

Report Part Title: Shifting from Competition to Confrontation

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VII. Shifting from Competition to Confrontation

The change in the U.S. relationship with China became all too clear in the months of June and July 2020, when senior U.S. officials suddenly gave a series of speeches that marked the first real attempt to define the key areas for U.S. civil and economic competition with China since the U.S. had issued its new national strategy in 2017. They did cite numerous examples of Chinese civil competition, which illustrated the range of Chinese civil and economic actions that the U.S. officially condemned. And while none of the speeches addressed Russia, it was clear that many of these complaints applied to Russia as well.

The problem with the speeches, however, was that they also launched a wide-ranging set of ideological attacks on the Chinese leadership and the Chinese Communist Party (CCP) – many of which applied more to Soviet Russia than modern China. They did not, however, present any practical strategy for dealing with these complaints and charges, and they effectively committed the U.S. to shifting from competition to confrontation without advancing any really strategy for doing so.

Competition from Information Warfare and Propaganda

The first speech was given by National Security Advisor Robert O'Brien on June 26, 2020. His speech made broad charges about the behavior of the Chinese Communist Party and criticized the lack of resistance by American businesses. He cited the following examples of Chinese use of civil propaganda, information warfare, and misinformation campaigns:⁷³

Over the past decade, the Party has invested billions of dollars into overseas propaganda operations to great effect. The CCP has moved to eliminate 'unfriendly' Chinese language media outlets worldwide, and is close to succeeding. Nearly every Chinese language news outlet in the U.S. is either owned by, or works closely with the Party—and it is making inroads into English language media as well. There are more than a dozen radio stations in cities across the country where Americans hear subtle pro-Beijing propaganda on their FM radio.

Recently, Chinese propaganda persuaded so many Americans that a U.S. soldier had brought the coronavirus to Wuhan—as opposed to Wuhan sending the virus to the rest of the world (a complete fabrication by the CCP) that this soldier and her family needed a personal security detail to protect them from death threats. This situation occurred in Maryland.

On TikTok, a Chinese-owned social media platform with over 40 million American users—probably a lot of your kids and younger colleagues—accounts criticizing CCP policies are routinely removed or deleted.

Last week, Twitter announced the suspension of more than 23,000 CCP linked accounts for spreading propaganda on Hong Kong and COVID-19. This latest suspension was in addition to last August's removal of more than 150,000 CCP linked accounts that were used to spread anti-American disinformation and generate the illusion of popular support for Beijing's policies in the United States. These are just the accounts Twitter caught. How many are still out there undetected?

In March, the CCP expelled American journalists working for the New York Times, the Wall Street Journal, and the Washington Post, almost fully eliminating independent reporting from within China on the Wuhan virus.

In addition to influencing what information American citizens receive regarding China, the CCP is increasingly using its leverage to police American speech. When the University of California at San Diego hosted the Dalai Lama as a commencement speaker in 2017, Beijing banned Chinese students from visiting UCSD on government funds.

When the general manager of the Houston Rockets tweeted his support for the peaceful Hong Kong protesters, the CCP announced its team's games would not be shown on Chinese TV and used its economic power to pressure others in basketball, including star players, to criticize the tweet on behalf of Beijing.

Under pressure from the CCP, Marriott, and American, Delta, and United Airlines all removed references to Taiwan from their corporate websites. Mercedes Benz even apologized for posting an inspirational quote from the Dalai Lama on social media.

Beijing has used its financial might and market access to pressure Hollywood into self-censorship, incentivizing directors and producers to avoid topics that might not make it past the country's censors in China. For example, the Japanese and Taiwanese flags were dropped from Tom Cruise's flight jacket in the upcoming *Top Gun* sequel "Maverick." MGM digitally changed the identities, post-production, of the invading military from China to North Korea in the "Red Dawn" remake.

The CCP is seeking leverage over individual Americans as well. The Party is collecting your most intimate data—your words, your actions, your purchases, your whereabouts, your health records, your social media posts, your texts, and mapping your network of friends, family, and acquaintances.

The CCP accomplishes this goal, in part, by subsidizing hardware, software, telecommunications, and even genetics companies. As a result, corporations such as Huawei and ZTE undercut competitors on price and install their equipment around the globe at a loss. This has the side effect of putting out of business American manufacturers of telecom hardware and has made it very difficult for Nokia and Ericsson. Why do they do it? Because it is not telecom hardware or software profits the CCP are after, it is your data. They use "backdoors" built into the products to obtain that data.

When the Chinese Communist Party cannot buy your data, it steals it. In 2014, the CCP hacked Anthem insurance, collecting sensitive information on 80 million Americans. In 2015, the CCP hacked the Office of Personnel Management, which holds security clearance information, acquiring sensitive data on 20 million Americans who work for the federal government. In 2017, it hacked Equifax, obtaining the names, birthdates, social security numbers, and credit scores of 145 million Americans.

In 2019, the CCP hacked Marriott, gathering information on 383 million guests, including their passport numbers. And, in 2016, a Chinese company even bought the dating app Grindr to harvest its data, including the HIV status of users, before the U.S. government forced a divestiture on national security grounds. These are just a few of the instances we know about.

How will the Chinese Communist Party use this data? In the same way it uses data within China's borders: to target, to flatter, to cajole, to influence, to coerce, and to even blackmail individuals to say and do things that serve the Party's interests. This is 'micro targeting' beyond an advertiser's wildest dreams. China, unlike advertisers, will not be stopped by government regulations. The Chinese Communist Party simply wants to know everything about you—just as it likes to know almost everything about every individual living in China.

In addition to propaganda and influence operations, the Chinese Communist Party uses trade to coerce compliance with its dictates. When Australia called for an independent investigation of the coronavirus' origins and spread, the Chinese Communist Party threatened to stop buying Australian agricultural products and to prevent Chinese students and tourists from traveling to Australia. When Australia refused to relent, Beijing put these threats into force, imposing an 80% tariff on Australian barley exports.

International organizations are also part of China's plan. China has sought leadership positions within many global bodies. China now heads four out of fifteen UN specialized agencies, more than the U.S., UK, France, and Russia, the other members of the permanent members of the U.N. Security Council, combined. The PRC uses these leaders to force the international bodies to parrot Beijing's talking points and to install Chinese telecommunications equipment in their facilities.

For example, since Zhao Houlin of the International Telecommunications Union took his post he began to aggressively promote Huawei sales. Secretary-General Fang Liu of the International Civil Aviation Organization has blocked Taiwan's participation in General Assembly meetings and covered up a Chinese hack of the organization. The Party has used China's membership on the UN Human Rights Council to prevent criticism of its abuses in Xinjiang and Hong Kong.

The CCP's reach extends to heads of international organizations who are not themselves Chinese officials. Under Beijing's thumb, and at an unacceptable cost to human life, Director-General Tedros of the World Health Organization dutifully used Chinese talking points on the Wuhan virus. As late as mid-January, he claimed there was no human-to-human transmission of the disease. He opposed international travel restrictions. At the same time, Tedros praised China's own domestic travel restrictions on Wuhan residents. In other words, they could travel overseas, but they could not travel and potentially take the virus to Beijing or Shanghai. These CCP tactics in international organizations, as we have seen with the coronavirus, are a major cause of concern not just for the United States, but to the world.

While the O'Brien speech – and the others that followed – focused on China, they all could just as easily have focused on similar Russian activities – some of which provide a mirror image of China's activities; also target the U.S. and other major elections; and have a major impact in Europe, the MENA region, and South Asia.

Competition in Cyber, Economic Espionage, Hacking, Manipulating Academia, and Research Activities

FBI Director Christopher Wray gave the second speech on July 7, 2020, and focused on a different set of Chinese activities – some of which again have a Russian mirror image, although at times they are more focused on Europe than the United States – which includes:⁷⁴

The greatest long-term threat to our nation's information and intellectual property, and to our economic vitality, is the counterintelligence and economic espionage threat from China. It's a threat to our economic security—and by extension, to our national security... I will provide more detail on the Chinese threat than the FBI has ever presented in an open forum. This threat is so significant that the attorney general and secretary of state will also be addressing a lot of these issues in the next few weeks. But if you think these issues are just an intelligence issue, or a government problem, or a nuisance largely just for big corporations who can take care of themselves—you could not be more wrong.

It's the people of the United States who are the victims of what amounts to Chinese theft on a scale so massive that it represents one of the largest transfers of wealth in human history. If you are an American adult, it is more likely than not that China has stolen your personal data.

