

COUNTERING COERCIVE ENVELOPMENT: HOW TO RESIST PRC POLITICAL-MARITIME CONTROL IN ASIA AND BEYOND

Dr. Andrew S. Erickson
Professor of Strategy, China Maritime Studies Institute, Naval War College
Visiting Scholar, Fairbank Center for Chinese Studies, Harvard University

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Chairman Bera, Ranking Member Yoho, Members:

China under Xi Jinping, with the full support of the Chinese Communist Party (CCP), has the most ambitious, assertive national strategy of any great power today, with specific targets through 2049. The goal is no secret: Xi vows to make China great again by pursuing a “China Dream” of “national rejuvenation.”

The problem is that these goals run roughshod over the rights and wellbeing of millions and the freedom of non-Chinese societies; and have great potential to jeopardize the peace of China’s region, as well as the rules and functions of the international system on which all depend.

Today Hong Kong’s long-deteriorating situation has come to a head. Just hours ago, Beijing railroaded through a popularly-opposed National Security Law negating the Special Autonomous Region’s judicial system and cherished freedoms.¹ Xi reportedly signed the law, even though the public has not yet seen it. Political opponents are vulnerable as never before; everyone is potentially at risk. Beijing has abruptly abandoned binding commitments and reassurances, which underwrote Hong Kong’s handover from Britain in 1997, and its subsequent special treatment by the United States and other nations. Hong Kong’s identity and status lies damaged and altered irrevocably.

If the United States and its allies and partners do not counter China’s coercive envelopment of formerly free people and places, there will be much worse to come.

Please allow me to share my *personal* suggestions concerning the key challenges and how best to address them.

RADIATING RANGE RINGS

Since the CCP took Beijing in 1949, it has systematically extended a cordon of control and coercion in concentric circles from the capital and continental heartland. Chairman Mao, who led this process as the paramount leader of the People’s Republic of China (PRC) for its first quarter-century, stressed tellingly that “Political power grows from the barrel of a gun.”² Indeed, Mao’s Party’s Gun, the People’s Liberation Army (PLA) is one of the world’s last remaining party armies. Whether it was invading and subjugating Tibet in 1951, colonizing Xinjiang in subsequent years, opposing U.S. and allied forces in the Korean War, fighting land border wars with India and Vietnam and a skirmish with the Soviet Union during the Cold War, PLA forces were the vanguard of Beijing’s power.³

Today, Beijing’s political-military push-out is extending beyond continental China. With the notable exception of India, the PRC has settled border disputes with the vast majority of its 14 terrestrial neighbors. At sea, however, Beijing has outstanding disputes with all eight of its maritime neighbors, including a claimed existential opposition to Taiwan’s very existence as a self-governing capitalist democracy. The Yellow, East, and South China Seas are home to all Beijing’s unresolved island/feature and maritime claims disputes; and the vast majority of its outstanding sovereignty disputes. Accordingly, the range rings of China’s most intensive military

capabilities and activities overlap with these “Near Seas” and their immediate approaches. Beijing’s goal is to coercively envelop maritime East Asia to establish an exclusion zone within which it controls its sovereignty claims, commands its neighbors’ deference, and counters intervention of the United States and any combination of its allies and partners in “core interests,” claims disputes first among them.

MARITIME MAINSTAY: NUMBERS MATTER

In the “Near Seas,” Beijing is coercively enveloping disputed features and zones. It has gained great ground in the South China Sea, where it has many claims and many relatively weak neighbors. Here it has not extended control over many features, using what some term a “cabbage strategy” of surrounding them with layers of ships and sailors that opponents find extremely escalatory, or simply impossible, to overcome. It has built features into artificial “islands” and fortified them, contrary to General Secretary Xi Jinping’s promise to President Obama in 2015. Although the South China Sea is a large, vital, resource-rich international waterway, Beijing claims nearly all of it in some form, and is working to close it off from international rules and norms. Fortified features host ground-based radars supporting an increasingly robust targeting network for PLA weapons.⁴

