

**WRITTEN TESTIMONY FOR DEPUTY SECRETARY SHERMAN
“EVALUATING U.S.-CHINA POLICY IN THE ERA OF STRATEGIC
COMPETITION”
SENATE FOREIGN RELATIONS COMMITTEE
FEBRUARY 9, 2023**

Chairman Menendez, Ranking Member Risch, distinguished members of the Senate Foreign Relations Committee: thank you for the opportunity to testify today and thank you for your consistent, bipartisan focus on our nation’s approach to the People’s Republic of China.

The PRC is the pacing geopolitical challenge of our era – one that touches nearly every facet of our Department’s leadership on a daily basis; one that will test American diplomacy like few issues in recent memory.

The PRC is also the only competitor with the intent and the means to reshape the international order. We see proof of this point across the globe – in the PRC’s provocative acts in the South China Sea; its human rights abuses in Hong Kong, Tibet, and Xinjiang; its use of economic coercion; its threatening behavior against Taiwan; and more.

Last week, the American people saw the latest example of that reality, after the United States government detected, closely tracked, and ultimately shot down the PRC high-altitude surveillance balloon that had entered our territorial airspace in what was a clear violation of our sovereignty and international law.

We worked swiftly and deliberately. We kept leaders and members of Congress up-to-date and informed on the latest developments. We stayed in close touch with our allies. We communicated directly with PRC officials, making it clear that the presence of this surveillance balloon in our airspace was an unacceptable violation of our sovereignty and a breach of international law.

On Saturday, at the President’s direction, the U.S. military successfully brought down the balloon off the east coast. This was achieved without posing undue risk to American civilians under the balloon’s path.

We also took immediate steps to protect against the balloon’s collection of sensitive information. Shooting the balloon down prevented it from returning to the PRC and enabled us to recover debris for investigation.

I would make one additional note: while we took all necessary steps to protect sensitive information, the surveillance balloon's overflight of U.S. territory was of intelligence value to us. We were able to study and scrutinize the balloon and its equipment, and I look forward to briefing you further in a classified setting.

Taking the surveillance balloon down was a lawful and deliberate action reaffirming our core priorities: we will always act responsibly and decisively to protect the safety and security of the American people. We will continue to answer the dangers posed by the PRC with determination and resolve. We will make clear to the PRC that violations of our sovereignty and the sovereignty of other countries are unacceptable.

As you know, in the course of these developments, Secretary Blinken called Director Wang Yi and made clear that it would not be appropriate to visit Beijing at this time.

From the start of this Administration, we have been clear-eyed about the challenge posed by the PRC. This unacceptable and irresponsible action put on full display what we've long recognized – that the PRC has become more repressive at home and more aggressive abroad.

It reinforced the need for us to double-down on our strategy: to never hesitate to defend U.S. interests and ideals, promote universal human rights, and stand up for the rules-based international order – and to keep reinvigorating the core pillars of our policies: “Invest, Align, Compete.”

Here's what that means: with your help, we are investing in the foundations of our strength on our shores, with funding from bills like the CHIPS and Science Act, the Bipartisan Infrastructure Law, and the Inflation Reduction Act.

We are aligning with likeminded partners around the world to strengthen our shared interests and values – of democracy, openness, and fairness – and to address the challenges posed by the PRC.

To that end, over the past two years, we have brought together the G7, and used it to drive outcomes on the world's most pressing problems. We have never been more aligned with our partners in Europe. We have deepened our alliances with Japan, the Republic of Korea, Australia, Thailand, and the Philippines. We have invested in the Quad partnership with India, Australia, and Japan. We have advanced Transatlantic cooperation and democratic approaches to trade,

technology, and security through the U.S.-EU Trade and Technology Council (TTC).

We have instructed our diplomats to engage on this challenge in the Indo-Pacific and in every region and on every continent. We have made a consistent and concerted effort to share information with our partners to reinforce the scale and scope of the threats posed by the PRC – and the necessity of our unity in confronting them.

To be clear, we don't seek another Cold War. But we do ask that everyone play by the same set of rules. We want to ensure that all countries have the ability to make their own choices, free from coercion.

Investing in ourselves and aligning with our partners gives us a stronger hand to compete with the PRC and push back against their aggressive military, diplomatic, and economic practices that seek to coerce other nations, distort markets, and undermine American workers and businesses.

