



**Statement of Lead Republican Michael McCaul (R-TX)
House Committee on Foreign Affairs**

“Smart Competition: Adapting U.S. Strategy Toward China at 40 Years”
May 8, 2019

Remarks as Delivered

The Chinese Communist Party is a clear and growing threat to the United States. Between their Made in China 2025 plan, Belt and Road initiative, and forceful land grab in the South China Sea, they pose an active and serious threat to the United States economy, developing countries, global democracy, and human rights. After forty years of engagement with China, we are at a historic inflection point in our relationship. I want to thank you, Chairman Engel, for calling this hearing so we can better highlight what China is doing today.

When the United States established diplomatic relations with the People’s Republic of China (PRC) forty years ago, our GDP was \$2.6 trillion and theirs was \$178 million – fourteen times their size.

Today, China is getting close to achieving economic parity with the United States, having reached \$12 trillion in 2017 GDP compared to our \$19 trillion. China has also grown in military strength, technological sophistication, and spread its Belt and Road influence well beyond its neighbors. Just this Monday Secretary Pompeo detailed China’s designs on the Arctic including the development of shipping lanes in the Arctic Ocean.

Next month will mark the 30th anniversary of the Tiananmen Square Massacre, when tanks rolled over pro-democracy protestors and crushed the dream of a freer society under the Party’s iron-fist rule.



Today, as many as three million ethnic minority Muslims are imprisoned in what an Assistant Secretary of Defense characterized last week as “concentration camps.” And when Secretary Pompeo released this year’s State Department Human Rights reports, he said that China “is in a league of its own when it comes to human rights violations.”

Under President Xi, the Party’s evils at home are being spread abroad. The Party is seeking to establish dominance over neighboring countries including Taiwan, they are seizing maritime territories, developing military capabilities intended to hamstring American forces and projecting authoritarian influence around the world.

The Party’s malign agenda touches the United States as well. In 2014, it was revealed that Chinese hackers stole 22.5 million security clearances, including my own. Today, the U.S. Justice Department is working to hold China accountable for their blatant intellectual property theft from U.S. businesses. Their economic ambitions have been achieved at the expense of American ideas and innovation and this behavior is simply and completely unacceptable.

At the Senate’s Worldwide Threats hearing this year, the DNI testified that Chinese aggression was “a long-term strategy to achieve global superiority,” through domestic repression, unfair economic practices, and military expansion.

If our views and action toward China remain complacent as they were in previous decades, not recognizing their true threat, in another 40 years the world will look very different than it does today for our children and grandchildren. That is why I was pleased this committee is taking bipartisan action. Just yesterday, the House passed my Championing American Business Through Diplomacy Act, which I introduced with Chairman Engel.



This legislation makes the promotion of U.S. economic interests a principal duty of our missions abroad. It also requires economic and commercial training for our diplomats serving overseas.

Promotion of American businesses abroad has never been more important. Where China brings their debt-trap financing, predatory lending, their companies and their workers; America facilitates fair financing in using local companies and workers. Our alternative fosters stability and security while theirs brings just the opposite.

If America does not step up its economic engagement in the world, this vacuum will be filled by others, with a potentially devastating impact on American national security.

With that, I'd like to thank our witnesses for joining us today and I look forward to the discussion.

Thank you, Mr. Chairman. I yield back.

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