In 2017, the Chinese military conspired to hack Equifax and made off with the sensitive personal information of 150 million Americans—we're talking nearly half of the American population and most American adults—and as I'll discuss in a few moments, this was hardly a standalone incident.

Our data isn't the only thing at stake here—so are our health, our livelihoods, and our security. We've now reached the point where the FBI is opening a new China-related counterintelligence case about every 10 hours. Of the nearly 5,000 active FBI counterintelligence cases currently underway across the country, almost half are related to China. And at this very moment, China is working to compromise American health care organizations, pharmaceutical companies, and academic institutions conducting essential COVID-19 research.

But before I go on, let me be clear: This is not about the Chinese people, and it's certainly not about Chinese Americans. Every year, the United States welcomes more than 100,000 Chinese students and researchers into this country. For generations, people have journeyed from China to the United States to secure the blessings of liberty for themselves and their families—and our society is better for their contributions. So, when I speak of the threat from China, I mean the government of China and the Chinese Communist Party.

...First: We need to be clear-eyed about the scope of the Chinese government's ambition. China—the Chinese Communist Party—believes it is in a generational fight to surpass our country in economic and technological leadership... China is engaged in a whole-of-state effort to become the world's only superpower by any means necessary.

...The second thing the American people need to understand is that China uses a diverse range of sophisticated techniques—everything from cyber intrusions to corrupting trusted insiders. They've even engaged in outright physical theft. And they've pioneered an expansive approach to stealing innovation

through a wide range of actors—including not just Chinese intelligence services but state-owned enterprises, ostensibly private companies, certain kinds of graduate students and researchers, and a whole variety of other actors working on their behalf.

To achieve its goals and surpass America, China recognizes it needs to make leaps in cutting-edge technologies. But the sad fact is that instead of engaging in the hard slog of innovation, China often steals American intellectual property and then uses it to compete against the very American companies it victimized—in effect, cheating twice over. They're targeting research on everything from military equipment to wind turbines to rice and corn seeds.

Through its talent recruitment programs, like the so-called Thousand Talents Program, the Chinese government tries to entice scientists to secretly bring our knowledge and innovation back to China—even if that means stealing proprietary information or violating our export controls and conflict-of-interest rules.

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Economic Espionage

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Take the case of scientist Hongjin Tan, for example, a Chinese national and American lawful permanent resident. He applied to China's Thousand Talents Program and stole more than \$1 billion—that's with a "b"—worth of trade secrets from his former employer, an Oklahoma-based petroleum company, and got caught. A few months ago, he was convicted and sent to prison.

Or there's the case of Shan Shi, a Texas-based scientist, also sentenced to prison earlier this year. Shi stole trade secrets regarding syntactic foam, an important naval technology used in submarines. Shi, too, had applied to China's Thousand Talents Program, and specifically pledged to "digest" and "absorb" the relevant technology in the United States. He did this on behalf of Chinese state-owned enterprises, which ultimately planned to put the American company out of business and take over the market.

In one of the more galling and egregious aspects of the scheme, the conspirators actually patented in China the very manufacturing process they'd stolen, and then offered their victim American company a joint venture using its own stolen technology. We're talking about an American company that spent years and millions of dollars developing that technology, and China couldn't replicate it—so, instead, it paid to have it stolen.

And just two weeks ago, Hao Zhang was convicted of economic espionage, theft of trade secrets, and conspiracy for stealing proprietary information about wireless devices from two U.S. companies. One of those companies had spent over 20 years developing the technology Zhang stole.

These cases were among more than a thousand investigations the FBI has into China's actual and attempted theft of American technology—which is to say nothing of over a thousand more ongoing counterintelligence investigations of other kinds related to China. We're conducting these kinds of investigations in all 56 of our field offices. And over the past decade, we've seen economic espionage cases with a link to China increase by approximately 1,300 percent.

The stakes could not be higher, and the potential economic harm to American businesses and the economy as a whole almost defies calculation.

Clandestine Efforts

As National Security Advisor O'Brien discussed in his June remarks, the Chinese government is also making liberal use of hacking to steal our corporate and personal data—and they're using both military and non-state hackers to do it. The Equifax intrusion I mentioned just a few moments ago, which led to the indictment of Chinese military personnel, was hardly the only time China stole the sensitive personal information of huge numbers of the American public.

For example, did any of you have health insurance through Anthem or one of its associated insurers? In 2015, China's hackers stole the personal data of 80 millions of that company's current and former customers.

Or maybe you're a federal employee—or you used to be one, or you applied for a government job once, or a family member or roommate did. Well, in 2014, China's hackers stole more than 21 million records from OPM, the federal government's Office of Personnel Management.

Why are they doing this? First, China has made becoming an artificial intelligence world leader a priority, and these kinds of thefts feed right into China's development of artificial intelligence tools.

Compounding the threat, the data China stole is of obvious value as they attempt to identify people for secret intelligence gathering. On that front, China is using social media platforms—the same ones Americans use to stay connected or find jobs—to identify people with access to our government's sensitive information and then target those people to try to steal it.

Just to pick one example, a Chinese intelligence officer posing as a headhunter on a popular social media platform recently offered an American citizen a sizeable sum of money in exchange for so-called “consulting” services. That sounds benign enough until you realize those “consulting” services were related to sensitive information the American target had access to as a U.S. military intelligence specialist.

Now that particular tale has a happy ending: The American citizen did the right thing and reported the suspicious contact, and the FBI, working together with our armed forces, took it from there. I wish I could say that all such incidents ended that way.

Threats to Academia

It's a troublingly similar story in academia.

Through talent recruitment programs like the Thousand Talents Program I mentioned just a few moments ago, China pays scientists at American universities to secretly bring our knowledge and innovation back to China—including valuable, federally funded research. To put it bluntly, this means American taxpayers are effectively footing the bill for China's own technological development. China then leverages its ill-gotten gains to undercut U.S. research institutions and companies, blunting our nation's advancement and costing American jobs. And we are seeing more and more of these cases.

In May alone, we arrested both Qing Wang, a former researcher with the Cleveland Clinic who worked on molecular medicine and the genetics of cardiovascular disease, and Simon Saw-Teong Ang, a University of Arkansas scientist doing research for NASA. Both of these guys were allegedly committing fraud by concealing their participation in Chinese talent recruitment programs while accepting millions of dollars in American federal grant funding.

That same month, former Emory University professor Xiao-Jiang Li pled guilty to filing a false tax return for failing to report the income he'd received through China's Thousand Talents Program. Our investigation found that while Li was researching Huntington's disease at Emory, he was also pocketing half a million unreported dollars from China.

In a similar vein, Charles Lieber, chair of Harvard's Department of Chemistry and Chemical Biology, was indicted just last month for making false statements to federal authorities about his Thousand Talents participation. The United States has alleged that Lieber concealed from both Harvard and the NIH his position as a strategic scientist at a Chinese university—and the fact that the Chinese government was paying him, through the Wuhan Institute of Technology, a \$50,000 monthly stipend, more than \$150,000 in living expenses, and more than \$1.5 million to establish a laboratory back in China.

Malign Foreign Influence

There's more. Another tool China and the Chinese Communist Party use to manipulate Americans is what we call malign foreign influence.

Now, traditional foreign influence is a normal, legal diplomatic activity typically conducted through diplomatic channels. But malign foreign influence efforts are subversive, undeclared, criminal, or coercive attempts to sway our government's policies, distort our country's public discourse, and undermine confidence in our democratic processes and values.

China is engaged in a highly sophisticated malign foreign influence campaign, and its methods include bribery, blackmail, and covert deals. Chinese diplomats also use both open, naked economic pressure and seemingly independent middlemen to push China's preferences on American officials.

Just take one all-too-common illustration: Let's say China gets wind that some American official is planning to travel to Taiwan—think a governor, a state senator, a member of Congress. China does not want that to happen, because that travel might appear to legitimize Taiwanese independence from China—and legitimizing Taiwan would, of course, be contrary to China's "One China" policy.

So what does China do? Well, China has leverage over the American official's constituents—American companies, academics, and members of the media all have legitimate and understandable reasons to want access to Chinese partners and markets. And because of the authoritarian nature of the Chinese Communist Party, China has immense power over those same partners and markets. So, China will sometimes start by trying to influence the American official overtly and directly. China might openly warn that if the American official goes ahead and takes that trip to Taiwan, China will take it out on a company from that official's home state by withholding the company's license to manufacture in China. That could be economically ruinous for the company, would directly pressure the American official to alter his travel plans, and the official would know that China was trying to influence him.

That would be bad enough. But the Chinese Communist Party often doesn't stop there; it can't stop there if it wants to stay in power—so it uses its leverage even more perniciously. If China's more direct, overt influence campaign doesn't do the trick, they sometimes turn to indirect, covert, deceptive influence efforts.

