

THE WHITE HOUSE

Office of the Vice President

For Immediate Release

October 4, 2018

REMARKS BY VICE PRESIDENT PENCE
ON THE ADMINISTRATION'S POLICY TOWARD CHINA

The Hudson Institute
Washington, D.C.

11:07 A.M. EDT

THE VICE PRESIDENT: Thank you, Ken, for that kind introduction. To the Members of the Board of Trustees, to Dr. Michael Pillsbury, to our distinguished guests, and to all of you who, true to your mission in this place, "think about the future in unconventional ways" -- it is an honor to be back at the Hudson Institute.

For more than a half a century, this Institute has dedicated itself to "advancing global security, prosperity, and freedom." And while Hudson's hometowns have changed over the years, one thing has been constant: You have always advanced that vital truth, that American leadership lights the way.

And today, speaking of leadership, allow me to begin by bringing greetings from a great champion of American leadership at home and abroad -- I bring greetings from the 45th President of the United States of America, President Donald Trump. (Applause.)

From early in this administration, President Trump has made our relationship with China and President Xi a priority. On April 6th of last year, President Trump welcomed President Xi to Mar-a-Lago. On November 8th of last year, President Trump traveled to Beijing, where China's leader welcomed him warmly.

Over the course of the past two years, our President has forged a strong personal relationship with the President of the People's Republic of China, and they've worked closely on issues of common interest, most importantly the denuclearization of the Korean Peninsula.

But I come before you today because the American people deserve to know that, as we speak, Beijing is employing a whole-of-government approach, using political, economic, and military tools, as well as propaganda, to advance its influence and benefit its interests in the United States.

China is also applying this power in more proactive ways than ever before, to exert influence and interfere in the domestic policy and politics of this country.

Under President Trump's leadership, the United States has taken decisive action to respond to China with American action, applying the principles and the policies long advocated in these halls.

In our National Security Strategy that the President Trump released last December, he described a new era of "great power competition." Foreign nations have begun to, as we wrote, "reassert their influence regionally and globally," and they are "contesting [America's] geopolitical advantages and trying [in essence] to change the international order in their favor."

In this strategy, President Trump made clear that the United States of America has adopted a new approach to China. We seek a relationship grounded in fairness, reciprocity, and respect for sovereignty, and we have taken strong and swift action to achieve that goal.

As the President said last year on his visit to China, in his words, "we have an opportunity to strengthen the relationship between our two countries and improve the lives of our citizens." Our vision of the future is built on the best parts of our past, when America and China reached out to one another in a spirit of openness and friendship.

When our young nation went searching in the wake of the Revolutionary War for new markets for our exports, the Chinese people welcomed American traders laden with ginseng and fur.

When China suffered through indignities and exploitations during her so-called "Century of Humiliation," America refused to join in, and advocated the "Open Door" policy, so that we could have freer trade with China, and preserve their sovereignty.

When American missionaries brought the good news to China's shores, they were moved by the rich culture of an ancient and vibrant people. And not only did they spread their faith, but those same missionaries founded some of China's first and finest universities.

When the Second World War arose, we stood together as allies in the fight against imperialism. And in that war's aftermath, America ensured that China became a charter member of the United Nations, and a great shaper of the post-war world.

But soon after it took power in 1949, the Chinese Communist Party began to pursue authoritarian expansionism. It is remarkable to think that only five years after our nations had fought together, we fought each other in the mountains and valleys of the Korean Peninsula. My own father saw combat on that frontier of freedom.

But not even the brutal Korean War could diminish our mutual desire to restore the ties that for so long had bound our peoples together. China's estrangement from the United States ended in 1972, and, soon after, we re-established diplomatic relations and began to open our economies to one another, and American universities began training a new generation of Chinese engineers, business leaders, scholars, and officials.

After the fall of the Soviet Union, we assumed that a free China was inevitable. Heady with optimism at the turn of the 21st Century, America agreed to give Beijing open access to our economy, and we brought China into the World Trade Organization.

Previous administrations made this choice in the hope that freedom in China would expand in all of its forms -- not just economically, but politically, with a newfound respect for classical liberal principles, private property, personal liberty, religious freedom -- the entire family of human rights. But that hope has gone unfulfilled.

The dream of freedom remains distant for the Chinese people. And while Beijing still pays lip service to "reform and opening," Deng Xiaoping's famous policy now rings hollow.