China is leveraging the world’s second largest economy and defense budget to develop and network an increasingly capable joint force. Its quantity leads the world in many areas, and its quality is improving rapidly across the board. As part of a concerted effort to outflank opponents in physics and finances, China boasts the world’s largest conventional missile force.⁵

On the front lines across the “Near Seas,” however, Beijing primarily employs three sea forces to advance its objectives: the PLA Navy (PLAN), China Coast Guard (CCG), and People’s Armed Forces Maritime Militia (PAFMM). Each is the sea component of one of China’s three major armed forces. Thanks in part to an incredibly large and fast shipbuilding expansion, one of the biggest in modern history, each is the world’s largest of its type by number of ships. Numbers aren’t everything, but they matter greatly—especially in the Near Seas. They multiply Beijing’s options by affording more options in more places at once. They can overwhelm weaker neighbors. They can outmaneuver a globally-dispersed U.S. Navy. It’s important to grasp just how dominant China’s ship numbers are, and how much more dominant they risk becoming.⁶

China has the world’s largest navy. While many advocate a U.S. Navy of 355+ (manned and unmanned) ships, China already has its own fully-manned 355+ ship navy, and within a decade is projected to exceed that benchmark by 70 ships. At the end of 2020, the U.S. Office of Naval Intelligence (ONI) assesses, China will have 360 battle force ships vs. the U.S. Navy’s ~300. In 2025, ONI projects, China’s Navy will have 400 ships. In 2030, ONI projects, China’s Navy will have 425 ships. Even if the U.S. Navy reaches its current goal of 355+ by then, China’s Navy could still have 70 more ships.⁷

China has the world’s largest coast guard. Unlike the U.S. Coast Guard, the China Coast Guard (CCG) is charged with advancing disputed sovereignty claims. As China’s sea services continue to expand, the consolidating CCG has taken the lead as one of the premier sea

forces in the region—giving China, in essence, a second navy. With 1,275 hulls and counting, the CCG carries out the maritime law-enforcement activities that dominate the South China Sea as the PRC exerts its claims and postures for dominance. Over the past decade-plus, China has undertaken a massive maritime law enforcement (MLE) modernization program that has increased greatly its capability to operate MLE vessels in remote areas. This build-out has yielded Beijing a formidable “second navy.” Today China boasts not only the world’s largest navy but also the world’s largest MLE fleet—by a sizable margin. China’s coast guard has ~260 ships capable of operating far offshore, many capable of operating anywhere in the world; in addition to at least another 1,050 smaller vessels confined to closer waters, for a total of more than 1,300 hulls. From 2005 to 2020, this represents overall a fifteen-year net increase of four hundred total coast guard ships, among them 202 additional ships capable of operating offshore, representing 350 percent growth in that category. At more than ten thousand tons full load each, China’s two *Zhaotou*-class patrol ships are the world’s largest MLE ships.⁸

China has the world’s largest maritime militia. Only Vietnam is known to have an equivalent sea force to pursue disputed sovereignty claims. While virtually unique and publicly obscure, China’s Maritime Militia is known clearly to the U.S. government, which monitors it closely. A component of the People’s Armed Forces, the PAFMM is a state-organized, -developed, and -controlled force operating under a direct military chain of command to conduct Chinese state-sponsored activities. The PAFMM is locally supported, but answers to the very top of China’s military bureaucracy: Commander-in-Chief Xi himself.⁹

