and techniques, a smaller force can do a really good job in defending themselves against a larger force—to use your words, turn themselves almost into a “porcupine”—make it difficult for that larger force to digest that. But in terms of, you know, the China problem set, writ large, you know, my mandate is to make sure that we continue to deter China on a daily basis. And the way you deter another force is by making sure that you have combat-credible capability. And in investing in the things that we know that will provide us the edge in any kind of contest, is the right things to do—the right thing to do; and that includes, in some cases, moving things forward in theater, prepositioning things. And so I think it takes both of those—both of those approaches to have a complete deterrent capability.

Senator MERKLEY. Thank you. A lot to explore there. My time is out. Thank you.

Chair MURRAY. Senator Britt.

Senator BRITT. Thank you, Chair Murray.

Thank each of you for being here today, I greatly appreciate it. Secretary Blinken, Secretary Raimondo, thank you for the time you have given us over the last few weeks on this important issue, and particularly the issue of fentanyl. I hope to be able to dive into that more today.

Secretary Austin, I am actually going to start with you; a special welcome, and a War Eagle, to a fellow War Eagle, you go to a fellow Alabamian, and an Auburn University postgraduate. Secretary Austin, I truly believe we achieve peace through strength. I grew up outside the gates of Fort Rucker that, you know, has more recently been renamed Fort Novosel. I saw, firsthand, the sacrifice of our Service men and women. And I saw that that sacrifice was not just theirs, it was that of their entire family giving so that our country could remain safe and strong. I have a deep appreciation for our men and women in uniform and for the families who also serve.

As I think about DOD's modernization efforts, Alabama has played and continues to play a vital role. Across our great State, our defense industrial base is leading efforts ranging from hypersonics, direct energy, modernization of our Rotary Wing aircraft, National Security Space Launch, contested logistics, and

manufacturing and assembling in key missile programs such as Javelin, THAAD (Terminal High Altitude Area Defense), JASM (Joint Aquatic Sciences Meeting), and JAGM (Joint Air-to-Ground Missile).

This is just a sampling of what Alabama's talent, synergies, and capabilities provide to the Defense and National Security community as we face in pending threats from the PRC.

Secretary Austin you have been in this seat now for nearly 2½ years. On a scale of A to F, what grade would you give yourself on aligning the DOD to the National Defense Strategy and ensuring the Joint Force is able, willing, and ready to address the multi-domain threat that is posed by China?

Secretary AUSTIN. I would give my team a very high mark—high grade because, as you have heard me say a couple of times today, Senator, everything that we do is focused on our National Defense Strategy. We have gone—we specifically aligned our budget requests to that strategy, the capabilities that we are going after will provide us the capability to support our warfighting concepts.

And so everything that—that we do is aligned with this strategy. So I would—number one, I think it is the right strategy. Number two, I think that we are very much focused on the execution of that strategy.

Senator BRITT. Well, thank you for that answer. I think we owe it to the American people that you have the resources to ensure that we have the most lethal and best equipped military in the world.

Secretary Austin, I would be remiss if I did not touch on one more topic. As we consider the multi-domain threat, land, sea, air-space, that is posed by the PRC, particularly from a space perspective, as the leader of the Department of Defense, I implore you to cut through the politics and make a final basing decision for the U.S. Space Command Headquarters. As you know, Huntsville's Redstone Arsenal finished first in both the Air Force's evaluation phase and the selection phase, that leaves no doubt that the Air Force's decision to choose Redstone as the preferred basing location was correct, and it was done on the merits. That decision should remain in the Air Force's purview. Media reports have said that the President, and those in the White House, are preparing to prioritize partisan political considerations at the expense of our national security, our military modernization, and our Force readiness, and for me, that is deeply disturbing. When you look at this, you said earlier: In order to compete and succeed against China, we must use all of our tools. When you look at that, we know that those tools are there at Redstone Arsenal. When you look at the City of Huntsville in the past 2 years, they have been ranked by U.S. News and World Report as number 1 and number 2 place to live in the United States. The city has also been ranked number 3 and most-affordable places to live in the country. It was number 3 in the cities' nationwide search for best quality of life and number 4 as the most prosperous place in America. I could go on and on about the actual City of Huntsville, and the accolades that have been rightfully given to them, but the bottom line is, not only is Huntsville's workforce the best prepared to support Space Command's mission, but also the City of Huntsville is the best place for

that workforce to thrive and to live the American dream. Locating the permanent Space Command Headquarters on Redstone Arsenal, undoubtedly, remains in the best national security interest of the United States. You referenced earlier in your remarks the buildup of China in both space and cyberspace.

My colleague across the aisle said Xi Jinping says that the U.S. has a flawed and failing political system. Do not prove him right. Urge the President to take the politics out of this. Do what is best for making sure that we are ready and capable to face China on all fronts. Urge him to allow the Air Force to do their job; it is certainly, in my opinion, past time. Thank you.

Chair MURRAY. Senator Manchin.

Senator MANCHIN. If I can follow that. Very good. First of all, so I want to thank you all for your tremendous service to our country, all three of you. And just a few things; everything has been said so well and stated our challenges that we have, and where we are doing well and where we can improve, and all of us agree.

I have my differences with administration on the fast — the speed of which they are trying to put electric vehicles that we cannot supply this support that we need. We do not have access to all the critical minerals; we do not have the processing; we do not have the anodes and cathodes, but by God, they are hell and determined to put electric vehicles out and be reliant on China for that. So I have tremendous concerns there, and they know it, and they will work through that.

The thing I want to bring up is that, whether it be the ships, or the missiles, or the guns, and the bullets, and everything else that we have to do, and what Ukraine has shown us and the world, I have been thinking about one thing that makes us different than everyone else, it is our allies that trust us, believe in us. More than that is the compassion of humanity that we have, the aid. With all my disagreements I have here, lately, with the administration, I want to thank you all for increasing the aid budget to our allies and our friends and people in need.

My grandmother used to say, “Joe, the best thing you can do is feed somebody.” It changes everything, changes everything. And for that, does any other country do what we do in human aid? As I am understanding that, we have never put a condition on food or health care or any of that; have we?

Secretary BLINKEN. Senator, we have not. And you are 100 percent right. If you just take one very quick example. World Food Program, critical. The United States provides more than 40 percent of its budget; China and Russia each provide less than 1 percent of its budget. I could go down the list of—

Senator MANCHIN. Right, right.

Secretary BLINKEN [continuing]. Organizations that are providing vital—

Senator MANCHIN. Secretary Blinken, I really think all of us—we have not even talked about aid. I have been here for a couple hours, and we have not talked about the strength that we have as the United States of America. It is the heart and soul; it is the humanitarian; it is just everything that we are. And so when I go to another country and I say: When things get tough, man, you have got to depend on someone, it is going to be the U.S. or ain't nobody

coming. And I think they want to do. We can have all the military might in the world, and we have to be able to be competitive, but with that and having our allies that are willing to rally behind us and fight for us, to me that means almost everything, and I say: That makes us different. And as long as we do that, and continue that aid, and I think you all shown a little bit of a budget increase, about \$3 billion, but it is money well invested. We are not spending it; we are investing it. Anything that you think that we can do along those lines there with the food and health care necessities that people have around the world in developing nations.

Also, I do not think that we get credit enough unless our military is involved or we have strict oversight of how this food and all this humanitarian aid is distributed. I feel good when I say our military distributing it, General, but sometimes I know in some of the well—well-meaning programs that are doing it, and aid does not seem to get to the right people, or we get credit for it as a country.

Secretary BLINKEN. Yeah. And Senator, again, I could not agree with you more. One of the things we did during COVID, in providing vaccines free of charge with no political strings attached to country after country around the world through an international entity called COVAX is we also made sure that it was branded, and so that people knew, in a variety of ways, that when they were getting vaccines that were saving their lives, it was coming from the United States.

Senator MANCHIN. Yeah.

Secretary BLINKEN. And as I was traveling around the world, country after country has thanked us profusely for coming to their aid in that moment of need and in a way different than any other country on Earth.

Senator MANCHIN. Well, if we can just get our act together on the other things that we are trying to compete not being relying on until we are able to produce it ourselves. And the only thing I have said, we cannot change; we cannot change the values of other countries that do not have our same values. And that is basically the love of family and the love of our religious freedoms and the love of democracy. We cannot change that. We get caught up in some of this sometime, and I hope we do not.

And I will say this, and I will close on this. I have been around long enough to remember that if we did not fight in Vietnam, the Communists were coming to this country. I remember, basically, the Gulf War that if we did not go over there and protect Kuwaiti oil that would disrupt the economic markets. I remember the Iraq War, if we did not fight, declare war in Iraq that we would have weapons of mass destruction used on us. In my lifetime, this is the only support or involvement that we have been with a war that is the most just cause I have ever seen. Exactly what the United States of America should be is that light on that beaming mountain, basically, shining brightly; saying that we will defend democracy wherever people seek it, and we will make sure that we do not leave them. And I hope that we maintain that posturing, especially Ukraine.

My grandfather used to say, when I got in trouble, he says, “Honey, I will be behind you until your back hurts — until your chest hurts—I am sorry—until your chest hurts.” I said, “Papa,

that is all I need; you will always be behind me.” If the United States stays behind Ukraine until their chest hurts, they will know we are with them forever. We have got to win that, and we have got to continue to be committed, and our allies.

So I thank you, all of you, all three of you for your services. And Secretary Raimondo, I know you lost your mother, and I have been thinking about that, and it is very difficult. I hope you all are getting through this. All you have is the memories, and they have got to be beautiful.

But thank you, all.

Secretary RAIMONDO. Thank you.

Chair MURRAY. Senator Hoeven.

Senator HOEVEN. Thanks, Madam Chair; and thanks to the Ranking Member for holding this hearing today. Thanks to all of you for being here.

Secretary Austin, the Chinese are—the PRC is dramatically building its nuclear capabilities. Are you committed to making sure that we continue to modernize our nuclear Forces?

Secretary AUSTIN. I am, Senator. And as you can see from our budget requests, the funds to continue that modernization effort are reflected in the budget.

Senator HOEVEN. Thank you. I appreciate that support, I think it is vitally important for the Nuclear Triad. For both you, Secretary, and also for Secretary of State Blinken, are we providing the weapons that the Ukraine needs to end the war, to win the war, however you define that, rather than stalemate? There have been talks of F-16s, certain long-range artillery, and so forth, tanks. Are they getting the weapon systems they need so that we end this conflict, and they do not end up in stalemate?

Secretary AUSTIN. Yes. I believe they are, and this is something that the Minister of Defense and the Ukrainian Minister of Defense and I talk about—on a near-weekly basis, and certainly we meet every month, along with some — the Ministers of Defense of some 50 countries and discuss what their needs are, and we mobilize the support to provide to them. Most recently, you know, you have heard us talking about the requirements for air defense and that was the thing that they needed most. What we have seen here in the last couple of days is, you know, that focus on air defense has been very, very helpful for the Ukrainians as we saw the latest barrage from Russia. And they defended their skies very skillfully. So I think we are, and I think, you know, going forward, we will, hopefully, see the Ukrainians begin to change the dynamics on the battlefield.

Senator HOEVEN. And can they do that with air-to-ground as well as Patriot systems and that kind of thing versus more aircraft?

Secretary AUSTIN. Well, right now the skies on both sides are just—it is absolutely lethal. So anytime that you put any meaningful number of aircraft in the sky, one or the other is going to shoot it down. And so I think that capability will continue to evolve in terms of what Ukraine has for—

Senator HOEVEN. No. I understand where you are going with this.

Secretary AUSTIN. Yeah. Yeah.

Senator HOEVEN. Secretary Blinken, ending the war, winning the war versus stalemate?

Secretary BLINKEN. I also very much agree with the Secretary of Defense. And let me just add one element, if I could, Senator. One of the things that I have heard my colleagues say from the beginning; and by the way if you go back to before the beginning, we did drawdowns of critical equipment well before the Russian aggression, because we saw it coming, to make sure that the Ukrainians had in hand what they needed to repel that aggression. We did a draw down Labor Day before the war started—the aggression started. We did another one Christmas. We did it quietly so as not to give the Russians some excuse, but we did it. And as a result, the Stingers, the Javelins that they had in hand that allowed them to repel the attack against Kiev and that whole area was very successful. What we have done every single step along the way is to try to adjust to where the war was, where the aggression was, to give the Ukrainians what they need to take back, yes to take back the land that had been seized from them. But the other critical element that the Secretary of Defense talks about on a regular basis is, the weapon systems are critical, but as critical the training because if they do not know how to use them, it does not do you a lot of good to give them the best system in the world, the maintenance if the thing is going to fall apart in a week because they cannot maintain it, does not do you a lot of good.

And, of course, the tactics for bringing all of these different systems together, all of that is something that—that Secretary, the Chairman of the Joint Chiefs have been deeply focused on, and that is how you have, I think, a winning strategy. And yes, the Ukrainians need to be able to get back the land that has been seized from them.

Senator HOEVEN. As Secretary of State, talking about an end game winning strategy with the Ukrainians—to the American people, I think would be helpful in terms of the support for—as well as our allies—in terms of the support for what we are doing over there. I think that is important, and I think you need to really be out there explaining that to the American people as part of that support effort.

Secretary BLINKEN. Appreciate that.

Senator HOEVEN. I was recently in both South Korea and Taiwan, one of the things that I am hearing in both cases, but certainly from Taiwan, is they have ordered about \$19.5 billion worth of military hardware, very advanced hardware, back to the “porcupine strategy”, they need that sooner than later. We also have, you know, a situation in Ukraine. We also have our own domestic needs. How do we get the Military Industrial Complex to be able to produce these weapons, particularly, the ones we need in these key situations sooner? You know, how do we help them get that done, Secretary Austin?

Secretary AUSTIN. The high-end capabilities, the hardware that you are talking about, some of that is aircraft and, you know, we came in the door—

Senator HOEVEN. Right. F-16s in the case of Taiwan.

Secretary AUSTIN. Right.

Senator HOEVEN. Ordered, paid for, agreed to.

Secretary AUSTIN. Right. We leaned into that, right away I put a group of senior people together to look at where the bumps in the road were, you know, where the friction was. And so we did that, and we continually tried to eliminate all the friction points that we possibly can. This is a—there are multiple elements that go into this equation, Senator, as you well know. And we have worked with State to see what we can do to compress timelines. But coming out of 2 years of COVID, there were parts of the industry that were challenged. And some of that—because of that some of those—some things are going to take a bit longer. In terms of weapon systems, and we continue to engage industry leadership, you know, I talk to CEOs, my Deputy talks to CEOs, to not only work with them to expand their capacity, or capability, but also to begin to shrink the amount of time that is necessary to produce a particular product. And in some cases we have been—I think we have been very successful. Some things are sophisticated to the point where we are not quite there yet, but we will continue to work at this. So PGMs, for example, precision guided munitions, takes a long time, typically, to make one. I think there are things that we can do as we look at how we produce those to begin to shorten that process—those processes as well.

Senator HOEVEN. Thank you.

Thank you, Madam Chair.

Chair MURRAY. Senator Van Hollen.

Senator VAN HOLLEN. Thank you, Madam Chair. And thank all of you for your testimony and for your service.

Secretary Austin, thank you for being one of a long line of Secretaries who recognizes that in addition to getting a robust defense budget to do the work that you and your team at the Defense Department do, we need to adequately fund other elements of our national security, like the State Department, diplomacy and development, like the Secretary of Commerce and her team. And I am fairly satisfied that at the end of the day here we will have a budget that meets the needs of the Defense Department, but I am really worried about what we are seeing coming out of the House of Representatives right now in terms of its impact on other critical elements of our national security budget.

So I want to ask a couple questions, starting with Secretary Raimondo. And I also want to say we are sorry about the loss of your mom. I know she was proud of the work you are doing. And let me ask you about that.

Because President Biden laid out a really important vision about the need to invest in innovation, and to invest in rejuvenating our manufacturing base. The CHIPS and Science Act was a big part of that, as you said. We have done a big piece of funding on the CHIPS part, but we had better follow through on the Science part, that is the AI, that is the quantum computing, that is other critical elements of technology where China has said that they intend to try to dominate by the year 2025 and beyond. I know that if we do what we need to do in this country, we will continue to have our competitive edge, but not if we do not.

So that is one element. The other element, and you have spoken to this in your testimony, is we want to make sure that as we develop very advanced technologies, including in semiconductors and

the equipment to manufacture semiconductors. We do not want it to fall in the hands of the PRC Military, and that is why we have worked with our allies and partners, you and Secretary Blinken and others, have worked with our partners to make sure that we get an agreement to prevent that from happening.

The agency in government that really focuses on implementing that is the BIS, right; the Bureau of Industry and Security. And could you just describe in a little more detail what will happen if we go back to 2022 funding levels for this Department? It seems to be an entity that fights way above its weight, and it is essential in this effort. Can you speak to the impact on keeping our technologies out of the hands of China's Military? And the importance in terms of the impact on imposing pain on Russia's economy, and slowing down Putin's War machine?

Secretary RAIMONDO. Yes. Thank you, Senator. Good afternoon, and thank you for your sympathy. My family and I appreciate that.

So first, let me say that our competition with China increasingly revolves around technology. The United States of America, our innovation ecosystem, our entrepreneurship, are the envy of the world, and we need to keep it that way, and that means investing, investing in talent, investing in research and development, investing in NIST. I said earlier, NIST has a billion dollar backlog in deferred maintenance. NIST is the crown jewel in the United States Government as it relates to artificial intelligence, quantum, cyber, et cetera. At the same time, we are behind a billion dollars, China is massively investing in their Metrology Institutes, their equivalent of NIST. So I strongly believe, as you say, that we have to lean into research and development and invest in science, chips is an excellent beginning, but it is not just chips, it is bio manufacturing, it is critical minerals, it is other areas of advanced manufacturing, and we will not be able to compete—we lead China now in AI, we lead China now in semiconductors, and we have to continue to invest and maintain the lead.

BIS, I appreciate you saying, we punch above our weight, I happen to agree. There is only about 500 and some-odd people that work in BIS which is, obviously, quite small. If we were to go back to fiscal year '22 funding levels, we would be down 125 slots. As a percent of what, you know, the 583 FTEs (full-time employees), that is crushing. Within days of—you mentioned Russia and Ukraine—within days of the invasion the Commerce Department, working with the Interagency, led a more than 30-country coalition to enact sweeping export controls that, to this day, you know, reduces Russia's ability to continue their war.

With respect to China, last year we did, you know, hundreds of end use checks related to the PRC. I mean in October we put forth the most sweeping semiconductor export controls ever in our country's history. Just last month, we did a \$300 million penalty on a company because they were improperly selling hard disks to Huawei and on and on and on.

