



U.S.-CHINA ECONOMIC AND SECURITY
REVIEW COMMISSION

Hearing on “China’s Global Quest for Resources and Implications for the United States”

Opening Statement of Commissioner Daniel Slane

January 26, 2012

Washington, DC

Thank you, Commissioner D’Amato, and good morning, everyone. I would like to begin by acknowledging and thanking Senator Ben Nelson and his staff for securing this room for us today.

China’s demand for natural resources highlights the growing interconnectedness of resource security and national security. In recent years, China’s resource policies have had significant security consequences worldwide. The United States recently sanctioned Chinese national oil company Zhuhai Zhenrong for its oil trade with Iran. Chinese mineral investments in African states like Zambia, Zimbabwe, and the Democratic Republic of the Congo have drawn criticism from human rights groups and governments worldwide for their opaque and exploitative nature. And China’s unofficial ban on rare earth exports to Japan in 2010 indicated to the world that China was willing to use critical resources as leverage in its diplomatic relationships.

Nowhere is this relationship between resources and national security more apparent than in the South China Sea. A hub of global commerce and a thoroughfare for 40 percent of the world’s oil, China is dependent on this region for the majority of its energy imports. Moreover, the region has potentially massive untapped oil and gas reserves, prompting Chinese analysts to refer to it as “the second Persian Gulf.” Fish is another valuable and disputed resource in the South China Sea, and fishermen and fishing activities have played an important role in the region’s territorial disputes. The South China Sea constitutes 10 percent of global marine catch, and the region’s fisheries are worth billions of dollars.

China’s naval modernization program is directed in part at ensuring Chinese access to these resources and shipping lanes. Fishermen and fisheries patrols are also significant actors in the disputes. China, in particular, uses the resources of its five maritime security agencies to enforce its claims in disputed waters, by escorting Chinese fishing vessels and enforcing seasonal fishing bans on foreign vessels. These civilian fleets allow Beijing to maintain a maritime presence in disputed waters without having a consistent or overt naval presence.

These policies and activities also affect the United States. As the U.S. implements its foreign policy “pivot” to Asia, the South China Sea is a natural focal point. Secretary of State Hillary Clinton stated in 2010 that freedom of navigation in the South China Sea is a “national interest” for the United States. Ensuring free transit along global sea lanes is vitally important to the United States and the world. Open lines of communication in global commons also enable U.S. military support for our friends and allies around the globe.

We look to our expert witnesses to shed light on these topics and provide recommendations for U.S. policies to ensure predictable, equitable, and secure management of these resources.

Finally, we regret that although the Commission extended invitations to the State Department’s Bureau of Oceans and International Environmental & Scientific Affairs, the State Department’s Bureau of Energy Resources, the Department of Energy’s Office of Policy and International Affairs, the Commerce Department’s National Ocean and Atmospheric Administration, and the Defense Department’s Defense Logistics Agency, all declined to testify.