PAFMM units have participated in manifold maritime incidents throughout the South and East China Seas, including to advance disputed sovereignty claims. Publicly-documented examples include China’s 1974 seizure of the Western Paracel Islands from Vietnam; 1978 swarming into the Senkaku Islands’ territorial sea; involvement in the occupation and development of Mischief Reef resulting in a 1995 incident with the Philippines; harassment of various Vietnamese government/survey vessels, including the Bin Minh and Viking; harassment of USNS *Impeccable* (2009) and *Howard O. Lorenzen* (2014); participation in the 2012 seizure of Scarborough Reef from the Philippines and 2014 blockade of Second Thomas Shoal; 2014 repulsion of Vietnamese vessels from disputed waters surrounding CNOOC’s HYSY-981 oil rig; large surge of ships near the Senkakus in 2016 and layered “cabbage-style” envelopment of the Philippines-claimed Sandy Cay shoal near Thitu Island, where China has sustained a presence of at least two PAFMM vessels since August 2017.

The elite units engaged in these incidents incorporate marine industry workers (e.g., fishermen) directly into China’s armed forces. While retaining day jobs, they are organized and trained in the PAFMM and often by China’s Navy, and activated on demand. Since 2015, starting in Sansha City in the Paracels, China has been developing more professionalized, militarized, well-paid full-time units including military recruits, crewing 84 purpose-built vessels with mast-mounted water cannons for spraying and reinforced steel hulls for ramming. Lacking fishing responsibilities, personnel train for peacetime and wartime contingencies, including the use of light arms, and deploy regularly to disputed South China Sea features even during fishing moratoriums.

While it may ultimately use any means necessary to achieve its aims, China prefers to achieve them at the lowest level of escalation. Hence its preference for employing its sea forces in gray zone operations, or “low-intensity maritime rights protection struggles,” at a level designed to frustrate effective response by the other parties involved. This undermines vital American interests in maintaining the regional status quo, including the rules and norms on which peace and prosperity depend. As the National Security Strategy of the United States of America 2017 emphasizes, China is engaged in continuous competition with America—neither fully “at peace” nor “at war.” Per this national guidance, the United States must continue to raise its competitive game to meet that challenge, in part by addressing the potential risks to U.S. interests and values posed by all three Chinese sea forces. Beijing is gaming U.S. reactions and desire to avoid escalation if possible. Yet China has a similar interest in avoiding escalation, hence its gray zone activities. Having more options for finely calibrated responses is useful, including responses that are not purely reactive.¹⁰

Two potential new layers of coercive envelopment would have particularly negative consequences and hence merit particular American opposition. First, China seized Scarborough Shoal from the Philippines in 2012, but has not dredged, fortified, or installed radar on it the way it has done on many other seized features. Doing so would greatly enhance Chinese control of the South China Sea and its vital waterways and airways. Second, Chinese sources have discussed declaring and enforcing an Air Defense Identification Zone (ADIZ) around large clusters of PRC-held Spratly features in the southern portion of the South China Sea. Chinese discussion and practice suggest that Beijing might attempt to do so in a severely restrictive manner contrary to international law. Should Beijing proceed accordingly, it would be blocking access to some of the world’s most important airspace and waterspace.

STAKES AND SOLUTIONS

At stake are both the wellbeing of citizens and societies subject to PRC claims and coercion, and the postwar international system whose rules and norms have underwritten unprecedented peace and prosperity for three-quarters of a century. This affects us all; distance from China does not ensure escape. If Beijing can carve out a sphere of influence in a vital but vulnerable region that remains haunted by history, it will unleash a dangerous return to great power competition with 19th century echoes: when might made right, millions suffered without recourse, and the world was literally poorer for it.

Today, Hong Kong is the canary in the coalmine of CCP coercion. Here Beijing is already using its geographic and political-military stranglehold to abrogate a raft of recent promises, including a major international treaty filed at the United Nations: the 1984 Sino-British Joint Declaration. In imposing a National Security Law on Hong Kong that eviscerates the autonomy of the “Special Autonomous Region,” Beijing is merely formalizing a long-term transformation from “One Country, Two Systems” to “One Country, One System” (Or, in PRC rhetoric, “One Country Over Two Systems.”

