

# Top 10 Issues With China That Should Concern Every American

The United States has grown dependent on China for lifesaving drugs and supplementing food shortages while its military has become increasingly aggressive. This combination is creating a national security problem that is escalating at a shocking rate.

## Did you know...?

The U.S. imported **\$6.95 billion worth of pharmaceuticals from China in 2022**, up more than eightfold from \$820 million the year before, official data shows.

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China hoarding key commodities has **had an influence on rising food prices across the globe**, including food prices hitting 10-Year highs in 2022.

[Read more at NBC News →](#)

In 2023, data compiled by the Office Of Naval Intelligence says that a growing gap in fleet sizes is being helped by China's shipbuilders being more than **200 times more capable of producing surface warships and submarines**.

[Read more at The War Zone →](#)



Chinese entities have **purchased thousands of acres of land close to multiple Air Force bases**, which the U.S. Government has flagged as raising “Security-Related Concerns”

[Learn more on page 3→](#)

# TOP 10 ISSUES WITH CHINA THAT SHOULD CONCERN EVERY AMERICAN

## THE U.S. IS DEPENDENT ON CHINA FOR LIFESAVING DRUGS

### The U.S. Relies Heavily On Imported Medicines From China

**In June 2023, The FDA Allowed Temporary Imports Of An Unapproved Chinese Cancer Drug In Order To Ease U.S. Shortages.** “The U.S. Food and Drug Administration has authorized the temporary importation of an unapproved chemotherapy drug from China in effort to ease an acute shortage of cancer drugs in the United States, according to an update posted to the agency’s website Friday. Qilu Pharmaceutical, which makes and markets cisplatin injections in China, received FDA permission to export the drug to the U.S. market weeks ago, a document shows. A letter dated May 24 from Qilu’s deputy general manager notified health care professionals of the approval. Qilu is coordinating with a Toronto-based company, Apotex, to distribute 50-milligram cisplatin vials in the U.S.” (Spencer Kimball “FDA Allows Temporary Import Of Unapproved Chinese Cancer Drug To Ease U.S. Shortage,” [CNBC](#), 6/2/23)

**In 2022, The U.S. Imported \$6.95 Billion Worth Of Pharmaceuticals From China, Up More Than Eightfold From \$820 Million In 2021.** “The U.S. imported \$6.95 billion worth of pharmaceuticals from China in 2022, up more than eightfold from \$820 million the year before, official data shows. Demand has remained strong, with imports over the first five months of this year alone totaling more than double the annual tally from 2021. The surge is being driven largely by chemotherapy drugs, immunosuppressants and cardiovascular drugs. Growing demand for chemotherapy drugs has led to shortages in the U.S. Quality control problems in India, a major pharmaceutical exporter, have exacerbated the supply troubles.” (Rintaro Tobita, “U.S. Dependence On China For Lifesaving Drugs Grows,” [Nikkei Asia](#), 8/2/23)

- **Demand Has Remained Strong, With Imports Over The First Five Months Of 2023 Alone Totaling More Than Double The Annual Tally From 2021.** “The U.S. imported \$6.95 billion worth of pharmaceuticals from China in 2022, up more than eightfold from \$820 million the year before, official data shows. Demand has remained strong, with imports over the first five months of this year alone totaling more than double the annual tally from 2021. The surge is being driven largely by chemotherapy drugs, immunosuppressants and cardiovascular drugs. Growing demand for chemotherapy drugs has led to shortages in the U.S. Quality control problems in India, a major pharmaceutical exporter, have exacerbated the supply troubles.” (Rintaro Tobita, “U.S. Dependence On China For Lifesaving Drugs Grows,” [Nikkei Asia](#), 8/2/23)

**Until 2021, China’s Share Of U.S. Pharmaceutical Imports By Value Stood At Around 1 Percent, And By 2022, That Figure Had Grown To 9.6 Percent.** “China has helped to fill the gap. Until 2021, its share of U.S. pharmaceutical imports by value stood at around 1%; by 2022, that figure had grown to 9.6%.” (Rintaro Tobita, “U.S. Dependence On China For Lifesaving Drugs Grows,” [Nikkei Asia](#), 8/2/23)

### In 2019, Reliance On China For Pharmaceuticals Was Seen As A National Security Threat

**In 2019, The Production Of Pharmaceuticals Was Seen As “One Of The Biggest National Security Threats In The U.S.-China Trade War.”** “One of the biggest national security threats in the U.S.-China trade war could be to the everyday medicines taken by millions of Americans. The U.S. relies on imported medicines from China in a big way. Antibiotics, over-the-counter pain meds and the stuff that stops itching and swelling — a lot of it is imported from China.” (Doug Palmer And Finbarr Bermingham, “U.S. Policymakers Worry About China ‘Weaponizing’ Drug Exports,” [Politico](#), 12/20/19)

**A November 2019 [Watchdog Report](#) By The U.S.-China Economic And Security Review Commission And A Congressional Hearing Warned That China Hoped To Surpass The U.S. As The World’s Biggest Producer Of Pharmaceutical Products.** “A watchdog report last month by the U.S.-China Economic and Security Review Commission and a recent congressional hearing warn that China hopes of surpassing the United States as the

world's biggest producer of pharmaceutical products.” (Doug Palmer And Finbarr Bermingham, “U.S. Policymakers Worry About China ‘Weaponizing’ Drug Exports,” [Politico](#), 12/20/19)

**In 2019, A Senior Adviser On Health Care At The Hastings Center Told Lawmakers The U.S. Is Woefully Unprepared To Address Even Minor Disruptions In The Supply Of Everyday Drugs And That “Medicines Can Be Used As A Weapon Of War Against The United States.”** “One of the biggest national security threats in the U.S.-China trade war could be to the everyday medicines taken by millions of Americans. The U.S. relies on imported medicines from China in a big way. Antibiotics, over-the-counter pain meds and the stuff that stops itching and swelling — a lot of it is imported from China. President Donald Trump and Chinese President Xi Jinping so far have left pharmaceuticals out of the bilateral trade war, including the announcement last week of a mini-deal. While Trump has used national security as a rationale to slap tariffs or trade sanctions on a variety of imports, medical supplies haven’t fallen under such scrutiny. But the U.S. is woefully unprepared to address even minor disruptions in the supply of these drugs. ‘Medicines can be used as a weapon of war against the United States,’ Rosemary Gibson, a senior adviser on health care issues at the bioethics-focused Hastings Center and co-author of ‘China Rx: Exposing the Risks of America’s Dependence on China for Medicine,’ told lawmakers last month. ‘Supplies can be withheld. Medicines can be made with lethal contaminants or sold without any real medicine in them, rendering them ineffective.’” (Doug Palmer And Finbarr Bermingham, “U.S. Policymakers Worry About China ‘Weaponizing’ Drug Exports,” [Politico](#), 12/20/19)

- **Rosemary Gibson, The Senior Adviser On Health Care Issues At The Hastings Center And Co-Author Of “China Rx: Exposing The Risks Of America’s Dependence On China For Medicine,” Wrote An Op-Ed In The Seattle Times Titled, “U.S. Dependence On China For Medicine Is A Major Problem.”** (Rosemary Gibson Opinion Piece, “U.S. Dependence On China For Medicine Is A Major Problem,” [The Seattle Times](#), 7/21/19)

## **CHINA IS PURCHASING LAND NEAR U.S. MILITARY BASES**

**Chinese Entities Have Purchased Thousands Of Acres Of Land Close To Multiple Air Force Bases, Which The U.S. Government Has Flagged As Raising “Security-Related Concerns”**

