

## Testimony Before the Senate Finance Trade Subcommittee

Ambassador James B. Cunningham

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Chairman Carper, Ranking Member Cornyn, thank you for the invitation to meet with you and the other members of the Subcommittee to discuss the strategic and security context for the very important issue before you today.

The United States is uniquely both a European and Asian power. Asia is vital to American economic and security interests. The United States and its allies and partners are in a long term competition with China over influence in the world, and over the values which dominate this century. The restoration of US engagement and a multilateral approach to trade policy in the Indo-Pacific region, as you have both advocated, is in my view fundamental to success in that competition.

Whether our relationship with China is confrontational or not, the competition with China for influence in almost every realm is underway and will persist. Our ability to engage multilaterally in Asia, whether regarding trade, diplomacy or security, is key to building and reinforcing our capacity, together with partners, to counter Chinese influence and to pursue our vision of Asia's future. That vision is based on political freedom, opportunity, prosperity, respect for the individual and, of course, open and productive trade and investment. The Chinese Communist Party and General Secretary Xi Jinping have of course a quite different vision, based on authoritarian control, assertion of Chinese "rights" and the restoration of Chinese primacy in Asia, intimidation, and subordination of the citizen to the State. The contest between these different models among and within nations is the defining theme of our age.

China is already fully engaged in this competition in the Indo-Pacific region, and increasingly around the world and in the international system of organizations on which the international community relies. Increasingly, its voice is also more confrontational and aggressive, with "wolf warrior" behavior and rhetoric becoming the norm as China under Xi Jinping disregards the famous advice of Deng Xiaoping to bide time and hide capacities. As China's outspoken ambassador to France recently explained in an interview on a Chinese website, "our style has changed, you need to get used to our new style...(this is) a protracted war that will last through the entire duration of the great rejuvenation of the Chinese nation." The message is that China and its authoritarian model are on the rise, and the West and its values are in decline.

In practice, China's rise has meant using the tools at its disposal, particularly economic punishments or enticements, to exploit the openness of our societies and universities, to control or shape information not only for its own citizens but abroad, and to blunt efforts over the past decade around the world to promote political reform. China is moving to rewrite or reject international rules and norms from which China itself benefitted as we attempted to integrate it into frameworks based on those rules and norms. It is working to reshape

international institutions and dynamics in ways inimical to US interests but much more to Beijing's liking. It has used its new-found power to bully its neighbors in the South China Sea. It declared "restoration" of sacred Chinese sovereignty over a large disputed portion of the South China Sea, and rejected out of hand the ruling of the relevant international maritime tribunal in the Hague that China's claim is baseless. Despite commitments not to do so, China has militarized artificial islands in the disputed area. The Chinese claim, in contravention of international law, and the militarization of the Sea in defense of Chinese sovereignty, is a threat to its neighbors and to the international community, given competing claims to the natural resources in the area and the vital trade sea lanes which pass through or near the zone.

This is all very dangerous, and now more widely understood than even a few years ago. When I first arrived in Hong Kong in 2005 as Consul General, the Chinese were trying to assuage fears about China's rise, and the talk in and outside China was about how to manage it peacefully, how to lead it to become "a responsible stakeholder" in the rules-based, liberal system in which the US and many other countries hoped to integrate China. There was hope that Hong Kong, where China had committed to the "one country, two systems" framework agreed with the UK, might serve as a model for how the rest of China might evolve and liberalize, become more democratic and free, as it became more prosperous and engaged with more liberal, democratic nations.

Sadly, under Xi Jinping, China has taken quite another direction. Fearful of any threat to its authority, the Chinese Communist Party, under the National Security Law Beijing imposed on Hong Kong last year, is dismantling the one country, two systems framework it had committed to preserve. Pro-democracy figures are being jailed, freedom of the press and rule of law are being crushed. Private property and assets are being seized. Under the NSL, journalists and pro-democracy figures like media mogul Jimmy Lai are being held indefinitely without bail. Hong Kong is now holding political prisoners, and intimidation is the rule of the day as Hong Kong security authorities advise the media and populace "not to invite suspicion."

Today's Hong Kong embodies the clash between authoritarian and liberal values. Beijing did not need to seize control of Hong Kong and gut the "high degree of autonomy" it had promised in order to return stability to the city. That it chose to do so out of fear and perhaps impatience serves as a reminder of how easily Beijing can eschew political dialogue, ignore its commitments and dismiss the regard of the international community.

Around the world, governments have become alarmed at the issues posed by China's assertions of power and right in the South China Sea, efforts to dominate its neighbors and Taiwan, pursuit of unfair trade and business practices including theft of intellectual property, and by its subversion of democracy, human rights and freedom of information. In the past week or so unprecedented statements emerging from President Biden's meetings with the G7, NATO and the EU expressed concern about Chinese behavior, human rights abuses in Xinjiang and Hong Kong, stability around Taiwan, and the competition of values. The NATO Allies concluded that "China's stated ambitions and assertive behavior present systemic challenges to the rules-based international order and to areas relevant to Alliance security." The three statements demonstrated clearly how the international ground has shifted in response to Chinese

assertions of power and indifference to international opinion. As importantly, the tenor of the discussions demonstrated that China has failed to divide the US and Europe.

That is precisely the sort of multilateral cohesion we need to pursue a strategy in the Pacific based on shared values and interests. Partnerships where possible on trade, security and diplomacy with our Pacific and Asian friends will lend mutual support to the efforts of the US and all our partners to curb Chinese behavior. It will help America to strengthen its hand in the conflict of values, and to persuade Beijing that its behavior is unacceptable and even counter-productive. To the extent possible, Taiwan should be included in, or connected to, such partnerships. It has much to contribute, and its participation in a network partnerships will help promote stability in the region. As a Chinese democracy Taiwan shares our values and serves as a reminder that a different model of how to organize a successful Chinese society exists.

Alliances and partnerships make America stronger and more effective. Bilateral relationships, in trade or otherwise, no matter how positive, are ill suited to the task of strengthening an international regime based on our values. They are inefficient in developing and coordinating a program of joint, shared purpose. A network of bilateral ties does not easily serve to reinforce cohesion and common understanding and purpose. China will attempt to divide and intimidate and entice those seeking to confront the systemic challenges it poses. The power of America's partnerships and alliances is one of the strongest instruments available to the US, even uniquely so. China has no ability to lead such a partnership, except where it can link up to other autocratic or proto-autocratic states. Its power rests on its economic prowess, and its authoritarian model, not on the attraction of its ideas. Its weaknesses, and the many challenges its leaders face – in its economy, demography, environment, corruption and political legitimacy – are daunting. Its strengths are not to be overestimated. Beijing needs, or will need, interaction with and support from the United States and its partners that it for now seems prepared to do without.

That is the optic through which I suggest the Administration, as well as the Congress, should be looking at our trading arrangements in the Pacific. I'm sure the TPP had its flaws, and understand that some opposed it on principle. But the strategic value of a broad multilateral approach to linking American and Pacific economies, and to strengthening and building prosperity in a US-Pacific partnership based on fundamentally shared values and aspirations, is immense.