To continue with the illustration of the American official with travel plans that the Chinese Communist Party doesn't like, China will work relentlessly to identify the people closest to that official—the people that official trusts most. China will then work to influence those people to act on China's behalf as middlemen to influence the official. The co-opted middlemen may then whisper in the official's ear and try to sway the official's travel plans or public positions on Chinese policy. These intermediaries, of course, aren't telling the American official that they're Chinese Communist Party pawns—and worse still, some of these intermediaries may not even realize they're being used as pawns, because they, too, have been deceived.

Ultimately, China doesn't hesitate to use smoke, mirrors, and misdirection to influence Americans.

Similarly, China often pushes academics and journalists to self-censor if they want to travel into China. And we've seen the Chinese Communist Party pressure American media and sporting giants to ignore or suppress criticism of China's ambitions regarding Hong Kong or Taiwan. This kind of thing is happening over and over, across the United States.

And I will note that the pandemic has unfortunately not stopped any of this—in fact, we have heard from federal, state, and even local officials that Chinese diplomats are aggressively urging support for China's handling of the COVID-19 crisis. Yes, this is happening at both the federal and state levels. Not that long ago, we had a state senator who was recently even asked to introduce a resolution supporting China's response to the pandemic.

The punchline is this: All of these seemingly inconsequential pressures add up to a policymaking environment in which Americans find themselves held over a barrel by the Chinese Communist Party.

Threats to the Rule of Law

All the while, China's government and Communist Party have brazenly violated well-settled norms and the rule of law.

Since 2014, Chinese General Secretary Xi Jinping has spearheaded a program known as "Fox Hunt." Now, China describes Fox Hunt as some kind of international anti-corruption campaign—it is not. Instead, Fox

Hunt is a sweeping bid by General Secretary Xi to target Chinese nationals whom he sees as threats and who live outside China, across the world. We're talking about political rivals, dissidents, and critics seeking to expose China's extensive human rights violations.

Hundreds of the Fox Hunt victims that they target live right here in the United States, and many are American citizens or green card holders. The Chinese government wants to force them to return to China, and China's tactics to accomplish that are shocking. For example, when it couldn't locate one Fox Hunt target, the Chinese government sent an emissary to visit the target's family here in the United States. The message they said to pass on? The target had two options: return to China promptly, or commit suicide. And what happens when Fox Hunt targets refuse to return to China? In the past, their family members both here in the United States and in China have been threatened and coerced, and those back in China have even been arrested for leverage.

Competition as a Global Economic Challenge

The U.S. Attorney General William Barr delivered the third speech on July 17, 2020. It was one that attacked China's leadership and the Communist Party in even more direct terms,

I'm privileged to speak here today about what may prove to be the most important issue for our nation and the world in the twenty-first century and that is, the United States' response to the global ambitions of the Chinese Communist Party. The CCP rules with an iron fist over one of the great ancient civilizations of the world. It seeks to leverage the immense power, productivity, and ingenuity of the Chinese people to overthrow the rule-based international system and to make the world safe for dictatorship. How the United States responds to this challenge will have historic implications and will determine whether the United States and its liberal democratic allies will continue to shape their own destiny or whether the CCP and its autocratic tributaries will continue, will control the future. Since the 1890's, at least, the United States has been the technological leader of the world. And from that prowess, has come our prosperity, the opportunity for generations of Americans, and our security. It's because of that that we were able to play such a pivotal role in world history, but turning back the threat of fascism and the threat of communism. What's at stake these days is whether we can maintain that leadership position and that technological leadership. Are we going to be the generation that has allowed that to be stolen- which is really stealing the future of our children and our grandchildren?

Several weeks ago, National Security Advisor Robert O'Brien spoke about the CCP's ideology and global ambitions. He declared, and I agree, that "the days of American passivity and naivety regarding the People's Republic of China are over." And last week, the FBI Director Chris Wray, described how the CCP pursues its ambitions through the nefarious and even illegal conduct, including industrial espionage, theft, extortion, cyberattacks, and malign influence activities. In the coming days, you will hear from Secretary Mike Pompeo, who will sum up what is at stake for the United States and the free world. Now, Chris Wray, told me that shortly after his speech last week, one of the leaders of the Chinese Communist Party pronounced that his speech was particularly disgusting. I told him that I was going to aim to be despicable, but I'll settle for especially disgusting. But no matter how the Chinese seek to characterize it I do hope that my speech and Mike Pompeo speech will encourage the American people to reevaluate their relationship with China, so long as it continues to be ruled by the Chinese Communist Party. It is fitting that were here today at the Ford Presidential Museum. Gerald Ford served in the highest echelons of the government at the dawn of America's reengagement with China, which began obviously with President Nixon in 1972, and three years later in 1975, President Ford visited China for a summit with PRC leaders including Mao Zedong.

At the time it was unthinkable that China would emerge after the Cold War as a near-peer competitor of the United States. And even then, there were signs of China's immense latent power. In the joint report of their visit to China in 1972, House Majority Leader Hale Boggs and then minority leader Gerald Ford wrote: "If she manages to achieve as she aspires, China in the next half century can emerge as a self-sufficient power of a billion people... this last impression – of the reality of China's colossal potential – is perhaps the most vivid of our journey. As our small party traveled through that boundless land, this sense of a giant stirring, a dragon waking, gave us much to ponder." It is now nearly fifty years later and the pressing pondering as of these two congressmen have come to pass.

Deng Xiaoping, whose economic reform launched China's remarkable rise had a famous motto: "hide your strength and bide your time." That is precisely what China has done. China's economy has quietly grown

from about 2 percent of the world's GDP in 1980, to nearly 20 percent today. And by some estimates based on purchasing parity, the Chinese economy is already larger than ours. The General Secretary of the Chinese Communist Party, Xi Jinping, who has centralized power to a degree not seen since the dictatorship of Mao Zedong, now speaks openly of China moving closer to the center stage, building a socialism that is superior to capitalism, and replacing the American dream with the Chinese solution. China is no longer hiding its strength nor biding its time. From the perspective of its communist rulers, China's time has arrived.

Barr then focused on what he called an “economic blitzkrieg—an aggressive, orchestrated, whole-of-government (indeed, whole-of-society) campaign to seize the commanding heights of the global economy and to surpass the United States as the world’s preeminent technological superpower.”

A centerpiece of this effort is the Chinese Communist Party’s “Made in China 2025” initiative, a plan for PRC domination of high-tech industries like robotics, advanced information technology, aviation, and electric vehicles, and many other technologies. Backed by hundreds of billions of dollars in subsidies, this initiative poses a real threat to U.S. technological leadership. Despite World Trade Organization rules prohibiting quotas for domestic output, “Made in China 2025” sets targets for domestic market share (sometimes as high as 70 percent) in core components and basic materials for industries such as robotics and telecommunications. It is clear that the PRC seeks not merely to join the ranks of other advanced industrial economies, but to replace them altogether.

“Made in China 2025” is the latest iteration of the PRC’s state-led, mercantilist economic model. For American companies in the global marketplace, free and fair competition with China has long been a fantasy. To tilt the playing field to its advantage, China’s communist government has perfected a wide array of predatory and often unlawful tactics: currency manipulation, tariffs, quotas, state-led strategic investment and acquisitions, theft and forced transfer of intellectual property, state subsidies, dumping, cyberattacks, and industrial espionage. About 80% of all federal economic espionage prosecutions have alleged conduct that would benefit the Chinese state, and about 60% of all trade secret theft cases have been connected to China.

The PRC also seeks to dominate key trade routes and infrastructure in Eurasia, Africa, and the Pacific. In the South China Sea, for example, through which about one-third of the world’s maritime trade passes, the PRC has asserted expansive and historically dubious claims to nearly the entire waterway, flouted the rulings of international courts, built artificial islands and placed military outposts on them, and harassed its neighbors’ ships and fishing boats.

Another ambitious project to spread its power and influence is the PRC’s “Belt and Road” infrastructure initiative. Although billed as “foreign aid,” in fact these investments appear designed to serve the PRC’s strategic interests and domestic economic needs. For example, the PRC has been criticized for loading poor countries up with debt, refusing to renegotiate terms, and then taking control of the infrastructure itself, as it did with the Sri Lankan port of Hambantota in 2017. This is little more than a form of modern-day colonialism.