**In May 2023, The Biden Administration Proposed A Rule Change From The Treasury Department’s Office Of Investment Security That Would Require The U.S. Government To Approve Any Attempt By Foreign Firms Or Citizens To Purchase Property Within 100 Miles Of The Base In North Dakota And Seven Other Bases In California, Texas, South Dakota, Iowa And Arizona.** “Foreign nationals or companies would have to get a greenlight from the U.S. government before buying land near eight U.S. military bases under a new rule proposed by the Biden administration on Friday. The move comes after a Chinese company planned to build a milling plant near an Air Force base in Grand Forks, North Dakota, until the Pentagon and lawmakers raised objections and local officials scrapped the project. Under the proposed rule change from the Treasury Department’s Office of Investment Security, the U.S. government would need to approve any attempt by foreign firms or citizens to purchase property within 100 miles of the base in North Dakota and seven other bases in California, Texas, South Dakota, Iowa and Arizona.” (Dan De Luce, “Foreign Purchase Of Land Near U.S. Military Bases Would Require Government Approval Under Proposed Rule,” [NBC](#), 5/5/23)

**In November 2021, The Fufeng Group Of Shandong, China, Purchased A 370-Acre Plot Of Land 12 Miles From Grand Forks Air Force Base In North Dakota.** “In November of 2021, Grand Forks, North Dakota announced that Fufeng Group of Shandong, China had selected the area as a location for a new wet corn mill. According to a May report by the U.S.-China Economic and Security Review Commission (USCC), the new Fufeng Group mill would be on a 370-acre plot of land located about 12 miles from the Grand Forks Air Force Base. The U.S. Air Force base is home to some of the top U.S. intelligence, surveillance, and reconnaissance capabilities. The base is home to 319th Reconnaissance Wing, which is one of the major operators of the RQ-4 Global Hawk

unmanned aerial reconnaissance vehicles. The base will also host a new space networking center which will help facilitate U.S. military communications across the globe.” ([American Military News](#), 11/14/22)

- **General Atomics Aeronautical Systems, The American Contractor Responsible For Unmanned Aircraft Systems At Grand Forks Air Force Base, Said, “American Leaders Should Be Very, Very Concerned” By The Acquisition.** “But General Atomics Aeronautical Systems, the American contractor responsible for developing the unmanned aircraft systems at the air base, issued a statement opposing the investment and called on the U.S. government to halt the project. ‘Chinese business efforts are inextricably linked with Chinese government efforts,’ General Atomics Aeronautical Systems spokesman Mark Brinkley said. ‘We can’t ignore the opportunity for sophisticated military espionage to co-locate itself within a Chinese business of such scale and scope. Given the proximity to critical national airspace and sensitive military operations on and around Grand Forks Air Force Base, American leaders should be very, very concerned.’” ([Nikkei Asia](#), 10/18/22)

**The U.S. China Economic And Security Review Commission Reported The Land Could Be “Particularly Convenient For Monitoring Air Traffic Flows In And Out Of The Base, Among Other Security-Related Concerns.”** “The USCC report said the land purchase near the U.S. military base could be “particularly convenient for monitoring air traffic flows in and out of the base, among other security-related concerns.” ([American Military News](#), 11/14/22)

**Another Firm, Guanghui Energy Co, Owned By A Billionaire With Ties To The CCP, Purchased 140,000 Acres About 70 Miles From Laughlin Air Force Base.** “Prior to the Fufeng Group’s effort to buy up land near Grand Forks Air Force Base, another Chinese firm had begun efforts to buy up around 140,000 acres of land located about 70 miles from Laughlin Air Force Base. That Chinese Firm, Guanghui Energy Co. Ltd, wanted to build a massive wind farm known as the Blue Hills Wind Project. Guanghui Energy Co. is owned by Sun Guangxin. Sun is a Chinese billionaire who reportedly has ties to the ruling Chinese Communist Party.” ([American Military News](#), 11/14/22)

## CHINA IS BUYING UP AMERICAN AGRIBUSINESS, THREATENING FOOD SECURITY

### Chinese Hoarding Commodities Has Led To Rising Food Prices Across The Globe

**China Hoarding Key Commodities Has Had An Influence On Rising Food Prices Across The Globe, Including Food Prices Hitting 10-Year Highs In 2022.** “In recent months, food prices have hit 10-year highs, causing concern worldwide. Supply-chain bottlenecks, labor shortages, bad weather and a surge in consumer demand are among the factors responsible for the spike. So, too, is a lesser-known phenomenon: China is hoarding key commodities.” (Adam Minter Opinion, “One Reason For Rising Food Prices? Chinese Hoarding,” [Bloomberg](#), 1/4/22)

- **According To The U.S. Department Of Agriculture, By Mid-2022, China Held 69 Percent Of The World’s Corn Reserves, 60 Percent Of Its Rice, And 51 Percent Of Its Wheat.** “By mid-2022, according to the U.S. Department of Agriculture, China will hold 69% of the world’s corn reserves, 60% of its rice and 51% of its wheat. By China’s own estimation, these reserves are at a ‘historically high level’ and are contributing to higher global food prices. For China, such stockpiles are necessary to ensure it won’t be at the mercy of major food exporters such as the U.S.” (Adam Minter Opinion, “One Reason For Rising Food Prices? Chinese Hoarding,” [Bloomberg](#), 1/4/22)
- **By China’s Own Estimation, Their Reserves Were At A “Historically High Level” And Were Contributing To Higher Global Food Prices.** “By mid-2022, according to the U.S. Department of Agriculture, China will hold 69% of the world’s corn reserves, 60% of its rice and 51% of its wheat. By China’s own estimation, these reserves are at a ‘historically high level’ and are contributing to higher global food prices. For China, such stockpiles are necessary to ensure it won’t be at the mercy of major food exporters such as the U.S. But

other countries, especially in the developing world, might ask why less than 20% of the world's population is hoarding so much of its food. China has operated granaries for thousands of years. In imperial times, they served as a source of tax revenue and a means of managing bad harvests, natural disasters, and war. Their importance grew as China's population soared, yet the state's ability to manage them faltered. During the late 19th and early 20th centuries, natural and political disasters brought hunger and starvation to millions. Outsiders referred to China as "the land of famine." Political instability and revolution soon followed." (Adam Minter Opinion, "One Reason For Rising Food Prices? Chinese Hoarding," [Bloomberg](#), 1/4/22)

**December 2021 Nikkei Asia Headline: "China Hoards Over Half The World's Grain, Pushing Up Global Prices."** (Shin Watanabe And Aiko Munakata, "China Hoards Over Half The World's Grain, Pushing Up Global Prices," [Nikkei Asia](#), 12/23/21)

### **China's Purchases Of U.S. Farms And Agribusinesses Threatens America's Food Security**

**The U.S.-China Economic And Security Review Commission: "The CCP (Chinese Communist Party) May Have Undue Leverage Over U.S. Supply Chains If Further Consolidations And Chinese Purchases Of U.S. Agribusinesses Take Place."** ([U.S.-China Economic And Security Review Commission](#), 5/26/22)