So I will—we are out of time, so I will stop. But it is a very real risk for our national security to cut the funding of BIS. And I—you know, I think, I think Secretary Austin and my colleagues would agree.

Senator VAN HOLLEN. Well, thank you. And I see time is out. I do want to say, Secretary Blinken, thank you for all your efforts, your testimony on the Indo-Pacific. I was going to ask you about the maritime security issue which President Marcos, when he was here, emphasized and in a trip I took with Senator Merkley to Vietnam and Indonesia, it was clear they want to protect their territory waters, their EEZs, their fisheries, and their resources. And we are on the same page here, and if we cut that budget we will not be able to meet our commitments.

So I want to thank you and your team as well.

Secretary BLINKEN. And thank you for your engagement and leadership on this. It is making a big difference. And one of the things that we are working very hard on with allies and partners in the region, is to increase what we call their “maritime domain awareness” so that they know what is going on in the seas and waters around them, which are so vital to those countries. And that is part of our budget, we do not want to shortchange that either.

Senator VAN HOLLEN. Thank you. Thank you, Madam Chair.

Chair MURRAY. Senator Hyde-Smith.

Senator HYDE-SMITH. Thank you, Madam Chairman, and I want to thank our distinguished panel today for the willingness to serve, and the willingness to step up. We certainly appreciate that.

You know, I am from Mississippi, and we are just very proud that Mississippi has played such a significant role in contributing to our Nation’s defense capabilities. From shipbuilding to aerospace technology, we have a tremendous, talented, workforce in Mississippi. In Pascagoula, Mississippi, we have families that have worked in that shipyard for generations. And we just do this very well and, you know, it does demonstrate our ability to have high-quality defense systems to protect our servicemen and our servicewomen.

But the rapid and unprecedented modernization of China’s military and naval fleet, specifically, is of great concern as many of the members here have demonstrated today and asked questions about.

Secretary Austin, this question is going to be for you. The security of our national interest and those of our allies will rely on ensuring the United States maintains air dominance as part of its potential future conflict in the Pacific region. As part of our air dominance strategy, will you describe the Department’s efforts to modernize the KC-135 Fleet with the KC-46 Fleet? And will you also explain the role and significance of the Air National Guard and refueling missions in the Pacific region?

Secretary AUSTIN. Thanks, Senator. First of all, our refueling capability is rivaled by none. That is a strategic advantage that I think gives us the reach, gives us the ability to project power in ways that no other country even comes close to. So as you have seen from our budget request, you know, some \$60 billion to invest in aircraft, and to modernize aircraft across the board, we want to make sure that we are able to go after the capabilities that we need. And also not have to carry capabilities that we do not need any longer which will prevent us from modernizing the fleet. But we are going to continue to invest in platforms that help us main-

tain that edge that that I just talked about, but our tanker fleet is truly amazing. And so our National Guard, obviously, punches above its weight class in every endeavor, and certainly they add significant value to this effort as well.

Senator HYDE-SMITH. Thank you for that. And do you anticipate any roadblocks in ensuring that current Air National Guard Refueling Units, such as the 186th Air Refueling Wing in Mississippi, receive the KC-46 and that we have funded that process adequately?

Secretary AUSTIN. Well, I would certainly, you know, work with the Secretary of the Air Force to visit his plans, his specific plans on that unit going forward. And we will get back to you on—with a detailed answer on the plans.

Senator HYDE-SMITH. Okay. And I have another minute-and-a-half left that I am going to take advantage of before we end this very long day. But Secretary Austin, the rate at which the Biden administration and your Department are requesting funding to modernize our Naval Surface Fleet is being significantly outpaced by China as we well know. If this Committee were to provide additional funding towards ship procurement, how would your Department use it to address the growing threats from China in the Indo-Pacific region?

Secretary AUSTIN. Well, certainly, I truly believe that we have gone after those capabilities that help us conduct this or—yeah, conduct the strategy that we have laid out for ourselves. And I think, you know, comparing numbers is part of the equation, but not the whole equation. Capability, having the right capabilities, the right mix of capabilities is, you know, the major issue here. If you look at our Navy, we are the most combat credible Navy on the face of the planet, I am going to work to keep it that way, and I think we are investing in the in the right things. Nine battle force ships we are asking for in this budget. And we are going to—we are going to go after the capabilities that that industry can produce for us.

We are also going to continue to invest in the infrastructure in the industrial base. So we have asked you for \$4 billion to do that this year, 2.7 in PSYOP, and then another \$1.2 billion in the Submarine Industrial Base.

And I would end by saying, as you know, our underwater capability is matched by none on the planet. We continue to invest in our submarines, a Columbia-class, in this budget, two Virginia-class submarines, and I think that will help us maintain the edge.

Senator HYDE-SMITH. All right, thank you for that answer. Thank you, Madam Chair.

Chair MURRAY. Thank you very much. That concludes our question and answer period.

Senator Collins would you like to make any closing remarks?

Vice Chair COLLINS. Thank you, Madam Chair. I just want to thank our witnesses for asking—for answering our questions today. There will be additional questions I am sure for the record. But thank you for your presence.

Chair MURRAY. Thank you. And I want to thank Vice Chair Collins and all of my colleagues, a really good turnout today for such a thoughtful discussion.

And I especially want to thank our witnesses, Secretary Austin, Secretary Blinken, Secretary Raimondo, for sharing your time and knowledge with us today.

I look forward now to talking with all my colleagues to take what we have learned today and make sure that we do, quickly, mark up spending bills that make the investments that we need to compete with the Chinese government.

Let us not parse words here. The PRC poses a serious and growing challenge, economically, and in terms of our national security. So we have to be clear that tackling this challenge is not just about how much we spend on our military, because if we choose to only plus up defense spending, and undercut other critical programs across Government, we are setting ourselves up to lose the 21st century to China.

Building semiconductors here at home, for example, is a matter of urgent national security that requires investments in R&D, advanced manufacturing, reliable supply chains, and trade partnerships, and the skilled workforce that relies on things like child care, higher education, and workforce investments, and more.

We need to make sure that we invest in America across the board; that means, yes, investing in defense priorities, but also our families and communities here at home, our diplomacy across the world, and our ability to compete globally.

So I will say it again, China does not operate on CRs. I hope it is plain to members on both sides of the aisle that the single strongest way we can send a message to the PRC, saying that America is serious about winning the 21st century, is to pass robust, bipartisan, and on-time, full-year Appropriations' bills.

And before I end, I do want to reiterate something that Secretary Austin spoke to this afternoon when he testified, that he did not seek conflict with the government of China as necessary, or inevitable, it is our shared goal that we work together to have a productive relationship with China. So I appreciate all of our witnesses for their work to make that a reality.

#### ADDITIONAL COMMITTEE QUESTIONS

Chair MURRAY. That will end our hearing today. And for any Senators who do wish to ask additional questions, questions for the record will be due in seven days, on Tuesday, May 23rd, at 5:00 p.m. The hearing record will also remain open until May 23rd for members who wish to submit additional materials for the record.

[The following questions were not asked at the hearing, but were submitted to the Departments for response subsequent to the hearing:]

#### QUESTIONS SUBMITTED TO HON. ANTONY J. BLINKEN

##### QUESTIONS SUBMITTED BY SENATOR JOE MANCHIN, III

*Question.* As the superpower of the world, we are reliant on China, Russia, and other foreign adversaries for far too many of our energy needs—whether it be oil, solar wafers, nuclear fuel, or, increasingly, electric vehicles. These are all things we can and should be producing from start to finish in North America or sourcing from our allies. Unfortunately, China dominates the lithium ion battery to EV supply chain, controlling 76 percent of lithium-ion battery production, including 74 percent of the world's cathode production and 92 percent of the world's anode production. These numbers are alarming and should be a wake-up call that if we throw caution

to the wind and move too quickly toward EVs without strengthening our domestic supply chain, we will be forced to rely on China for decades to come. Unfortunately, at every turn, this administration has made it clear that they care more about getting EVs on the road than they do about the energy security of this Nation. How would you rate our competitiveness with China on battery manufacturing and electric vehicles, particularly with respect to the supply chain for both?

*Answer.* There is no question we have ground to make up in building out our own supply chains for batteries and electric vehicles. That is why the Administration has focused on increasing reliable production capacity, across battery supply chains from raw material mining to cell production. The Inflation Reduction Act, coupled with efforts to increase domestic production and work with our friends and allies through such initiatives as the Partnership for Global Infrastructure and Investment and the Minerals Security Partnership are aimed at and making progress on this objective.

*Question.* Given the statistics, are we too far behind to catch up?

*Answer.* No. We should never underestimate the ingenuity of our private sector and its ability to innovate technologies like novel battery chemistries or synthetic materials that impact our reliance on key materials, create domestic job opportunities, and allow us to leapfrog clean energy market competitors. The Partnership for Global Infrastructure and Investment and the Minerals Security Partnership work with allies and partners on this.

The demand for critical minerals, battery manufacturing, and clean energy facilities will increase dramatically over the next few years, and the massive private sector investments that followed passage of the Inflation Reduction Act demonstrate how quickly things can shift in this space.

*Question.* Do you think being reliant on China for our transportation sector is a national security risk?

*Answer.* Reliance on any country for our transportation sector is a national security risk. That is why we are de-risking and diversifying our transportation sector by investing in our own capacities and in secure, resilient supply chains. The Administration is making historic investments in domestic industrial capacity including in transportation sectors such as EV manufacturing, airport infrastructure, and port improvement. We are also engaging broadly to improve transportation sector supply chain diversity, transportation technology security, and multi-modal transportation security.

*Question.* For years, the Chinese government has engaged in the illegal trade practices of transshipment and dumping to circumvent U.S. trade laws, avoid American tariffs, and give Chinese firms an unfair advantage over West Virginian and American companies. These practices are especially concerning when they target our critical industries, as China seeks to create bottlenecks of critical materials and control supply chains. In particular, I want to highlight the dangers of these Chinese practices as they affect American energy security. We have relied on foreign nations for the resources and materials we need to power our Nation for too long. That's why I was proud to cosponsor the Senate Resolution reversing President Biden's 2-year pause on solar import tariffs. We cannot continue to let China get away with laundering solar energy components through other nations with absolutely no consequences. Let me be clear: America will never be energy secure or independent if we can't provide the resources we need. American manufacturers—some of the most innovative in the world—are more than ready to rise to the occasion and help realize the goals of the Bipartisan Infrastructure Law and the Inflation Reduction Act to onshore our energy supply chains. What is being done to ensure America's energy supply chains are reliable and safe?

*Answer.* The Inflation Reduction Act and Bipartisan Infrastructure Law are unleashing a clean energy manufacturing boom and delivering more secure, resilient energy supply chains, critical to our economic and national security.

However, domestic action is not enough. That is why the State Department is working with allies and partners through the Partnership for Global Infrastructure and Investment and the Minerals Security Partnership to accelerate the development of clean energy supply chains, deliver the increased volume of materials for our transition, reduce overreliance on a single supplier, and improve our energy security.

*Question.* Can you speak to how American energy security is critical to our geopolitical positioning on the world stage, and how it allows us to better help our allies?

*Answer.* Secure, reliable energy supplies are vital for our prosperity and national security and those of our allies. America's energy abundance and leadership in the energy transition are key components of our national power. We've seen the risks of overdependence on a single energy source in Russia's war against Ukraine. Near-

ly 80 percent of clean energy supply chains run through the People's Republic of China. The Inflation Reduction Act; Bipartisan Infrastructure Law; and strategic coordination with allies through the Minerals Security Partnership, the Partnership for Global Infrastructure and Investment, and other initiatives, de-risk mineral supply chains, increase energy production, and boost clean energy manufacturing.

*Question.* Artificial Intelligence (AI) has received quite a lot of attention lately, and I'm proud to see it. Senator Rounds and I have been promoting development of this technology for years from the Cybersecurity Subcommittee on Armed Services. One of our main partners in this endeavor has been the leadership of the National Security Commission on Artificial Intelligence, specifically Dr. Eric Schmidt (former Google CEO), Bob Work (former Deputy Secretary of Defense), and Dr. Jason Matheny (current CEO of RAND Corporation). This Commission released a classified report detailing programs and funding our government should be investing in, but I worry that these recommendations have not been widely shared. I've also been working with our partners in the private industry, including Alex Wang (Scale AI), Alex Karp (Palantir), and Josh Lospinoso (Shift5) to ensure we're putting guardrails in place to effectively regulate and protect our development of AI for national security usage. Have each of you received this classified briefing from the Commission? If not, can I get your commitment to receive the briefing?

*Answer.* The national security dimensions of AI are central to our overall approach to AI from our export controls on advanced AI training chips to our efforts to shape responsible uses of AI for military purposes, and ensuring our own applications of AI are innovative, secure, and governed responsibly. My team has worked closely with the former National Security Commission on Artificial Intelligence, and I delivered keynote remarks at the NSCAI Summit in July 2021. I have previously received this classified briefing from the National Security Commission on Artificial Intelligence, and I will ensure our AI team is fully apprised of its findings and the evolving national security implications of AI inform our international AI policy.

*Question.* How are each of you thinking about protecting the investments we're making in AI, and ensuring AIs are used ethically?

*Answer.* The Department of State has made significant contributions to this Administration's efforts to protect U.S. investments in artificial intelligence (AI). This includes updates to our export controls to restrict the People's Republic of China's (PRC) ability to purchase and manufacture high-end chips for military applications, aligning allies and partners with the U.S. approach, an Executive Order on outbound investment, and sustained diplomacy with allies and partners. To ensure AI is used ethically, we have worked through the G7, United Nations, and other international venues to ensure international AI governance reflects U.S. policy and is anchored in the ethical principles articulated in the White House Executive Order on artificial intelligence, the NIST Risk Management Framework, and the Blueprint for the AI Bill of Rights.

*Question.* Multiple sources, including retired general officers, the National Defense Industrial Association, the American Enterprise Institute, and the Pentagon itself have all recognized the damage failing to pass a budget on time has on both our national security and the taxpayer. The American Enterprise Institute threw out a rough estimate of \$200 million per day under the latest Continuing Resolution that covered the start of Fiscal Year 2023, that's a total of \$18 billion. The DoD Comptroller noted that from Fiscal Year 1911 to 2010 the average delay for defense appropriations was 29 days, and that has since ballooned out to 118 days, 4 months. I have repeatedly asked the Pentagon for as concise a number as possible to put a figure on the damage these delays are causing to our national security and wasted taxpayer money, but we've been unable to nail down these estimates. Can I have each of your commitments to get Congress as accurate an estimate as possible on the financial impact previous CRs have had on your Departments?

*Answer.* Continuing Resolutions (CRs) are preferable to any lapse of appropriations. Nevertheless, as GAO has found, they impede the rational, efficient use of taxpayer dollars. Delays in annual appropriations compress our "actual" fiscal year to 9 months or less to execute resources, delaying implementation of new programs and hindering long-term planning efforts. CRs may create operational risks, including meeting our payroll in the event final year appropriations are lower than the previous fiscal year. CRs may also increase contract costs by requiring short-term extensions that can only be partially renewed during the CR.

*Question.* The Compacts of Free Association are a crucial component to outcompete China and strengthen our alliances in the Indo-Pacific. It is imperative that Congress work to swiftly renew these Compacts, as they are set to expire on September 30 for the Marshall Islands and Micronesia, and next year for Palau. That's why I was pleased to see the President's Budget Request included \$7.1 billion over the next 20 years for the Compacts with the three Freely Associated States,

including \$3.3 billion for Micronesia, \$2.1 billion for the Marshall Islands, and \$800 million for Palau, in exchange for continued U.S. defense rights and exclusive military access. Can you discuss why the renewal of the Compacts of Free Association is so important, particularly in countering China's tactics in Micronesia, the Marshall Islands, and Palau?

*Answer.* Extending Compacts of Free Association (COFA) assistance is a critical component of the Administration's Pacific Partnership, Indo-Pacific, and National Security Strategies. The President's FY 2024 Budget includes the COFA as part of a broader mandatory proposal to fund new and innovative ways to out-compete the PRC globally. While the COFAs themselves do not expire, to maintain our status as a committed preferred partner in the Pacific, we must enhance our enduring relationships, especially with the Freely Associated States (FAS). The total \$6.5 billion for direct economic assistance to the FAS is a critical investment in ensuring the stability and prosperity of our closest Pacific Island neighbors, and sends an important signal to our allies, partners, and competitors the U.S. commitment to the FAS is iron-clad.

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QUESTION SUBMITTED BY SENATOR MARTIN HEINRICH

*Question.* New Mexico ranks 11th in the Nation for opioid overdose deaths, and fentanyl is the leading cause. The Department of State plays a critical role in addressing the threat that illicit fentanyl poses to national security and public safety, and its devastating impacts on our communities. I know the Department has several initiatives to combat the illicit manufacturing and trafficking of fentanyl—which is primarily coming from China. How will a continuing resolution effect the success of these initiatives?

*Answer.* Countering illicit synthetic drugs is among the highest priorities for the Department, which puts significant effort toward combatting fentanyl worldwide through drug supply and demand reduction and other programs. The FY 2024 Congressional Budget Justification (CBJ) includes \$102.5 million in International Narcotics Control and Law Enforcement (INCLE) assistance for these programs. Operating under a continuing resolution would significantly affect our ability to effectively plan, implement, and execute these worldwide efforts to address synthetic drug threats.

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QUESTIONS SUBMITTED BY SENATOR JERRY MORAN

*Question.* It is clear that our adversaries have used trade and investment to influence the governments of many African countries. Now the continent's largest trading partner, China has used loans and debt to gain leverage over developing countries and demand military bases and the rights to critical minerals. During your most recent trip to Africa, you highlighted how pro-economic growth policies can add to investment in local communities in Sub-Saharan Africa, while bolstering ties with the U.S. The African Growth and Opportunity Act, our trade agreement involving nearly all African countries, will soon need to be reauthorized. In your view, how important is AGOA to America's role in Africa?

*Answer.* AGOA is the cornerstone of the United States' economic engagement with sub-Saharan Africa but its value is about more than just trade. AGOA supports our affirmative agenda to demonstrate the benefits of our governance and economic models and to reduce partner nations' reliance on PRC initiatives. As our adversaries work to gain a foothold on the continent, continuing our positive economic agenda with our African partners is more important than ever, which is why the Biden-Harris Administration supports a timely reauthorization of this legislation.

*Question.* Similarly, if Congress were to fail to negotiate a comprehensive economic approach for the continent, how would that harm our strategic goals?