With the resources and authorities provided by this committee and the Congress, we will keep taking concrete actions to meet this moment.

We will continue to oppose Beijing's unlawful acts in the South and East China Seas.

We will continue to do everything possible to bring home unjustly detained American citizens.

We will continue to make clear to the PRC that providing military support to Russia in its war against Ukraine, or systemic evasion of sanctions, would have significant consequences for its relationships with the United States and countries around the world.

We will continue to support the people of Hong Kong, as they confront the steady erosion of their rights. Just two weeks ago, President Biden authorized a two-year extension of Deferred Enforced Departure for Hong Kong residents in the U.S.

We will continue to call out the egregious and unacceptable human rights violations in Tibet and Xinjiang and hold accountable those involved in these practices.

We will continue to crack down on PRC entities engaged in harmful activities, such as those with ties to their military or those violating sanctions on Iran's oil industry or that support Russia's war against Ukraine.

We will continue to work with allies and partners to address PRC transnational repression efforts, including the establishment of so-called "overseas police stations." These stations raise serious issues of respect for sovereignty and the rights and interests of Chinese diaspora communities around the world.

We will continue to take decisive steps to prevent the PRC's exploitation of U.S. technology to enable its own military modernization. In October, this Administration imposed systematic and technology-specific restrictions on the PRC's ability to purchase and manufacture certain advanced semiconductors and related equipment. With the CHIPS and Science Act, we have more tools to build up the strength of our industry at home while protecting our technology across the globe.

Finally, we will continue to maintain peace and stability across the Taiwan Strait, which the PRC's provocative behavior is undermining, and to support Taiwan in line with our longstanding policy.

Our approach to Taiwan has been consistent across decades and administrations: we remain committed to our longstanding one China policy, as guided by the Taiwan Relations Act, the Three Joint Communiques, and the Six Assurances. We oppose any unilateral changes to the cross-Strait status quo. But while our policy has not changed, what has changed is Beijing's growing coercion.

In response, we will continue to deepen our unofficial relations with Taiwan, to meet our obligations under the Taiwan Relations Act to assist Taiwan in maintaining a sufficient self-defense capability, to maintain our own capacity to resist any resort to force or forms of coercion that would threaten Taiwan, and to work with our allies and partners to underscore that peace and stability in the Strait is critical to regional and global security and prosperity.

Even with everything already on our agenda, we know we must bring an elevated level of expertise to meet this challenge at the State Department. Thanks to bipartisan support from Congress, we are doing so with the launch of the China House, which opened its doors in December to guide a shift in how the State Department makes, manages, and messages policy on the PRC.

This office will help us better coordinate efforts across our bureaus and our embassies worldwide. It will grow our capabilities to share information more quickly, sharpen our communications more effectively, and adapt to developments in real time. It will ensure that data and intelligence flow in all directions – moving back and forth between China House, our posts in the PRC, our bureaus at headquarters, and our diplomats throughout the globe.

It will ensure that we see the PRC for what it is: a challenge that touches virtually every issue under the sun – security, trade, technology, human rights, and more.

China House serves as a force multiplier for our Department’s leadership on the PRC. It is a key piece of our broader modernization agenda, as we seek to apply the right resources to the big-picture issues of our time, from the PRC to cybersecurity and digital diplomacy to public health.

For our country, the PRC is a generational challenge, and there is no higher priority at the State Department than answering it.

We will compete vigorously with the PRC, while managing that competition responsibly. We will maintain open lines of communication, so we can keep miscalculations from veering into conflict and responsibly manage the competition between our countries.

We do not seek conflict with the PRC, and we are ready to work together on areas where our cooperation is vital – from climate and public health to food security, narcotics, and more – to enhance U.S. interests and global prosperity and security.

We bear no illusions about the road ahead. This competition will intensify. The stakes couldn’t be higher.

The commitment of this Administration – to upholding our interests and values, to collaborating with our partners, to defending global norms – will remain steadfast.

There are few issues where bipartisan action is more critical. In coordination with this committee and with your colleagues across Capitol Hill, we are confident that we can sustain the resources and policies we need to compete with the PRC and fortify our country’s position.

Thank you.

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