- **Rep. Dusty Johnson: "Food Security Is National Security" When Discussing The Possibility Of Chinese Influence Over American Agribusiness** "Chinese entities slowly are buying up more U.S. farmland. Some members of Congress see that as a threat to national security. One of them is South Dakota Republican Rep. Dusty Johnson, a member of the new China-focused committee. He told Morning Edition's Steve Inskeep on Wednesday that while China is by no means a major player in U.S. agriculture, its growing holdings abroad are cause for concern. 'Food security is national security,' he said. 'And I think we've seen that Russia was able to exercise undue influence over Europe because they supplied them [with] so much natural gas. And similarly, if China has control over food supplies in South America, Africa, Southeast Asia, even in North America, that can give them more power, more coercive power, over the globe.'" (Rachel Treisman, "China Is Buying Up More U.S. Farmland. Some Lawmakers Consider That A Security Threat," [NPR](#), 3/1/23)

### **Chinese Owned Entities Own Approximately 383,000 Acres Of U.S. Farmland, Raising Concerns About The Possibility Of A Chinese Owned Agricultural Monopoly**

**According To The USDA, Chinese Landowners Own Approximately 383,000 Acres of U.S. Farmland, Worth Close To \$1.9 Billion.** "According to the USDA, Chinese landowners control approximately 383,000 acres of U.S. farmland – and their investments are growing, FOX Business' Lydia Hu reported on Monday. Chinese ownership of U.S. farmland jumped more than 20-fold in a decade from \$81 million in 2010 to nearly \$1.9 billion in 2021." ([Fox Business](#), 2/6/23)

**Chinese Areas Of Investments Have Included Purchasing Farmland And Major Agribusinesses, Including Pork Processing Company Smithfield Foods.** "Chinese firms have expanded their presence in American agriculture over the last decade by snapping up farmland and purchasing major agribusinesses, like pork processing giant Smithfield Foods. By the start of 2020, Chinese owners controlled about 192,000 agricultural acres in the U.S., worth \$1.9 billion, including land used for farming, ranching and forestry, according to the Agriculture Department." ([Politico](#), 7/19/21)

- **In 2021, Rep. Dan Newhouse Said, "The Current Trend In The U.S. Is Leading Us Toward The Creation Of A Chinese-Owned Agricultural Land Monopoly."** "USDA reported in 2018 that China's agricultural investments in other nations had grown more than tenfold since 2009. The Communist Party has actively supported investments in foreign agriculture as part of its 'One Belt One Road' economic development plans, aiming to control a greater piece of China's food supply chain. 'The current trend in the U.S. is leading us toward the creation of a Chinese-owned agricultural land monopoly,' Rep. Dan Newhouse (R-Wash.) warned during a recent House Appropriations hearing." ([Politico](#), 7/19/21)

**Chinese Entities Have Been Buying Up More U.S. Farmland In Recent Years, And Some Lawmakers Consider That A Security Threat.** “Chinese entities slowly are buying up more U.S. farmland. Some members of Congress see that as a threat to national security. One of them is South Dakota Republican Rep. Dusty Johnson, a member of the new China-focused committee. He told Morning Edition’s Steve Inskeep on Wednesday that while China is by no means a major player in U.S. agriculture, its growing holdings abroad are cause for concern. ‘Food security is national security,’ he said. ‘And I think we’ve seen that Russia was able to exercise undue influence over Europe because they supplied them [with] so much natural gas. And similarly, if China has control over food supplies in South America, Africa, Southeast Asia, even in North America, that can give them more power, more coercive power, over the globe.’” (Rachel Treisman, “China Is Buying Up More U.S. Farmland. Some Lawmakers Consider That A Security Threat,” NPR, 3/1/23)

## **CHINA IS PLAYING A SIGNIFICANT ROLE IN AMERICA’S FENTANYL CRISIS**

### **China Is Unwilling To Help Stop The Flow Of Fentanyl-Related Precursor Chemicals To The U.S.**

**In May 2023, The Assistant Director For Countering Transnational Organized Crime At Homeland Security Investigations Testified Before Congress That The Fentanyl Crisis “Begins And Ends In China.”** “While its role in the chemical chain is well-known, Chinese actors have their tentacles in other parts of the trade, said Matthew Millhollin, assistant director for countering transnational organized crime at Homeland Security Investigations. ‘This used to be an industry that was dominated by Colombian transnational organizations, charging 10% to 12% to launder illicit funds. That’s now controlled by the Chinese, charging 1% to 2% to launder money back outside the U.S.’ Mr. Millhollin said. ‘This problem begins and ends in China.’” (Tom Howell Jr., “China Remains A Key Player In The Fentanyl Supply Chain, Officials Tell Congress,” [The Washington Times](#), 5/3/23)

**Amid Worsening Geopolitical Tensions With Washington, China Has Been Increasingly Unwilling To Crack Down On Illicit Chemical Shipments.** “Amid worsening geopolitical tensions with Washington, China is increasingly unwilling to crack down on illicit chemical shipments, experts say. ‘It’s important to realize that this is just a gnat on the windshield on the Chinese side of things,’ said Jonathan P. Caulkins, a Carnegie Mellon University professor who researches the criminal drug trade, noting that the sale of fentanyl precursors make up only a ‘tiny, tiny, tiny’ amount of the chemical industry’s global business. The 23 suspects named in the indictment include four Chinese nationals, as well as Mexican cartel bosses, offering a rare window into the global supply network that is fueling the fentanyl crisis devastating communities and families across the United States. More than 70,000 Americans are dying annually from the synthetic opioid, which is up to 50 times more potent than heroin.” (David Ovalle And Nick Miroff, “Sweeping Indictment Shows Role Of China’s Chemical Firms In Fentanyl Crisis,” [The Washington Post](#), 4/27/23)

**According To An April 2023 Indictment, U.S. Prosecutors Found That A Chinese Company Supplied Chemicals And Illicit Substances Used To Make Fentanyl To Mexico’s Notorious Sinaloa Cartel.** “The sales team at the Chinese chemical company offered drug cartel operatives more than the key ingredients needed to make deadly fentanyl bound for the United States. In exchange for payments in cryptocurrency, Wuhan Shuokang Biological Technology dispensed technical assistance and advice to Mexico’s notorious Sinaloa cartel, including which chemicals could be combined most effectively to make the synthetic opioid, and how to economize on ‘starting material,’ according to a U.S. indictment unsealed April 14. U.S. prosecutors say the Chinese company used its professional-looking website to maintain a veneer of legitimacy, but its brokers supplied chemicals and illicit substances to the cartel, helping it flood the United States with the cheap fentanyl that is killing record numbers of Americans. Investigators describe the indictment as among the most significant attempts to link Chinese chemical companies to the Sinaloa gangsters who dominate the fentanyl trade. But if previous U.S. criminal cases against suppliers are any indication, there is little chance the Chinese suspects will be prosecuted.” (David Ovalle And Nick Miroff, “Sweeping Indictment Shows Role Of China’s Chemical Firms In Fentanyl Crisis,” [The Washington Post](#), 4/27/23)

**In June 2023, The U.S. Justice Department Announced Charges Against China-Based Chemical Manufacturing Companies And The Arrests Of Executives In Fentanyl Manufacturing.** “The Justice Department today announced the arrest of two individuals and the unsealing of three indictments in the Southern and Eastern Districts of New York charging China-based companies and their employees with crimes related to fentanyl production, distribution, and sales resulting from precursor chemicals.” (U.S. Department Of Justice, “Justice Department Announces Charges Against China-Based Chemical Manufacturing Companies And Arrests Of Executives In Fentanyl Manufacturing,” [Press Release](#), 6/23/23)

