

Opening Statement for Senator Robert P. Casey, Jr.
Senate Finance Committee
Subcommittee on International Trade, Customs and Global Competitiveness
Hearing on “China’s Belt and Road Initiative”
June 12, 2019

Before we begin today’s hearing, I want recognize the current unrest in Hong Kong. Tens of thousands of demonstrators are protesting an extradition bill under review by Hong Kong’s Legislative Council which would potentially result in democracy activists and journalists being forced to stand trial in China where due process protections are lacking. Violence is escalating, and as of this hearing, over 20 people have been injured. I urge all parties to exercise restraint and respect the people of Hong Kong’s right to peaceful protest.

The events in Hong Kong are a stark reminder of the reign of fear and oppression China has imposed on its own people, and the potential it has to export this abroad. Which brings us to today’s hearing.

China's version of chess is a game called Go. The objective is to surround and control the most territory on the game board. Rather than being confined to set moves, as they are in chess, pieces can be placed anywhere on the board.

Often the strategy behind a move, or a set of moves, does not come to light until late in game play, by which time it’s too late to respond.

While a two-person strategy game cannot directly correlate with complex global relationships, it is a helpful frame in viewing and understanding the objectives behind China’s Belt and Road Initiative.

The strategy China is employing globally is not so much a set of linear actions with set positions. Rather a multifaceted strategy to employ the suite of tools available to influence the economic and geopolitical order in a manner that benefits its authoritarian and anti-competitive practices.

China's regional and global objectives are creating both direct and indirect economic and security challenges. The United Nations Conference on Trade and Development (UNCTAD) estimates that roughly one-third of global shipping goes through the South China Sea.¹

Almost half of global trade ships through Asia.² Their increasing control of port infrastructure in the region and globally is cause for concern to all of us.

But BRI is not simply about ports or railroads, and we risk losing sight of the broader picture if we constrain our focus.

Through BRI, China is employing a "debt trap strategy" to ensnare developing countries in a cycle of credit and deficit that only increases China's economic control over governments and minimizes opportunities for development that actually put countries on a path toward worker rights, strong labor practices, rising standards of living and participating meaningfully in the global economy and the broader liberal democratic order.

Debt begets dependency, and the United States and Western powers are not doing enough to offer an alternative path toward economic development to the fast-cash, fast-growth approach China is promoting.

June 4 marked 30 years since the Tiananmen Square protests, and the Chinese government has successfully continued to suppress democracy since.

We have seen firsthand the cost of China's authoritarian practices, the cost of its surveillance state, disregard for human rights and human dignity and efforts to undermine democracy and the rules-based order.

¹ <https://chinapower.csis.org/much-trade-transits-south-china-sea/#easy-footnote-bottom-1-3073>

² https://unctad.org/en/PublicationsLibrary/rmt2018_en.pdf

The Department of State estimates that China has incarcerated somewhere between eight hundred thousand to two million Uighurs and other Muslims, since April 2017.³ Eleven million Uighurs living in Xinjiang are residing in what is effectively a police state.

To put that in perspective, the equivalent of almost the population of Pennsylvania, is either incarcerated with no cause or under constant surveillance and repression, by China. Through Belt and Road, China is exporting techniques for repression, their labor practices and their disregard for human rights.

We have seen the consequences of China's assault on the rules based order in its posture on trade, on IP theft, on forced technology transfer and at the WTO.

China's theft of intellectual property has impacted numerous Pennsylvania firms, including US Steel, Alcoa, Allegheny Technologies and Westinghouse and their efforts are extending to our own academic research institutions -- compromising US national security.

The costs of China's economic strategy and globalization has fallen heavily on workers.

Studies by the Economic Policy Institute and MIT economist David Autor, and his coauthors David Dorn and Gordon Hanson support to the assertion. According to the MIT study, roughly 40 percent⁴ of the decline in U.S. manufacturing between 2000 and 2007 was due to a surge in imports from China.

China has made no secret about its strategy to push the rules to their limit, and when advantageous, break them outright. They know that redress to injured parties often doesn't arise until after the damage is irreparable.

³ <https://www.cfr.org/backgrounder/chinas-crackdown-uighurs-xinjiang>
https://www.foreign.senate.gov/imo/media/doc/120418_Busby_Testimony.pdf

⁴ <https://www.nytimes.com/2018/03/13/opinion/trump-trade-china.html>

China understands that the central structures of our multilateral organizations are based on the assumption that everyone intends to follow the rules. That guardrails are established to settle disputes between parties whose objective is to work within a rules-based system.

The question for all of us today, and going forward, is what do you do when a country with 1/6th of the world's population decides it doesn't want to play by the rules.

Inaction is not an option, the economic and human consequences are too great.