

**Testimony of Max Baucus  
Ambassador-Designate to China  
Senate Foreign Relations Committee  
January 28, 2014**

Mr. Chairman, Ranking Member Corker, Members of the committee, it is an honor to appear before you today as President Obama's nominee to serve as the next United States Ambassador to the People's Republic of China.

I thank the President for his support and trust. He is a true friend with whom I've been honored to closely work with over the years. I also appreciate the support and confidence of Vice President Biden and Secretary Kerry, friends with whom I served here in the Senate for many years.

Before we begin, I'd also like to take a moment to introduce my wife, Melodee. My family is the most important thing in my life. I want to thank them for all of their support.

I'm also grateful to Ambassadors Jim Sasser, Jon Huntsman, and Gary Locke for their friendship and counsel. These distinguished statesmen — along with many others — have worked hard to build a strong relationship between the United States and China. I'm humbled to have the opportunity to expand on that foundation.

The U.S.-China relationship is one of the most important bilateral relationships in the world. It will shape global affairs for generations to come. We must get it right.

If I am confirmed, I look forward to working with Members of this Committee and with other Members of Congress to achieve that goal and strengthen ties between our two nations.

My fascination with China goes back fifty years to my days as a college student at Stanford. I was a young man who grew up on a ranch outside Helena, Montana, full of youthful idealism and curiosity. And so I packed a backpack, took a year off from my studies, and hitchhiked around the world. I set out to visit countries I had only imagined — India, Japan, and China, to name a few.

Before I departed, I had never thought about a life of public service. But that trip opened my eyes. I realized how people across the globe were interconnected. And I saw the vital role America plays as a leader on the world stage. I returned to the States with a focus and commitment to a career where I could improve the lives of my fellow Montanans and all Americans.

I came to Washington in 1973 with the goal of working with my colleagues in Congress — both Republicans and Democrats — to address the challenges facing our nation. Throughout my career, I have tried my best to do just that.

I am proud of the role I played spearheading environmental protections, strengthening America's health and safety net programs, and fighting for Montana. I am especially proud of the work that I have done to build ties and foster collaboration between the United States and countries around the world.

In my capacity as the Senate Finance Committee's Chair and Ranking Member, I led the passage and enactment of Free Trade Agreements with 11 countries: Australia, Bahrain, Jordan, Chile, Colombia, Morocco, Oman, Panama, Peru, Singapore and South Korea.

My position has also allowed me to travel to emerging and established markets on behalf of the United States. Since 2010 alone, I've been on the ground working to advance U.S. trade interests in Germany, Spain, Belgium, Russia, Japan, New Zealand, Brazil, Colombia, and China.

I have learned some core lessons along the way. Among the most important, I have become a firm believer that a strong geopolitical relationship can be born out of a strong economic relationship, which often begins with trade.

In fact, America's relationship with China began with trade. In 1784, a U.S. trade ship called the Empress of China sailed into what is now the port of Guangzhou. That visit opened a trade route that moved small amounts of tea, silk, and porcelain. Today, U.S.-China trade accounts for more than 500 billion dollars in goods and services each year.

From my first official visit to China in 1993 to my most recent trip in 2010, I have worked through economic diplomacy to strengthen ties between the United States and China. I look forward to continuing that work to build a stronger, more equitable economic relationship between our countries.

If confirmed, I hope to accomplish two overarching goals that are critical to our relationship with China and can help achieve our shared interest in a safer, more prosperous world.

- First, to develop our economic relationship with China in a way that benefits American businesses and workers.
- Second, to partner with China as it emerges as a global power and encourage it to act responsibly in resolving international disputes, respecting human rights, and protecting the environment.

When I visited China in 2010, I met with President Xi Jinping, who was then the vice-president. We discussed a range of topics, including China's currency policies, its enforcement of intellectual property rights, and its barriers to U.S. exports. I remember President Xi stressing that the United States and China have more common interests than differences. In his words, cooperation between our nations could help drive peace and stability. He used that word – cooperation – repeatedly.

Leaders from both sides have recognized that we have much more to gain from cooperation than from conflict. I believe that as well, and I see many areas of our relationship where cooperation is not only possible, but vital.

For example, China must be fully invested in the global rules-based economic system. Its economy continues to expand rapidly – it grew 7.7 percent last year. China is the world’s second-largest economy and one of our largest trading partners.