Just as consequential, however, are the PRC’s plans to dominate the world’s digital infrastructure through its “Digital Silk Road” initiative. I have previously spoken at length about the grave risks of allowing the world’s most powerful dictatorship to build the next generation of global telecommunications networks, known as 5G. Perhaps less widely known are the PRC’s efforts to surpass the United States in other cutting-edge fields, like artificial intelligence. Through innovations such as machine learning and big data, artificial intelligence allows machines to mimic human functions, such as recognizing faces, interpreting spoken words, driving vehicles, and playing games of skill, much like chess or the even more complex Chinese game, Go. In 2017, Beijing unveiled its “Next Generation Artificial Intelligence Plan,” a blueprint for leading the world in AI by 2030. Whichever nation emerges as the global leader in AI will be best positioned to unlock not only its considerable economic potential, but a range of military applications, such as the use of computer vision to gather intelligence.

The PRC’s drive for technological supremacy is complemented by its plan to monopolize rare earth materials, which play a vital role in industries such as consumer electronics, electric vehicles, medical devices, and military hardware. According to the Congressional Research Service, from the 1960s to the 1980s, the United States led the world in rare earth production. “Since then, production has shifted almost entirely to China,” in large part due to lower labor costs and lighter economic and environmental regulation.

The United States is now dangerously dependent on the PRC for these essential materials. Overall, China is America's top supplier, accounting for about 80 percent of our imports. The risks of dependence are real. In 2010, for example, Beijing cut exports of rare earth materials to Japan after an incident involving disputed islands in the East China Sea. The PRC could do the same to us. As China's progress in these critical sectors illustrates, the PRC's predatory economic policies are succeeding. For a hundred years, America was the world's largest manufacturer — allowing us to serve as the world's "arsenal of democracy." China overtook the United States in manufacturing output in 2010. The PRC is now the world's "arsenal of dictatorship."

How did China accomplish all this? No one should underestimate the ingenuity and industry of the Chinese people. At the same time, no one should doubt that America made China's meteoric rise possible. China has reaped enormous benefits from the free flow of American aid and trade. In 1980, Congress granted the PRC most-favored-nation trading status. In the 1990s, American companies strongly supported the PRC's accession to the World Trade Organization and the permanent normalization of trade relations. Today, U.S.-China trade totals about \$700 billion.

Last year, Newsweek ran a cover story titled "How America's Biggest Companies Made China Great Again." The article details how China's communist leaders lured American business with the promise of market access, and then, having profited from American investment and know-how, turned increasingly hostile. The PRC used tariffs and quotas to pressure American companies to give up their technology and form joint ventures with Chinese companies. Regulators then discriminated against American firms, using tactics like holding up permits. Yet few companies, even Fortune 500 giants, have been willing to bring a formal trade complaint for fear of angering Beijing.

Just as American companies have become dependent on the Chinese market, the United States as a whole now relies on the PRC for many vital goods and services. The COVID-19 pandemic has shown a spotlight on that dependency. For example, China is the world's largest producer of certain protective equipment, such as face masks and medical gowns. In March, as the pandemic spread around the world, the PRC hoarded the masks for itself, blocking producers — including American companies — from exporting them to other countries that needed them. It then attempted to exploit the shortage for propaganda purposes, shipping limited quantities of often defective equipment and requiring foreign leaders to publicly thank Beijing for these shipments.

China's dominance of the world market for medical goods goes beyond masks and gowns. It has become the United States' largest supplier of medical devices, while at the same time discriminating against American medical companies in China. China's government has targeted foreign firms for greater regulatory scrutiny, instructed Chinese hospitals to buy products made in China, and pressured American firms to build factories in China, where their intellectual property is more vulnerable to theft. As one expert has observed, American medical device manufacturers are effectively "creating their own competitors."

America also depends on Chinese supply, Chinese supply chains in other vital sectors, especially pharmaceuticals. America remains the global leader in drug discovery, but China is now the world's largest producer of active pharmaceutical ingredients, known as "APIs." As one Defense Health Agency official noted, "[s]hould China decide to limit or restrict the delivery of APIs to the [United States]," it "could result in severe shortages of pharmaceuticals for both domestic and military uses."

To achieve dominance in pharmaceuticals, China's rulers went to the same playbook they've used to gut other American industries. In 2008, the PRC designated pharmaceutical production as a "high-value-added-industry" and boosted Chinese companies with subsidies and export tax rebates. Meanwhile, the PRC has systematically preyed on American companies. American firms face well-known obstacles in China's health market, including drug approval delays, unfair pricing limitations, IP theft, and counterfeiting. Chinese nationals working as employees at pharma companies have been caught stealing trade secrets both in America and in China. And the CCP has long engaged in cyber-espionage and hacking of U.S. academic medical centers and healthcare companies.

Barr also accused China of waging the equivalent of economic warfare, and he directly accused China's leadership in the process — as well as accused a large portion of American industry as failing to defend American interests:⁷⁵

A centerpiece of this effort is the Chinese Communist Party's "Made in China 2025" initiative, a plan for PRC domination of high-tech industries like robotics, advanced information technology, aviation, and electric vehicles, and many other technologies. Backed by hundreds of billions of dollars in subsidies, this initiative poses a real threat to U.S. technological leadership. Despite World Trade Organization rules prohibiting quotas for domestic output, "Made in China 2025" sets targets for domestic market share (sometimes as high as 70 percent) in core components and basic materials for industries such as robotics and telecommunications. It is clear that the PRC seeks not merely to join the ranks of other advanced industrial economies, but to replace them altogether.

"Made in China 2025" is the latest iteration of the PRC's state-led, mercantilist economic model. For American companies in the global marketplace, free and fair competition with China has long been a fantasy. To tilt the playing field to its advantage, China's communist government has perfected a wide array of predatory and often unlawful tactics: currency manipulation, tariffs, quotas, state-led strategic investment and acquisitions, theft and forced transfer of intellectual property, state subsidies, dumping, cyberattacks, and industrial espionage. About 80% of all federal economic espionage prosecutions have alleged conduct that would benefit the Chinese state, and about 60% of all trade secret theft cases have been connected to China.

The PRC also seeks to dominate key trade routes and infrastructure in Eurasia, Africa, and the Pacific. In the South China Sea, for example, through which about one-third of the world's maritime trade passes, the PRC has asserted expansive and historically dubious claims to nearly the entire waterway, flouted the rulings of international courts, built artificial islands and placed military outposts on them, and harassed its neighbors' ships and fishing boats.

Another ambitious project to spread its power and influence is the PRC's "Belt and Road" infrastructure initiative. Although billed as "foreign aid," in fact these investments appear designed to serve the PRC's strategic interests and domestic economic needs. For example, the PRC has been criticized for loading poor countries up with debt, refusing to renegotiate terms, and then taking control of the infrastructure itself, as it did with the Sri Lankan port of Hambantota in 2017. This is little more than a form of modern-day colonialism.

Just as consequential, however, are the PRC's plans to dominate the world's digital infrastructure through its "Digital Silk Road" initiative. I have previously spoken at length about the grave risks of allowing the world's most powerful dictatorship to build the next generation of global telecommunications networks, known as 5G. Perhaps less widely known are the PRC's efforts to surpass the United States in other cutting-edge fields, like artificial intelligence. Through innovations such as machine learning and big data, artificial intelligence allows machines to mimic human functions, such as recognizing faces, interpreting spoken words, driving vehicles, and playing games of skill, much like chess or the even more complex Chinese game, Go. In 2017, Beijing unveiled its "Next Generation Artificial Intelligence Plan," a blueprint for leading the world in AI by 2030. Whichever nation emerges as the global leader in AI will be best positioned to unlock not only its considerable economic potential, but a range of military applications, such as the use of computer vision to gather intelligence.

The PRC's drive for technological supremacy is complemented by its plan to monopolize rare earth materials, which play a vital role in industries such as consumer electronics, electric vehicles, medical devices, and military hardware. According to the Congressional Research Service, from the 1960s to the 1980s, the United States led the world in rare earth production. "Since then, production has shifted almost entirely to China," in large part due to lower labor costs and lighter economic and environmental regulation.

The United States is now dangerously dependent on the PRC for these essential materials. Overall, China is America's top supplier, accounting for about 80 percent of our imports. The risks of dependence are real. In 2010, for example, Beijing cut exports of rare earth materials to Japan after an incident involving disputed islands in the East China Sea. The PRC could do the same to us. As China's progress in these critical sectors illustrates, the PRC's predatory economic policies are succeeding. For a hundred years, America was the world's largest manufacturer — allowing us to serve as the world's "arsenal of democracy." China overtook the United States in manufacturing output in 2010. The PRC is now the world's "arsenal of dictatorship."