- **The Justice Department Filed Criminal Charges Against Four Chinese Chemical Manufacturing Companies And Eight Individuals Over Allegations They Illegally Trafficked The Chemicals Used To Make Fentanyl.** “The US justice department has filed criminal charges against four Chinese chemical manufacturing companies and eight individuals over allegations they illegally trafficked the chemicals used to make fentanyl, a highly addictive painkiller that has fueled the opioid crisis in the United States. It is the first time the United States has charged Chinese companies for trafficking fentanyl precursor chemicals inside the United States, rather than shipping them to Mexico, the origin of most of the fentanyl found in the country. ‘These companies and their employees knowingly conspired to manufacture deadly fentanyl for distribution in the United States,’ the attorney general, Merrick Garland, announced on Friday.” (“US Charges Chinese Individuals And Firms Over Fentanyl Chemical Trafficking,” [The Guardian](#), 6/23/23)

**Just One Of The China-Based Chemical Companies Shipped More Than 200 Kilograms Of Fentanyl-Related Precursor Chemicals To The U.S. For The Purpose Of Making 50 Kilograms Of Fentanyl, A Quantity That Could Kill 25 Million Americans.** “Just one of these China-based chemical companies shipped more than 200 kilograms of fentanyl-related precursor chemicals to the US for the purpose of making 50 kilograms of fentanyl, a quantity that could contain enough deadly doses of fentanyl to kill 25 million Americans,’ said Garland.” (“US Charges Chinese Individuals And Firms Over Fentanyl Chemical Trafficking,” [The Guardian](#), 6/23/23)

**According To A January 2020 DEA Report, China Remained The Primary Source Of Fentanyl And Fentanyl-Related Substances Trafficked Through International Mail And Express Consignment Operations Environment, As Well As The Main Source For All Fentanyl-Related Substances Trafficked Into The U.S.** “Currently, China remains the primary source of fentanyl and fentanyl-related substances trafficked through international mail and express consignment operations environment, as well as the main source for all fentanyl-related substances trafficked into the United States. Seizures of fentanyl sourced from China average less than one kilogram in weight, and often test above 90 percent concentration of pure fentanyl.” (“Fentanyl Flow To The United States,” [DEA Intelligence Report](#), January 2020)

## **CHINA IS ATTEMPTING TO CONVINCING ITS TRADING PARTNERS TO DITCH THE DOLLAR**

### **China Has Been Attempting A De-Dollarization**

**China Has Been Ramping Up Efforts To Use The Renminbi (RMB) In Trade With Partners, And BRICS (Brazil, Russia, India, China, And South Africa) Are Considering A New Common Currency As An Alternative To Using The U.S. Dollar To Settle Trade.** “Yet talk of de-dollarization is in the air. Fueled by fears of U.S. sanctions, Russia and China appear to be ramping up efforts, yet again, to use the renminbi (RMB) in trade with partners, while BRICS countries are weighing a new common currency as yet another alternative.” (Christina Lu, “The Bid To Dethrone The Dollar,” [Foreign Policy](#), 5/12/23)

- **China’s Effort At De-Dollarization Is An Attempt To Become Less Dependent On The U.S. Dollar, Whether By Using Another Currency To Settle Cross-Border Trade.** “De-dollarization refers to a country’s effort to become less dependent on the dollar, whether by using another currency to settle cross-border trade or diversifying reserves away from the dollar by turning to gold, the Chinese yuan, or bitcoin. It doesn’t necessarily mean that the greenback has become less vital for that country’s economy—or that its reign is

over. (Especially when the U.S. Federal Reserve's decisions on interest rates mark the tune that nearly every other country dances to.)" (Christina Lu, "The Bid To Dethrone The Dollar," [Foreign Policy](#), 5/12/23)

**As Part Of China's Bid To Internationalize Its Currency, A Number Of Countries Beyond Russia—including Saudi Arabia, Bangladesh, India, Argentina, Brazil, Pakistan, Iraq, And Bolivia—Have Recently Either Traded In RMB Or Expressed Their Willingness To Do So In The Future.** "China's recent efforts have only added fuel to the fire. As part of China's bid to internationalize its currency, a number of countries beyond Russia—including Saudi Arabia, Bangladesh, India, Argentina, Brazil, Pakistan, Iraq, and Bolivia—have recently either traded in the yuan or expressed their willingness to do so in the future. They are spinning their tires: Cross-border transactions denominated in RMB are still a tiny fraction of business done in the dollar or the euro." (Christina Lu, "The Bid To Dethrone The Dollar," [Foreign Policy](#), 5/12/23)

**Russia Has Ramped Up its Use Of Chinese Currency In Response To Western Sanctions Against Their Economy.** "Much of the current attention is driven by Russia, which has ramped up its use of the yuan to cope with sweeping Western sanctions. After the Kremlin invaded Ukraine in February 2022, the G-7 hit back with a spate of punishing economic measures. That strangled the Russian economy—and forced Moscow to rapidly seek alternatives to both the dollar and euro. 'There's no doubt that the Russians have been forced to de-dollarize and also de-euroize their trade,' said Brad Setser, a former senior advisor to the U.S. trade representative during the Biden administration, now at the Council on Foreign Relations. 'There is evidence that Russia in particular is making greater use of the yuan, and it's also clear that the Chinese and others are looking for opportunities to expand the use of the yuan in trade settlement.'" (Christina Lu, "The Bid To Dethrone The Dollar," [Foreign Policy](#), 5/12/23)

**Countries That Are Economically Dependent On China May Also Be Attempting To Curry Favor With Them By Using Their Currency.** "Countries that are economically dependent on China may also be attempting to curry favor with Beijing, which has been encouraging the internationalization of the yuan. 'It could just be about trying to signal to China that we're on your team and we want to help you there,' McDowell said. 'So some of it's political and symbolic.'" (Christina Lu, "The Bid To Dethrone The Dollar," [Foreign Policy](#), 5/12/23)

**China Has Made Efforts To Internationalize Their Currency Going Back To The 2008 Global Financial Crisis.** "No, this has been underway for years. China's efforts to internationalize the yuan date back to at least the 2008 global financial crisis, when American banks stopped lending and Beijing was left in the lurch. Ever since, China has worked to build up its resilience and expand the use of the yuan in trade, including by striking a spate of bilateral currency swap deals and establishing the Cross-Border Interbank Payment System (CIPS)." (Christina Lu, "The Bid To Dethrone The Dollar," [Foreign Policy](#), 5/12/23)

**China's Recent Efforts Are Related To Concerns About Potential U.S. Sanctions.** "As Western nations levy harsh sanctions against Moscow, Beijing is worried that it could be next. Given the current fraught geopolitical climate, China hopes that reducing its reliance on the dollar will help act as a buffer against the threat of U.S. sanctions." (Christina Lu, "The Bid To Dethrone The Dollar," [Foreign Policy](#), 5/12/23)

### **China Has Made Little Progress So Far**

**The U.S. Dollar Accounted For Roughly 42 Percent Of Global Payments; China's Currency Accounts For About 2.4 Percent.** "For both trade financing and reserves, China's long-standing efforts to expand the use of the yuan have failed to make much of a dent. In March, the dollar accounted for 41.7 percent of global payments—just slightly eclipsing the yuan's share of 2.4 percent, according to data from the Society for Worldwide Interbank Financial Telecommunication. Similarly, last year, 58 percent of the world's foreign exchange reserves were held in dollars, compared to just 2.7 percent in Chinese yuan. It's hard to replace the dollar when one doesn't allow free convertibility, which severely limits the yuan's international appeal." (Christina Lu, "The Bid To Dethrone The Dollar," [Foreign Policy](#), 5/12/23)



