



Hearing on “U.S.-China Competition in Global Supply Chains”

Opening Statement of Commissioner Carte Goodwin

June 9, 2022

Washington, DC

Good morning, and welcome to the sixth hearing of the U.S.-China Economic and Security Review Commission’s 2022 Annual Report cycle. Thank you to our witnesses for joining us today and the effort they have put into their testimony. We are looking forward to the discussion.

China’s emergence in manufacturing and international trade has resulted in it serving a dominant role in global supply chains. As with much of China’s economic rise, the Chinese Communist Party has sought to put its finger on the scale in multiple harmful ways, through various subsidies, market access restrictions, and broader strategic moves designed to encourage the localization and concentration of global value chains and supply networks in mainland China. Today, many of our most critical materials and consumer goods—from pharmaceuticals, to rare earths, to smart phones and laptops—are sourced almost exclusively from China. Many other critical supply chains, such as those for semiconductors, run through East Asia. China’s geographic centrality in an increasingly integrated East Asian region means many of these supply networks are closely interconnected with China. With Beijing’s increasing aggressiveness and willingness to weaponize its economic position, concentration of critical U.S. supply chains in and around China’s borders presents growing risk to the United States.

Many in government and industry are increasingly prioritizing efforts to secure critical supply chains. As we will hear today, gaining visibility into and understanding of global supply chains is the necessary first step to building resilience. Part of this includes gaining a better understanding of the multitude of factors that have contributed to the concentration of supply chains in East Asia. In addition to certain structural features of China’s economy and CCP policies, western companies’ short-term pursuit of lower costs and increased efficiencies has encouraged production and supply lines to migrate across the globe. Unfortunately, this shift has often come at the expense of national security and economic concerns and, as COVID has made us all painfully aware, complex and far-flung supply chains can be highly vulnerable to disruption. And now with the growing geopolitical threats from authoritarian countries, the United States must act urgently to build resilience into our supply chains.

As other countries reconsider their exposure to China’s economy, CCP leaders are attaching increased importance to protecting their position in global supply chains. General Secretary Xi

Jinping himself has stated Chinese supply chains “cannot be broken at critical moments.” Our hearing today will evaluate CCP leaders’ strategy and tactics to strengthen supply chain security and assess their impact on the United States and world economies.

We are joined today by impressive group of witnesses, and I look forward to hearing their recommendations. I would like to especially thank Assistant Secretary of Defense Deborah Rosenblum for her time today. Her team, the Office of Industrial Base Policy, plays a crucial role in ensuring the Department of Defense has an industrial base that is always prepared to support its mission. I would also like to thank the Senate Health, Education, Labor, and Pensions Committee for securing this room for our use today.

I will now turn the floor over to my colleague and co-chair for this hearing, Commissioner Bob Borochoff.