



Hearing on “China’s Energy Policy and Practices”

Opening Statement of Vice Chair Kimberly Glas

March 17, 2022

Washington, DC

Good morning and thank you for joining us for this very timely and important hearing on China’s energy practices. At the very top of this hearing I want to acknowledge a few things. Commissioner Friedberg has unfortunately had a death in his family and will be unable to participate as a co-chair in this hearing setting today. Please note that he was very involved in the development of this hearing and by every measure is absolutely a co-chair in the development of this important hearing. I also want to acknowledge the Commission staff and their hard work in pulling together this hearing and talking to the various witnesses. We have an esteemed three panel discussion today on very important and timely issues, especially given world events. I want to acknowledge Taylore Roth, Howard Wang, and Charles Horne for all their incredible work. I also want to acknowledge that we have two new Commissioners who have joined our Commission since our last hearing. I want to acknowledge Carte Goodwin has been reappointed by Senator Schumer, and I also want to acknowledge James Mann for his participation on the Commission.

My opening statement also includes elements of what Commissioner Friedberg was going to say this morning, then we will turn to our panelists. This is the third hearing of the U.S.-China Economic and Security Review Commission’s 2022 Annual Report cycle. Today’s hearing will assess China’s energy and climate strategy, and explore implications for the United States.

The last time the Commission held a full hearing examining China’s energy policy was in 2014. Since then, China’s energy generation and regulation have evolved, global climate negotiations have confronted new challenges, and competition in clean energy technology has intensified. The past year alone has been marked by unprecedented climate-related natural disasters and heightened energy market volatility. As both the world’s largest energy consumer and carbon emitter, China is central to our understanding of these developments. Its actions will dictate the course of global climate change. And their development of clean energy technologies are unparalleled.

China’s leaders have announced that China will peak its carbon emissions by 2030 and achieve net zero carbon emissions by 2060. Yet after making these public commitments, China’s

government has not followed through with the policies it needs to come close to matching those commitments.

The future China promises would require a complete overhaul of its economic model. Decades of reliance on investment-led growth have cemented the role of energy and carbon-intensive industries within China's economy.

Although China is the world's largest coal consumer, it recognizes the role of clean energy industries in the future global economy and this sector has been bolstered by the Chinese government, helping national champions to dominate their home market and undercut competitors abroad. Regrettably, we have also seen how the use of forced labor has tainted the supply chain. As China's capabilities in the sector grow, the United States risks allowing some of tomorrow's most critical supply chains to become increasingly China-centric. We have a clear interest in supporting the competitiveness of our clean energy industries while ensuring that U.S. investments in renewable energy infrastructure are supported by U.S. jobs.

In addition to the economic ramifications of China's energy plans and practices, this hearing will also help us understand how China's leaders assess their energy security. As China has accrued wealth and power, its foreign and defense policies have increasingly reflected the imperatives of energy security. In recent years, China has deepened its relationships with revisionist governments like Russia and Iran, signing agreements worth billions that support authoritarian rulers in exchange for access to their oil and gas. This hearing is particularly timely given world events and China-Russia relationship will likely lead to many important questions from our Commissioners.

China's vision for energy has also become more pressing in following Russia's invasion of Ukraine. The potential short and long-term effects of that conflict could have imminent and enduring impact on international energy markets. Mere weeks before the invasion, President Vladimir Putin and General Secretary Xi Jinping's announced that the friendship between the two countries "has no limits," and Putin announced oil and gas deals with China worth an estimated \$117.5 billion USD.¹ How that relationship evolves as the war in Ukraine drags on and international pressure on Russia mounts remains to be seen.

I look forward to hearing today's expert witnesses and thank them for joining us to share their expertise. In addition, I would like to thank the Senate Committee on Health, Education, Labor, and Pensions for securing this room for our use today. The testimonies and transcript from today's hearing will be posted on our website, which is www.uscc.gov. Also, please mark your calendars for the Commission's upcoming hearing on U.S. trade tools to address China's nonmarket economy practices, which will be on April 14.

¹ Joint Statement of the Russian Federation and the People's Republic of China on the International Relations Entering a New Era and the Global Sustainable Development, February 4, 2022. <https://www.airuniversity.af.edu/CASI/Display/Article/2923495/itow-china-russia-joint-statement-on-international-relations-entering-a-new-era/>; Vladimir Soldatkin and Chen Aizhu, "Putin Hails \$117.5 Billion of China Deals as Russia Squares Off with West," *Reuters*, February 4, 2022. <https://www.reuters.com/article/olympics-2022-putin-gas-idAFKBN2K90P7>.