*Answer.* The African Growth and Opportunity Act (AGOA) is one valuable tool among many to deepen engagement with sub-Saharan Africa. Failing to reauthorize this legislation could be viewed by our African partners as stepping back from cooperation, contradicting our message of partnership from the 2022 U.S.-Africa Leaders Summit. It would also hurt businesses, including American companies investing in Africa. AGOA also encourages African leaders and civil societies to push back on corrupt or coercive practices and instead promote open and transparent market practices.

## QUESTIONS SUBMITTED BY SENATOR JOHN HOEVEN

*Question.* I have long been involved in North Dakota's trade relationship with Taiwan, and have recently visited the country along with South Korea. I am interested in promoting collaboration with Indo-Pacific partners for stability, mutual defense, and prosperity. Can you describe initiatives underway to promote trade relations between our allies in East Asia (particularly South Korea, Japan, and Taiwan) in furtherance of U.S. national security interests?

*Answer.* The United States collaborates with Japan and the Republic of Korea (ROK) across bilateral mechanisms on supply chain initiatives that monitor potential trade disruptions. We are making important progress on the U.S.-Taiwan Initiative on 21st Century Trade under the auspices of AIT and the Taipei Economic and Cultural Representative Office in the United States (TECRO) toward ambitious outcomes in 11 important areas to deepen our trade relations. During our Asia-Pacific Economic Cooperation (APEC) 2023 host year, we worked closely with Japan, the ROK, and Taiwan, known as Chinese Taipei in APEC, to advance trade and investment facilitation.

*Question.* What are the major barriers to deepening trade relations between the U.S. and Taiwan?

*Answer.* Taiwan is a critical investment and trading partner. It plays a crucial role in our efforts to strengthen the semiconductor supply chain and create jobs through investment in the United States. The Administration continues efforts to deepen our unofficial economic and trade relationship such as through the U.S.-Taiwan Initiative on 21st Century Trade and the U.S.-Taiwan Economic Prosperity Partnership Dialogue.

*Question.* Are there opportunities for promoting industry-to-industry engagement between us and our East Asian allies and partners outside the structured Foreign Military Sales process?

*Answer.* The State Department advocates for coordinated efforts between industries to support our allies and partners throughout the Indo-Pacific region. To do so, the Administration utilizes a robust set of economic and diplomatic tools in addition to the foreign military sales process. We partner with organizations such as the U.S. Chamber of Commerce, Business Council for International Understanding, the U.S.-Association of Southeast Asian Nations (ASEAN) Business Council, and others to convene the private sector, brief them on our work, and involve them directly in our efforts to open opportunities abroad.

*Question.* What steps are you taking to facilitate stronger economic relations with our allies and partners in the region outside of formal trade treaties?

*Answer.* The United States has dramatically increased economic engagement with the Indo-Pacific. Our primary tools in this effort are the Asia-Pacific Economic Cooperation forum (APEC), the Indo-Pacific Economy Framework for Prosperity (IPEF), the Quad, and cooperation with Association of Southeast Asian Nations (ASEAN). Our work with these regional institutions, combined with bilateral efforts, has expanded our economic engagement on infrastructure development, the digital economy, health and food security, clean energy, supply chain resilience, and anti-corruption to unprecedented levels.

## QUESTIONS SUBMITTED BY SENATOR BILL HAGERTY

*Question.* This Committee has gathered to review the path ahead for the U.S.-China relationship. Let's review the path this Administration is taking us on. On May 11, Reuters cited internal emails indicating that you delayed U.S. countermeasures against China in response to the spy balloon incident. Secretary Blinken, is that true?

*Answer.* While we do not share internal deliberations, we do not pull our punches with the PRC. Our competitive actions are designed to have maximum effect. We have taken significant, purposeful, and strategic steps to invest at home, deepen our alignment with allies and partners around the world, and harness those two sources of strength to compete with the PRC. We are clear-eyed about the challenge and focused on ensuring the United States maintains an enduring competitive edge.

*Question.* This Reuters article reports that, after the balloon incident, the State Department has held back human rights-related sanctions, export controls and other sensitive actions to limit damage to the U.S.-China relationship, according to four sources and internal emails. Is that true?

*Answer.* While we do not share internal deliberations, the Administration has shown it takes extremely seriously issues related to the PRC's ongoing genocide and crimes against humanity in Xinjiang. This Administration has utilized, and will continue to utilize, a wide range of tools and diplomatic tactics to promote account-

ability for PRC officials' and entities' involvement in atrocities in Xinjiang, and for human rights violations and abuses in Tibet, Hong Kong, and elsewhere in the PRC.

*Question.* Furthest, according to an April 14 Financial Times report, China is refusing to allow a high level visit to Beijing if the FBI releases its report regarding the Chinese spy balloon and its violation of U.S. sovereignty. Secretary Blinken, do you support the release of this FBI report on the Chinese spy balloon to Congress and the American people?

*Answer.* During his February meeting with CCP Central Foreign Affairs Office Director Wang Yi, Secretary Blinken stated the unacceptable violation of U.S. sovereignty and international law by the PRC high-altitude surveillance balloon in U.S. territorial airspace must never again occur. The Secretary also made clear the PRC's high-altitude surveillance balloon program had been exposed to the world. The PRC still has not offered a credible explanation for their intrusion into our airspace and the airspace of over 40 countries across five continents. We have shared information with countries around the world on the PRC's surveillance balloon program.

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QUESTIONS SUBMITTED BY SENATOR MARCO RUBIO

*Question.* Last week, Reuters broke a story that indicated the State Department has been delaying its "competitive actions" calendar, a list of steps the Biden Administration has on paper to counter Beijing, for fear of alienating the CCP. Moreover, it seems that Deputy Assistant Wendy Sherman—who has announced plans for retirement—has been running China policy and lobbied against revoking Huawei-related export control licenses. Apparently, the State Department also pushed off sanctions against Chinese officials, including some at the United Front Work Department bureau responsible for human rights violations in Xinjiang, in order to "keep channels open," even though China has consistently refused to speak to you all and your subordinates. Do you support slowing down action against Beijing in order to smooth things over so you can visit China?

*Answer.* Through efforts to invest at home and strengthen ties with allies abroad, the Administration has put the United States in the best position to compete with the PRC in decades. Our competitive actions protect our critical technology, uphold our national security interests, and protect basic human rights. This work is sensitive and complex, and sequencing is essential to maximize impact and make sure messaging is clear and lands precisely. We have continued to carry out regularly a series of competitive actions, and we do not, and will not, pull our punches.

*Question.* Have you, Deputy Secretary Sherman, or anyone else under your leadership delayed or stopped congressionally-mandated sanctions—including my Uyghur Forced Labor Prevention Act (UFLPA) or my Uyghur Human Rights Policy Act (UHRPA)?

*Answer.* The Administration takes atrocities and human rights abuses and violations committed by PRC officials and entities extremely seriously. This Administration has used, and is using, a variety of tools and tactics to promote accountability for ongoing genocide, crimes against humanity, and other human rights abuses and violations in Xinjiang, including Global Magnitsky designations, section 7031(c) visa restrictions, Commerce Bureau of Industry and Security Entity Listings, implementation of the Uyghur Forced Labor Prevention Act, and Treasury Chinese Military Industrial Complex investment restrictions.

*Question.* Did you or anyone else under your leadership provide guarantees to Chinese officials that the United States would not pursue or deploy any actions—including sanctions related to human rights abuses in Xinjiang—that would potentially disrupt or embarrass the Chinese Communist Party's 20th Party Congress that took place October 16–22, 2022?

*Answer.* The Administration is fully committed to implementing statutory requirements, including as they relate to human rights. The Administration has shown it takes extremely seriously issues related to the PRC's ongoing genocide and crimes against humanity in Xinjiang. This Administration has utilized, and will continue to utilize, a wide range of tools and diplomatic tactics to promote accountability for PRC officials' and entities' involvement in atrocities in Xinjiang, and for human rights violations and abuses in Tibet, Hong Kong, and elsewhere in the PRC.

*Question.* Did you or anyone else under your leadership delay congressionally-mandated sanctions in order to not to disrupt President Biden's scheduled meeting with CCP General Secretary Xi Jinping in Bali on November 14, 2022?

*Answer.* While we do not share internal deliberations, the Administration has shown it takes extremely seriously issues related to the PRC's ongoing genocide and crimes against humanity in Xinjiang. This Administration has utilized, and will con-

tinue to utilize, a wide range of tools and diplomatic tactics to promote accountability for PRC officials' and entities' involvement in atrocities in Xinjiang, and for human rights violations and abuses in Tibet, Hong Kong, and elsewhere in the PRC.

*Question.* Have you, or anyone in the Department of State, delayed congressionally-mandated sanctions against Chinese officials for their role in human rights abuses in Xinjiang?

*Answer.* The Administration takes the atrocities and human rights abuses and violations committed by PRC officials and entities extremely seriously. This Administration has used, and is using, a variety of tools and tactics to promote accountability for ongoing genocide, crimes against humanity, and other human rights abuses and violations in Xinjiang, including Global Magnitsky designations, section 7031(c) visa restrictions, Commerce Bureau of Industry and Security Entity Listings, implementation of the Uyghur Forced Labor Prevention Act, and Treasury Chinese Military Industrial Complex investment restrictions.

*Question.* General Secretary Xi Jinping is correctly regarded as the most ideological CCP leader since Mao Zedong. He has personally tasked the Party with "liberating all of humanity" and to serve as the "gravediggers of capitalism." This March, in his keynote speech at China's "Two Sessions," Xi explicitly singled out the United States as China's adversary. Do you think General Secretary Xi is a partner for the U.S.?

*Answer.* In March 2023, the Director of National Intelligence testified that "the CCP represents both the leading and most consequential threat to U.S. national security and leadership globally." Under President Xi, the CCP has become more repressive at home and more aggressive abroad, seeking to undercut U.S. influence and alliances. We will continue to defend our interests and values and secure an enduring competitive edge in the face of our strategic competition with China.

*Question.* The Biden Administration has touted its "China House" strategy as a way to counter Beijing's malign influence. In practice, this has led to regional bureaus and individual embassies not being forced to consider implications of global competition with China in their daily work. In the department's launch of China House, you said that it would act as a "clearinghouse" for officials across the department to share information on China. In repeated briefings with State, I have seen instead that this has led to creating a silo in the department for China policy, leading other regional teams to believe it is not their job to consider China as a factor in diplomatic work outside of China. Why would you choose to silo off China policy from other bureaus?

*Answer.* A centerpiece of our modernization agenda, the Office of China Coordination is focused on equipping and empowering the Department to meet the challenges and seize the opportunities of the decade ahead. It signaled to the entire Department the critical coordination role China House plays and enabled it to draw on the strength of the full enterprise, including expertise from regional and functional bureaus. The Department continues to work to focus, elevate, and integrate the tools of U.S. diplomacy to meet the generational challenge posed by the PRC, and China House is critical in this effort.

*Question.* Your FY24 budget request identifies implementation of Indo-Pacific strategy to strengthen alliances and partnerships and out-competing the CCP by providing alternatives to the CCP's predatory and coercive practices as two of the department's top priorities. Taken together, the department asks for \$4 billion to address this priority. In contrast, you have requested \$6.4 billion for what can only be called pet social policy projects that only a narrow section of American society supports, such as LGBTQI advocacy initiatives, the U.N. Green Climate Fund, a Clean Technology Fund, and Family Planning and Reproductive Health—most of which is essentially abortion advocacy. This disparity highlights where the Administration's priorities truly are: progressive social policy over American prosperity and our stated national security priorities. This Administration's obsession with promoting a woke agenda is destructive in its own right, but is a dereliction of duty when placed in the context of great power competition. Currently your department has multiple vacant and unfilled Foreign Service Generalist and Specialist positions in the Indo-Pacific. How many Foreign and Civil service staff are currently employed in the Diversity offices of State and USAID, and how many do you anticipate in the future?

*Answer.* As noted in our FY 2024 Congressional Budget Justification, the Secretary's Office of Diversity and Inclusion (S/ODI) has 13 U.S. direct hire FTE for FY 2023 and FY 2024, including the Chief Diversity and Inclusion Officer. The makeup of the direct-hire positions are four Foreign Service and nine Civil Service. USAID's Office of the Chief Diversity, Equity, Inclusion, and Accessibility Officer comprises three Foreign Service and eight Civil Service direct hire FTEs.

*Question.* The FY24 budget request proposes 56 new positions for State in the Indo-Pacific. Why should Congress authorize additional positions when a) you cannot fill current positions and b) when the department fills Diversity offices ahead of staffing a region the President and yourself have stated is the priority?

*Answer.* The President's budget seeks critical resources to help us deliver on the objectives of our Indo-Pacific Strategy. The Department assesses and aligns resources where they will have the greatest impact on strategic priorities. Our success in the Indo-Pacific also depends on infusing diversity, equity, inclusion, and accessibility principles into our organizational culture while sustaining operational excellence. Projected FY 2024 Foreign Service intake assumes robust hiring well above attrition to continue to close existing staffing gaps.

*Question.* Earlier this month, the Special Presidential Envoy for the Climate, John Kerry, said that he has been invited to China for dialogue. Meanwhile, Secretary Austin is still seeking a meeting with the Chinese defense minister—even though he should insist on meeting with the Vice Chairmen of the Central Military Commission, his real counterparts. Suffice it to say, it is notable that the administration's climate czar is getting more access to Chinese interlocutors than any other high-ranking Biden official. Can you confirm if Mr. Kerry will be visiting China this year? If so, what will the dialogue pertain to?

*Answer.* Yes, Special Presidential Envoy for Climate John Kerry intends to travel to the People's Republic of China (PRC) in 2023. Secretary Kerry will engage with the PRC on addressing the climate crisis, including with respect to increasing implementation and ambition and promoting a successful COP 28.

*Question.* Are you concerned that by prioritizing climate discussions with this genocidal regime, other issues—such as human rights and Taiwan—will get sidelined?

*Answer.* The United States will continue diplomacy with the PRC on global and transnational issues, such as climate and counter-narcotics, when it is in our interest to do so. As I have said, this is not as a favor to us or anyone else—and is never in exchange for walking away from our principles, including our democratic values and defense of human rights around the world—but is what the world expects. Diplomacy on climate, which is a global and existential threat, does not preclude intense diplomacy or competition in other areas. We will continue to hold the PRC accountable for its human rights abuses, and we will continue to work assiduously to maintain peace and stability in the Indo-Pacific, including across the Taiwan Strait.

*Question.* I recently sent you a letter regarding U.S. Ambassador to Indonesia, Sung Kim, celebrating Ford Motor Company's participation in a joint venture with Zhejiang Huayou Cobalt Company and PT Vale Indonesia. Huayou Cobalt is an active participant in the Belt and Road Initiative (BRI). Vale, a Brazil-based company, has a long history of supporting the BRI and cooperating with China and CCP-controlled companies. Of note, Ford published a statement on its website where Huayou's senior vice president praised the joint venture as a "flagship project" of the BRI. Were you aware of Ambassador Kim's participation in this event?

*Answer.* I am aware Ambassador Kim participated. Indonesia is a strategic partner in the Indo-Pacific and home to the world's largest nickel reserves, a mineral essential to a clean energy transition. Ford's investment reduces PRC control of Indonesia's nickel industry and brings world-class labor and environmental standards to Indonesia. Supporting U.S. investment in Indonesia benefits our economy and supports American jobs. I assure you we continue to compete with the PRC in a way that protects our strategic interests and contributes to the prosperity of the American people.

*Question.* I remain skeptical over your planned trip to Beijing. Should it be rescheduled, this Administration would be perceived as bailing out General Secretary Xi Jinping, providing him with an audience after he just received an unprecedented third term after the 20th Party Congress. Do you still plan to visit Beijing?

*Answer.* We are clear eyed about the challenges in the relationship, but that does not mean we should stop talking to the PRC when it is in our interest. Diplomacy is in our interest to manage tensions and prevent competition from veering into conflict, as well as to deliver on key priorities for the American people, such as curbing the flow of fentanyl. Diplomacy does not preclude competition, and we are focused on ensuring the United States maintains an enduring competitive edge.

*Question.* If a trip is back on the table, do you pledge to use it to hold the Chinese Communist Party accountable for its wrongful detention of U.S. citizens (such as David Lin, Mark Swidan, and Harrison Li), use of slave labor, unfair trade practices, and military aggression against U.S. allies and partners?

*Answer.* In our diplomacy with the PRC, we will continue to be resolute in defending our interests and values. The Department of State has no higher priority than the safety and welfare of U.S. citizens detained abroad. It remains a priority for the

United States to resolve the cases of U.S. citizens who are wrongfully detained or arbitrarily subject to exit bans in China. At every high-level meeting, we focus on bringing wrongfully detained U.S. citizens home, as well as advancing other U.S. interests and values.

*Question.* As you know, the CCP threat to Taiwan grows daily. Beijing has not backed down from its aggressive behavior towards the island, and it will continue to ramp up as Taiwan approaches its next presidential election. President Biden himself has said that the U.S. will defend Taiwan in the face of Chinese military aggression, though this pledge has been walked back by his minders. Congress, last year, passed the Taiwan Enhanced Resilience Act, which I supported. The bill is historic and authorizes \$2 billion in foreign military financing and foreign military sales to Taiwan. Why didn't the State Department include this \$2 billion in FMF for Taiwan in the Fiscal Year 2024 budget request, even though the President signed the Taiwan Enhanced Resilience Act into law?

*Answer.* The Department appreciates the provisions in the Taiwan Enhanced Resilience Act and authority granted under the FY 2023 National Defense Authorization Act (NDAA). The Administration continues to explore all options to resource Taiwan's self-defense capabilities, including requesting \$113 million in FMF for global priorities in the FY 2024 President's Budget, which could make FMF available for Taiwan.

*Question.* Last week, the European Union submitted draft language that would sanction eight Chinese companies it has determined provided Russia with dual-use goods that could be used to build weapons systems in its war against Ukraine. Earlier this year, analysis by C4ADS found that Chinese companies delivered parts to repair Su-35 jets and other military equipment to Russia. Is the Administration committed to weakening Vladimir Putin's war machine and helping Ukraine beat back Russia's assault?

*Answer.* Putin initiated his unprovoked full-scale invasion of Ukraine in 2022. I am committed to degrading Russia's ability to wage this war and supporting Ukraine's defense of its sovereignty for as long as it takes. I will continue to work with our Allies and partners to promote accountability for Russia's actions, to impose costs on Russia, and to ensure the Kremlin is deterred from taking aggressive actions against any other country. As long as Russia's war of aggression continues, the United States will continue to escalate the costs for Putin's regime.

*Question.* Chinese banks continue to provide financing to Russian companies that are now shut out of the international financial system, including by standing up an alternative to SWIFT, the Cross-Border Interbank Payment System (CIPS). Is the creation of a SWIFT alternative detrimental to the impact of U.S. sanctions?