How did China accomplish all this? No one should underestimate the ingenuity and industry of the Chinese people. At the same time, no one should doubt that America made China's meteoric rise possible. China has reaped enormous benefits from the free flow of American aid and trade. In 1980, Congress granted the PRC

most-favored-nation trading status. In the 1990s, American companies strongly supported the PRC's accession to the World Trade Organization and the permanent normalization of trade relations. Today, U.S.-China trade totals about \$700 billion.

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...In fact, PRC-linked hackers have targeted American universities and firms in a bid to steal IP related to coronavirus treatments and vaccines, sometimes disrupting the work of our researchers. Having been caught covering up the coronavirus outbreak, Beijing is desperate for a public relations coup, and may hope that it will be able to claim credit for any medical breakthroughs.

...Take Hollywood. Hollywood's actors, producers, and directors pride themselves on celebrating freedom and the human spirit. And every year at the Academy Awards, Americans are lectured about how this country falls short of Hollywood's ideals of social justice. But Hollywood now regularly censors its own movies to appease the Chinese Communist Party, the world's most powerful violator of human rights. This censorship infects not only versions of movies that are released in China, but also many that are shown in American theaters to American audiences.

For example, the hit movie *World War Z* depicts a zombie apocalypse caused by a virus. The original version of the film reportedly contained a scene with characters speculating that the virus may have originated in China. But the studio, Paramount Pictures, reportedly told producers to delete the reference to China in the hope of landing a Chinese distribution deal. The deal never materialized.

In the Marvel Studios blockbuster *Dr. Strange*, filmmakers changed the nationality of a major character known as the “Ancient One,” a Tibetan monk in the comic book, changed it from Tibetan to Celtic. When challenged about this, a screenwriter explained that “if you acknowledge that Tibet is a place and that he’s Tibetan, you risk alienating one billion people.” Or, as the Chinese government might say, “[w]e’re not going to show your movie because you decided to get political.”

These are just two examples of the many Hollywood films that have been altered, one way or another, to please the CCP. National Security Advisor O’Brien offered even more examples in his remarks. But many more scripts never see the light of day, because writers and producers know not to even test the limits. Chinese government censors don’t need to say a word, because Hollywood is doing their work for them. This is a massive propaganda coup for the Chinese Communist Party.

The story of the film industry’s submission to the CCP is a familiar one. In the past two decades, China has ...Hollywood is far from alone in kowtowing to the PRC. America’s big tech companies have also allowed themselves to become pawns of Chinese influence. In the year 2000, when the United States normalized trade relations with China, President Clinton hailed the new century as one in which “liberty will be spread by cell phone and cable modem.” Instead, over the course of the next decade, American companies, such as Cisco, helped the Communist Party build the Great Firewall of China—the world’s most sophisticated system for Internet surveillance and censorship.

Over the years, corporations such as Google, Microsoft, Yahoo, and Apple have shown themselves all too willing to collaborate with the CCP. For example, Apple recently removed the news app Quartz from its app store in China, after the Chinese government complained about the coverage of the Hong Kong democracy protests. Apple also removed apps for virtual private networks, which had allowed users to circumvent the Great Firewall, and eliminated pro-democracy songs from its Chinese music store. Meanwhile, the company announced that it would be transferring some of its iCloud data to servers in China, despite concerns that the move would give the Communist Party easier access to e-mails, text messages, and other user information stored in the iCloud.

Recently, we were able to get into two cell phones used by the Al-Qaeda terrorist who shot eight Americans at the Pensacola Naval Air Station. During the gun fight with him, he stopped, disengaged, put his cell phones down and tried to destroy them, shooting a bullet into one of his two cell phones and we thought that suggested that there may be very important information about terrorist activities in those cell phones. And for four and a half months we tried to get in, without any help at all from Apple. Apple failed to give us any help getting into the cell phones. We were ultimately able to get in through a fluke that we will not be able to reproduce in the future, where we found communications with Al-Qaeda operatives in the Middle East up to the day before the attack. Do you think when Apple sells phones in China that Apple phones in China are impervious to penetration by Chinese authorities? They wouldn’t be sold if they were impervious to Chinese authorities. And what we’ve asked for is a warrant – when we have a warrant from a court – that we should be able to get into because cellphones. That’s the double standard that has been emerging among American tech companies.

The CCP has long used public threats of retaliation and barred market access to exert influence. More recently, however, the CCP has also stepped up behind-the-scenes efforts to cultivate and coerce American business executives to further its political objectives—efforts that are all the more pernicious because they are largely hidden from public view.

As China’s government loses credibility around the world, the Justice Department has seen more and more PRC officials and their proxies reaching out to corporate leaders and inveighing them to favor policies and actions favored by the Chinese Communist Party. Their objective varies, but their pitch is generally the same: the businessperson has economic interests in China, and there is a suggestion that things will go better (or worse) for them depending on their response to the PRC’s request. Privately pressuring or courting American corporate leaders to promote policies (or U.S. politicians) presents a significant threat, because hiding behind American voices allows the Chinese government to elevate its influence campaigns and put a “friendly face” on pro-regime policies. The legislator or policymaker who hears from these American businessmen is properly more sympathetic to that constituent than to a foreigner. And by masking its participation in our political process, the PRC avoids accountability for its influence efforts and the public outcry that might result, if its lobbying were exposed.

America's corporate leaders might not think of themselves as lobbyists. You might think, for example, that cultivating a mutually beneficial relationship is just part of the "guanxi"—or system of influential social networking—necessary to do business with the PRC. But you should be alert to how you might be used, and how your efforts on behalf of a foreign company or government could implicate the Foreign Agents Registration Act. FARA does not prohibit any speech or conduct. But it does require those who are acting as the "agents" of foreign principals to publicly disclose that relationship, and their political or other similar activities, by registering with the Justice Department, allowing the audience to take into account the origin of the speech when evaluating credibility.

By focusing on American business leaders, of course, I don't mean to suggest that they are the only targets of Chinese influence operations in the United States. The Chinese Communist Party also seeks to infiltrate, censor, or co-opt American academic and research institutions. For example, dozens of American universities host Chinese government-funded "Confucius Institutes," which have been accused of pressuring host universities to silence discussion or cancel events on topics considered controversial by Beijing. Universities must stand up for each other; refuse to let the CCP dictate research efforts or suppress diverse voices; support colleagues and students who wish to speak their minds; and consider whether any sacrifice of academic integrity or freedom is worth the price of appeasing the CCP's demands.

In a globalized world, American corporations and universities alike may view themselves as global citizens, rather than American institutions. But they should remember that what allowed them to succeed in the first place was the American free enterprise system, the rule of law, and the security afforded by America's economic, technological, and military strength.

Globalization does not always point in the direction of greater freedom. A world marching to the beat of Communist China's drums will not be a hospitable one for institutions that depend on free markets, free trade, or the free exchange of ideas. There was a time American companies understood this and they saw themselves as American and proudly defended American values.

...American companies must understand the stakes. The Chinese Communist Party thinks in terms of decades and centuries, while we tend to focus on the next quarter's earnings report. But if Disney and other American corporations continue to bow to Beijing, they risk undermining both their own future competitiveness and prosperity, as well as the classical liberal order that has allowed them to thrive.

These are areas where Russia lacks the economic strength to compete with the U.S., and it faces serious limits in competing with many other states. Russia does, however, use its gas exports to gain leverage over Europe, use economic and military aid as the equivalent of weapons, and has used technology transfer selectively to gain strategic leverage.

China as a Hostile State and Illegitimate Regime

Secretary of State Michael Pompeo gave the fourth speech in this series on July 23, 2020. He focused on the broader issue of dealing with Chinese civil and military competition, but he also made broad ideological criticisms of China's leadership and political structure that attacked it as "Marxist-Leninist," and as something approaching the equivalent to Stalinist Russia. He called for major changes in the way the U.S. and its allies competed with China.⁷⁶

We know that trading with China is not like trading with a normal, law-abiding nation. Beijing threatens international agreements as – treats international suggestions as – or agreements as suggestions, as conduits for global dominance...But by insisting on fair terms, as our trade representative did when he secured our phase one trade deal, we can force China to reckon with its intellectual property theft and policies that harmed American workers.

We know too that doing business with a CCP-backed company is not the same as doing business with, say, a Canadian company. They don't answer to independent boards, and many of them are state-sponsored and so have no need to pursue profits.

A good example is Huawei. We stopped pretending Huawei is an innocent telecommunications company that's just showing up to make sure you can talk to your friends. We've called it what it is – a true national security threat – and we've taken action accordingly.

