

Secretary of State Antony J. Blinken
Senate Appropriations Committee Hearing on U.S.-China Competition
May 16, 2023

Chair Murray, Vice Chair Collins; State and Foreign Operations Chair Coons and Ranking Member Graham; distinguished members of the Senate Appropriations Committee: thank you for the opportunity to testify before you.

I'm pleased to be here with Secretary Austin and Secretary Raimondo. This Administration is committed to leading a bipartisan, whole-of-government China strategy that advances U.S. interests and values and delivers for the American people.

We stand at an inflection point. The post-Cold War era is over. There is an intense competition underway to shape what comes next.

China represents the most consequential geopolitical challenge we face today: a country with the intent and, increasingly, the capability to challenge our vision for a free, open, secure, and prosperous international order.

We of course cannot dictate Beijing's path. And we cannot wait for China to change its trajectory. But we can put ourselves in a position of strength to compete intensely to shape the broader strategic environment around China and advance our vision.

We are not trying to contain China. And in fact, the United States continues to have a comprehensive trade and investment relationship with China, as do most of our allies and partners. We are for de-risking and diversifying, not decoupling. That means investing in our own capacities and in secure, resilient supply chains; pushing for a level playing field for our workers and companies and defending against harmful trade practices; and ensuring that U.S. and allied technology isn't used against us.

The world is watching how we – and Beijing – manage this relationship. And it's in our best strategic interest to do so responsibly, in a way that promotes security and prosperity and delivers solutions on shared challenges that matter to the American people and to people around the world.

Last year, I set out the Administration's comprehensive PRC strategy to "invest, align, compete." We've made historic investments at home – including the bipartisan infrastructure law, CHIPS and Science Act, and Inflation Reduction Act – to strengthen our ability to compete. We've aligned our approach with key partners in Europe, Asia, and beyond, working methodically to elevate our engagement around the world – and as a result, have achieved greater convergence to deal with the challenges China poses than ever before.

As we compete, we will work to maintain open lines of communication at all levels with the PRC to avoid miscalculation and prevent competition from veering into conflict. Senior level engagements over the past few weeks demonstrate that commitment.

We will purposefully engage with Beijing, not as a favor, or with engagement as an end unto itself, but in ways that reflects our values and where we can find areas of cooperation that are in our mutual interest. That's what the world expects of responsible powers.

So, we'll push for progress on priorities like the climate crisis, macroeconomic stability, and public health. And we will continue to press the need to curb the flow of precursors that exacerbates the fentanyl and synthetic opioids crisis – and I appreciate the leadership of this committee on this most urgent challenge.

We've heard from members in both parties, on both sides of the Hill, that this unprecedented challenge requires an ambitious resourcing strategy. We agree. That is what the President's

proposed FY2024 State Department Budget aims to do: giving us the resources and agility to advance our strategy.

This budget positions the United States to up our game in the Indo-Pacific: the frontline in our competition with Beijing. The Indo-Pacific is the most dynamic and fastest growing region in the world – with 50% of its population, 60% of global GDP, and eight out the top 10 U.S. export markets. It has driven 75% of global economic growth over the past five years. China invests 50% of its assistance and economic and diplomatic resources there.

Our budget proposal will allow us to further deepen our diplomatic footprint in the Indo-Pacific – with \$140 million in discretionary funding for new missions in the Pacific Islands and a surge of new positions in the region and beyond, including in the areas of greatest contestation with Beijing like technology, economics, and regional and international organizations.

Beijing understands that diplomacy is a critical tool. It's why it has invested heavily in building up its diplomatic capacity and reach, and in fact increased its diplomatic budget last year at a faster rate than its military one, and why it today has more diplomatic posts around the world than we do. If we're serious about this competition, we must demonstrate the same diplomatic seriousness of purpose across the board.

We are not demanding that other countries "choose" between us and China – but rather, are offering a more attractive choice. If we can spark a race to the top, that would be to everyone's benefit. Our budget sets us up to work with like-minded partners to strengthen our offer, and ensure it is relevant and responsive to the needs and aspirations of people around the world.

That's why our budget includes \$2 billion in new investments in high-quality, sustainable infrastructure, rather than low-quality, opaque, extractive projects that leave countries mired in debt.

It would invest \$2 billion to bolster Indo-Pacific economies and help the United States compete in areas where the PRC currently dominates and in key priorities for the region, including maritime security, disease surveillance, clean energy, and digital technology. This complements nearly \$2.2 billion in discretionary funding for our Indo-Pacific partners to support critical investments in good governance, rule of law, clean energy, health security, security assistance, and vital regional institutions.

And it contains over \$7 billion to extend our economic engagement with the Freely Associated States via the Compacts of Free Association: a critical component of the Administration's Indo-Pacific and National Security Strategy.

Altogether, these funding streams, including new and innovative mandatory funding to complement our ongoing investments with discretionary funding, ensure we can meet a generational challenge that is testing American diplomacy like few in recent memory and demonstrate our long-term commitment on issues that matter most to our partners in the region.

During this decisive decade, our efforts and investments – together with our partners – will determine whether we succeed in advancing our shared affirmative vision for the international system, or whether the PRC can erode or replace the global rules and norms that guarantee peace, security, and stability in the world.

I'm grateful for this committee's partnership to sustain the resources and policies required by this challenge. And I look forward to answering your questions today.