*Answer.* The Department of State is concerned alternatives to SWIFT, such as CIPS, could be used to evade U.S. sanctions. Nevertheless, at the current time, CIPS relies heavily on SWIFT to process most of its transactions and it will take years before CIPS could provide a meaningful alternative to SWIFT. We will continue to employ our existing sanctions authorities to target those who seek to evade U.S. sanctions and engage with financial institutions to communicate legal and reputational risks involved with payments networks such as CIPS.

*Question.* Should we bar banks and companies that use CIPS and other systems from accessing the U.S. financial market?

*Answer.* We are monitoring the use of CIPS closely. Its use remains limited, and we do not assess it is at a level at which barring banks and companies that use CIPS from accessing the U.S. financial system would provide benefits that outweigh the drawbacks of such a step. CIPS facilitates normal course-of-business renminbi-denominated payments for many non-PRC financial institutions, including some U.S. banks. While using CIPS in and of itself does not constitute or suggest inappropriate activity, we will continue to monitor the use of CIPS and take appropriate steps as necessary.

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QUESTIONS SUBMITTED TO HON. GINA M. RAIMONDO

QUESTIONS SUBMITTED BY SENATOR DIANNE FEINSTEIN

*Question.* Secretary Raimondo, last year, I sent you a letter along with Senator Toomey asking you to eliminate the U.S. tariff on steel from Ukraine, as one small but significant way to help that country out during its time of need. I thank you for responding by suspending that tariff for 1 year, which I gather has been helpful to Ukraine. Do you intend to extend the tariff suspension beyond 1 year when the original suspension expires later this month?

*Answer.* The Department of Commerce is committed to Ukraine's security and prosperity. On May 9, 2022, the Commerce Department announced that the United States is temporarily suspending tariffs under Section 232 of the Trade Expansion Act of 1962, as amended, on Ukrainian steel imports for 1 year. The Department took this action because Ukraine's steel industry is uniquely important to the country's economic strength. Some of Ukraine's largest steel communities have been among those most adversely impacted by the Russian military's barbarism. Creating export opportunities for Ukraine's steel mills is essential to their ability to continue employing their workers and maintaining one of Ukraine's most important industries. On May 31, 2023, the Department extended this tariff suspension for another year, highlighting the Biden Administration's steadfast commitment to Ukraine and its people.

*Question.* Secretary Raimondo, in 2022 the Congress passed the bipartisan CHIPS and Science Act, which recognized the need for critical investments in the U.S. semiconductor industry in order to compete with China and ensure our economy continues to lead in this vital industry. Do either of you see other industries such as shipbuilding, where we in Congress might consider a similar approach and make new strategic investments?

*Answer.* To outcompete the People's Republic of China (PRC), we need bold domestic investments and innovation ecosystems that bring manufacturing in critical technologies and industries back to the United States. Without manufacturing strength in the United States and the innovation that flows from it, we risk falling behind the PRC in the race to invent and commercialize future generations of technology. President Biden has done more than any other president to revitalize American manufacturing and innovation, and the CHIPS for America program is central to those efforts.

Diverse, resilient, and sustainable supply chains are critical for national security and economic competitiveness, and a key element of this effort is revitalizing domestic manufacturing, reducing our reliance on the PRC, and positioning ourselves to be proactive instead of reactive. The National Institute of Standards and Technology (NIST) Manufacturing Extension Partnership (MEP) helps businesses narrow gaps in our supply chains and make manufacturing more resilient. NIST's Manufacturing USA program intends to make available competitive awards to enable existing Manufacturing USA institutes to promote domestic production of technologies developed at the institutes. In addition, the Economic Development Administration's Regional Technology and Innovation Hubs (Tech Hubs) program is working to create regional innovation centers across the country by bringing together industry, higher education institutions, State and local governments, economic development organizations, and labor and workforce partners to supercharge ecosystems of innovation for technologies that are essential to our National security and economic competitiveness. The program was authorized by the CHIPS and Science Act and is a key part of President Biden's Investing in America agenda, stimulating private sector investment, creating good-paying jobs, revitalizing American manufacturing, and ensuring no community is left behind by America's economic progress.

Altogether, these investments in critical technologies and regions are essential to maintaining American technological leadership in the world and outcompeting the PRC in the 21st century global economy.

*Question.* Secretary Raimondo, 2 years into your administration, it is still not clear to me what our trade policy is vis-à-vis China. Could you go into more depth about what our specific trade goals are with China, and the status of our discussions with China to make progress on that relationship? Has the Administration made specific requests to China on changing their unfair trade practices and, if so, what has been their response?

*Answer.* While the Office of the U.S. Trade Representative (USTR) is charged with administering America's trade policy, the Department of Commerce believes that engagement with the PRC, including trade, is essential to our efforts to strengthen our National security and economic competitiveness. We are not decoupling our economy from that of the PRC's. The Department of Commerce employs both an "offense" and "defense" strategy with respect to the PRC—we protect what we must, and we promote what we can. Earlier this year, senior Commerce Department officials traveled to the PRC to meet with our Foreign Commercial Service officers stationed on the ground, PRC government officials, and U.S. companies to discuss opportunities for U.S. businesses in the PRC. Annual trade between our two countries is in the hundreds of billions, and this trade provides revenues for American companies, jobs for American workers, and connectivity with the Chinese people. The PRC is our third largest export market, those exports directly support American jobs, and the benefits from these exports range from our large multinational companies and to small and medium-sized enterprises.

The Department's engagement with PRC officials is focused on economic policies that benefit American workers and businesses as well as raising U.S. concerns about the PRC's unfair economic policies, the need to level the playing field for U.S. companies, and the importance of protecting sensitive U.S. technology from illicit transfer. On May 25, 2023, as part of the Department's ongoing efforts to maintain open lines of communication and responsibly manage the relationship with the PRC, I met with PRC Minister of Commerce Wang Wentao. We had a candid and substantive discussion on issues relating to the U.S.-China commercial relationship, including the overall environment in both countries for trade and investment and areas for potential cooperation. I also raised concerns about the recent spate of PRC actions taken against U.S. companies operating in the PRC and expressed the Department's commitment to continuing to build on the engagement between President Biden and President Xi in Indonesia in November 2022.

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QUESTIONS SUBMITTED BY SENATOR TAMMY BALDWIN

SUPERCOMPUTING

The US is currently maintaining its leadership position in supercomputing and AI at scale globally, sitting atop the HPC Top 500 list with the Frontier system at Oak Ridge National Laboratory, which was manufactured in my home state of Wisconsin. However, China is making unprecedented investments in supercomputing and AI in an attempt to dominate the next generation of technologies. In 2012, the United States had 250 supercomputing systems on the TOP500 list ([www.top500.org](http://www.top500.org)) compared to China, which had 72 systems. The top 5 companies were 4 US and 1 European (IBM, HPE, Cray, Atos, and Dell). The most recent TOP500 list from 2022 had China with 162 systems and the US with 127 systems. The top 5 companies were 3 Chinese, 1 US, and 1 European (Lenovo, HPE, Inspur, Atos, and Sugon).

*Question.* How can the US continue to out-innovate in these key areas and beyond to ensure US national and economic security and what is your agency's strategy for adopting and leveraging US supercomputing?

*Answer.* The Department of Commerce, through the National Institute of Standards and Technology (NIST), is working to expand its efforts to address emerging research and standards development challenges surrounding Artificial Intelligence (A.I.), upon which supercomputing relies. Our vision is to help manage A.I. risks, harness the benefits, and responsibly accelerate A.I. technology adoption and deployment and create an expanded commercial marketplace. NIST's programs include fundamental research on A.I. systems to measure and enhance security, explainability, and trustworthiness of A.I. systems, and to explore the capabilities and limitations of A.I. NIST is also applying A.I. to research programs across our broad laboratory portfolio, from autonomous advanced materials discovery to robotic systems in manufacturing environments, and more.

In January of 2023, NIST released the A.I. Risk Management Framework (AI RMF 1.0) as outlined in the National Artificial Intelligence Initiative Act of 2020. More than 240 organizations were involved in the development of the A.I. RMF, and the public and private sector response has been overwhelmingly positive. The A.I. RMF is intended for voluntary use to improve the ability to incorporate trustworthiness considerations into the design, development, use, and evaluation of A.I. products, services, and systems. NIST also publishes other tools to help individuals and organizations better manage risks associated with the use of A.I., including a "Playbook." The Playbook provides suggested actions for achieving the outcomes laid out in the A.I. Risk Management Framework. The NIST Trustworthy & Responsible Artificial Intelligence Resource Center (AIRC) supports all A.I. actors in the development and deployment of trustworthy and responsible A.I. technologies. AIRC supports and operationalizes the NIST AI Risk Management Framework (A.I. RMF 1.0) and accompanying Playbook and will grow with enhancements to enable an interactive, role-based experience providing access to a wide range of relevant A.I. resources.

Heterogenous integration, chipllets, and advanced packaging are expected to be key technology enablers and sources of innovation for semiconductor design and manufacturing for the next decade. Supercomputing capabilities would be critical in modeling and simulating complex multiscale, multilength, and multi-physics problems posed by the heterogenous integration of different devices and materials systems needed for advanced packaging. Leveraging supercomputing capabilities will enable the CHIPS R&D advanced packaging program to develop solutions that will allow U.S. technology leadership in the post Moore's law era.

## RAPID ACQUISITION PROGRAMS

Rapid acquisition programs, like Other Transaction Authorities (OTAs), were created to give Department of Defense (DoD) the flexibility necessary to adopt and incorporate business practices that reflect commercial industry standards and best practices into its award instruments, and have become a core element of the DoDs approach to technology acquisition.

*Question.* Though NIST and NOAA have limited OTA and rapid acquisition authorities, are there other rapid acquisition programs that you have either implemented or are seeking that will help get appropriated dollars invested in new technologies faster and more efficiently?

*Answer.* The Department recognizes the importance of removing obstacles, empowering entrepreneurs, attracting private investment and accelerating inventions from the laboratory into the marketplace in order to unleash American innovation and strengthen U.S. national security and economic competitiveness. The National Technical Information Service (NTIS) joint venture partnership authority is another rapid acquisition authority that has been implemented within the Department of Commerce. Through that authority, NTIS leverages leading, innovative companies, academia, and non-profits to help solve complex data challenges within the Federal Government. The Department is happy to work with Congress on ways to streamline the process for commercializing investments in critical technologies.

## QUESTIONS SUBMITTED BY SENATOR JOE MANCHIN, III

*Question.* As the superpower of the world, we are reliant on China, Russia, and other foreign adversaries for far too many of our energy needs—whether it be oil, solar wafers, nuclear fuel, or, increasingly, electric vehicles. These are all things we can and should be producing from start to finish in North America or sourcing from our allies. Unfortunately, China dominates the lithium ion battery to EV supply chain, controlling 76 percent of lithium-ion battery production, including 74 percent of the world's cathode production and 92 percent of the world's anode production. These numbers are alarming and should be a wake-up call that if we throw caution to the wind and move too quickly toward EVs without strengthening our domestic supply chain, we will be forced to rely on China for decades to come. Unfortunately, at every turn, this administration has made it clear that they care more about getting EVs on the road than they do about the energy security of this nation.

—How would you rate our competitiveness with China on battery manufacturing and electric vehicles, particularly with respect to the supply chain for both?

Given the statistics, are we too far behind to catch up?

—Do you think being reliant on China for our transportation sector is a national security risk?

*Answer.* To outcompete the People's Republic of China (PRC), we need bold domestic investments and innovation ecosystems that bring manufacturing in critical technologies and industries back to the United States. Without manufacturing strength in the United States and the innovation that flows from it, we risk falling behind China in the race to invent and commercialize future generations of technology. Diverse, resilient, and sustainable supply chains are critical for national security and economic competitiveness, and a key element of this effort is revitalizing domestic manufacturing, reducing our reliance on the PRC, and positioning ourselves to be proactive instead of reactive.

The Inflation Reduction Act (IRA) is a major achievement for clean energy, energy security, and climate ambition, representing the largest investment in climate and clean energy solutions in U.S. history. This law makes a historic investment in climate and clean energy solutions, delivered through a combination of innovative tax incentives, grant programs, and loan guarantees. The clean energy investment and production provisions in the IRA will incentivize investments across the clean energy supply chain including solar, wind, geothermal, hydrogen, critical minerals and battery technologies, tidal and wave energy, carbon capture and sequestration, and civil nuclear, among many others.

Combined with the CHIPS and Science Act and the Infrastructure Investment and Jobs Act, the IRA is a gamechanger for clean energy investment, and we are already seeing many signs of progress. Since the passage of IRA, the private sector has already announced at least \$75 billion in clean energy investments and more than \$90 billion in new investments up and down the battery supply chain since President Biden took office.

The United States has a target to make 50 percent of new light-duty vehicle sales electric by 2030, a goal several other countries have also adopted. The IRA provides opportunities for investors in the EV manufacturing sector and across the EV bat-

tery supply chain. IRA amendments to the section 30D Clean Vehicle credit incentivize investment in U.S. clean vehicle manufacturing, battery assembly, and critical minerals. In addition, the IRA's section 45X Advanced Manufacturing Production credit incentivizes domestic production of battery components and critical minerals.

Analyzing critical supply chains to identify potential chokepoints before they become crises—going from reactive to proactive—should be prioritized. This is why the FY 2024 Budget Request seeks \$21 million to establish a supply chain resiliency office in the International Trade Administration's (ITA) Industry and Analysis unit. This new program will build on the work already being done in ITA and strengthen the bureau's ability to: (1) identify economic and national security risks to supply chains; (2) execute strategies and provide analysis and recommendations to support policymaking to strengthen supply chains; (3) provide the U.S. Government with guidance to help identify and secure investments in strategic emerging and legacy industries; and (4) support U.S. industries' ability to commercialize opportunities and expand exports (creating jobs in the United States).

ITA is also seeking to expand SelectUSA services to coordinate supply chain priorities with state Foreign Direct Investment (FDI) attraction efforts and recruit high-value investment targets in alignment with supply chain strategies. The FY 2024 Budget seeks \$4.75 million for ITA to expand its investment promotion tool kit to target high-value investment targets in coordination with U.S. States, which would dramatically improve SelectUSA's ability to increase investment in the United States. In addition, ITA will do the analysis required to use the specialized expertise and firm-level data needed to develop better strategies for attracting specific individual firms to the United States. Lastly, the requested funds will bolster the Advocacy Center, reflecting the importance of global market access to maintaining the viability of key domestic suppliers.

This request is the Global Markets component of an ITA joint proposal with the Industry and Analysis business unit. Global Markets will leverage the analysis, strategies, and recommendations produced by Industry and Analysis under its complementary request to better target FDI toward reducing critical, national supply chain risks.

The National Institute of Standards and Technology (NIST) Manufacturing Extension Partnership (MEP) helps businesses narrow gaps in our supply chains and make manufacturing more resilient. NIST's Manufacturing USA program intends to make available competitive awards to enable existing Manufacturing USA institutes to transition technologies developed at the institutes into domestic production. In addition, the Economic Development Administration's Regional Technology and Innovation Hubs (Tech Hubs) program is working to create regional innovation centers across the country by bringing together industry, higher education institutions, State and local governments, economic development organizations, and labor and workforce partners to supercharge ecosystems of innovation for technologies that are essential to our National security and economic competitiveness. The Tech Hubs program was authorized by the CHIPS and Science Act and is a key part of President Biden's Investing in America agenda, stimulating private sector investment, creating good-paying jobs, revitalizing American manufacturing, and ensuring no community is left behind by America's economic progress.

Altogether, these investments in critical technologies and regions are essential to maintaining American technological leadership in the world and outcompeting the PRC in a 21st century global economy.

*Question.* For years, the Chinese government has engaged in the illegal trade practices of transshipment and dumping to circumvent U.S. trade laws, avoid American tariffs, and give Chinese firms an unfair advantage over West Virginian and American companies. These practices are especially concerning when they target our critical industries, as China seeks to create bottlenecks of critical materials and control supply chains. In particular, I want to highlight the dangers of these Chinese practices as they affect American energy security. We have relied on foreign nations for the resources and materials we need to power our Nation for too long. That's why I was proud to cosponsor the Senate Resolution reversing President Biden's 2-year pause on solar import tariffs. We cannot continue to let China get away with laundering solar energy components through other nations with absolutely no consequences. Let me be clear: America will never be energy secure or independent if we can't provide the resources we need. American manufacturers—some of the most innovative in the world—are more than ready to rise to the occasion and help realize the goals of the *Bipartisan Infrastructure Law and the Inflation Reduction Act* to onshore our energy supply chains.

—What is being done to ensure America's energy supply chains are reliable and safe?

—Can you speak to how American energy security is critical to our geopolitical positioning on the world stage, and how it allows us to better help our allies?

*Answer.* The U.S. trade laws are a critical component of U.S. economic competitiveness and key to supporting a viable domestic manufacturing base. I am firmly committed to strong enforcement of our trade laws with respect to imports that are unfairly dumped and/or subsidized and that cause harm to the U.S. industry and its workers. And we remain committed to vigorously addressing the highly distortive practice of circumvention given its negative impacts which seriously undermine the relief from unfair trade obtained for our companies and workers.

Diverse, resilient, and sustainable supply chains are critical for national security and economic competitiveness, and a key element of this effort is revitalizing domestic manufacturing, reducing our reliance on the PRC, and positioning ourselves to be proactive instead of reactive.

Analyzing critical supply chains to identify potential chokepoints before they become crises -going from reactive to proactive—should be prioritized. This is why the FY 2024 Budget Request seeks \$21 million to establish a supply chain resiliency office in ITA's Industry and Analysis unit for FY 2024. This new program will build on the work already being done in ITA and strengthen the bureau's ability to: (1) identify economic and national security risks to supply chains; (2) execute strategies and provide analysis and recommendations to support policymaking to strengthen supply chains; (3) provide the U.S. Government with guidance to help identify and secure investments in strategic emerging and legacy industries; and (4) support U.S. industries' ability to commercialize opportunities and expand exports (creating jobs in the United States).

ITA is also seeking to expand SelectUSA services to coordinate supply chain priorities with state Foreign Direct Investment (FDI) attraction efforts and recruit high-value investment targets in alignment with supply chain strategies. The FY 2024 Budget seeks \$4.75 million for ITA to expand its investment promotion tool kit to target high-value investment targets in coordination with U.S. States, which would dramatically improve SelectUSA's ability to increase investment in the United States. In addition, ITA will do the analysis required to use the specialized expertise and firm-level data needed to develop better strategies for attracting specific individual firms to the United States. Lastly, the requested funds will bolster the Advocacy Center, reflecting the importance of global market access to maintaining the viability of key domestic suppliers.

