



Ranking Member John Katko
**CHINA: GREATEST THREAT
TO OUR HOMELAND**

The United States is in a great powers' competition with China, the likes of which will determine the future of the world as we know it. Due to the significant entanglement of the two countries, the Homeland Security mission has never been more important. Many of the United States' most long-standing concerns, such as travel and trade facilitation, must be reimagined while simultaneously performing new missions like cyber threat hunting and supply chain analysis.

The guiding pillars of this strategic pivot are:

- 1) Protecting the American people, the Homeland, and the American way of life
- 2) Promoting American prosperity
- 3) Preserving peace through strength
- 4) Advancing American interests

BORDER SECURITY & IMMIGRATION

The PRC abuses our immigration system and exploits U.S. businesses and academic institutions to obtain access to cutting-edge American technology and information. By illicitly acquiring proprietary information, the PRC undermines American prosperity, our scientific and technological competitiveness, and ultimately—the safety of our armed forces and the American people.

Screening & Vetting

- The U.S. must take immediate action to identify and implement additional screening and vetting actions in response to PRC non-traditional collectors and other malign actors seeking to exploit the U.S. immigration system to steal intellectual property and obtain a competitive advantage.
- The U.S. must also remove the 10-year tourist visa option extended to Chinese nationals.

PRC Immigration Violators

- At present, approximately 40,800 PRC nationals in the United States are subject to final orders of removal. Despite a proclaimed commitment to address this national security threat and adhere to international norms, the PRC has ignored more than 1,300 ICE requests for travel documents since October 2017.
- Consequently, ICE has been forced to release more than 1,000 PRC nationals from custody, many with convictions for violent or other serious crimes.

PRC National Intelligence Law of 2017

- Compels all PRC companies and citizens to “support, assist and cooperate with the state intelligence work in accordance with the [National Intelligence] Law, and keep the secrets of the national intelligence work from becoming known to the public.”

Operation Fox Hunt

- The U.S. must continue to curb the PRC government effort known as Operation Fox Hunt, which Beijing uses to target and repatriate and prosecute PRC individuals living in foreign countries whom the PRC alleges have committed crimes under PRC law.
- These efforts often use unsanctioned or illegal tactics to surveil, threaten, and harass Chinese citizens as well as American citizens and lawful permanent residents living in the United States.

Drug & Human Trafficking

- PRC-based transnational criminal organizations' penetration of illicit networks within the Western Hemisphere allow the traffic of fentanyl, illicit drug precursors, and other harmful substances endangering U.S. communities via the Southwest border, international mail shipments, and express consignment operations.

TRADE & ECONOMIC SECURITY

The promise of access to China's expansive market has drawn U.S. businesses to the PRC. Many decisions that appear advantageous to the individual businesses in the short term can put the company, its clients, and the nation at risk. Over-dependence on a supplier country that can manipulate prices and drive free-market competitors out of business makes the Homeland and the American people vulnerable.

Supply Chain Security

- COVID-19 has spotlighted adversaries' potential weaponization of U.S. supply-chain dependencies.
- The U.S. must address trade asymmetries, such as PRC efforts to dominate critical technologies and target U.S. vaccine research and prioritize the assessment of key supply-chain dependencies of critical infrastructure.

Malign Foreign Investment & Business

- Protecting the Homeland from nefarious foreign investment by providing security guidance involving U.S. businesses and U.S. telecommunications has never been more important.
- DHS plays an active role in the Committee on Foreign Investment in the United States (CFIUS) and the Committee for the Assessment of Foreign Participation in the United States Telecommunications Services Sector (Team Telecom).

Counterfeit, Forced-Labor & Pirated Goods

- Illegal products undercut competitively produced goods, reinforce a forced labor system that contradicts American values, and pose a health and safety risk to millions of Americans nationwide (e.g., faulty airbags, defective toys, substandard medical equipment, etc.).
- CBP issued an unprecedented 8 Withhold Release Orders (WROs) against goods from China to prevent the importation of key products made with forced labor.