We know too that if our companies invest in China, they may wittingly or unwittingly support the Communist Party's gross human rights violations...Our Departments of Treasury and Commerce have thus sanctioned and blacklisted Chinese leaders and entities that are harming and abusing the most basic rights for people all across the world. Several agencies have worked together on a business advisory to make certain our CEOs are informed of how their supply chains are behaving inside of China.

We know too, we know too that not all Chinese students and employees are just normal students and workers that are coming here to make a little bit of money and to garner themselves some knowledge. Too many of them come here to steal our intellectual property and to take this back to their country...The Department of Justice and other agencies have vigorously pursued punishment for these crimes.

We know that the People's Liberation Army is not a normal army, too. Its purpose is to uphold the absolute rule of the Chinese Communist Party elites and expand a Chinese empire, not to protect the Chinese people...And so our Department of Defense has ramped up its efforts, freedom of navigation operations out and throughout the East and South China Seas, and in the Taiwan Strait as well. And we've created a Space Force to help deter China from aggression on that final frontier.

...Just this week, we announced the closure of the Chinese consulate in Houston because it was a hub of spying and intellectual property theft. (Applause)...We reversed, two weeks ago, eight years of cheek-turning with respect to international law in the South China Sea....We've called on China to conform its nuclear capabilities to the strategic realities of our time...And the State Department – at every level, all across the world – has engaged with our Chinese counterparts simply to demand fairness and reciprocity.

Secretary of State Pompeo also made the most ideological of these four speeches by stating that,

...we have to admit a hard truth. We must admit a hard truth that should guide us in the years and decades to come, that if we want to have a free 21st century, and not the Chinese century of which Xi Jinping dreams, the old paradigm of blind engagement with China simply won't get it done. We must not continue it and we must not return to it.

...We opened our arms to Chinese citizens, only to see the Chinese Communist Party exploit our free and open society. China sent propagandists into our press conferences, our research centers, our high-schools, our colleges, and even into our PTA meetings...We marginalized our friends in Taiwan, which later blossomed into a vigorous democracy...We gave the Chinese Communist Party and the regime itself special economic treatment, only to see the CCP insist on silence over its human rights abuses as the price of admission for Western companies entering China.

...we have to keep in mind that the CCP regime is a Marxist-Leninist regime. General Secretary Xi Jinping is a true believer in a bankrupt totalitarian ideology. It's this ideology, it's this ideology that informs his decades-long desire for global hegemony of Chinese communism. America can no longer ignore the fundamental political and ideological differences between our countries, just as the CCP has never ignored them.

...the only way to truly change communist China is to act not on the basis of what Chinese leaders say, but how they behave. And you can see American policy responding to this conclusion. President Reagan said that he dealt with the Soviet Union on the basis of "trust but verify." When it comes to the CCP, I say we must distrust and verify.

We, the freedom-loving nations of the world, must induce China to change, just as President Nixon wanted. We must induce China to change in more creative and assertive ways, because Beijing's actions threaten our people and our prosperity.

We must start by changing how our people and our partners perceive the Chinese Communist Party. We have to tell the truth. We can't treat this incarnation of China as a normal country, just like any other.

China's Efforts to Manipulate Territorial Claims

It is worth noting that these four speeches occurred at a time when the U.S. military ships and aircraft were actively confronting China in the South China Sea and near Taiwan, and also when China was putting added pressure on Japan over its claims to the Senkaku Islands. As a result, Secretary Pompeo gave an additional address earlier in July 2020, that addressed a more specific area of Chinese civil competition that had more direct military implications: China's use of civil maritime and air zone claims to gain both civil and military advantages:⁷⁷

In the South China Sea, we seek to preserve peace and stability, uphold freedom of the seas in a manner consistent with international law, maintain the unimpeded flow of commerce, and oppose any attempt to use coercion or force to settle disputes. We share these deep and abiding interests with our many allies and partners who have long endorsed a rules-based international order.

These shared interests have come under unprecedented threat from the People's Republic of China (PRC). Beijing uses intimidation to undermine the sovereign rights of Southeast Asian coastal states in the South China Sea, bully them out of offshore resources, assert unilateral dominion, and replace international law with "might makes right." Beijing's approach has been clear for years. In 2010, then-PRC Foreign Minister Yang Jiechi told his ASEAN counterparts that "China is a big country and other countries are small countries and that is just a fact." The PRC's predatory world view has no place in the 21st century.

The PRC has no legal grounds to unilaterally impose its will on the region. Beijing has offered no coherent legal basis for its "Nine-Dashed Line" claim in the South China Sea since formally announcing it in 2009. In a unanimous decision on July 12, 2016, an Arbitral Tribunal constituted under the 1982 Law of the Sea Convention – to which the PRC is a state party – rejected the PRC's maritime claims as having no basis in international law. The Tribunal sided squarely with the Philippines, which brought the arbitration case, on almost all claims.

As the United States has previously stated, and as specifically provided in the Convention, the Arbitral Tribunal's decision is final and legally binding on both parties. Today we are aligning the U.S. position on the PRC's maritime claims in the SCS with the Tribunal's decision.

The PRC cannot lawfully assert a maritime claim – including any Exclusive Economic Zone (EEZ) claims derived from Scarborough Reef and the Spratly Islands – vis-a-vis the Philippines in areas that the Tribunal found to be in the Philippines' EEZ or on its continental shelf. Beijing's harassment of Philippine fisheries and offshore energy development within those areas is unlawful, as are any unilateral PRC actions to exploit those resources. In line with the Tribunal's legally binding decision, the PRC has no lawful territorial or maritime claim to Mischief Reef or Second Thomas Shoal, both of which fall fully under the Philippines' sovereign rights and jurisdiction, nor does Beijing have any territorial or maritime claims generated from these features.

As Beijing has failed to put forth a lawful, coherent maritime claim in the South China Sea, the United States rejects any PRC claim to waters beyond a 12-nautical mile territorial sea derived from islands it claims in the Spratly Islands (without prejudice to other states' sovereignty claims over such islands). As such, the United States rejects any PRC maritime claim in the waters surrounding Vanguard Bank (off Vietnam), Luconia Shoals (off Malaysia), waters in Brunei's EEZ, and Natuna Besar (off Indonesia). Any PRC action to harass other states' fishing or hydrocarbon development in these waters – or to carry out such activities unilaterally – is unlawful.

The PRC has no lawful territorial or maritime claim to (or derived from) James Shoal, an entirely submerged feature only 50 nautical miles from Malaysia and some 1,000 nautical miles from China's coast. James Shoal is often cited in PRC propaganda as the "southernmost territory of China." International law is clear: An underwater feature like James Shoal cannot be claimed by any state and is incapable of generating maritime zones. James Shoal (roughly 20 meters below the surface) is not and never was PRC territory, nor can Beijing assert any lawful maritime rights from it.

The world will not allow Beijing to treat the South China Sea as its maritime empire. America stands with our Southeast Asian allies and partners in protecting their sovereign rights to offshore resources, consistent with their rights and obligations under international law. We stand with the international community in

defense of freedom of the seas and respect for sovereignty and reject any push to impose “might makes right” in the South China Sea or the wider region.

These Chinese efforts affect claims to islands occupied by Japan and other areas including India – claims that have led to both gray area operations and hybrid operations. Russia has been more direct: invading Georgia and the Ukraine by seizing territory with hybrid operations and the use of volunteers in the form of “little green men.”

The Problems with the “Four Speech” Approach

Taken together, these speeches call for a major shift in America’s strategic position relative to the China. While no speaker referring to the shift from “competition” to “confrontation,” and Secretary Pompeo only broadly suggesting that the U.S. seeks a major change in American structure of alliances and the international order, they did all collectively outline what could be the most decisive shift in U.S. strategy since Secretary Marshall announced a U.S. commitment to confronting the Soviet Union on a global basis in 1947.

At the same time, none of the speeches actually addressed the issue of how the U.S. should change its approach to competing with China in practical ways, and none addressed Russia at all. The end result was that they left five key issues that the United States – not simply the current Administration – will now have to address:

- Is this view of China correct, and does it offer the best option for dealing with China in the future?
- Is this view of China one that has bipartisan support in the U.S. and that will endure beyond the coming election?
- The current U.S. national strategy addresses both China and Russia as major competitors, as well as far less serious threats from nations like Iran and North Korea. What is the U.S. position on Russia?
- What changes are required in U.S. strategy and to what extent can the U.S. create global support for its position?
- How does the U.S. build domestic and international support for a new approach to China, and show that its stance is valid?

In each case, the speeches raised critical challenges, but they did not provide workable answers to any of these questions.