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The NIST MEP helps businesses narrow gaps in our supply chains and make manufacturing more resilient. NIST's Manufacturing USA program intends to make available competitive awards to enable existing Manufacturing USA institutes to transition technologies developed at the institutes into domestic production. In addition, the Economic Development Administration's Regional Technology and Innovation Hubs (Tech Hubs) program is working to create regional innovation centers across the country by bringing together industry, higher education institutions, State and local governments, economic development organizations, and labor and workforce partners to supercharge ecosystems of innovation for technologies that are essential to our National security and economic competitiveness. The program was authorized by the CHIPS and Science Act and is a key part of President Biden's Investing in America agenda, stimulating private sector investment, creating good-paying jobs, revitalizing American manufacturing, and ensuring no community is left behind by America's economic progress.

The Department believes it is critical to build up the domestic manufacturing base required to deploy clean energy across the United States. The Biden-Harris Administration has prioritized investments that will create good-paying jobs and build secure solar supply chains in the U.S., including through tax credits in the Inflation Reduction Act (IRA) such as increased tax benefits for taxpayers who meet the prevailing wage and apprenticeship requirements and domestic content bonus. Thanks to the President's Investing in America agenda, more than 90 Gigawatts (GW) of private-sector investments in U.S. solar manufacturing have been announced since the President took office, with about half of that coming in just the 7 months since the passage of the IRA. America is now on track to increase domestic solar panel manufacturing capacity eight-fold by the end of the President's first term.

Additionally, through SelectUSA, the U.S. government program housed within the Commerce Department which focuses on facilitating and promoting foreign investment into the United States, solar energy has been a key focus. Since the passage

of the IRA, SelectUSA has facilitated clean tech investments into the United States worth over \$10.2 billion.

In May 2023, SelectUSA assisted Enel North America to choose Inola, Oklahoma as the location to build its new industrial-scale manufacturing facility for innovative, sustainable and American-made photovoltaic (PV) cells and modules. The factory, which is expected to have an annual production capacity of 3 gigawatts (GW), represents an initial investment in excess of \$1 billion dollars and is anticipated to create 1,000 new direct permanent jobs by 2025. The project includes the potential for a second phase that would scale the factory to reach 6 GW of annual production, creating an additional 900 new direct jobs. SelectUSA also assisted Philadelphia Solar, a Jordanian based solar panel company that announced investment plans in November 2022 after passage of the IRA. Initial investment plans include \$100 million to install a 1.2GW manufacturing line for US-made mono-PERC modules by 2024, with plans to invest in state-of-the-art cells production line by 2025 to support over 400 anticipated jobs. And in October 2022, Japanese automotive manufacturer Honda and South Korean electric vehicle battery manufacturer LG Energy Solutions announced a \$4.2 billion investment to open a new EV battery plant and expand existing plants in Ohio, which is expected to create 2,527 jobs.

The United States is also committed to building a coalition of allies and partners to invest in the creation of strong, independent, and reliable clean energy supply chains that puts the free world in charge of its own clean energy future. For example:

- Through the Clean Economy pillar (Pillar 3) of the Indo-Pacific Economic Framework for Prosperity (IPEF), we are working with 13 other partners to grow U.S. exports for clean energy tech and help ensure that partners in the region work together, rather than turn to the PRC for their financing and technologies.
- On May 20, 2023, the Quad (consisting of the U.S., Australia, India, and Japan) announced that it will work together to identify and address gaps in our manufacturing capacity for critical clean energy materials and technologies. In particular, the program will focus on the supply chains for solar PVs, hydrogen electrolyzer, and electric vehicle battery technologies. Quad partners are contributing funding, technical expertise, and in-kind support to the supply chain assessment efforts and subsequent investment decisions. The Quad also established joint principles for clean energy supply chains.
- Also on May 20, 2023, the United States and Australia signed a Statement of intent to advance our climate cooperation through the Australia-United States Climate, Critical Minerals, and Clean Energy Transformation Compact, including coordination to spur the diversification and expansion of clean energy supply chains.
- At the Clean Energy Ministerial, the United States co-leads a new initiative to foster the adoption of policies that transform the global solar supply chain to be more diverse, transparent, and environmentally and socially responsible.

*Question.* Artificial Intelligence (AI) has received quite a lot of attention lately, and I'm proud to see it. Senator Rounds and I have been promoting development of this technology for years from the Cybersecurity subcommittee on Armed Services. One of our main partners in this endeavor has been the leadership of the National Security Commission on Artificial Intelligence, specifically Dr. Eric Schmidt (former Google CEO), Bob Work (former Deputy Secretary of Defense), and Dr. Jason Matheny (current CEO of RAND Corporation). This Commission released a classified report detailing programs and funding our government should be investing in, but I worry that these recommendations have not been widely shared. I've also been working with our partners in the private industry, including Alex Wang (Scale AI), Alex Karp (Palantir), and Josh Lospinoso (Shift5) to ensure we're putting guardrails in place to effectively regulate and protect our development of AI for national security usage.

—Have each of you received this classified briefing from the Commission? If not, can I get your commitment to receive the briefing?

—How are each of you thinking about protecting the investments we're making in AI, and ensuring AIs are used ethically?

*Answer.* The Department of Commerce is committed to working across the Federal Government to develop artificial intelligence (A.I.) policy that is premised on the responsible use of A.I. technology that accounts for the risks, harnesses the benefits, and promotes innovation. The Department engages with a variety of stakeholders, including but not limited to academia, civil society, and industry, to better understand the current A.I. landscape and where government can be helpful.

The Department is undertaking multiple lines of effort related to A.I. policies and practices. The National A.I. Advisory Committee (NAIAC), whose members are ap-

pointed by the Secretary of Commerce, advises the President and the National AI Initiative Office on matters related to the National AI Initiative. The Committee's first-year report, required under the National AI Initiative Act of 2020, contains recommendations that include adequately funding programs under the National Artificial Intelligence Initiative Act and the National Institute of Standards and Technology (NIST) Trustworthy and Responsible A.I. Program. Additionally, in April 2021, I received a briefing from Dr. Eric Schmidt and Bob Work, along with Commission staff, on the final report of the National Security Commission on Artificial Intelligence.

Moreover, NIST released an A.I. Risk Management Framework, which is a voluntary tool to help individuals and organizations manage risks associated with A.I. NIST's work is ongoing to assess A.I. risk management, the creation of technical standards, building A.I. trustworthiness, and measurement and evaluation.

On April 11, 2023, the National Telecommunications and Information Administration (NTIA) released a Request for Comment (RFC) inviting academic, industry, civil society, government stakeholders, and the public to comment on what the Federal Government should be doing to promote a robust accountability ecosystem for A.I. and ensure that A.I. systems are implemented fairly and safely. The RFC sought feedback on policies that can support the development of A.I. audits, assessments, certifications, and other mechanisms to create responsible and trusted A.I. systems. It further asked whether different approaches are warranted for different industries and what other policy responses might be appropriate.

Last year, ITA issued a RFC on Artificial Intelligence Export Competitiveness, exploring foreign regulations and potential trade barriers.

In October 2022, the Commerce Department's Bureau of Industry and Security (BIS) imposed unprecedented restrictions on the PRC's access to advanced semiconductor manufacturing equipment, chips and other items needed to develop A.I. and prohibited U.S. persons from supporting chip development and production that power A.I. systems at certain semiconductor fabrication facilities located in the PRC or Macau without a license. BIS continues to assess technologies within the A.I. ecosystem to identify technologies necessary for control to ensure the National security of the United States.

U.S. Patent and Trademark Office (USPTO) is currently studying how A.I. affects the patent system and intellectual property (IP). To this end, the agency created an A.I. and Emerging Technology Partnership, an ongoing cooperative effort between the USPTO and the AI/ET community, including academia, independent inventors, small businesses, industry, other government agencies, nonprofits, and civil society. Additionally, the agency has issued two reports on the intersection of IP and A.I., including *Public Views on AI and IP Policy*, and *Inventing AI—Tracing the diffusion of AI within U.S. Patents*.

Finally, as we work with other Federal agencies to promote the safe and responsible development of A.I. here at home, we are also supporting Biden Administration efforts with likeminded allies and partners who share our values, such as anti-discrimination, privacy, and human rights.

*Question.* Multiple sources, including retired general officers, the National Defense Industrial Association, the American Enterprise Institute, and the Pentagon itself have all recognized the damage failing to pass a budget on time has on both our National security and the taxpayer. The American Enterprise Institute threw out a rough estimate of \$200 million per day under the latest Continuing Resolution that covered the start of Fiscal Year 2023, that's a total of \$18 billion. The DoD Comptroller noted that from Fiscal Year 1911 to 2010 the average delay for defense appropriations was 29 days, and that has since ballooned out to 118 days, 4 months. I have repeatedly asked the Pentagon for as concise a number as possible to put a figure on the damage these delays are causing to our National security and wasted taxpayer money, but we've been unable to nail down these estimates.

—Can I have each of your commitments to get Congress as accurate an estimate as possible on the financial impact previous CRs have had on your Departments?

*Answer.* The President negotiated a bipartisan budget agreement that keeps non-defense spending roughly flat with current (FY 2023) levels in 2024 when factoring in agreed-upon appropriations adjustments. The Commerce Department's mission is to create the conditions for economic growth and opportunity for all communities. Assuming enactment of appropriations consistent with the agreement, this agreement preserves the investments made by the Department that protect our National security, promote our economic competitiveness, and strengthen our position to outcompete the PRC in the 21st century global economy.

The Department is happy to work with your office to illustrate the adverse impacts of Continuing Resolutions on our ability to carry out our mission.

*Question.* I'd like to turn to an issue that has been getting a lot of attention in Congress these days, and that's TikTok. As you know, the encroachment of foreign adversaries on American internet infrastructure, including social media platforms like TikTok, poses serious risks to our Nation's economic and national security. That's why I'm a cosponsor of bipartisan legislation called the RESTRICT Act that would codify and improve a set of rules created under the Trump Administration and expanded upon by the Biden Administration to allow the Secretary of Commerce to review foreign technology products and mitigate any risks they pose to the United States. As Chairman of the Senate Armed Services subcommittee on Cybersecurity, I will continue working with my colleagues on both sides of the aisle to get critical legislation like this across the finish line.

—Do you believe that TikTok poses a threat to our National security?

—Does the Department of Commerce have the ability to ban apps that might pose a national security threat under its existing authorities?

*Answer.* The Administration takes seriously the National security risks related to certain technology products and services from China and other countries of concern. Information and Communication Technology Services (ICTS) that originate in foreign adversary countries, including connected software applications, raise particular concerns. The Administration will use every tool at its disposal to address the National security risks presented by these threats—including the National security risks associated with TikTok.

The Department's ICTS program received its first substantial funding in December 2022. The program is ramping up hiring, to prevent undue or unacceptable risks from the use or storage of personal information and data critical to national security.

To put ICTS-related measures on the strongest possible footing, the Administration has consistently called for legislation that would codify in statute the ICTS authorities outlined in Executive Orders 13873 and 14034. Such legislation would strengthen and reinforce the Federal Government's ability to combat current and evolving threats, to safeguard the security and integrity of our ICTS supply chain, and to protect the American people. In that regard, the Department welcomes the opportunity to work with Congress on legislation that would address ICTS threats in a comprehensive way and protect our National security.

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#### QUESTIONS SUBMITTED BY SENATOR MARTIN HEINRICH

*Question.* Since the Inflation Reduction Act was passed, we have seen the most dramatic reshoring of American energy related manufacturing capacity in many decades. 46 factories representing \$150 billion and 18,000 jobs in less than a year. House Republicans have proposed repealing the IRA. What would that mean for our competitiveness with the PRC?

*Answer.* In the first 2 years of the Biden-Harris Administration, the Commerce Department worked with Congress to enact the American Rescue Plan, the Infrastructure Investment and Jobs Act (IIJA), the CHIPS and Science Act, and the Inflation Reduction Act (IRA). Taken together, they represent historic investments in America and a once-in-a-generation commitment to advancing innovation, technology, manufacturing, workforce training, supply chain resilience, and the infrastructure that we need to ensure our future competitiveness and national security. These investments drive innovation, job creation, and economic growth that strengthen our position to outcompete the People's Republic China (PRC), and their effectiveness would be threatened by repealing or under-resourcing the laws enacted by Congress.

The passage of IIJA and IRA has created strong incentives along the clean energy continuum—from technology innovation to deployment and, thanks to the IRA, incentives for clean energy manufacturing investment and production. Other nations have taken note of the clean energy ecosystem successes resulting from the IRA—as evidenced by announcements of gigafactory production lines in solar and hydrogen energy sectors—and are now establishing similar legislation to simultaneously stimulate manufacturing and combat climate-change. Repealing or under-sourcing the incentives would result in (1) a step backwards from a less aggressive approach to combating climate change; (2) decreased production of American-made parts, components and technologies exported to the international market; and (3) a potential reliance on imported parts, components and technologies that could impede the United States' ability to meet clean tech deployment goals.

Analyzing critical supply chains to identify potential chokepoints before they become crises should be prioritized. This is why the FY 2024 Budget Request seeks \$21 million to establish a supply chain resiliency office in the International Trade

Administration's (ITA) Industry and Analysis unit for FY 2024. This new program will build on the work already being done in ITA and strengthen the bureau's ability to: (1) identify economic and national security risks to supply chains; (2) execute strategies and provide analysis and recommendations to support policymaking to strengthen supply chains; (3) provide the U.S. Government with guidance to help identify and secure investments in strategic emerging and legacy industries; and (4) support U.S. industries' ability to commercialize opportunities and expand exports (creating jobs in the United States).

ITA is also seeking to expand SelectUSA services to coordinate supply chain priorities with state Foreign Direct Investment (FDI) attraction efforts and recruit high-value investment targets in alignment with supply chain strategies. The FY 2024 Budget seeks \$4.75 million for ITA to expand its investment promotion tool kit to target high-value investment targets in coordination with U.S. States, which would dramatically improve SelectUSA's ability to increase investment in the United States. In addition, ITA will do the analysis required to use the specialized expertise and firm-level data needed to develop better strategies for attracting specific individual firms to the United States. Lastly, the requested funds will bolster the Advocacy Center, reflecting the importance of global market access to maintaining the viability of key domestic suppliers.

This request is the Global Markets component of an ITA joint proposal with the Industry and Analysis business unit. Global Markets will leverage the analysis, strategies, and recommendations produced by Industry and Analysis under its complementary request to better target FDI toward reducing critical, national supply chain risks.

*Question.* The National Oceanic and Atmospheric Administration counters illegal, unreported, and unregulated fishing sponsored by the People's Republic of China. This work ensures that the fish and seafood that Americans eat is not contributing to fishery collapse and human rights abuses. How would these efforts be impacted by a long-term continuing resolution?

*Answer.* On June 27, 2022, President Biden issued the Memorandum on Combating Illegal, Unreported, and Unregulated (IUU) Fishing and Associated Labor Abuses. The Memorandum observes that, if unchecked, IUU fishing and associated labor abuses threaten the livelihoods and human rights of fishers around the world and will undermine U.S. economic competitiveness, national security, and fishery sustainability. These practices also exacerbate the environmental and socioeconomic effects of climate change. The Department of Commerce, through NOAA, is committed to combating IUU fishing, seafood fraud, forced labor, and other labor abuses.

The President negotiated a bipartisan budget agreement that keeps non-defense spending roughly flat with current (FY 2023) levels in 2024 when factoring in agreed-upon appropriations adjustments. Assuming enactment of appropriations consistent with the agreement, this agreement preserves NOAA's ability to counter IUU fishing enabled by the PRC.

*Question.* Congress passed the CHIPS and Science Act to invest in science and technology to help the United States compete with the People's Republic of China. That bill included funding that was particularly important to me—to grow U.S. leadership in semiconductor research, design, engineering, and advanced manufacturing.

Last August, I wrote a letter to you and Secretary Granholm expressing the New Mexico delegation's strong support for our state as a potential site for the National Semiconductor Technology Centers and National Advanced Packaging Manufacturing Program, both established under the CHIPS and Science Act.

How would a continuing resolution impact efforts to implement the important provisions in the CHIPS and Science Act, including the effort to establish a national semiconductor technology center?

*Answer.* The Department's ability to use the already-authorized funding to implement research and development provisions of the CHIPS and Science Act is dependent on the enactment of an annual appropriations act, which makes available a new tranche of funding for obligation in each fiscal year.

The Commerce Department's CHIPS for America program, funded by the CHIPS and Science Act, is focused on unleashing the next generation of American innovation, protecting our National security, and preserving our global economic competitiveness. In April of this year, the Department released a Vision & Strategy paper outlining its plans to strengthen domestic research and development through the National Semiconductor Technology Center (NSTC), which is the centerpiece of our efforts to develop chips and lead in next-generation semiconductor technologies, including quantum computing, artificial intelligence, and other technology areas of the future. The NSTC will be the focal point for research and engineering throughout

the semiconductor ecosystem, will shorten the runway required to move from design to commercialization, reduce the costs needed for this progress, and will help us scale up the semiconductor workforce. The NSTC budget is provided by a no-year appropriation, but the entire appropriation is not immediately available for obligation. Partial funding is made available on a yearly basis in each fiscal year from FY 2022—FY 2026 via the annual appropriations act, until all of the funds are available by FY 2026. Furthermore, the program is more than just building facilities, the NSTC will also be a major contributor to the workforce development ecosystem.

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QUESTIONS SUBMITTED BY SENATOR JERRY MORAN

*Question.* We share a concern about the threat posed by CCP-influenced companies operating around the world. In February, news reports indicated that Huawei Export Licenses could be revoked. There has been no announcement or change for 3 months since.

- Can you please provide an update on what actions the Administration has taken to prevent stockpiling of critical technologies in the months following these reports?
- Has the Administration halted the issuance of new export licenses for Huawei?
- If yes, what is the reason for halting? Is BIS in compliance with the laws regarding timely review and notification of license applications?
- If no, why is the administration allowing Huawei to continue to grow and spend on next generation technologies? It is clear that Huawei is receiving funding from the CCP and using that capital to undercut American businesses around the globe.

*Answer.* Huawei Technologies Co., Ltd. (Huawei) remains on the Entity List and no changes to its licensing policy have been made at this time. Currently, the licensing policy for exports to Huawei is a presumption of denial for any item subject to Bureau of Industry and Security (BIS) jurisdiction, unless it is for items that can only support telecommunications systems, equipment, and devices below the 5G-level, in which case the U.S. government will review such license applications on a case-by-case basis. Information in connection with licenses and license applications for exports of items under Commerce jurisdiction is prohibited from disclosure by BIS under section 1761(h) of the Export Control Reform Act of 2018 (50 U.S.C. 4820(h)) absent a written request on letterhead of a chair or ranking member of a Congressional committee or subcommittee of appropriate jurisdiction.