Over the past 17 years, China's GDP has grown nine-fold; it's become the second-largest economy in the world. Much of this success was driven by American investment in China. And the Chinese Communist Party has also used an arsenal of policies inconsistent with free and fair trade, including tariffs,

quotas, currency manipulation, forced technology transfer, intellectual property theft, and industrial subsidies that are handed out like candy to foreign investment. These policies have built Beijing's manufacturing base, at the expense of its competitors -- especially the United States of America.

China's actions have contributed to a trade deficit with the United States that last year ran to \$375 billion -- nearly half of our global trade deficit. As President Trump said just this week, in his words, "We rebuilt China" over the last 25 years.

Now, through the "Made in China 2025" plan, the Communist Party has set its sights on controlling 90 percent of the world's most advanced industries, including robotics, biotechnology, and artificial intelligence. To win the commanding heights of the 21st century economy, Beijing has directed its bureaucrats and businesses to obtain American intellectual property -- the foundation of our economic leadership -- by any means necessary.

Beijing now requires many American businesses to hand over their trade secrets as the cost of doing business in China. It also coordinates and sponsors the acquisition of American firms to gain ownership of their creations. Worst of all, Chinese security agencies have masterminded the wholesale theft of American technology -- including cutting-edge military blueprints. And using that stolen technology, the Chinese Communist Party is turning plowshares into swords on a massive scale.

China now spends as much on its military as the rest of Asia combined, and Beijing has prioritized capabilities to erode America's military advantages on land, at sea, in the air, and in space. China wants nothing less than to push the United States of America from the Western Pacific and attempt to prevent us from coming to the aid of our allies. But they will fail.

Beijing is also using its power like never before. Chinese ships routinely patrol around the Senkaku Islands, which are administered by Japan. And while China's leader stood in the Rose Garden at the White House in 2015 and said that his country had, and I quote, "no intention to militarize" the South China Sea, today, Beijing has deployed advanced anti-ship and anti-air missiles atop an archipelago of military bases constructed on artificial islands.

China's aggression was on display this week, when a Chinese naval vessel came within 45 yards of the USS Decatur as it conducted freedom-of-navigation operations in the South China Sea, forcing our ship to quickly maneuver to avoid collision. Despite such reckless harassment, the United States Navy will continue to fly, sail, and operate wherever international law allows and our national interests demand. We will not be intimidated and we will not stand down. (Applause.)

America had hoped that economic liberalization would bring China into a greater partnership with us and with the world. Instead, China has chosen economic aggression, which has in turn emboldened its growing military.

Nor, as we had hoped, has Beijing moved toward greater freedom for its own people. For a time, Beijing inched toward greater liberty and respect for human rights. But in recent years, China has taken a sharp U-turn toward control and oppression of its own people.

Today, China has built an unparalleled surveillance state, and it's growing more expansive and intrusive - often with the help of U.S. technology. What they call the "Great Firewall of China" likewise grows higher, drastically restricting the free flow of information to the Chinese people.

And by 2020, China's rulers aim to implement an Orwellian system premised on controlling virtually every facet of human life -- the so-called "Social Credit Score." In the words of that program's official blueprint, it will "allow the trustworthy to roam everywhere under heaven, while making it hard for the discredited to take a single step."

And when it comes to religious freedom, a new wave of persecution is crashing down on Chinese Christians, Buddhists, and Muslims.

Last month, Beijing shut down one of China's largest underground churches. Across the country, authorities are tearing down crosses, burning bibles, and imprisoning believers. And Beijing has now reached a deal with the Vatican that gives the avowedly atheist Communist Party a direct role in appointing Catholic bishops. For China's Christians, these are desperate times.

Beijing is also cracking down on Buddhism. Over the past decade, more than 150 Tibetan Buddhist monks have lit themselves on fire to protest China's repression of their beliefs and their culture. And in Xinjiang, the Communist Party has imprisoned as many as one million Muslim Uyghurs in government camps where they endure around-the-clock brainwashing. Survivors of the camps have described their experiences as a deliberate attempt by Beijing to strangle Uyghur culture and stamp out the Muslim faith.

As history attests though, a country that oppresses its own people rarely stops there. And Beijing also aims to extend its reach across the wider world. As Hudson's own Dr. Michael Pillsbury has written, "China has opposed the actions and goals of the U.S. government. Indeed, China is building its own relationships with America's allies and enemies that contradict any peaceful or productive intentions of Beijing."

In fact, China uses so-called "debt diplomacy" to expand its influence. Today, that country is offering hundreds of billions of dollars in infrastructure loans to governments from Asia to Africa to Europe and even Latin America. Yet the terms of those loans are opaque at best, and the benefits invariably flow overwhelmingly to Beijing.