So how do we continue to bring China into the fold? By engaging the Chinese through bilateral talks and regional forums. Engagement will allow us to identify shared goals. It will allow us to achieve concrete results.

As Chairman, I worked to bring China into the global trade community. I met with Chinese Premier Zhu Rongji in 2000, and pushed to extend permanent trade relations with China, and I supported its entry into the World Trade Organization. The strategy has already paid dividends.

Last year, China agreed to negotiate a bilateral investment treaty with the United States that adopts our high-standard approach to national treatment protections. The treaty will mark an important step in opening China’s economy to U.S. investors and leveling the playing field for American businesses.

It’s also critical for the United States and China to work together to develop a shared understanding of acceptable norms and behavior in cyber space, including

a cessation of government-sponsored cyber-enabled theft of intellectual property. Such behavior hurts China as well as the United States, because American businesses are concerned about the cost of doing business in China. If confirmed, I will work with Chinese counterparts to ensure meaningful actions are taken to curb this behavior so that it does not undermine the economic relationship that benefits both of our nations.

As the largest energy consumers, greenhouse gas emitters, and renewable energy producers, the United States and China share common interests, challenges and responsibilities that cut across our economic, national security. Last year our countries announced new commitments to work together on climate change and clean energy. During Vice President Biden's last visit, for example, our two governments volunteered to undertake fossil fuel subsidy peer reviews this year. If confirmed, I will endeavor to build on our existing cooperation with China, including collaborative projects on energy efficiency, smart grids, transportation, greenhouse gas data, and carbon sequestration.

Cooperation is also critical on geopolitical issues. As China emerges on the global stage, we believe it has a responsibility to contribute more to preserving the regional and global security that has enabled its rise.

The North Korean nuclear issue is just one example where close U.S.-China coordination clearly is in both sides' interests. If confirmed, I would work to urge

my Chinese counterparts to redouble their efforts, along with us and our partners in the 6P process, to press North Korea to denuclearize.

Countries in the Asia-Pacific region have expressed concerns about China's pursuit of its territorial claims in maritime disputes along its periphery. If confirmed, I will urge China to follow international law, international rules and international norms on maritime issues, including by clarifying the international legal basis for its claims. I will stress that all sides must work together to manage and resolve sovereignty disputes without coercion or the use of force.

I will continue to make clear that the United States welcomes continued progress in cross-Strait relations and remains committed to our one China policy based on the three joint communiqués and the Taiwan Relations Act. I will also urge China to reduce military deployments aimed at Taiwan and pursue a peaceful resolution to cross-Strait issues in a manner acceptable to people on both sides of the Strait.

As the United States encourages cooperation with China, we must also remain loyal to the values that define us as Americans, including our commitment to universal values, human rights, and freedom.

If confirmed, I will urge China's leaders to protect the universal human rights and freedoms of all its citizens, including ethnic and religious minorities. I will call on Chinese authorities to allow an independent civil society to play a role

in resolving societal challenges; take steps to reduce tensions and promote long-term stability in Tibet and Xinjiang; and restart substantive talks with the Dalai Lama or his representatives, without preconditions.

The free exchange of information, including over the Internet, is essential to the growth of modern societies. Yet in China, we have witnessed a government crackdown on free expression that is limiting areas of domestic debate. If confirmed, I will work to convince China that open debate and the free flow of information is in its own interest, enabling the type of creativity and innovation that will lead to a more stable and prosperous society.

I also look forward to visiting with the people of China. I would be honored to be a guest in their country – to listen and learn from them. If confirmed, I will not be an ambassador confined to the Embassy in Beijing. I will be out in the field, working to solve the challenging issues facing our two nations and building relations between our two peoples.

Ambassador Locke has told me of the outstanding team at the embassy in Beijing and in our consulates across China. If granted the privilege to serve as Ambassador, I will be fortunate to have a dedicated team of hard-working professionals at my side. I will do everything possible to ensure that the dedicated officers and staff working at the U.S. mission in China have the tools and support they need to continue performing the important work of the United States abroad.



Later this week, Chinese and other communities worldwide will celebrate the start of the Lunar New Year. It will mark a time of renewal and new beginnings. The opportunity to serve as Ambassador will mark a new beginning for me as well. If confirmed, I will strive to strengthen the U.S.-China relationship for the benefit of our two countries and the world.

Chairman Menendez, Ranking Member Corker, thank you for this opportunity to appear before you today. I welcome the opportunity to answer your questions.