BIS is engaging in an ongoing assessment of our export control policies related to the People's Republic of China (PRC), including the existing licensing policy for license applications involving Huawei, and calibrating them based on the evolving threat environment. Additionally, BIS regularly consults with allies and partners to share information and coordinate our technology protection strategies.

*Question.* Regarding spectrum:

- Do you believe the Federal Government is efficiently using its spectrum holdings?
- Can you share NTIA's latest analysis of the efficiency of the Federal spectrum holdings, if this is something the agency has previously undertaken?
- If the agency has not undertaken such analysis, would the agency consider conducting such analysis?

*Answer.* A wide array of Federal agencies use spectrum effectively to perform critical missions in service to all Americans—from national defense, to weather forecasting, to scientific observation, and more. The National Telecommunications and Information Administration (NTIA) has a dual imperative built into its statutory role. NTIA is both the manager of Federal spectrum resources and the President's primary advisor on spectrum-related issues. In its statutory Federal spectrum management role, NTIA helps ensure the efficient use of spectrum by tailoring frequency assignments to demonstrated agency spectrum requirements. Significantly, most spectrum bands with Federal operations are shared, accommodating access by multiple—often many—agencies. Spectrum used for Federal missions is also often shared with the private sector uses, and NTIA recognizes the need to make additional spectrum available for commercial use. Given NTIA's dual roles, NTIA is focused both on ensuring that Federal agencies have the spectrum necessary to carry out their missions and ensuring that there is sufficient spectrum for private sector use to maintain U.S. global leadership in wireless technology and services.

In August 2022, NTIA and the Federal Communications Commission (FCC) announced an updated Memorandum of Understanding (MOU) between our agencies on spectrum coordination. This was the first update to the MOU in nearly 20 years,

and it is already paying dividends as the two agencies navigate complex issues together.

Significantly, NTIA, in coordination with the FCC, and Federal Departments and Agencies through the Policy and Plans Steering Group, is crafting a National Spectrum Strategy (NSS) to develop a roadmap to make spectrum resources available to continue U.S. leadership in advanced wireless technology and services; establish data-driven processes for long-term spectrum planning and coordination; promote the development of emerging spectrum management technology; and develop an enduring and scalable mechanism for managing shared spectrum access for the Federal Government. The NSS will, among other things, identify at least 1500 megahertz of spectrum to study in the next 2 years to determine if future repurposing is feasible.

We must find ways to allow for more intensive use of this finite resource and do this in a coordinated fashion. We must account for the existing uses and future needs of relevant stakeholders and ensure that new spectrum uses are balanced with existing and future Federal agency operations and that we do not compromise national security or public safety.

*Question.* I have a few questions about artificial intelligence (AI).

—How does the Department of Commerce and its agencies currently use AI? Does the Department of Commerce and its agencies have plans to expand AI use?

—If AI is used by the Department, what guidance governs the Department’s use of AI?

—If AI is used by the Department, what oversight of its use is conducted?

—If AI is used by the Department, does its use align with the NIST AI Risk Management Framework (RMF)?

—Are you aware of use of Chat GPT, Google Bard, or Bing AI “chatbots” at the Department of Commerce or its agencies?

—Generally speaking, what are your primary concerns regarding the Federal Government’s use of AI?

—What do you see as potential benefits of AI use?

—Can you talk about the importance of the NIST AI RMF and how it can be used by businesses, governments, and other organizations?

—How can the Department of Commerce and Congress promote the use of this RMF, as AI use becomes more pervasive and more powerful?

—What is the future of the NIST AI RMF? Is there anything Congress can do to improve its usefulness?

*Answer.* In May of this year, I joined Vice President Harris and senior Biden-Harris Administration officials for a meeting with the Chief Executive Officers (CEOs) of four American companies that are at the forefront of Artificial Intelligence (A.I.) innovation to discuss advancing responsible A.I. innovation. This technology can have tremendous benefits, but there are significant risks as well, and companies have a responsibility to make sure their products are safe and secure before they are deployed. Clearly, A.I. systems and technologies are already shaping our world, and as they continue to evolve, they may bring great benefits but also great risks to the Nation’s economic and national security.

As this critical and emerging technology continues to rapidly evolve, the Commerce Department, through the National Institute of Standards and Technology (NIST), is championing the development of A.I. systems that are trustworthy and responsible in practice and use and has positioned itself as a domestic and international leader in cultivating trust in the design, development, use, and governance of A.I. systems. In January 2023, NIST released Version 1.0 of the A.I. Risk Management Framework (A.I. RMF 1.0) to help manage risks associated with A.I. to individuals, organizations, and society. The A.I. RMF 1.0 was a result of efforts begun in 2021, including NIST engagements with A.I. stakeholders through Requests for Information, draft frameworks for public comments, and workshops. NIST also supports other tools to help individuals and organizations better manage risks associated with the use of A.I., including a Playbook. The Playbook provides suggested actions for achieving the outcomes laid out in the A.I. RMF. The NIST Trustworthy & Responsible Artificial Intelligence Resource Center (AIRC) supports all A.I. actors in the development and deployment of trustworthy and responsible A.I. technologies. AIRC supports and operationalizes the NIST A.I. RMF 1.0 and accompanying Playbook and will grow with enhancements to enable an interactive, role-based experience providing access to a wide range of relevant A.I. resources.

Currently A.I. use within the Department of Commerce is regulated by Executive Order (EO) 13960 and follows the practices identified by NIST’s A.I. RMF 1.0. The Department is awaiting OMB’s release of additional guidance in this space and working on its own guidance regarding usage of Generative A.I. tools such as ChatGPT, Google Bard and Bing A.I. Usage of A.I. at the Department is being mon-

itored and overseen by the bureaus with current active deployments and subject to the guidance from EO 13960 and A.I. RMF 1.0.

NIST is a global A.I. leader, participating in conversations about A.I. policies and legislation in several international bodies. For example, NIST serves as the vice chair of the Working Party on A.I. Governance within the Organization for Economic Co-operation and Development and also developed a Joint Roadmap on Evaluation and Measurement Tools for Trustworthy A.I. and Risk Management with the EU as part of the Trade and Technology Council ministerial in 2022.

These developments in A.I. are just a few examples of how NIST uses its expertise and role to anticipate emerging technological and standardization challenges and then proactively respond to those challenges. As these challenges multiply in the coming years and decades, NIST will need additional resources to keep America ahead of the curve.

*Question.* There has been some discussion in Congress about whether a second round of mandatory funding for programs authorized under the CHIPS and Science Act is warranted. Before considering that step, however, I want to ensure that the currently funded programs are being implemented in an efficient manner that evinces good stewardship of taxpayer dollars.

—How are you ensuring that the critical programs in your Department, including the CHIPS program and the Regional Tech Hubs program in particular, do not have onerous program rules that increase costs to participate and decrease program effectiveness?

—Increasing geographic diversity in research and development is a key goal of Congress. Can you please update this committee on how Commerce is ensuring that it meets those expectations?

*Answer.* The Department of Commerce is committed to being good stewards of taxpayer dollars. The CHIPS and Science Act represents a historic public investment in private industry without recent precedent, and taxpayers deserve transparency and accountability. Above all, we are looking for projects that advance U.S. economic and national security. Among other things, we are looking at whether projects build sustainable domestic capacity that reduces U.S. reliance on vulnerable or overly concentrated production. We have also articulated additional criteria that we are using to evaluate projects, including a project's commercial viability, an applicant's financial strength, and an applicant's commitment to workforce development. It is vitally important that our funding creates good-paying jobs and leads to long-term, inclusive economic growth. Other criteria we are looking at include project technical feasibility and readiness, as well as broader community impacts.

In February of this year, the CHIPS for America program launched our first Notice of Funding Opportunity (NOFO) for CHIPS funds under the section 9902 Incentives Program, focused on commercial manufacturing facilities. In response to the first NOFO, so far, we have received more than 500 Statements of Interest (SOIs) from potential applicants seeking incentives for commercial fabrication facilities, packaging facilities, material suppliers and equipment manufacturers, and R&D facilities. The SOIs describe projects in 42 States and span the entire semiconductor ecosystem. It is clear the private sector is eager to continue investing in America and is ambitious about scaling up semiconductor production across the country. We do not want to rely on a single company or a single geographic area, which is why we are aiming for at least two leading-edge clusters (e.g., geographically compact areas with multiple fabrication facilities), in the United States. We expect that the investments we make will occur across a wide-range of geographic regions.

The Economic Development Administration's (EDA) Regional Technology and Innovation Hubs (Tech Hubs) program is working to create regional innovation centers across the country by bringing together industry, higher education institutions, State and local governments, economic development organizations, and labor and workforce partners to supercharge ecosystems of innovation for technologies that are essential to our National security and economic competitiveness. We have the greatest research institutions on the planet—many of them in America's heartland, far from the coasts, and we need to create ecosystems of tech innovation in more communities around the country, especially those that have historically been overlooked. The Department of Commerce, through EDA, will focus on geographic diversity, throughout the continuum of rural and urban areas. The program was authorized by the CHIPS and Science Act and is a key part of President Biden's Investing in America agenda, stimulating private sector investment, creating good-paying jobs, revitalizing American manufacturing, and ensuring no community is left behind by America's economic progress.

*Question.* As we continue to see China's economic and military influence expand, what specific measures are you taking as Secretary of Commerce to combat China's unfair trade practices and protect American businesses and workers?

—How do you plan to address China’s increasing control over critical supply chains and technology and ensure that the United States remains a leader in innovation and technological advancement?

*Answer.* The Commerce Department is committed to appropriately using its tools to protect our companies and counter unfair economic practices by the PRC, because no one can outcompete the United States if we are playing by the same rules. On May 25, 2023, as part of the Department’s ongoing efforts to maintain open lines of communication and responsibly manage the relationship with the PRC, I met with PRC Minister of Commerce Wang Wentao. We had a candid and substantive discussion on issues relating to the U.S.-China commercial relationship, including the overall environment in both countries for trade and investment and areas for potential cooperation. I also raised concerns about the recent spate of PRC actions taken against U.S. companies operating in the PRC and expressed the Department’s commitment to continuing to build on the engagement between President Biden and President Xi in Indonesia in November 2022.

The Department of Commerce employs both an “offense” and “defense” strategy with respect to the PRC—we are working to protect what we must, and promote what we can by employing export controls and trade enforcement authorities to defend U.S. technologies and industries, while also employing the resources from the CHIPS and Science Act, Infrastructure Investment and Jobs Act, and Inflation Reduction Act to promote American innovation, job creation, and economic resilience across many critical sectors. We are also working with international allies and partners to strengthen our global networks and promote our shared vision for a prosperous rules-based order.

The Department’s trade enforcement work is critical to protecting American businesses and workers from unfair pricing practices and trade distorting subsidies that undercut those businesses. Commerce currently enforces approximately 668 anti-dumping and countervailing duty (AD/CVD) orders on unfairly traded imports from approximately 59 countries—which are all-time highs. Of these approximately 668 AD/CVD orders, nearly 35 percent of them are on unfairly traded imports from the PRC. On May 9, 2023, Commerce also issued a proposed rule to address transnational subsidies through third-party countries, which would be a key tool to address the PRC’s Belt and Road Initiative.

Diverse, resilient, and sustainable supply chains are critical for national security and economic competitiveness, and a key element of this effort is revitalizing domestic manufacturing, reducing our reliance on the PRC, and positioning ourselves to be proactive instead of reactive.

Analyzing critical supply chains to identify potential chokepoints before they become crises should be prioritized. This is why the FY 2024 Budget Request seeks \$21 million to establish a supply chain resiliency office in the International Trade Administration’s Industry and Analysis unit for FY 2024. This new program will build on the work already being done in ITA and strengthen the bureau’s ability to: (1) identify economic and national security risks to supply chains; (2) execute strategies and provide analysis and recommendations to support policymaking to strengthen supply chains; (3) provide the U.S. Government with guidance to help identify and secure investments in strategic emerging and legacy industries; and (4) support U.S. industries’ ability to commercialize opportunities and expand exports (creating jobs in the United States).

ITA is also seeking to expand SelectUSA services to coordinate supply chain priorities with state Foreign Direct Investment attraction efforts and recruit high-value investment targets in alignment with supply chain strategies. The FY 2024 Budget seeks \$4.75 million for ITA to expand its investment promotion tool kit to target high-value investment targets in coordination with U.S. States, which would dramatically improve SelectUSA’s ability to increase investment in the United States. In addition, ITA will do the analysis required to use the specialized expertise and firm-level data needed to develop better strategies for attracting specific individual firms to the United States. Lastly, the request will bolster the Advocacy Center, reflecting the importance of global market access to maintaining the viability of key domestic suppliers.

This request is the Global Markets component of an ITA joint proposal with the Industry and Analysis business unit. Global Markets will leverage the analysis, strategies, and recommendations produced by Industry and Analysis under its complementary request to better target FDI toward reducing critical, national supply chain risks.

The Committee on Foreign Investment in the United States (CFIUS) uses its authority to protect U.S. national security, including when it involves national security risks arising from effects on U.S. supply chains and technological innovation. In September 2022, President Biden issued an Executive Order (EO), on “Ensuring Ro-

bust Consideration of Evolving National Security Risks by [CFIUS],” to ensure that CFIUS’s review remains responsive to evolving national security risks. As highlighted in the EO, CFIUS considers whether a foreign investor has “a demonstrated or declared strategic goal of acquiring a type of critical technology or critical infrastructure that would affect United States leadership in areas related to national security.”

Based on the EO’s guidance, CFIUS agencies, including Commerce, are focused on thoroughly reviewing transactions for national security risks arising from potential impacts on supply chain resiliency and security in certain manufacturing capabilities, services, critical mineral resources, and technologies that we consider fundamental to U.S. national security. These priority sectors include (1) microelectronics, (2) artificial intelligence, (3) biotechnology and biomanufacturing, (4) quantum computing, (5) advanced clean energy (such as battery storage and hydrogen), (6) climate adaptation technologies, (7) critical materials (such as rare earth elements), and (8) elements of the agricultural industrial base impacting food security, among others.

Commerce is also leveraging its broad industry expertise to provide analysis that identifies and forecasts supply chain factors that could impact U.S. national security, including as it relates to technological leadership. Our team evaluates company-level supply chain exposures, both on the supplier and customer end, and aggregate-level trends of cumulative transactions by foreign acquirers in the relevant industry.

NIST’s Manufacturing Extension Partnership (MEP) helps businesses narrow gaps in our supply chains and make manufacturing more resilient. NIST’s Manufacturing USA program intends to make available competitive awards to enable existing Manufacturing USA institutes to promote domestic production of technologies developed at the institutes.

In addition, EDA’s Regional Technology and Innovation Hubs program is working to create regional innovation centers across the country by bringing together industry, higher education institutions, State and local governments, economic development organizations, and labor and workforce partners to supercharge ecosystems of innovation for technologies that are essential to our National security and economic competitiveness. The program was authorized by the CHIPS and Science Act and is a key part of President Biden’s Investing in America agenda, stimulating private sector investment, creating good-paying jobs, revitalizing American manufacturing, and ensuring no community is left behind by America’s economic progress.

*Question.* What steps do you believe the United States should take to address China’s unfair trade practices, such as intellectual property theft and forced technology transfer?

—Emerging technologies, including artificial intelligence and 5G networks, are having an effect on global competition. How can the United States ensure a level playing field for American businesses and protect our innovation in these areas?

*Answer.* The Commerce Department is committed to appropriately using its tools to protect our companies and counter unfair economic practices by the PRC, because no one can outcompete the United States if we are playing by the same rules. On May 25, 2023, as part of the Department’s ongoing efforts to maintain open lines of communication and responsibly manage the relationship with the PRC, I met with PRC Minister of Commerce Wang Wentao. We had a candid and substantive discussion on issues relating to the U.S.-China commercial relationship, including the overall environment in both countries for trade and investment and areas for potential cooperation. I also raised concerns about the recent spate of PRC actions taken against U.S. companies operating in the PRC and expressed the Department’s commitment to continuing to build on the engagement between President Biden and President Xi in Indonesia in November 2022.

The Department maintains programs to assist U.S. rights holders to avoid and address instances of intellectual property theft and forced technology transfer, as well as a team of Intellectual Property (IP) experts in the PRC that help address our companies’ needs while working to drive changes to PRC’s IP laws over the longer term. ITA’s interagency STOPfakes program website and USPTO’s website contain a wealth of industry-specific and country-specific information on ways that U.S. companies can protect intellectual property, including in the PRC. We are working with the Office of the U.S. Trade Representative (USTR) to assess the effectiveness of the tariffs leveled under Section 301 of the Trade Act of 1974 to thwart IP theft and forced technology transfer, and we are working with the Justice Department and other law enforcement agencies to hold PRC and other actors accountable when they violate U.S. laws through their infringement of our companies’ IP rights. Moreover, our Foreign Commercial Service officers are working constantly in

the Indo-Pacific and other regions of the world to eliminate barriers to our companies' ability to compete effectively in foreign markets, and our Enforcement and Compliance unit monitors the operation of U.S. trade agreements and ensures that foreign countries honor their commitments for the benefit of our firms.

The Commerce Department is also working to address strategic competition from the PRC in international standards development and to counter efforts that could undermine the integrity of longstanding standards development processes or allow the PRC to dominate future markets at the expense of U.S. interests. In May of this year, the Administration released the United States Government National Standards Strategy for Critical and Emerging Technology (Strategy), which will strengthen both the United States' foundation to safeguard American consumers' technology and U.S. leadership and competitiveness in international standards development. The Strategy emphasizes that the U.S. Government will work closely with the private sector to promote the adoption and use of industry-led international standards developed in accordance with core principles of standardization. We will work with like-minded allies and partners in bilateral, regional, and international forums to promote the integrity of the international standards system and ensure that international standards are based on technical merit and developed through fair processes. The Strategy sets a whole of government approach to protect our innovation and level the playing field.

With respect to forced technology transfers, when an entity seeks to transfer technology to the PRC that is subject to Bureau of Industry and Security (BIS) regulations, it must comply with our regulations or risk civil and criminal penalties. BIS has long restricted the PRC's access to dual-use items, which includes commodities, software, and technology. BIS also controls low-level technologies to preclude exports to untrusted end users, PRC military end uses and end users, and weapons of mass destruction (WMD) programs. This includes the imposition of license requirements for exports to the PRC involving: all military and spacecraft items under our jurisdiction; all multilaterally-controlled dual-use items; a large number of dual-use items with extensive commercial applications if the item is intended, entirely or in part, for a military end use or military end user in the PRC; and all items under our jurisdiction if the item is exported knowing it will be used in certain WMD programs or if it is intended, entirely or in part, for military-intelligence end uses or end users in the PRC. In addition, BIS controls prohibit certain U.S. person activities that would support WMD-related activities or military-intelligence end uses or end users in the PRC absent authorization.