Just ask Sri Lanka, which took on massive debt to let Chinese state companies build a port of questionable commercial value. Two years ago, that country could no longer afford its payments, so Beijing pressured Sri Lanka to deliver the new port directly into Chinese hands. It may soon become a forward military base for China's growing blue-water navy.

Within our own hemisphere, Beijing has extended a lifeline to the corrupt and incompetent Maduro regime in Venezuela that's been oppressing its own people. They pledged \$5 billion in questionable loans to be repaid with oil. China is also that country's single largest creditor, saddling the Venezuelan people with more than \$50 billion in debt, even as their democracy vanishes. Beijing is also impacting some nations' politics by providing direct support to parties and candidates who promise to accommodate China's strategic objectives.

And since last year alone, the Chinese Communist Party has convinced three Latin American nations to sever ties with Taipei and recognize Beijing. These actions threaten the stability of the Taiwan Strait, and the United States of America condemns these actions. And while our administration will continue to

respect our One China Policy, as reflected in the three joint communiqués and the Taiwan Relations Act, America will always believe that Taiwan's embrace of democracy shows a better path for all the Chinese people. (Applause.)

Now these are only a few of the ways that China has sought to advance its strategic interests across the world, with growing intensity and sophistication. Yet previous administrations all but ignored China's actions. And in many cases, they abetted them. But those days are over.

Under President Trump's leadership, the United States of America has been defending our interests with renewed American strength.

We've been making the strongest military in the history of the world stronger still. Earlier this year, President Trump signed into law the largest increase in our national defense since the days of Ronald Reagan -- \$716 billion to extend the strength of the American military to every domain.

We're modernizing our nuclear arsenal. We're fielding and developing new cutting-edge fighters and bombers. We're building a new generation of aircraft carriers and warships. We're investing as never before in our armed forces. And this includes initiating the process to establish the United States Space Force to ensure our continued dominance in space, and we've taken action to authorize increased capability in the cyber world to build deterrence against our adversaries.

At President Trump's direction, we're also implementing tariffs on \$250 billion in Chinese goods, with the highest tariffs specifically targeting the advanced industries that Beijing is trying to capture and control. And as the President has also made clear, we will levy even more tariffs, with the possibility of substantially more than doubling that number, unless a fair and reciprocal deal is made. (Applause.)

These actions -- exercises in American strength -- have had a major impact. China's largest stock exchange fell by 25 percent in the first nine months of this year, in large part because our administration has been standing strong against Beijing's trade practices.

As President Trump has made clear, we don't want China's markets to suffer. In fact, we want them to thrive. But the

United States wants Beijing to pursue trade policies that are free, fair, and reciprocal. And we will continue to stand and demand that they do. (Applause.)

Sadly, China's rulers, thus far, have refused to take that path. The American people deserve to know: In response to the strong stand that President Trump has taken, Beijing is pursuing a comprehensive and coordinated campaign to undermine support for the President, our agenda, and our nation's most cherished ideals.

I want to tell you today what we know about China's actions here at home -- some of which we've gleaned from intelligence assessments, some of which are publicly available. But all of which are fact.

As I said before, as we speak, Beijing is employing a whole-of-government approach to advance its influence and benefit its interests. It's employing this power in more proactive and coercive ways to interfere in the domestic policies of this country and to interfere in the politics of the United States.

The Chinese Communist Party is rewarding or coercing American businesses, movie studios, universities, think tanks, scholars, journalists, and local, state, and federal officials.

And worst of all, China has initiated an unprecedented effort to influence American public opinion, the 2018 elections, and the environment leading into the 2020 presidential elections. To put it bluntly, President Trump's leadership is working; and China wants a different American President.

There can be no doubt: China is meddling in America's democracy. As President Trump said just last week, we have, in his words, "found that China has been attempting to interfere in our upcoming [midterm] election[s]."

Our intelligence community says that "China is targeting U.S. state and local governments and officials to exploit any divisions between federal and local levels on policy. It's using wedge issues, like trade tariffs, to advance Beijing's political influence."

In June, Beijing itself circulated a sensitive document, entitled "Propaganda and Censorship Notice." It laid out its strategy. It stated that China must, in their words, "strike

accurately and carefully, splitting apart different domestic groups" in the United States of America.

To that end, Beijing has mobilized covert actors, front groups, and propaganda outlets to shift Americans' perception of Chinese policy. As a senior career member of our intelligence community told me just this week, what the Russians are doing pales in comparison to what China is doing across this country. And the American people deserve to know it.