# CHINA'S SHIPBUILDING CAPACITY NOW DWARFS THE U.S.

## China's Shipbuilding Capacity Is 232 Times Greater Than The United States

**In 2023, Data Compiled By The Office Of Naval Intelligence Says That A Growing Gap In Fleet Sizes Is Being Helped By China's Shipbuilders Being More Than 200 Times More Capable Of Producing Surface Warships And Submarines. The U.S. Navy Confirmed The Authenticity Of The Briefing Slide.** "U.S. Navy briefing slide is calling new attention to the worrisome disparity between Chinese and U.S. capacity to build new naval vessels and total naval force sizes. The data compiled by the Office of Naval Intelligence says that a growing gap in fleet sizes is being helped by China's shipbuilders being more than 200 times more capable of producing surface warships and submarines. This underscores longstanding concerns about the U.S. Navy's ability to challenge Chinese fleets, as well as sustain its forces afloat, in any future high-end conflict. In a statement to The War Zone, the U.S. Navy has confirmed the authenticity of the slide, seen in full below, which has been circulating online." (Joseph Trevithick, "Alarming Navy Intel Slide Warns Of China's 200 Times Greater Shipbuilding Capacity," [The War Zone](#), 7/11/23)

**China's Shipyards Have A Building Capacity 232 Times Greater Than The United States (23,250,000 Million Tons Versus Less Than 100,000 Tons).** "The most eye-catching component of the slide is a depiction of the relative Chinese and U.S. shipbuilding capacity expressed in terms of gross tonnage. The graphic shows that China's shipyards have a capacity of around 23,250,000 million tons versus less than 100,000 tons in the United States. That is at least an astonishing 232 times greater than the United States. U.S.-based shipbuilding capacity was in decline even before the end of the Cold War, but steadily shrunk even more afterward. It is at a particularly low point, across the board, now." (Joseph Trevithick, "Alarming Navy Intel Slide Warns Of China's 200 Times Greater Shipbuilding Capacity," [The War Zone](#), 7/11/23)

## This Ship Building Capacity Has Allowed China's Navy To Become The Largest In The World

**The Report Shows As Of 2020 The People's Liberation Army Navy (PLAN) Had 355 Battle Force Ships And The U.S. Navy Had 296. It's Estimated By 2035, The Gap Would Widen To 475 To 305.** "The slide also includes projected sizes for the U.S. Navy and PLAN 'battle forces' – defined as the total number of 'combatant ships, submarines, mine warfare ships, major amphibious ships, [and] large combat support auxiliary ships' – for every five years between 2020 and 2035. It says that as of 2020, the PLAN had 355 battle force ships and the U.S. Navy had 296. By 2035, the gap between the figures for China (475) and the United States (305 to 317) widens substantially." (Joseph Trevithick, "Alarming Navy Intel Slide Warns Of China's 200 Times Greater Shipbuilding Capacity," [The War Zone](#), 7/11/23)

- **PLAN Is Already The Largest Navy In The World In Terms Of Total Vessels And Is Steadily Acquiring A Range Of More Modern And Capable Designs, Including A Growing Fleet Of Aircraft Carriers.** "China's People's Liberation Army Navy is already the largest in the world in terms of total vessels and is steadily acquiring a range of more modern and capable designs, including a growing fleet of aircraft carriers. The figures provided show the size gap between China's naval fleets and those of the United States only continuing to grow." (Joseph Trevithick, "Alarming Navy Intel Slide Warns Of China's 200 Times Greater Shipbuilding Capacity," [The War Zone](#), 7/11/23)

## The Lack Of U.S. Shipyard Capacity Also Poses A Problem For The Maintenance Of The Current Fleet And Ability To Quickly Repair Ships In The Event Of A Conflict

**In February 2023, The Secretary Of The Navy Told Congress That China Has 13 Shipyards And That In Some Cases One Chinese "Shipyard Has More Capacity Than All Of Our (U.S.) Shipyards Combined" And "That Presents A Real Threat."** "U.S. military officials, members of Congress, and naval experts have all been drawing attention to the widening gap in total size between the U.S. Navy and the PLAN, as well as concerns

about shipbuilding capacity, for years now. 'They have 13 shipyards, in some cases their shipyard has more capacity – one shipyard has more capacity than all of our shipyards combined,' Secretary of the Navy Carlos Del Toro told members of Congress at a hearing in February. 'That presents a real threat.'" (Joseph Trevithick, "Alarming Navy Intel Slide Warns Of China's 200 Times Greater Shipbuilding Capacity," [The War Zone](#), 7/11/23)

**Shipyard Capacity Has Become A Concern For The Navy For Sustaining The Current Fleet And Having The Ability To Repair A Battle-Damaged Ships And Get Them Back Into Service Relatively Rapidly In A Major Future Conflict.** "Shipyard capacity for sustainment of existing fleets is also something that has been a subject of great concern in the United States for some time now. After decades of cutting back on spending, the U.S. Navy has been trying to explore ways to alleviate those issues, including by modernizing its own remaining shipyards and expanding its use of commercial yards to conduct various types of often sensitive work. Reflecting the trend of shipbuilding capacity increasingly being found outside of the United States, the latter category could eventually include more foreign-owned and operated yards, including ones in Japan, too. ... In addition, this reality has prompted major concerns with regard to the U.S. Navy's capacity, or lack thereof, to repair battle-damaged ships and get them back into service relatively rapidly in a major future conflict. The multi-day fire that gutted the Wasp class amphibious assault ship USS Bonhomme Richard while it was in port undergoing maintenance in 2020 reinvigorated discussions about the service's limited capacity to process damaged ships in an actual crisis. This has only been magnified by the increasing possibility of a major conflict in the Pacific." (Joseph Trevithick, "Alarming Navy Intel Slide Warns Of China's 200 Times Greater Shipbuilding Capacity," [The War Zone](#), 7/11/23)

## CHINA'S MILITARY HAS BECOME MORE AGGRESSIVE

### In July 2023, Eleven Chinese And Russia Ships Sailed Close To Alaska

**In July 2023, Eleven Chinese And Russian Ships Patrolled Close To The Aleutian Islands (Technically They Never Entered U.S. Territorial Waters).** "A combined Russian and Chinese naval force patrolled near the coast of Alaska last week in what U.S. experts said appeared to be the largest such flotilla to approach American shores. Eleven Russian and Chinese ships steamed close to the Aleutian Islands, according to U.S. officials. The ships, which never entered U.S. territorial waters and have since left, were shadowed by four U.S. destroyers and P-8 Poseidon aircraft. 'It is a historical first,' said Brent Sadler, a senior research fellow at the Heritage Foundation and a retired Navy captain. 'Given the context of the war in Ukraine and tensions around Taiwan, this move is highly provocative.'" (Michael R. Gordon and Nancy A. Youssef, "Russia and China Sent Large Naval Patrol Near Alaska," [The Wall Street Journal](#), 8/6/23)

- **The Chinese Embassy Spokesman Claimed The Action Was "Not Targeted At Any Third Party And Has Nothing To Do With The Current International And Regional Situation."** "'According to the annual cooperation plan between the Chinese and Russian militaries, naval vessels of the two countries have recently conducted joint maritime patrols in relevant waters in the western and northern Pacific Ocean. This action is not targeted at any third party and has nothing to do with the current international and regional situation,' the Chinese Embassy spokesman, Liu Pengyu, said." (Michael R. Gordon and Nancy A. Youssef, "Russia and China Sent Large Naval Patrol Near Alaska," [The Wall Street Journal](#), 8/6/23)