The Bureau of Industry and Security (BIS), with its interagency partners, reviews all of the license applications for the PRC to determine a risk of diversion to military end uses or end users, WMD end uses, or violation of human rights. We evaluate license applications-taking into account open source and intelligence information-based on the technology at issue, the country at issue, the entity using the item, other parties involved in the transaction, and how the item will be used. One of the primary factors we consider is the risk of diversion of the technology from the transaction details laid out in the license application instead to a country, end user, or end use of concern.

The Department of Commerce, through BIS, continues to evaluate the threat environment, technological advancements in a variety of industries and sectors, and other factors and will update controls as appropriate to protect U.S. national security. Take for example the controls announced on October 7, 2022, that seek to address concerns posed by the PRC's efforts to develop high performance computing capacity to train A.I. and related data and communications technologies that can be employed for military modernization and human rights abuses. BIS restrictions related to advanced semiconductor manufacturing equipment, high performance chips and related items, and other measures outlined in those rules restrict the PRC's ability to obtain the tools and capabilities they desire for these activities and represent an expansion of BIS controls based on the present threat environment.

The National Telecommunications and Information Administration (NTIA) administers the \$1.5 billion Public Wireless Supply Chain Innovation Fund—authorized by the FY 2021 National Defense Authorization Act and funded by the CHIPS and Science Act of 2022—to drive wireless innovation, foster competition, and strengthen supply chain resilience. Demonstrating the viability of new, open-architecture approaches to wireless networks will help to ensure that the future of 5G and next-generation wireless technology is built by the United States and its global allies and partners—not vendors from nations that threaten our National security.

Artificial Intelligence systems and technologies are already shaping our world, and as they continue to evolve, they may bring great benefits but also great risks to the Nation's economic and national security. On April 11, 2023, NTIA released a Request for Comment (RFC) inviting academic, industry, civil society, government

stakeholders, and the public to comment on what the Federal Government should be doing to promote a robust accountability ecosystem for A.I. and ensure that A.I. systems are implemented fairly and safely. The RFC sought feedback on policies that can support the development of A.I. audits, assessments, certifications, and other mechanisms to create responsible and trusted AI systems. It further asked whether different approaches are warranted for different industries and what other policy responses might be appropriate.

*Question.* The COVID-19 pandemic highlighted vulnerabilities in supply chains and exposed the risks of overreliance on certain countries for critical goods and services.

—How can the Bureau of Industry and Security (BIS) support efforts to diversify and strengthen supply chains while protecting national security and promoting economic growth?

*Answer.* Diverse, resilient, and sustainable supply chains are critical for national security and economic competitiveness, and a key element of this effort is revitalizing domestic manufacturing, reducing our reliance on the PRC, and positioning ourselves to be proactive instead of reactive.

The supply chain constraints triggered by the COVID-19 pandemic have led to an increased focus on the Title I priorities and allocations authority of the Defense Production Act (DPA), which BIS helps administer through its Defense Priorities and Allocations System (DPAS) regulation. In Fiscal Year (FY) 2022, BIS processed approximately 39 official actions under the DPAS to provide persons with DPAS rating authorization to support national defense programs, which was the highest number since FY 2008. Among the official actions undertaken by BIS, approximately 12 DPAS rating authorizations were in response to Special Priorities Assistance (SPA) requests where semiconductor supply chain issues were identified, including five DPAS rating authorizations to four U.S. Government agencies, four DPAS rating authorizations to U.S. companies, and three DPAS rating authorizations to foreign companies supporting allied defense partners.

BIS is also partnering with the Department of Health and Human Services, including the Administration for Strategic Preparedness and Response (ASPR), to conduct a series of public health industrial base assessments related to U.S. healthcare and public health preparedness and response capabilities. The assessments are being conducted in three phases, focusing on (1) influenza vaccine, (2) Food and Drug Administration-designated essential medicines, and (3) active pharmaceutical ingredients, respectively. These assessments are gathering data from U.S.-domiciled organizations affiliated with the U.S. healthcare market. The data will be utilized to assess the health and competitiveness of the U.S. healthcare supply chain network and ensure visibility into the organizations supporting critical U.S. healthcare infrastructure.

The Bureau of Industry and Security (BIS) is also employing its survey authority under the DPA related to the U.S. microelectronics supply chain, as well as a comprehensive assessment of the U.S. commercial space industrial base in partnership with the National Aeronautics and Space Administration (NASA) and the National Oceanic and Atmospheric Administration (NOAA). These assessments will help to inform policymakers' consideration of additional measures that can be taken to further bolster U.S. supply chains in these critical sectors.

Analyzing critical supply chains to identify potential chokepoints before they become crises—going from reactive to proactive—should be prioritized. This is why the FY 2024 Budget Request seeks \$21 million to establish a supply chain resiliency office in ITA's Industry and Analysis unit for FY 2024. This new program will build on the work already being done in ITA and strengthen the bureau's ability to: (1) identify economic and national security risks to supply chains; (2) execute strategies and provide analysis and recommendations to support policymaking to strengthen supply chains; (3) provide the U.S. Government with guidance to help identify and secure investments in strategic emerging and legacy industries; and (4) support U.S. industries' ability to commercialize opportunities and expand exports (creating jobs in the United States).

NIST's Manufacturing Extension Partnership (MEP) helps businesses narrow gaps in our supply chains and make manufacturing more resilient. NIST's Manufacturing USA program intends to make available competitive awards to enable existing Manufacturing USA institutes to promote domestic production of technologies developed at the institutes. In addition, EDA's Regional Technology and Innovation Hubs (Tech Hubs) program is working to create regional innovation centers across the country by bringing together industry, higher education institutions, State and local governments, economic development organizations, and labor and workforce partners to supercharge ecosystems of innovation for technologies that are essential to our National security and economic competitiveness. The program was authorized

by the CHIPS and Science Act and is a key part of President Biden's Investing in America agenda, stimulating private sector investment, creating good-paying jobs, revitalizing American manufacturing, and ensuring no community is left behind by America's economic progress.

*Question.* The Bureau of Industry and Security (BIS) is important to advancing U.S. national security and economic interests through the regulation of exports and trade.

—How does the FY2024 budget request propose to streamline and modernize export control processes within the regulatory framework while balancing the need to facilitate innovation without compromising our National security interests?

As the BIS implements and enforces export control regulations to prevent sensitive technologies from falling into the wrong hands.

—Does the FY2024 budget request include adequate resources to strengthen the BIS's capabilities to address emerging threats and evolving technologies, such as artificial intelligence, advanced manufacturing, and quantum computing?

*Answer.* The President's FY 2024 Budget request allows BIS to sustain its important efforts to protect U.S. national security and foreign policy interests while also advancing U.S. technological leadership. These funds will enhance BIS's ability to carry out its mission to protect U.S. national security and foreign policy interests. BIS ensures that we play solid 'defense' through export controls—BIS's administration and enforcement of these controls prevent the use of U.S. technologies to support the militaries and destabilizing actions of countries and entities of concern.

*Question.* Small and medium-sized enterprises ((SME), pronounced as: S–M–E's) play a significant role in driving economic growth and innovation. However, we need to ensure that they can navigate export control regulations effectively and contribute to the Nation's economic competitiveness.

—What initiatives are included in the FY2024 budget request that will provide such support and resources to S–M–Es?

*Answer.* The Commerce Department's mission is to create the conditions for economic growth and opportunity for all communities. The 2024 Budget supports small and medium-sized enterprises (SMEs) across the Department in myriad ways. For example, the Manufacturing Extension Partnership (MEP) program administered by NIST is a public-private partnership with centers in every State that helps advise small and medium-sized businesses in order to narrow gaps in our supply chains, develop a skilled and diverse workforce, and make our manufacturing sector more resilient. The FY 2024 Budget request includes over \$100 million for efforts that strengthen U.S. manufacturing and empower small and medium-sized manufacturers (SMMs). That funding will help MEP prop up a National Supply Chain Optimization and Intelligence Network that scales supply chain expertise and proven solutions that deliver value to SMMs in every MEP Center and will help build new capabilities for MEP Centers to support emerging technologies of national importance, such as semiconductors, by developing advance packaging (AP) mapping and services and assisting SMMs to pivot and provide ancillary services for AP activities.

ITA is working to strengthen small businesses in underserved communities by helping them be successful exporters through technical assistance. ITA's U.S. Commercial Service focuses on promoting U.S. exports, including by connecting U.S. companies, particularly SMEs, to foreign markets and buyers. Many U.S. companies do not possess international business expertise in critically important functional areas, such as marketing, global logistics, international strategy development and export promotion. ITA's trade specialists help identify opportunities for U.S. exporters, develop international marketing strategies, find partners, overcome a range of exporting hurdles, clarify foreign regulations and standards, provide support to clients who have business disputes abroad or encounter foreign market barriers, and advise U.S. companies on the best strategies to succeed in overseas markets. In FY 2022, ITA responded to approximately 200,000 inquiries from over 42,000 U.S. exporters, 85 percent of which were SMEs. The FY 2024 Budget request includes over \$16 million to increase U.S. export competitiveness, counter unfair trade practices and economic coercion by the People's Republic of China, and other efforts. With that funding, ITA would increase the number of international trade specialists at U.S. Export Assistance Centers across the United States by nine (9) and at ITA's Global Markets headquarters by three (3) to improve support for small and medium-sized enterprises as they seek to grow through engagement in international trade, including an emphasis on underserved economic areas.

The Department's Minority Business Development Agency (MBDA) is strengthening its national network of business centers, which include export centers. MBDA's business centers provide technical assistance and business support services to minority business enterprises in access to capital, contracting opportunities, and

global markets. The FY 2024 Budget request includes \$16.6 million to scale the MBDA Rural Business Center Program, which will provide a range of technical assistance and business development services to address critical business development areas. This technical assistance will position rural minority owned enterprises to capture manufacturing opportunities, secure financial capital, create jobs, and fill supply chain gaps in critical supplies and essential goods and services.

BIS offers training seminars which are generally available to small and medium-sized businesses and provide the opportunity to learn first-hand from experienced U.S. Government officials about export control policies, regulations and procedures. BIS also offers an extensive library of online training modules and prerecorded webinars which businesses can access and study at their convenience. The FY 2024 Budget request will enable BIS to perform expanded outreach to both domestic and international companies impacted by export controls to increase their knowledge of the Export Administration Regulations (EAR) and enhance their compliance efforts.

These are only some examples of the way that the Department is assisting SMEs, and this work continues to be at the heart of our mission.

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#### QUESTIONS SUBMITTED BY SENATOR MARCO RUBIO

*Question.* Last week, Reuters broke a story that indicated the State Department has been delaying its “competitive actions” calendar, a list of steps the Biden Administration has on paper to counter Beijing, for fear of alienating the CCP. Moreover, it seems that Deputy Assistant Secretary Wendy Sherman—who has announced plans for retirement—has been running China policy and lobbied against revoking Huawei-related export control licenses. Apparently, the State Department also pushed off sanctions against Chinese officials, including some at the United Front Work Department bureau responsible for human rights violations in Xinjiang, in order to “keep channels open,” even though China has consistently refused to speak to you all and your subordinates. Do you support slowing down action against Beijing in order to smooth things over so Secretary Blinken can visit China?

*Answer.* The Commerce Department is guided by protecting our National security and understands that export controls must stay ahead of an evolving threat environment. National security is a team effort, and we value the close partnership with our interagency colleagues, including the State, Defense, and Energy Departments. BIS is vigilant, in coordination with our interagency partners, in reviewing different sources of information, including classified, business proprietary, and open source information, to appropriately update our export controls to address the threats posed by the PRC.

*Question.* General Secretary Xi Jinping is correctly regarded as the most ideological CCP leader since Mao Zedong. He has personally tasked the Party with “liberating all of humanity” and to serve as the “gravediggers of capitalism.” This March, in his keynote speech at China’s “Two Sessions,” Xi explicitly singled out the United States as China’s adversary. Do you think General Secretary Xi is a partner for the U.S.? Please explain.

*Answer.* Protecting our economic and national security, as well as fundamental democratic values, is our number one priority—and our commercial activities must be consistent with those values. The Commerce Department believes that identifying and maintaining channels of communication—including those to navigate issues related to trade—is important. We have an active set of discussions on intellectual property rights and are prepared to find ways to press the People’s Republic of China (PRC) to level the playing field for our companies. The Department of Commerce believes that engagement with the PRC, including trade, is essential to our efforts to strengthen our National security and economic competitiveness. We are not decoupling our economy from that of the PRC’s. The Department of Commerce employs both an “offense” and “defense” strategy with respect to the PRC—we protect what we must, and we promote what we can. Earlier this year, senior Commerce Department officials traveled to the PRC to meet with our Foreign Commercial Service officers stationed on the ground, PRC government officials, and U.S. companies to discuss opportunities for U.S. businesses in the PRC. Annual trade between our two countries is in the hundreds of billions, and this trade provides revenues for American companies, jobs for American workers, and connectivity with the Chinese people. The PRC is our third largest export market, those exports directly support American jobs, and the benefits from these exports range from our large multinational companies and to small and medium-sized enterprises.

The Department’s engagement with PRC officials is focused on economic policies that benefit American workers and businesses as well as raising U.S. concerns about the PRC’s unfair economic policies, the need to level the playing field for U.S.

companies, and the importance of protecting sensitive U.S. technology from illicit transfer. On May 25, 2023, as part of the Department's ongoing efforts to maintain open lines of communication and responsibly manage the relationship with the PRC, I met with PRC Minister of Commerce Wang Wentao. We had a candid and substantive discussion on issues relating to the U.S.-China commercial relationship, including the overall environment in both countries for trade and investment and areas for potential cooperation. I also raised concerns about the recent spate of PRC actions taken against U.S. companies operating in the PRC and expressed the Department's commitment to continuing to build on the engagement between President Biden and President Xi in Indonesia in November 2022.

*Question.* TikTok has routed the personal data of American citizens to servers held by its parent company in China, where, by law, that data can be accessed by the Chinese government. TikTok collects biometric data on its users, including pictures of their faces and recordings of their voices. And it logs their keystrokes and searches. Your department has the power to ban TikTok. Yet, you seem unwilling to do so. Or as you said, "passing a law to ban a single company is not the way to deal with this issue," and "the politician in me thinks you're gonna literally lose every voter under 35, forever." Do you believe TikTok poses a national-security risk to the United States?

*Answer.* The Administration takes seriously the National security risks related to certain technology products and services from China and other countries of concern. Information and Communication Technology Services (ICTS) that originate in foreign adversary countries, including connected software applications, raise particular concerns. The Administration will use every tool at its disposal to address the National security risks presented by these threats—including the National security risks associated with TikTok.

The Department's ICTS program received its first substantial funding in December 2022. The program is ramping up hiring, to prevent undue or unacceptable risks from the use or storage of personal information and data critical to national security.

To put ICTS-related measures on the strongest possible footing, the Administration has consistently called for legislation that would codify in statute the ICTS authorities outlined in Executive Orders 13873 and 14034. Such legislation would strengthen and reinforce the Federal Government's ability to combat current and evolving threats, to safeguard the security and integrity of our ICTS supply chain, and to protect the American people. In that regard, the Department welcomes the opportunity to work with Congress on legislation that would address ICTS threats in a comprehensive way and protect our National security.

*Question.* Is the Biden Administration afraid to ban TikTok because of the political costs to the Democratic Party, or as you put it, "lose every voter under 35 forever"?

*Answer.* No. Since I took this job, my focus has been clear: we are focused on protecting our National security against threats from China. The Department believes it is important to address technology-based threats to our country from foreign adversaries. This is about comprehensively addressing the threats from information and communications technology products and services (ICTS) in the U.S. that are linked to foreign adversaries.

*Question.* What steps are you taking to protect American's privacy and safety from the CCP?

*Answer.* The Department of Commerce believes it is important to strategically address the threats posed by the entire ecosystem of information and communications technology products and services operating in the United States and linked to certain foreign governments that pose risks to Americans' sensitive data and our National security. To put ICTS-related measures on the strongest possible footing, the Administration has consistently called for legislation that would codify in statute the ICTS authorities outlined in Executive Orders 13873 and 14034. Such legislation would strengthen and reinforce the Federal Government's ability to combat current and evolving threats, to safeguard the security and integrity of our ICTS supply chain, and to protect the American people. In that regard, the Department welcomes the opportunity to work with Congress on legislation that would address ICTS threats in a comprehensive way and protect our National security. In the meantime, the Department's ICTS supply chain program is ramping up hiring, to prevent undue or unacceptable risks from the use or storage of personal information and data critical to national security.

The Department also recognizes the importance of the Federal Communications Commission's Secure and Trusted Communications Networks Reimbursement Program (i.e., "rip and replace") to address the costs of removing, replacing, and dis-

posing of insecure equipment and services in U.S. networks that pose a threat to national security.

*Question.* How can you promise to protect Americans' privacy and data security if you continue to let a compromised app, like TikTok, operate in the U.S.?

*Answer.* The Administration takes seriously the National security risks related to certain technology products and services from China and other countries of concern. Information and Communication Technology Services (ICTS) that originate in foreign adversary countries, including connected software applications, raise particular concerns. The Administration will use every tool at its disposal to address the National security risks presented by these threats—including the National security risks associated with TikTok.

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*Question.* The CCP also uses TikTok for its censorship and propaganda campaigns. The Justice Department labeled one of the app's founders, Zhang Yiming, a "mouthpiece" of the CCP. TikTok content moderators have censored videos that mention the Tiananmen Square Massacre and banned religious groups from posting content. Do you believe that TikTok is censoring content in accordance with the CCP's propaganda aims?

*Answer.* Based on my understanding of the available information, yes.

*Question.* What are you doing to keep Americans safe from the CCP's foreign influence and propaganda campaigns?

*Answer.* Addressing the PRC's malign influence campaigns that target Americans is a critical effort across multiple Federal agencies and involves multiple regulatory, policy, and enforcement tools. The Department of Commerce, along with other Federal agencies, have recognized that certain PRC companies are subject to the control, direction, and jurisdiction of the PRC government and present national security concerns for the United States.

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The Department also recognizes the importance of the Federal Communications Commission's Secure and Trusted Communications Networks Reimbursement Program (i.e., "rip and replace") to address the costs of removing, replacing, and disposing of insecure equipment and services in U.S. networks that pose a threat to national security.