Senior Chinese officials have also tried to influence business leaders to encourage them to condemn our trade actions, leveraging their desire to maintain their operations in China. In one recent example, China threatened to deny a business license for a major U.S. corporation if they refused to speak out against our administration's policies.

And when it comes to influencing the midterms, you need only look at Beijing's tariffs in response to ours. The tariffs imposed by China to date specifically targeted industries and states that would play an important role in the 2018 election. By one estimate, more than 80 percent of U.S. counties targeted by China voted for President Trump and I in 2016; now China wants to turn these voters against our administration.

And China is also directly appealing to the American voters. Last week, the Chinese government paid to have a multipage supplement inserted into the Des Moines Register -- the paper of record of the home state of our Ambassador to China, and a pivotal state in 2018 and 2020. The supplement, designed to look like the news articles, cast our trade policies as reckless and harmful to Iowans.

Fortunately, Americans aren't buying it. For example, American farmers are standing with this President and are seeing real results from the strong stands that he's taken, including this week's U.S.-Mexico-Canada Agreement, where we've substantially opened North American markets to U.S. products. The USMCA is a great win for American farmers and American manufacturers. (Applause.)

But China's actions aren't focused solely on influencing our policies and politics. Beijing is also taking steps to exploit its economic leverage, and the allure of their large marketplace, to advance its influence over American businesses.

Beijing now requires American joint ventures that operate in China to establish what they call "party organizations" within their company, giving the Communist Party a voice -- and perhaps a veto -- in hiring and investment decisions.

Chinese authorities have also threatened U.S. companies that depict Taiwan as a distinct geographic entity, or that stray from Chinese policy on Tibet. Beijing compelled Delta Airlines to publicly apologize for not calling Taiwan a "province of China" on its website. And it pressured Marriott to fire a U.S. employee who merely liked a tweet about Tibet.

And Beijing routinely demands that Hollywood portray China in a strictly positive light. It punishes studios and producers that don't. Beijing's censors are quick to edit or outlaw movies that criticize China, even in minor ways. For the movie, "World War Z," they had to cut the script's mention of a virus because it originated in China. The movie, "Red Dawn" was digitally edited to make the villains North Korean, not Chinese.

But beyond business and entertainment, the Chinese Communist Party is also spending billions of dollars on propaganda outlets in the United States and, frankly, around the world.

China Radio International now broadcasts Beijing-friendly programs on over 30 U.S. outlets, many in major American cities. The China Global Television Network reaches more than 75 million Americans, and it gets its marching orders directly from its Communist Party masters. As China's top leader put it during a visit to the network's headquarters, and I quote, "The media run by the Party and the government are propaganda fronts and must have the Party as their surname."

It's for those reasons and that reality that, last month, the Department of Justice ordered that network to register as a foreign agent.

The Communist Party has also threatened and detained the Chinese family members of American journalists who pry too deep. And it's blocked the websites of U.S. media organizations and made it harder for our journalists to get visas. This happened after the New York Times published investigative reports about the wealth of some of China's leaders.

But the media isn't the only place where the Chinese Communist Party seeks to foster a culture of censorship. The same is true across academia.

I mean, look no further than the Chinese Students and Scholars Association, of which there are more than 150 branches across America's campuses. These groups help organize social events for some of the more than 430,000 Chinese nationals studying in the United States. They also alert Chinese consulates and embassies when Chinese students, and American schools, stray from the Communist Party line.

At the University of Maryland, a Chinese student recently spoke at her graduation of what she called, and I quote, the "fresh air of free speech" in America. The Communist Party's official newspaper swiftly chastised her. She became the victim of a firestorm of criticism on China's tightly-controlled social media, and her family back home was harassed. As for the university itself, its exchange program with China -- one of the nation's most extensive -- suddenly turned from a flood to a trickle.

China exerts academic pressure in other ways, as well. Beijing provides generous funding to universities, think tanks, and scholars, with the understanding that they will avoid ideas that the Communist Party finds dangerous or offensive. China experts in particular know that their visas will be delayed or denied if their research contradicts Beijing's talking points.

And even scholars and groups who avoid Chinese funding are targeted by that country, as the Hudson Institute found out firsthand. After you offered to host a speaker Beijing didn't like, your website suffered a major cyberattack, originating from Shanghai. The Hudson Institute knows better than most that the Chinese Communist Party is trying to undermine academic freedom and the freedom of speech in America today.