Is this View of China Correct, and Does It Offer the Best Option for Dealing with China in the Future?

Each speech, and the additional speech dealing with the South China Sea, raised valid issues about China’s conduct; its approach to economic competition; and its use of espionage, gray area methods, and military actions bordering on hybrid warfare. Each made strong arguments that the United States needed to make major changes in its relations with China and matching changes in its relations with other states to gain their support.

The speeches also, however, took hardline ideological positions that seemed oriented toward a new Cold War. None took account of the world that China has faced in the years since the Opium Wars or of the many other historical reasons for its behavior. They treated China’s motives as a product of a communist ideology while ignoring the fact that high levels of state control of China’s politics and economy are highly nationalist in character and take place in country that mixes state capitalism with private enterprise. They applied U.S. standards as the equivalent of international

legitimacy and focused on China's real human rights abuses without noting the immense progress that has taken place in reducing poverty and improving civil living standards and opportunities.

The Wray speech, for example, stated that,

Let us be clear, the Chinese Communist Party is a Marxist-Leninist organization. The Party General Secretary Xi Jinping sees himself as Josef Stalin's successor. In fact, as the journalist and former Australian government official John Garnaut has noted, the Chinese Communist Party is the last "ruling communist party that never split with Stalin, with the partial exception of North Korea." Yes, Stalin – the man whose brutal dictatorship and disastrous policies killed roughly 20 million Russians and others through famine, forced collectivization, executions, and labor camps. As interpreted and practiced by Lenin, Stalin, and Mao, communism is a totalitarian ideology.

Under communism, individuals are merely a means to be used toward the achievement of the ends of the collective nation state. Thus, individuals can be easily sacrificed for the nation state's goals. Individuals do not have inherent value under Marxism-Leninism. They exist to serve the state; the state does not exist to serve them.

This is not a balanced statement of even a Marxist-Leninist ideology, and this view ignores the fact that China's authoritarian character does have real limits and that China's immense Communist Party is more of an instrument of state control than a meaningful ideology. It also ignores the fact that some current Chinese goals – like its claims to the South China Sea – originated under Chiang Kai-shek in response to a long history of outside attacks on China, instead of being solely a product of its "Communist" regime.

Accordingly, valid as the charges about China's conduct were, their sections on ideology were particularly weak and failed to describe the real structure of Chinese government, politics, and motives. Far too many of their comments about ideology apply more to the Former Soviet Union than modern China. Somewhat ironically, the DIA report on *Chinese Military Power* does a better job of describing the structure and character of the Chinese government than these speeches.

If the U.S. is to deal with the issues raised in these speeches, it needs to do a far better job of assessing the structure and nature of the Chinese government and political system, its actions overseas and how other states perceive those actions, and how the U.S. can best compete. The U.S. also needs to very carefully assess the best way to change Chinese behavior, whether opportunities still do exist for cooperation in many areas, and also how the U.S. must change its own behavior to win the support of other states.

Is this View of China One that Has Bipartisan Support and that Will Endure Beyond the Coming Election?

Surveys show deep popular distrust of China in the United States. This is very different, however, from supporting the particular views Secretary Pompeo expressed in terms of U.S. policy goals and from agreeing on any practical course of action. Many who do agree with the charges made about China's conduct will feel that these positions are too strong; discount the ability to negotiate too much; and risk going from competition to open political, economic, and military conflict.

Any consensus that leads to coherent U.S. action in dealing with problems this diverse will have to be built over time on the basis of far more evidence regarding China's behavior, analysis of how it makes decisions and acts, and assessments of the practical ability of to change China's behavior rather than the current sentiment that is presented in these speeches. The timing is also awkward because it is so close to an election, the broad political climate is so partisan, and the many other immediate crises and issues to address.

Building serious bipartisan support for a new approach to China probably can only begin after the election if President Trump is reelected or after the new Administration is elected if Biden becomes President. It will require far more planning and research than these speeches indicate have taken place to date, and it will also need far more debate on the course of action the U.S. should pursue.

The Current U.S. National Strategy Addresses Both China and Russia as Major Competitors. What Should the U.S. position Towards Russia Now Be?

All four of these speeches targeted China without addressing Russia. However, the new U.S. national strategy adopted in 2017 made Russia an equal threat to China. The U.S. is still debating the extent to which Russia has targeted U.S. elections – and Russia has conducted other disinformation, gray area, and hybrid operations hostile to the United States, as well as begun a major nuclear and missile modernization program.

The potential importance of the failure to address Russia was made all too clear after Secretary Pompeo gave his final speech on China. Other statements by a senior Administration official warned that the coming U.S. election was being targeted with disinformation campaigns conducted by China, Russia, and Iran.

The Director of the National Counterintelligence and Security Center (NCSC), William Evanina, issued a press release on July 24, 2020, stating that “Election security remains a top priority for the Intelligence Community.” This release is available from the Office of the Director of National Intelligence, (<https://www.dni.gov/index.php/newsroom/press-releases/item/2135-statement-by-ncsc-director-william-evanina-100-days-until-election-2020>). The release was relatively short, but it addressed a critical aspect of both Russian and Chinese behavior,

Today, we see our adversaries seeking to compromise the private communications of U.S. political campaigns, candidates and other political targets. Our adversaries also seek to compromise our election infrastructure, and we continue to monitor malicious cyber actors trying to gain access to U.S. state and federal networks, including those responsible for managing elections. However, the diversity of election systems among the states, multiple checks and redundancies in those systems, and post-election auditing all make it extraordinarily difficult for foreign adversaries to broadly disrupt or change vote tallies without detection.

In addition, foreign nations continue to use influence measures in social and traditional media in an effort to sway U.S. voters’ preferences and perspectives, to shift U.S. policies, to increase discord and to undermine confidence in our democratic process. The coronavirus pandemic and recent protests, for instance, continue to serve as fodder for foreign influence and disinformation efforts in America.

At this time, we’re primarily concerned with China, Russia and Iran – although other nation states and non-state actors could also do harm to our electoral process. Our insights and judgments will evolve as the election season progresses.

Equally important, an outside report indicates that the NCSC release may have added China and Iran to the list of countries trying to influence the elections, but it failed to fully describe intelligence assessments indicating that the goal of Russia’s intervention in the 2016 – and possibly in the upcoming 2020 elections – was to elect Donald Trump as President. Open source material does not provide sufficient evidence to support such a conclusion, but an article by Robert Draper called “Unwanted Truths: Inside Trump’s Battles With U.S. Intelligence Agencies,” that was printed in the *New York Times Magazine* on August 8, 2020, raises critical questions about the way Russia’s actions have been covered and on the political pressure on U.S. intelligence reporting which deserves full public examination.⁷⁸

The U.S. cannot compete with Russia, China, or other states in information “warfare” or disinformation campaigns if the knowledge of their activities is overclassified or manipulated for political purposes. The key to shaping U.S. public opinion and political response, as well as to persuading the governments and peoples of other states, is public exposure in open source reporting to gain public confidence that such reporting is factual and tells the truth.

Overclassification and the failure to report actions by other countries makes over-classification a self-inflicted wound. Failing to report convincingly and objectively denies U.S. credibility and influence. Failing to report because another state attempts to divide the U.S. along political lines – and favor one side of domestic U.S. politics over another – makes every political faction in the U.S. potentially vulnerable to spoiler or divide and conquer tactics. Americans should be educated in order to understand that choosing sides and seeking to divide the U.S. along domestic political lines is the very core of information warfare.

Russia may fall far short of China as an emerging economic power, but it is still a massive nuclear power and poses a major threat to NATO. Its disinformation campaigns as well as its gray zone and hybrid operations pose an ongoing threat to the U.S. and many allies. Its activities in Libya, Syria, and the Ukraine show this threat is both operational and serious. The U.S. cannot focus on China at the expense of Russia or other commitments without carefully assessing the consequences and making major revisions to its overall strategy. The timing will also be awkward because the U.S. must simultaneously deal with the economic impact of the Coronavirus and formulating the FY2021 budget request.

What Changes Are Required in U.S. Strategy and to What Extent Can the U.S. Create Global Support for Its position?

Identifying major challenges is very different from offering credible ways to deal with them. The speeches summarized in this analysis indict China’s leadership, government, economic sector, civil sector, and military claims without suggesting any clear strategy for countering the problems they highlight or negotiating some settlement or new relationship with China. They are yet another demonstration of the U.S. government’s seemingly unwillingness to understand that a real-world strategy requires a practical course of action, an actual plan to implement it, and the resources required to execute it.