*Question.* On October 7, 2022, your department issued an interim rule to block advanced semiconductors from going to China. It has been 8 months and we haven't seen a final rule. But, we have seen reports that chips companies are circumventing your interim rule, and that China is still making progress in technology like Artificial Intelligence (AI), which it wants to use to build its military and subjugate its people. When will we see a final rule on export controls for advanced semiconductors?

*Answer.* The October 7, 2022 advanced computing and semiconductor equipment rule imposed unprecedented restrictions on the PRC's access to advanced semiconductor manufacturing equipment, chips and other items needed to develop A.I. and prohibited U.S. persons from supporting chip development and production that power A.I. systems at certain semiconductor fabrication facilities located in the PRC or Macau without a license.

The rule was an interim final rule and is in effect. According to public reporting, the regulation has restricted the PRC's ability to indigenously produce advanced semiconductors. However, we know that the PRC is looking for ways to continue accessing these high-end chips and are aware of public reporting regarding purported advances by a PRC company in certain chips. In this evolving technological landscape and threat environment, the Bureau of Industry and Security (BIS) continues to review different sources of information, including classified, business proprietary, and open source information, to understand the character and composition of any

purported advances in PRC companies' production of certain chips, address circumvention attempts, to track the impact of its controls and to be proactive and nimble.

The rule sought public comments, which BIS is reviewing to assess whether additional changes to the regulations are necessary.

*Question.* Will you commit to strengthening those export controls in the final rule, to slow China's advance in AI?

*Answer.* The Commerce Department's Bureau of Industry and Security (BIS) imposed unprecedented restrictions on the PRC's access to advanced semiconductor manufacturing equipment, chips and other items needed to develop A.I. and prohibited U.S. persons from supporting chip development and production that power A.I. systems at certain semiconductor fabrication facilities located in the PRC or Macau without a license. The rule was an interim final rule and is in effect. According to public reporting, the regulation has restricted the PRC's ability to indigenously produce advanced semiconductors. However, we know that the PRC is looking for ways to continue accessing these high-end chips and are aware of public reporting regarding purported advances by a PRC company in certain chips. In this evolving technological landscape, BIS continues to review different sources of information, including classified, business proprietary, and open source information, understand the character and composition of any purported advances in PRC companies' production of certain chips, address circumvention attempts, to track the impact of its controls and to be proactive and nimble. The rule sought public comments, which BIS is reviewing to assess whether additional changes to the regulations are necessary.

*Question.* I have long been concerned about the Bureau of Industry and Security (BIS) granting licenses to companies that allow them to export items to companies on the entity list, like Huawei. While Commerce has reportedly paused new licenses, I am concerned that existing licenses may be keeping Huawei on life support and depriving American companies of access to scarce components. How many export licenses to sell to Huawei still exist?

*Answer.* Information in connection with licenses and license applications for exports of items under Commerce jurisdiction is prohibited from disclosure by BIS under section 1761(h) of the Export Control Reform Act of 2018 (50 U.S.C. 4820(h)) absent a written request on letterhead of a chair or ranking member of a Congressional committee or subcommittee of appropriate jurisdiction.

Placing foreign companies on the Commerce Department's Entity List allows the U.S. government to control their access to U.S. technology, including commercial products. The Entity List is not an embargo-it is a regulatory tool to assess export transactions involving various parties that have been added to the Entity List for various reasons. The policy for reviewing license applications for each party is public and determined by the Departments of Commerce, Defense, State, and Energy based on national security and foreign policy considerations.

BIS, in collaboration with its partners from the Departments of Defense, Energy, and State, continues to assess the existing licensing policy for license applications involving Huawei Technologies Co., Ltd. (Huawei). Huawei remains on the Entity List and no changes to its licensing policy, which was put in place by the prior Administration in 2019, have been made at this time. Currently, the licensing policy for Huawei is a presumption of denial for any item subject to BIS jurisdiction, unless it is for items that can only support telecommunications systems, equipment, and devices below the 5G-level, in which case the U.S. government will review such license applications on a case-by-case basis.

Any license applications approved for exports to Huawei since 2019 were approved according to these guidelines based on the National security assessments, and concurrence, of Commerce as well as our interagency partners. In assessing Huawei license applications, as well as the Huawei licensing policy, BIS is utilizing different sources of information, including classified, business proprietary, and open source information.

*Question.* Is it true that some export licenses to sell to Huawei are based on monetary value and may continue for many years unless they are terminated?

*Answer.* As a general matter, approved export licenses for items under the Export Administration Regulations (EAR) are valid for 4 years. Those licenses are issued by Commerce, with the review and approval of interagency colleagues at the Departments of Defense, State, and Energy, following a vigilant review to ensure national security and foreign policy concerns are addressed. License applications, if approved, often contain multiple conditions during the 4-year validity period to address those concerns. In applying for a license, applicants are required to provide, among other things, a good faith estimate of the value of proposed exports over the duration of the licenses. If a company reaches that estimated value before the 4-year validity period is over, the company must apply for a new license.

In addition, licenses are subject to revision, suspension, or revocation, in whole or in part, without notice, consistent with U.S. national security or foreign policy interests.

*Question.* What is the cumulative monetary value of existing licenses to export items to Huawei?

*Answer.* Information in connection with licenses and license applications for exports of items under Commerce jurisdiction is prohibited from disclosure by BIS under section 1761(h) of the Export Control Reform Act of 2018 (50 U.S.C. 4820(h)) absent a written request on letterhead of a chair or ranking member of a Congressional committee or subcommittee of appropriate jurisdiction.

*Question.* Has Commerce evaluated whether the licenses it has granted to sell items to Huawei have aided Huawei in penetrating the telecommunications networks of our allies or other strategically important countries?

*Answer.* BIS, in collaboration with its partners from the Departments of Defense, Energy, and State, continues to assess the existing licensing policy for license applications involving Huawei. Huawei remains on the Entity List and no changes to its licensing policy have been made at this time.

Currently, the licensing policy for exports to Huawei is a presumption of denial for any item subject to BIS jurisdiction, unless it is for items that can only support telecommunications systems, equipment, and devices below the 5G-level, in which case the U.S. government will review such license applications on a case-by-case basis. In assessing Huawei license applications, as well as the Huawei licensing policy, BIS is utilizing different sources of information, including classified, business proprietary, and open source information. Additionally, BIS regularly consults with allies and partners to share information and coordinate our technology protection strategies.

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[The following questions were submitted to the Department of Defense, but the questions were not answered by press time.]

#### QUESTIONS SUBMITTED TO HON. LLOYD J. AUSTIN III

##### QUESTION SUBMITTED BY SENATOR DIANNE FEINSTEIN

*Question.* Secretary Austin, in 2022 the Congress passed the bipartisan CHIPS and Science Act, which recognized the need for critical investments in the U.S. semiconductor industry in order to compete with China and ensure our economy continues to lead in this vital industry. Do either of you see other industries such as shipbuilding, where we in Congress might consider a similar approach and make new strategic investments?

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#### QUESTIONS SUBMITTED BY SENATOR TAMMY BALDWIN

##### SUPERCOMPUTING

The U.S. is currently maintaining its leadership position in supercomputing and AI at scale globally, sitting atop the HPC Top 500 list with the Frontier system at Oak Ridge National Laboratory, which was manufactured in my home state of Wisconsin. However, China is making unprecedented investments in supercomputing and AI in an attempt to dominate the next generation of technologies. In 2012, the United States had 250 supercomputing systems on the TOP500 list ([www.top500.org](http://www.top500.org)) compared to China, which had 72 systems. The top 5 companies were 4 U.S. and 1 European (IBM, HPE, Cray, Atos, and Dell). The most recent TOP500 list from 2022 had China with 162 systems and the U.S. with 127 systems. The top 5 companies were 3 Chinese, 1 U.S., and 1 European (Lenovo, HPE, Inspur, Atos, and Sugon).

*Question.* How can the U.S. continue to out-innovate in these key areas and beyond to ensure U.S. national and economic security and what is your agency's strategy for adopting and leveraging U.S. supercomputing?

*Question.* Does the Department of Defense have an integrated strategy and game plan to ensure defense agencies will have continued access to cutting edge supercomputing over the next 10 years?

## QUESTIONS SUBMITTED BY SENATOR JOE MANCHIN, III

*Question.* As the superpower of the world, we are reliant on China, Russia, and other foreign adversaries for far too many of our energy needs—whether it be oil, solar wafers, nuclear fuel, or, increasingly, electric vehicles. These are all things we can and should be producing from start to finish in North America or sourcing from our allies. Unfortunately, China dominates the lithium ion battery to EV supply chain, controlling 76% of lithium-ion battery production, including 74% of the world's cathode production and 92% of the world's anode production. These numbers are alarming and should be a wake-up call that if we throw caution to the wind and move too quickly toward EVs without strengthening our domestic supply chain, we will be forced to rely on China for decades to come. Unfortunately, at every turn, this administration has made it clear that they care more about getting EVs on the road than they do about the energy security of this nation.

—How would you rate our competitiveness with China on battery manufacturing and electric vehicles, particularly with respect to the supply chain for both? Given the statistics, are we too far behind to catch up?

—Do you think being reliant on China for our transportation sector is a national security risk?

*Question.* For years, the Chinese government has engaged in the illegal trade practices of transshipment and dumping to circumvent U.S. trade laws, avoid American tariffs, and give Chinese firms an unfair advantage over West Virginian and American companies. These practices are especially concerning when they target our critical industries, as China seeks to create bottlenecks of critical materials and control supply chains. In particular, I want to highlight the dangers of these Chinese practices as they affect American energy security. We have relied on foreign nations for the resources and materials we need to power our Nation for too long. That's why I was proud to cosponsor the Senate Resolution reversing President Biden's 2-year pause on solar import tariffs. We cannot continue to let China get away with laundering solar energy components through other nations with absolutely no consequences. Let me be clear: America will never be energy secure or independent if we can't provide the resources we need. American manufacturers—some of the most innovative in the world—are more than ready to rise to the occasion and help realize the goals of the Bipartisan Infrastructure Law and the Inflation Reduction Act to onshore our energy supply chains.

—What is being done to ensure America's energy supply chains are reliable and safe?

—Can you speak to how American energy security is critical to our geopolitical positioning on the world stage, and how it allows us to better help our allies?

*Question.* Artificial Intelligence (AI) has received quite a lot of attention lately, and I'm proud to see it. Senator Rounds and I have been promoting development of this technology for years from the Cybersecurity subcommittee on Armed Services. One of our main partners in this endeavor has been the leadership of the National Security Commission on Artificial Intelligence, specifically Dr. Eric Schmidt (former Google CEO), Bob Work (former Deputy Secretary of Defense), and Dr. Jason Matheny (current CEO of RAND Corporation). This Commission released a classified report detailing programs and funding our government should be investing in, but I worry that these recommendations have not been widely shared. I've also been working with our partners in the private industry, including Alex Wang (Scale AI), Alex Karp (Palantir), and Josh Lospinoso (Shift5) to ensure we're putting guardrails in place to effectively regulate and protect our development of AI for national security usage.

—Have each of you received this classified briefing from the Commission? If not, can I get your commitment to receive the briefing?

—How are each of you thinking about protecting the investments we're making in AI, and ensuring AIs are used ethically?

*Question.* Multiple sources, including retired general officers, the National Defense Industrial Association, the American Enterprise Institute, and the Pentagon itself have all recognized the damage failing to pass a budget on time has on both our National security and the taxpayer. The American Enterprise Institute threw out a rough estimate of \$200 million per day under the latest Continuing Resolution that covered the start of Fiscal Year 2023, that's a total of \$18 billion. The DoD Comptroller noted that from Fiscal Year 1911 to 2010 the average delay for defense appropriations was 29 days, and that has since ballooned out to 118 days, 4 months. I have repeatedly asked the Pentagon for as concise a number as possible to put a figure on the damage these delays are causing to our National security and wasted taxpayer money, but we've been unable to nail down these estimates.

—Can I have each of your commitments to get Congress as accurate an estimate as possible on the financial impact previous CRs have had on your Departments?

*Question.* One of the best briefings I've received as a Senator was the DARPA briefing on Assault Breaker II. This program underpins our entire strategy in the Pacific, and that is why I joined Senators Cotton, Hirono, Kaine, and Gillibrand in supporting additional funding of the \$120 million to expedite it. I would encourage my colleagues to get the full briefing on this program and Project Janus as soon as possible to ensure we're ready to fight and win if we're forced to.

—Can you give the Members who were not at that hearing the elevator pitch?

*Question.* I would like to talk about a technology that gets a lot of lip service, but I don't believe DoD leadership takes seriously, and that is the development of small modular reactors. This reactor is housed in one 20-foot shipping container, and provides 3.4 megawatts of power. In comparison, you would need six diesel generators, also in their own 20-foot shipping containers, to supply that amount of power. Pele only needs to be refueled every 3 years. In comparison, those six diesel generators require over 3 million gallons of fuel annually, and that is logistically crippling areas like Guam.

—Do you believe the Project Pele would improve our logistics in the Pacific?

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#### QUESTIONS SUBMITTED BY SENATOR MARTIN HEINRICH

*Question.* New Mexico is home to public and private industry that has played a role in supplying Ukraine, through the Department of Defense, with much needed capabilities as they continue to combat Russia. The People's Republic of China has taken notice of this, and our stockpile use. How would a continuing resolution impact our ability to replenish our capabilities—especially as the PRC continues to bolster theirs?

*Question.* The Department of Defense has played an important role in the United States' efforts to counter illegal, unreported, and unregulated fishing, and other forms of exploitive resource extraction practiced around the world by the People's Republic of China. How would those efforts be impacted by a continuing resolution?

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#### QUESTION SUBMITTED BY SENATOR JERRY MORAN

*Question.* Cooperation with allies and partners is crucial to US interests as we monitor and understand the impacts of increased activity by the PRC. How does your FY2024 budget request prioritize and strengthen alliances with countries in the Indo-Pacific region and to understand the China's intentions and the impacts of its influence? In your response, please include how the U.S. Army Operation Pathways specifically lends can be leveraged to promote a balance in the region?

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#### QUESTIONS SUBMITTED BY SENATOR BILL HAGERTY

Supercomputing leadership and capabilities play a critical role in national security. International investments into those capabilities have increased dramatically over the last 10 years, putting today's U.S. leadership in supercomputing or high performance computing (HPC) at risk. Moreover, the combination of large-scale market changes, uncertainty in technology directions and workforce challenges is requiring us to fundamentally rethink U.S. strategy for supercomputing if we want to maintain leadership over the next 10 years. The National Academies of Sciences, Engineering, and Medicine focused on this topic in its recent report, "Charting a Path in a Shifting Technical and Geopolitical Landscape: Post-Exascale Computing for the National Nuclear Security Administration."

The Department of Defense greatly relies on U.S. high-performance computing capabilities for scientific and technological advances, improving weapons systems development, advancing artificial intelligence capabilities at scale, and other purposes.

*Question.* Will the Department of Defense consider the recommendations of the National Academies report, "Charting a Path in a Shifting Technical and Geopolitical Landscape: Post-Exascale Computing for the National Nuclear Security Administration" as it applies to the Department of Defense agencies?

*Question.* Rapid acquisition programs, like Other Transaction Authorities (OTAs), were created to give Department of Defense (DoD) the flexibility necessary to adopt and incorporate business practices that reflect commercial industry standards and best practices into its award instruments and have become a core element of the DoD's approach to technology acquisition. Recently, the Deputy Assistant Secretary

of the Air Force for Acquisition said that China was acquiring new weapons and technology systems “five to six times” faster than the United States and for \$1 to every \$20 we spend to gain similar capabilities. What other rapid acquisition programs that you have either implemented or are authorities are you seeking that will help get appropriated dollars invested in new technologies faster and more efficiently?

*Question.* Does the Department of Defense have an integrated strategy to ensure defense agencies will have continued access to cutting edge supercomputing for modeling and simulation and AI at scale over the next 10 years?

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QUESTIONS SUBMITTED BY SENATOR MARCO RUBIO

*Question.* Last week, Reuters broke a story that indicated the State Department has been delaying its “competitive actions” calendar, a list of steps the Biden Administration has on paper to counter Beijing, for fear of alienating the CCP. Moreover, it seems that Deputy Secretary Wendy Sherman—who has announced plans for retirement—has been running China policy and lobbied against revoking Huawei-related export control licenses. Apparently, the State Department also pushed off sanctions against Chinese officials, including some at the United Front Work Department bureau responsible for human rights violations in Xinjiang, in order to “keep channels open,” even though China has consistently refused to speak to you all and your subordinates. Do you support slowing down action against Beijing in order to smooth things over so Secretary Blinken can visit China?

*Question.* General Secretary Xi Jinping is correctly regarded as the most ideological Chinese Communist Party (CCP) leader since Mao Zedong. He has personally tasked the Party with “liberating all of humanity” and to serve as the “gravediggers of capitalism.” This March, in his keynote speech at China’s “Two Sessions,” Xi explicitly singled out the United States as China’s adversary. Do you think General Secretary Xi is a partner for the U.S.? Please explain.

*Question.* The return of great power competition with China also comes the striking reality that the U.S. military—notably the U.S. Navy—remains woefully underprepared for a potential conflict with China. I remain concerned that supply chain issues, lack of dedicated funding streams, and inadequate budgets continue to plague the defense industrial base in delivering needed capabilities to the U.S. Navy. These capabilities allow our forces to deter an aggressive Beijing who seeks to disrupt international norms in the maritime domain through restriction of international trade in the South China Sea, buildup of artificial islands, and other illegitimate territorial claims in the region. Beijing’s intent is clearly seen through People’s Liberation Army (PLA) writings on the need to focus its effort on countering the U.S. as the “powerful enemy adversary.” Yet, this administration’s budget request appears blind to all of these obvious blinking signs that Beijing seeks to surpass the U.S. as the preeminent global naval power. As your department has identified China as the pacing challenge for the U.S. government, it concerns me when I read headlines such as “US shipyards can’t build destroyers fast enough; can’t even build 2 a year.” What does this administration believe is an appropriate posture to counter Beijing and ensure U.S. Naval supremacy in the Pacific and beyond?

*Question.* The Biden Administration seems committed to speaking loudly and carrying a small stick. Is the department committed to safeguarding U.S. naval pre-eminence and providing the industrial base with the tools needed to bolster production rates of critical naval capabilities?

*Question.* Do you believe that your department’s budget request accomplishes that goal?

CONCLUSION OF HEARING

Chair MURRAY. Again, thank you so much to all of our witnesses today.

The Committee stands adjourned.

[Whereupon, at 4:51 p.m., Tuesday, May 16, the hearing was concluded, and the committee was recessed, to reconvene subject to the call of the Chair.]