These and other actions, taken as a whole, constitute an intensifying effort to shift American public opinion and policy away from the "America First" leadership of President Donald Trump.

But our message to China's rulers is this: This President will not back down. (Applause.) The American people will not be swayed. And we will continue to stand strong for our

security and our economy, even as we hope for improved relations with Beijing.

Our administration is going to continue to act decisively to protect America's interests, American jobs, and American security.

As we rebuild our military, we will continue to assert American interests across the Indo-Pacific.

As we respond to China's trade practices, we will continue to demand an economic relationship with China that is free, fair, and reciprocal. We will demand that Beijing break down its trade barriers, fulfill its obligations, fully open its economy -- just as we have opened ours.

We'll continue to take action against Beijing until the theft of American intellectual property ends once and for all. And we will continue to stand strong until Beijing stops the predatory practice of forced technology transfer. We will protect the private property interests of American enterprise. (Applause.)

And to advance our vision of a free and open Indo-Pacific, we're building new and stronger bonds with nations that share our values across the region, from India to Samoa. Our relationships will flow from a spirit of respect built on partnership, not domination.

We're forging new trade deals on a bilateral basis, just as last week President Trump signed an improved trade deal with South Korea. And we will soon begin historic negotiations for a bilateral free-trade deal with Japan. (Applause.)

I'm also pleased to report that we're streamlining international development and finance programs. We'll be giving foreign nations a just and transparent alternative to China's debt-trap diplomacy. In fact, this week, President Trump will sign the BUILD Act into law.

Next month, it will be my privilege to represent the United States in Singapore and Papua New Guinea, at ASEAN and APEC. There, we will unveil new measures and programs to support a free and open Indo-Pacific. And on behalf of the President, I will deliver the message that America's commitment to the Indo-Pacific has never been stronger. (Applause.)

Closer to home, to protect our interests, we've recently strengthened CFIUS -- the Committee on Foreign Investment -- heightening our scrutiny of Chinese investment in America to protect our national security from Beijing's predatory actions.

And when it comes to Beijing's malign influence and interference in American politics and policy, we will continue to expose it, no matter the form it takes. We will work with leaders at every level of society to defend our national interests and most cherished ideals. The American people will play the decisive role -- and, in fact, they already are.

As we gather here, a new consensus is rising across America. More business leaders are thinking beyond the next quarter, and thinking twice before diving into the Chinese market if it means turning over their intellectual property or abetting Beijing's oppression. But more must follow suit. For example, Google should immediately end development of the "Dragonfly" app that will strengthen Communist Party censorship and compromise the privacy of Chinese customers. (Applause.)

It's also great to see more journalists reporting the truth without fear or favor, digging deep to find where China is interfering in our society, and why. And we hope that American and global news organizations will continue to join this effort on an increasing basis.

More scholars are also speaking out forcefully and defending academic freedom, and more universities and think tanks are mustering the courage to turn away Beijing's easy money, recognizing that every dollar comes with a corresponding demand. And we're confident that their ranks will grow.

And across the nation, the American people are growing in vigilance, with a newfound appreciation for our administration's actions and the President's leadership to reset America's economic and strategic relationship with China. Americans stand strong behind a President that's putting America first.

And under President Trump's leadership, I can assure you, America will stay the course. China should know that the American people and their elected officials in both parties are resolved.

As our National Security Strategy states: We should remember that "Competition does not always mean hostility," nor does it have to. The President has made clear, we want a

constructive relationship with Beijing where our prosperity and security grow together, not apart. While Beijing has been moving further away from this vision, China's rulers can still change course and return to the spirit of reform and opening that characterize the beginning of this relationship decades ago. The American people want nothing more; and the Chinese people deserve nothing less.

The great Chinese storyteller Lu Xun often lamented that his country, and he wrote, "has either looked down at foreigners as brutes, or up to them as saints," but never "as equals." Today, America is reaching out our hand to China. And we hope that soon, Beijing will reach back with deeds, not words, and with renewed respect for America. But be assured: we will not relent until our relationship with China is grounded in fairness, reciprocity, and respect for our sovereignty. (Applause.)

There is an ancient Chinese proverb that reads, "Men see only the present, but heaven sees the future." As we go forward, let us pursue a future of peace and prosperity with resolve and faith. Faith in President Trump's leadership and vision, and the relationship that he has forged with China's president. Faith in the enduring friendship between the American people and the Chinese people. And Faith that heaven sees the future -- and by God's grace, America and China will meet that future together.

Thank you. God bless you. And God bless the United States of America. (Applause.)

END

11:47 A.M. EDT