Intellectual Property Rights Protection

- The U.S. must be vigilant in supporting companies, academia, and State, Local, Tribal and Territorial (SLTT) partners with intellectual property theft deterrence, prevention, mitigation, and response.
- The ICE HSI-led Export Enforcement Coordination Center (E2C2) curbs the illicit transfer of sensitive, export-controlled items from U.S. industry and in 2020 alone CBP prevented \$287 million in duties from being evaded, of which 90 percent were connected to manufacturers in China.

CYBERSECURITY & CRITICAL INFRASTRUCTURE

Safeguarding the Homeland's critical infrastructure and cyberspace is the preeminent and most complex security issue the U.S. faces. Data is the oil of the modern information age and the PRC is increasing its efforts to consolidate global collection as part of an ongoing, comprehensive effort designed to build its economic strength, shape international information and hold infrastructure under threat in line with its geopolitical and security interests.

Sophisticated Threat Actor

- Chinese President Xi Jinping has consistently highlighted his objective for China to emerge as a 'cyber superpower.'
- China aspires to become not only the world's largest nation in cyberspace but also among the most powerful.
- China's Ministry of State Security (MSS) has emerged as a highly capable actor in cyberspace, demonstrating

increasing sophistication and operational security while undertaking a global campaign of cyber espionage for economic, political and strategic purposes.

- Cyber attacks attributable to Chinese state backed actors include: hacks of Google, Marriott, Equifax, the CLOUD HOPPER campaign, BGP hijacking, OPM hack, COVID research hacks, and Microsoft Exchange Hack.

Data Security

- The PRC has increased its efforts to collect foreign data, through both legal and illegal channels.
- The CCP's focus on data acquisition supports the goals outlined in the PRC's "Made in China 2025" plan.
- As part of this plan, the CCP has indicated that it will aid Chinese companies in their efforts to replace foreign companies as engineers, designers, and manufacturers of key emerging and foundational technologies.

Security of Information and Communication Technology & Other Infrastructure

- There is legitimate concern with the PRC's ability to disrupt U.S. critical infrastructure, most recently highlighted by the recent hack of tens of thousands of local government organizations and small businesses by a Chinese group dubbed "Hafnium."
- Although recent actions thwarted the PRC's attempts to dominate global 5G market share, Beijing continues to threaten and disrupt critical infrastructure, posing new challenges to U.S. homeland security, prosperity, and resilience.
- China is actively engaged in market distortion in other emerging sectors to include: UAVs, rail rolling stock, PNT technology, electrical grid foundational equipment, and advanced battery technology.
- Exponential increases in internet speed, connectivity, and productivity increase the risks of PRC operations against the Homeland.

MARITIME SECURITY

A secure maritime domain at home is predicated on coordinated operations that leverage the authorities and partnerships of our maritime partners abroad. The USCG and CBP provide a strong maritime security presence that reinforces U.S. sovereignty and builds international coalitions to strengthen global norms and protect the rules-based order.

Illegal, Unreported & Unregulated (IUU) Fishing

- The U.S. must address growing concerns of Illegal, Unreported, and Unregulated (IUU) Fishing.
- Chinese interests operate the largest Distant Water Fishing fleet in the world, part of which has been militarized and is capable of projecting power and advancing Chinese strategic interests.

DoD Indo-Pac Support

- The U.S. must step up its efforts to assist homeland security missions such as regional customs enforcement and leveraging USCG assets, operations, and information-sharing agreements with identified priority partners to counter PRC maritime threats.

Arctic Operations

- It is imperative that the U.S. counter to the PRC's growing influence and ambitions as evidenced in Polar Silk Road efforts.
- The USCG needs to increase engagement to bolster allied collaboration and augment the development and deployment of maritime domain awareness technologies (e.g., manned and unmanned aviation assets) as well as surface presence capabilities, namely a robust icebreaking fleet, in the Polar regions.