



Hearing: China's Stockpiling and Mobilization Measures for Competition and Conflict

June 13, 2024

Opening Statement of Commissioner Carte Goodwin

Thank you, Commissioner Sims. Good morning. I would like to thank everyone for joining us and thank our witnesses for the time and effort they have put into their testimonies.

Efforts to harden the Chinese economy are another aspect of China's preparations for a potential conflict or crisis with the United States. Stockpiles and dramatic shifts in production are longstanding, historic indicators of significant action. Indeed, during the Cold War the United States Intelligence Community maintained a "Watch Committee" to provide an early warning of hostile actions by the Soviet Union. It did so, in part, through the unrelenting scrutiny of a range of economic indicators. The committee tracked the build-up of the Soviet State Strategic Reserves and monitored it for abnormal activity. Today we ask what economic indicators should a similarly interested China watcher track?

Our hearing will focus on three primary economic dimensions: food, energy, and finance. Limited arable land, stagnant productivity growth, and environmental problems have constrained Beijing's capacity to feed its 1.4 billion people. This runs counter to China's decades-long efforts to achieve self-sufficiency in staple foods.

Chinese energy consumption faces similar constraints. China is dependent on imports for coal, natural gas, and oil, which together account for approximately 80% of its primary energy usage. For policy makers in Beijing, reliance on foreign oil is particularly alarming. Its centrality to industry and combat systems mean a prolonged disruption to suppliers could be disastrous.

In response, Chinese officials have embarked on a series of initiatives to stockpile food and energy. Coupled with efforts to reduce demand, China continues to strive for self-reliance. Although they are unlikely to achieve this in the short term, shifts in China's stockpiles and resource use can be an important signal of an impending crisis.

Unlike the Soviet Union, Chinese trade and finance is also deeply dependent on the global financial system, and particularly the U.S. dollar. Decades of intense globalization have linked the Chinese economy with global markets and finance. This has been central to China's rapid economic growth. But, it has also created deep dependencies, which, in a crisis scenario, could become vulnerabilities. With our expert witnesses, we will explore these contradictions.

Thank you for joining us to discuss these important issues. We look forward to hearing from each of you.

Before we introduce our first panel, I would like to remind our audience that witness testimonies and the hearing transcript is available on our website, uscc.gov.