**Admiral John Aquilino, Who Leads U.S. Indo-Pacific Command, Said That Joint Russian and Chinese "Exercises Have Increased, Their Operations Have Increased. I Only See The Cooperation Getting Stronger, And Boy That's Concerning. That's A Dangerous World."** "Adm. John Aquilino, who leads U.S. Indo-Pacific Command, which is responsible for U.S. military operations in the Asia Pacific, said last month that the U.S. had already begun watching the current Russian and Chinese patrol and was trying to determine whether they were headed to the Aleutian Islands, Philippine Sea, Guam or Hawaii. Joint Russian and Chinese 'exercises have increased, their operations have increased. I only see the cooperation getting stronger, and boy that's concerning. That's a dangerous world,' Aquilino said last month while speaking at the Aspen Security Forum." (Michael R. Gordon and Nancy A. Youssef, "Russia and China Sent Large Naval Patrol Near Alaska," [The Wall Street Journal](#), 8/6/23)

## **In June 2023, A Chinese Warship Made A Dangerous Maneuver Close To A U.S. Destroyer In The Taiwan Strait**

**A U.S. Destroyer Was Conducting A 'Routine' Transit Of The Taiwan Strait On Saturday When A Chinese Ship Cut In Front Of The U.S. Vessel, Coming Within 150 Yards (137 Meters).** "The U.S. military said the American destroyer Chung-Hoon and Canadian frigate Montreal were conducting a 'routine' transit of the strait on Saturday when the Chinese ship cut in front of the U.S. vessel, coming within 150 yards (137 meters). In the video released by the U.S. Navy, the Chinese ship can be seen sailing across the path of the Chung-Hoon in calm waters. The Chung-Hoon does not change course." (Andrea Shalal and Daphne Psaledakis, "After Dangerous Encounters, US Accuses China Of Military 'Aggressiveness,'" [Reuters](#), 6/6/23)

**The White House Said Recent Dangerous Encounters Between U.S. And Chinese Forces In The Taiwan Strait And South China Sea Reflect A Growing Aggressiveness By Beijing's Military That Raises The Risk Of An Error In Which "Somebody Gets Hurt."** "The White House said on Monday recent dangerous encounters between U.S. and Chinese forces in the Taiwan Strait and South China Sea reflect a growing aggressiveness by Beijing's military that raises the risk of an error in which 'somebody gets hurt.' Washington's sharply worded warning followed the U.S. Navy's release on Sunday of a video of what it called an 'unsafe interaction' in the Taiwan Strait in which a Chinese warship crossed in front of a U.S. destroyer in the sensitive waterway." (Andrea Shalal and Daphne Psaledakis, "After Dangerous Encounters, US Accuses China Of Military 'Aggressiveness,'" [Reuters](#), 6/6/23)

**U.S. Officials Have Been Describing A More Confrontational Posture By China's Military For At Least The Past Year. A RAND Corporation Defense Analyst Noted That "China Is Only Increasing The Chances For Miscalculation - Namely Ships Or Aircraft Accidentally Colliding - That Could Then Spiral Into Armed Conflict."** "Some independent analysts said the latest incidents suggest a more aggressive shift in tactics by China against what it sees as an encroachment by U.S. and allied forces. But U.S. officials have been describing a more confrontational posture by Beijing's forces for at least the past year. 'China is only increasing the chances for miscalculation - namely ships or aircraft accidentally colliding - that could then spiral into armed conflict,' said Derek Grossman, senior defense analyst at the RAND Corporation, a U.S. think tank." (Andrea Shalal and Daphne Psaledakis, "After Dangerous Encounters, US Accuses China Of Military 'Aggressiveness,'" [Reuters](#), 6/6/23)

## **In May 2023, A Chinese Fighter Came Dangerously Close To A U.S. reconnaissance aircraft over the South China Sea**

**In May 2023, A Chinese J-16 Fighter 'Flew Directly In Front Of The Nose Of The RC-135' Reconnaissance Aircraft Which Was Conducting Routine Operations In International Airspace Over The South China Sea.** "The U.S. military said Tuesday that a Chinese fighter jet flew aggressively close to a U.S. reconnaissance aircraft over the South China Sea, forcing the American pilot to fly through the turbulent wake. The Chinese J-16 fighter pilot 'flew directly in front of the nose of the RC-135,' which was conducting routine operations in international airspace last Friday, U.S. Indo-Pacific Command said in a statement. It called the Chinese move an 'unnecessarily aggressive maneuver.' (Lolita C. Baldor, "US Military Complains Of Unsafe, Aggressive Move By Chinese Fighter Jet," [The Associated Press](#), 5/30/23)

**U.S. Defense Leaders Have Noted That China's Military Has Become Significantly More Aggressive Over The Past Five Years, Intercepting U.S. Aircraft And Ships In The Region, With An Increasing Number Of Unsafe Interactions.** "U.S. defense leaders have complained that China's military has become significantly more aggressive over the past five years, intercepting U.S. aircraft and ships in the region. And tensions with China have only grown in recent months over Washington's military support and sales of defensive weapons to self-governing Taiwan, China's assertions of sovereignty to the contested South China Sea and its flying of a suspected spy balloon over the U.S. In a visit to the Indo-Pacific last summer, U.S. Gen. Mark Milley, chairman of the Joint Chiefs of Staff, said the number of intercepts by Chinese aircraft and ships in the Pacific region with U.S. and other partner forces has increased significantly over that time, and the number of unsafe interactions has risen by similar proportions." (Lolita C. Baldor, "US Military Complains Of Unsafe, Aggressive Move By Chinese Fighter Jet," [The Associated Press](#), 5/30/23)

# THE BIDEN ADMINISTRATION CONSULTED CHINA BEFORE TAPPING STRATEGIC PETROLEUM RESERVES

**In August 2023, It Was Revealed That In 2021 China's Top Energy Official Was Consulted By U.S. Energy Secretary Jennifer Granholm Days Before Biden Announced The U.S. Would Tap The Strategic Petroleum Reserve (SPR) To Combat High Gas Prices**

**In November 2021, U.S. Energy Secretary Jennifer Granholm Engaged In Multiple Conversations With The Chinese Government's Top Energy Official Days Before The Biden Administration Announced It Would Tap The Strategic Petroleum Reserve (SPR) To Combat High Gas Prices.** “EXCLUSIVE: Energy Secretary Jennifer Granholm engaged in multiple conversations with the Chinese government's top energy official days before the Biden administration announced it would tap the Strategic Petroleum Reserve (SPR) to combat high gas prices in 2021. Granholm's previously-undisclosed talks with China National Energy Administration Chairman Zhang Jianhua — revealed in internal Energy Department calendars obtained by Americans for Public Trust (APT) and shared with Fox News Digital — reveal that the Biden administration likely discussed its plans to release oil from the SPR with China before its public announcement. According to the calendars, Granholm spoke in one-on-one conversations with Jianhua, who is a longstanding senior member of the Chinese Communist Party, on Nov. 19, 2021, and two days later on Nov. 21, 2021. Then, on Nov. 23, 2021, the White House announced a release of 50 million barrels of oil from the SPR, the largest release of its kind in U.S. history at the time.” (Thomas Catenacci, “Energy Sec Granholm Secretly Consulted Top CCP Energy Official Before SPR Releases,” [Fox News](#), 8/4/23)