China (and Russia) are not simply a “whole of government” problem, they need a “whole of government solution.” It is not clear that the speeches described clearly recognize the extent to which this really requires planning, resources, and implementation.

How Does the U.S. Build International Support for a New Approach to Dealing with China’s Position, and Show That Its Stance Is Valid?

The speeches took a major policy stand in ways that certainly attracted China’s attention but got minimal visibility even in the U.S., much less to the international community. Moreover, the examples of Chinese conduct cited in the various speeches were made without any backing, white papers, or detail. Many had never been given the same level of official attention or visibility before.

The U.S. has provided detailed official assessments of Chinese military power over the years, but it has never attempted to establish an adequate open source set of reports and evidence to make the full case for the arguments advanced in each speech. There is no ongoing set of official reports

that provide detailed chronologies and evidence to the points about China's methods of economic competition, information warfare, and other largely civil activities – particularly as they apply to Chinese (or Russian) actions in all countries that the U.S. needs to influence.

This reflects a far broader problem within the U.S. government. The U.S. knows how to complain about information warfare and disinformation campaigns, but it does not know how to counter them. It does not attempt to counter malign forms of information warfare by fully and consistently communicating the facts in the many areas where only the government can gather the necessary data.

For example, the U.S. government no longer provides an annual assessment of statistical patterns in terrorism. Its last issue and only report on *Russian Military Power* was issued in 2017. It fails to properly update the CIA *World Factbook*. It fails to require its major combatant commands to issue meaningful open source strategy documents and net assessments. It provides almost no real strategic justification of its annual defense budget requests.

The State Department and USAID budget submissions and web pages are little more than an incoherent strategic mess. And, the U.S. has effectively given up its effort to produce a workable assessment of World Military Expenditures and Arms Transfers (WMEAT). Its recent attempt to revive it as a website is almost a model of how not to structure a functional database.

The annual reports on terrorism no longer have a statistical annex showing the global patterns in terrorism and extremism, and they have never included analyses of state terrorism, extremism, and major abuses of human rights – as distinguished only as weak attempts to describe state support of non-state terrorism. Ironically, its analysis of Iran as a center of world terrorism largely ignores the need to list and describe Iran's action in any detail. As for the intelligence community, the Director of National Intelligence (DNI) did not issue an annual threat assessment for 2020, and the Office of the Director of National Intelligence (ODNI)'s assessments for 2016-2019 provided only passing mentions of some Russian and Chinese activities and intentions without addressing the overall patterns of competition by either power in any detail.⁷⁹

There are exceptions like *Chinese Military Power* and the recent report on Russian disinformation activities discussed earlier, but the U.S. does an appallingly bad job of using declassified information to counter the information warfare and disinformation activities of countries like China and Russia. It has steadily cut back on such reporting over the years, relied heavily on topical short-term public affairs efforts, and now needs to develop a whole new stream of reporting.

Many of the areas involved in assessing China's methods of competing and actions are ones where there is little open source reporting that is not ideological or highly politicized and where gross over-classification is the rule rather than the exception. A narrow focus on the cost of reports adds to the problem because they are perhaps the cheapest weapon available. Competing in these areas means credible transparency – an art form where the U.S. is sadly lacking.

Transitioning from Competition to Civil-Military Confrontation with China without Having a Clear Strategy for Addressing Russia

There are two other aspects of these speeches that should be a subject of deep concern if the U.S. is to act on its words, and gain international support:

First, they indict China's leadership, government, economic sector, civil sector, and military claims without suggesting any clear strategy for either countering the problems they highlight or negotiating some settlement or new relationship with China.

Second, the U.S. must acknowledge that its approach to China is not isolated to its bilateral relationship, but it is also facing the same problems with Russia and even Iran. Instead, the following considerations are needed when creating a strategy:

- China is expanding its influence efforts to shape the policy environment in the United States, pressuring political figures it views as an opposition to China's interests, and countering criticism of China. Beijing recognizes its efforts might affect the presidential race.
- Russia's persistent objective is to weaken the United States and diminish the U.S. global role. Using a range of efforts, including internet trolls and other proxies, Russia continues to spread disinformation in the U.S. that is designed to undermine confidence in our democratic process and denigrate what it sees as an anti-Russian "establishment" in America.

In regard to Russia, if one considers Evanina's statement in the context of the fact there still is no final report on the accuracy of the FBI's investigation in Russia's role in the 2016 election, reports on Russian nuclear and space warfare developments, or reports on Russia's role in British and other foreign disinformation campaigns, then it is clear that the failure to address Russia is a critical omission. This is particularly true given the fact that the new National Security Strategy that the U.S. adopted in 2017, the new National Defense Strategy that the U.S. adopted in 2018, and both the defense budget submissions and the annual threat assessments by the Director of National Intelligence from 2012 to the present have all focused on Russia as well as China.

This need to address both Russia and China is critical. Russia is still sustaining the fighting in the Ukraine; putting steady pressure on NATO, particularly in Russia's border areas; testing anti-satellite systems in space; executing a major nuclear and missile program; developing long-range hypersonic precision strike systems; carrying out gray area and hybrid operations in Syria and Libya; and playing a major role in trying to shape world petroleum prices.

Diplomacy as a Key Tactic to Confront Civil Competition

Finally, the U.S. needs to realize that taking hardline rhetorical positions is not a substitute for diplomacy. The Chinese response to the U.S. illustrates the difference. When the U.S. released the series of four speeches cited earlier, the Chinese Foreign Ministry replied by stating that, ⁸⁰

The current situation between China and the United States is something China does not want to see, and the responsibility rests entirely with the United States. We once again urge the U.S. to immediately revoke the erroneous decision to create necessary conditions for the return of bilateral relations to normal.

The U.S. then followed up these speeches by closing China's consulate in Houston – after determining that it had facilitated the theft of scientific and technological material. This consulate did recruit people through the Thousand Talents Program, which paid researchers overseas to assist in China's modernization – and used any means including the theft of intellectual property from abroad companies and universities.⁸¹

In response, China ordered the U.S. to shut its consulate in Chengdu, which had a staff of about 15 American diplomats. These tit for tat actions will not halt China's espionage campaign, but they

may well have acted to restrict the dialogue between the U.S. and China – and even on U.S. capabilities to gather data on China.

Diplomatic maneuvering and strategy are just as important as military and economic maneuvering and strategy, but they should be used to provide benefits, rather than as an attempt to punish. For example, sending the right signals to China can be a key form of diplomacy, especially preceding military action and announcing U.S. posture. When U.S. aircraft carriers Nimitz and Ronald Reagan carried out operations in the South China Sea, the Chinese PLA responded that the American presence was allowed at the pleasure of the Chinese government.⁸² Secretary of Defense Esper responded with,

“I don’t know what the Chinese meant by that hollow statement about American carriers being there by the pleasure of the PLA or something. Look, American aircraft carriers have been in the South China Sea in the Indo-Pacific since World War II and we’ll continue to be there, and we’re not going to be stopped by anybody. We’re going to sail, fly and operate where international law allows and we do that, again, to assert international law and rights to back up the sovereignty of our friends and partners and to reassure them that we will be there to defend those things.”

The U.S. needs to be careful about using diplomatic meetings productively, rather than as public relations or political visibility exercises. Although Secretary of State Pompeo and China’s top diplomatic aide Yang Jiechi did meet in June 2020, little was accomplished during the two-day meeting to deescalate growing hostility between China and the United States.⁸³ Diplomacy does not equate to concessions, but non-negotiable U.S. conditions can be relayed in multitude of ways that are not simply harsh rhetoric.

It is also critical to offer positive alternatives to confrontation and to make it clear that different political and economic systems can cooperate and coexist. The U.S. has increasingly taken hardline positions – many of which are justified – without providing clear options for cooperation. In some cases the only implied alternative is a total change in the other nation’s regime or conduct, and the U.S. has applied sanctions, trade barriers, tariffs, and other punitive measures without presenting credible options. At the same time, the U.S. has threatened its partners with force cuts or withdrawals if they do not support its position by focusing on burden sharing rather than creating more functional and effective partnerships and alliances,

The U.S. does need to promote core values like human rights, democracy, freedom of trade, and international law. At the same time, it needs to recognize that there is no near-term prospect that every country will adopt the U.S. system of government or adopt these values. Nothing it does to improve its capability to compete will allow it to impose its values on an increasingly multipolar world or change many aspects of other governments and regimes. Stable patterns of competition mean cooperation and compromise as well as selected areas of competition and even confrontation. Put bluntly and in the simplest possible terms, the U.S. cannot succeed in competing with a diplomacy that is all sticks and no carrots.