- **Americans for Public Trust (APT) Executive Director Caitlin Sutherland Noted This Raises Questions About The Level Of Chinese Influence On The Biden Administration's Energy Agenda.** “Secretary Granholm's multiple closed-door meetings with a CCP-connected energy official raise serious questions about the level of Chinese influence on the Biden administration's energy agenda,” APT Executive Director Caitlin Sutherland told Fox News Digital.” (Thomas Catenacci, “Energy Sec Granholm Secretly Consulted Top CCP Energy Official Before SPR Releases,” [Fox News](#), 8/4/23)

**The Department Of Energy Claims The Meeting Was Broadly About Climate Change, But Refused To Disclose What Was Addressed At The Meeting (Biden Opened The SPR Only Two Days After The Final Meeting).** “In a statement, the DOE said the meeting was broadly part of the agency's effort to combat climate change, but didn't share what was discussed at the meeting. ‘Solving the climate crisis means engaging with competitors and allies in clear and substantive discussions — especially among the nations emitting the most carbon pollution into the atmosphere,’ a DOE spokesperson told Fox News Digital. ‘We must all address the transnational challenge of climate change to our planet.’” (Thomas Catenacci, “Energy Sec Granholm Secretly Consulted Top CCP Energy Official Before SPR Releases,” [Fox News](#), 8/4/23)

**When Biden Released Oil From The U.S. Reserves, He Claimed China Would As Well From Their Reserves, But They Didn't**

**In November 2021, Biden Said That The U.S. Was Releasing Oil From Its Reserves In Conjunction With “Other Major Energy Consuming Nations Including China.”** “As part of its announcement in November 2021, the White House said it was releasing oil from U.S. reserves in conjunction with ‘other major energy consuming nations including China.’ However, President Biden said in remarks after the announcement that China ‘may do more as well’ and Granholm told reporters during a press briefing that China ‘will make its own announcement.’” (Thomas Catenacci, “Energy Sec Granholm Secretly Consulted Top CCP Energy Official Before SPR Releases,” [Fox News](#), 8/4/23)

**But Since That Announcement, China Has Instead Increased Their Reserves Of Oil. China Now Has The World's Largest Stockpile Of Oil, With Total Crude Inventories Estimated At 950 Million Barrels.** “Republican leaders have warned that China, instead of releasing oil stocks, has increased its own reserves since Biden and

Granholt's announcement in November 2021. They have argued the SPR releases weakened U.S. national security and bolstered foreign adversaries' 'geopolitical leverage.' 'China ramped up its purchases of crude oil from Russia and the United States to boost its own reserves, even as oil prices surged and President Biden called for a coordinated release,' House Energy and Commerce Chair Cathy McMorris Rodgers, R-Wash., and former GOP Rep. Fred Upton wrote to Granholt last year. 'As a result, China may now control the world's largest stockpile of oil, with total crude inventories estimated at 950 million barrels,' they added." (Thomas Catenacci, "Energy Sec Granholt Secretly Consulted Top CCP Energy Official Before SPR Releases," [Fox News](#), 8/4/23)

- **The U.S. Oil Reserve Level Has Fallen To About 346.8 Million Barrels Of Oil, The Lowest Level Since August 1983.** "The SPR's level has fallen to about 346.8 million barrels of oil, the lowest level since August 1983, according to Energy Information Administration data released on July 28. The current level is also 43% lower than its level recorded days prior to the November 2021 release." (Thomas Catenacci, "Energy Sec Granholt Secretly Consulted Top CCP Energy Official Before SPR Releases," [Fox News](#), 8/4/23)

**The U.S. Sold Oil From The SPR To Chinese State-Run Energy Companies.** "In addition, the White House and Department of Energy has been heavily criticized for allowing SPR sales to flow to Chinese state-run energy companies. The White House then fired back in July 2022, arguing that its hands were tied since it is legally required to sell SPR oil to the highest bidder." (Thomas Catenacci, "Energy Sec Granholt Secretly Consulted Top CCP Energy Official Before SPR Releases," [Fox News](#), 8/4/23)

**The U.S. Has Sold At Least Two Million Barrels Of Oil From The SPR To UNIPEC, An Affiliate Of The State-Controlled China Petrochemical Corporation.** "The administration has sold at least two million barrels of oil from the SPR to Unipet, an affiliate of the state-controlled China Petrochemical Corporation. Jianhua, who met with Granholt in 2021, served in a leadership role for years at the China Petrochemical Corporation, Reuters previously reported. The first such sale was part of a 20-million-barrel SPR sale awarded to eight companies in September 2021. The other two — both sales for 950,000 barrels of oil — came in April 2022 and July 2022, respectively." (Thomas Catenacci, "Energy Sec Granholt Secretly Consulted Top CCP Energy Official Before SPR Releases," [Fox News](#), 8/4/23)

### **China Has Been Increasingly Buying Russian Oil During Their Invasion Of Ukraine**

**China Currently Gets Nearly 800,000 Barrels Per Day Via A Pipeline From Russia (in Addition To Imports By Sea). Talks Are Underway For An Additional Oil Pipeline To Deliver Oil From Siberia To China, Which COULD MAKE RUSSIA CHINA'S BIGGEST SUPPLIER OF GAS.** "But China also gets nearly 800,000 barrels per day via a pipeline from Russia (in addition to imports by sea), although this is currently believed to be at or near full capacity. ... China's seaborne imports of Russian oil did increase in 2022, but then fell back before increasing again in the latter part of the year and early this year. ... China imports most of its gas via pipeline from Central Asia - Turkmenistan is currently the largest supplier. But a new pipeline, known as Power of Siberia, is due to be completed later this decade, and could make Russia China's biggest supplier of gas. Some reports say the two countries are close to agreeing to start construction next year." (Shruti Menon, "Ukraine Crisis: Who Is Buying Russian Oil And Gas?" [BBC News](#), 5/23/23)

## **CHINA HAS RETALIATED TO U.S. CHIP SANCTIONS**

### **China Has Begun To Retaliate Against U.S. Chip Sanctions But Restricting Exports Of Rare Earth Metals**

**On July 3, 2023, China Announced It Was Going To Restrict Export Of Gallium And Germanium, Two Metals Widely Used In Semiconductors And Electric Vehicles.** "Companies caught out by China's decision to restrict exports of two metals widely used in semiconductors and electric vehicles were racing to secure supplies on Tuesday as some industry suppliers worried that curbs on rare earth exports could follow. Monday's abrupt announcement of controls from Aug. 1 on exports of some gallium and germanium products has ramped up a trade war with the United States and could potentially cause more disruption to global supply chains. ... The announcement came on the eve of U.S. Independence Day and just before U.S. Secretary of Treasury Janet Yellen visits Beijing." (Amy Lv and Brenda Goh, "Beijing Jabs In US-China Tech Fight With Chip Material Export Curbs," [Reuters](#), 7/4/23)

- **“The Eight Gallium And Six Germanium Products Cited Are Also Used In Other High-Tech Industries. ... China Produces Most Of The World's Gallium And Germanium.”** (Amy Lv and Brenda Goh, “Beijing Jabs In US-China Tech Fight With Chip Material Export Curbs,” [Reuters](#), 7/4/23)

**In 2021, The U.S. Imported More Than 50 Percent Of The Gallium And Germanium It Used From China.** “The United States is dependent on China for these the two critical elements. It imported more than 50% of the gallium and germanium it used in 2021 from the country, the US Geological Survey showed.” (Laura He, “China Just Played A Trump Card In The Chip War. Are More Export Curbs Coming?” [CNN](#), 7/5/23)

**Analysts Shaw The Move As A Response To The U.S.’s Action Related To Limiting Semiconductor Technology Available To China.** “Analysts saw the move, which the Chinese commerce ministry said was to protect national security, as a response to escalating efforts by Washington to curb China's technological advances. ‘China has hit the American trade restrictions where it hurts,’ said Peter Arkell, chairman of the Global Mining Association of China.” (Amy Lv and Brenda Goh, “Beijing Jabs In US-China Tech Fight With Chip Material Export Curbs,” [Reuters](#), 7/4/23)

- **An Analyst From A Strategy Firm That Specializes In China Noted That The Move Was A Message To The U.S. That China “Holds Significant Cards When It Comes To Inputs To The Semiconductor, Aerospace, And Automobile Industries, And Can And Will Increasingly Be Willing To Inflict Pain On U.S. Companies.”** “Paul Triolo, senior vice president for China at strategy firm Albright Stonebridge, said the restrictions are likely to target companies in the semiconductor and defense industry, and it could help China gain more bargaining power. ‘It's clearly timed to send a not-so-subtle message to the Biden administration that China holds significant cards when it comes to inputs to the semiconductor, aerospace, and automobile industries, and can and will increasingly be willing to inflict pain on U.S. companies,’ said Triolo.” (Amy Lv and Brenda Goh, “Beijing Jabs In US-China Tech Fight With Chip Material Export Curbs,” [Reuters](#), 7/4/23)
- **Some In The Metals Industry Said They Feared China Could Follow With New Restrictions On Rare Earth Exports; China Is The World's Biggest Producer Of Rare Earths, A Group Of Metals Used In EVs And Military Equipment.** “Some in the metals industry said they feared China could follow with new restrictions on rare earth exports, after curbing shipments 12 years ago in a dispute with Japan. China is the world's biggest producer of rare earths, a group of metals used in EVs and military equipment. ‘Gallium and germanium are just a couple of the minor metals that are so important for the range of tech products and China is the dominant producer of most of these metals,’ Arkell said. ‘It is a fantasy to suggest that another country can replace China in the short or even medium term.’” (Amy Lv and Brenda Goh, “Beijing Jabs In US-China Tech Fight With Chip Material Export Curbs,” [Reuters](#), 7/4/23)

**In May 2023, China Made Another Retaliatory Move By Banning Some Of Their Domestic Sectors From Purchasing Products From U.S. Memory Chipmaker Micron.** “China's controls come as Washington mulls new restrictions on the shipment of high-tech microchips to China, following a series of curbs in recent years. The United States and the Netherlands are also expected to further restrict sales of chipmaking equipment to China, part of efforts to prevent their technology from being used by China's military. Beijing last made a retaliatory move in May, when it banned some domestic sectors from purchasing products from U.S. memory chipmaker Micron (MU.O). Jefferies analysts said they saw the export controls as China's second, bigger countermeasure after the Micron ban. ‘The risk of a rapid escalation of U.S.-China tension is not small,’ they said.” (Amy Lv and Brenda Goh, “Beijing Jabs In US-China Tech Fight With Chip Material Export Curbs,” [Reuters](#), 7/4/23)

### **The Moves Are Seen As Retaliation To An Export Ban The U.S. Placed On Advanced Chip Making Equipment**

**In October 2022, The U.S. (Along With Japan And The Netherlands), Set Export Controls That Banned Chinese Companies From Buying Advanced Chips And Chip-Making Equipment Without A License.** “Last October, the Biden administration unveiled a set of export controls banning Chinese companies from buying

advanced chips and chip-making equipment without a license. Chips are vital for everything from smartphones and self-driving cars to advanced computing and weapons manufacturing. US officials have talked about the move as a measure to protect national security interests. But it didn't stop there. For the curbs to be effective, Washington needed other key suppliers, located in the Netherlands and Japan, to join. They did." (Laura He, "China Just Played A Trump Card In The Chip War. Are More Export Curbs Coming?" [CNN](#), 7/5/23)

## THE U.S. DEPENDS ON CHINA FOR DRONE PRODUCTION

### The Majority Of Drones In The U.S., Including Those Used By Local And Federal Government Agencies, Are Produced By Chinese Companies

**July 2023 Foreign Policy Headline: "There's No Substitute For Chinese Drones (And That's A Problem)"** (Faine Greenwood "There's No Substitute For Chinese Drones (And That's A Problem): Grounding DJI Products Is Already Causing Severe Issues," [Foreign Policy](#), 7/9/23)

**In 2022, "Hundreds Of Chinese-Manufactured Drones" Were Detected In Restricted Airspace Over Washington, D.C., A Trend That National Security Agencies Feared Could Become A New Means For Foreign Espionage.** "Hundreds of Chinese-manufactured drones have been detected in restricted airspace over Washington, D.C., in recent months, a trend that national security agencies fear could become a new means for foreign espionage. The recreational drones made by Chinese company DJI, which are designed with 'geofencing' restrictions to keep them out of sensitive locations, are being manipulated by users with simple workarounds to fly over no-go zones around the nation's capital." (Bryan Bender And Andrew Desiderio, "Senators Alarmed Over Potential Chinese Drone Spy Threat," [Politico](#), 11/23/22)

- **Recreational Drones Made By Chinese Company DJI, Which Are Designed With "Geofencing" Restrictions To Keep Them Out Of Sensitive Locations, Have Been Manipulated By Users With Simple Workarounds To Fly Over No-Go Zones Around D.C.** "Hundreds of Chinese-manufactured drones have been detected in restricted airspace over Washington, D.C., in recent months, a trend that national security agencies fear could become a new means for foreign espionage. The recreational drones made by Chinese company DJI, which are designed with 'geofencing' restrictions to keep them out of sensitive locations, are being manipulated by users with simple workarounds to fly over no-go zones around the nation's capital." (Bryan Bender And Andrew Desiderio, "Senators Alarmed Over Potential Chinese Drone Spy Threat," [Politico](#), 11/23/22)

**In Recent Years, State Governments And Local And Federal Police Have Been Buying Thousands Of Drones Made By Chinese Companies, DJI And Autel.** "In Washington D.C., lawmakers have been banging the drum about China potentially turning drones from Beijing's industry giants into remote aerial surveillance machines, threatening national security and Americans' privacy. Yet U.S. cops and states continue to purchase Beijing manufacturers' drones. Freedom of Information Act responses and previously-unreported police data reveal state and local agencies have registered thousands of Chinese flying machines from companies Autel and DJI, the world's biggest drone maker valued at \$16 billion. That even extends to the United States Capitol Police: records of state government drone registrations at the Federal Aviation Administration show the United States Capitol Police has four models manufactured by China's Autel Robotics." (Thomas Brewster, "Exclusive: U.S. States Are Flying Thousands Of Chinese Drones Across The East Coast. Marco Rubio Is Furious," [Forbes](#), 6/1/23)

**China Dominates The Global Market For Commercial Drones, With A Majority Produced By DJI, Or Da Jang Innovations, A Technology Company Started In 2006 In Shenzhen, China.** "Cost-effective quadcopters — or multirotor drones — have become popular with infrastructure and public safety organizations, especially as developments in miniaturization have enabled smaller, less expensive fleets of drones without sacrificing capability. China has moved to capitalize on the miniaturization movement and the demand for compact, economical, high-performance drones. China dominates the global market for commercial drones, with a majority produced by DJI, or Da Jang Innovations, a technology company started in 2006 in Shenzhen, China, by young technology entrepreneur Frank Wang." (Brian Harrell And Travis Moran, "The Pressing Threat Of Chinese-Made Drones Flying Above U.S. Critical Infrastructure," [Cyberscoop](#), 3/23/23)