More broadly, Beijing’s willingness to renege suggests a weakening willingness to abide by agreements and a growing commitment problem for everyone else. If China agrees to a

“deal” today, what mechanisms are in place to prevent an undermining of the terms of that agreement—at least in spirit if not in letter—before the ink is even dry?

Decades before the transfer from British rule in 1997, Beijing was using Hong Kong as a selective portal through which to obtain finances, intelligence, and technology while restricting influence in and information out. In recent years, with the growth of PRC power, Beijing has ever-more-aggressively exploited this unique asymmetric window. Ironically, it is the honoring of the 1984 Sino-British Joint Declaration by other nations such as the United States that has preserved Hong Kong as a unique loophole ripe for exploitation by Beijing. Now, the territory’s exceptional position and attributes lead the PRC to use it to project power across a broad spectrum of financial, technological, and political efforts.

Given the gravity of the threat to American and allied interests, as well as to the international system, **I offer policy recommendations concerning Hong Kong in a separate appendix.** Since Hong Kong’s small size, geography, and geopolitics have rendered it inherently within the scope of Beijing’s security and military services, these are non-military options for U.S. decision-makers. **Most importantly:**

- **Impose costs on Beijing’s ongoing coercive envelopment of Hong Kong.**
- **Undermine China’s ability to exploit Hong Kong as a channel for economic power projection and influence operations abroad.**
- **Create safe havens in the United States and allied/partner countries to absorb Hong Kongers fleeing political persecution and related repression.**
- **Prohibit the export of semiconductor manufacturing equipment, other core dual use technologies, and support services to Mainland China and Hong Kong.**
- **Amend Section 241 and other relevant portions of the Countering America’s Adversaries with Sanctions (“CAATSA”) law in order to leverage an effective and existing set of options for calibrated, targeted measures against selected PRC Mainland and Hong Kong entities and persons.**

PRC efforts to use Hong Kong asymmetrically as a portal for power projection represent an extreme case, but also a microcosm of what Beijing is doing around the world, and will be able to do even more detrimentally if it can extend its coercive cordon. PRC efforts at control and coercion will not stop with Hong Kong and Macau. Left unchecked, they will continue to intensify and radiate outward: next stop, Taiwan.

Taiwan, the CCP’s next major target and ultimate prize for the foreseeable future, is where the United States and its allies and partners must hold the line on PRC aggression. Xi’s increasing pressure and suppression of Hong Kong and related messaging appears intended in part to intimidate Taiwan. Washington should reject such pressure on Taipei, and instead link it to both ensured and judiciously increased support for Taipei in a carefully calibrated manner. Taiwan has many advantages: nearly 24 million citizens, undeniably operating an autonomous capitalist democracy, buffered by 100 kilometers of water and airspace. The Taiwan Strait is the island democracy’s first line of defense and has helped safeguard its autonomous development for seven decades. Washington should hold a strong defensive line there in this new era of great power competition, while supporting Hong Kong as well as possible in light of enduring and

emerging realities. One of the best ways to deter Beijing from smothering Hong Kong is to show that such aggressive actions will generate progressive American interactions with, and defenses of, Taiwan that will be self-defeating to PRC expansionism thereto.

The stakes are high: A Taiwan deeply penetrated by China would provide an added means to extend pressure and coercion by proxy, and also to attain access to sensitive technologies. This would severely threaten American interests, the protection of which is my focus here. Moreover, rather than automatically adopt language and policies just because of CCP preferences, some respect should be accorded to how people wish to self-identify and self-refer, especially in this day and age.

Regarding Taiwan, I offer policy recommendations across the full diplomatic, information, military, and economic (DIME) spectrum in an appendix below. Most importantly:

- **Hold the line beyond Hong Kong, starting with Taiwan.**
- **Signal support and resolve to Taiwan’s democratic capitalist society and leadership.**
- **Review and pursue fine-tuned enhancement of multiple aspects of the U.S. diplomatic, economic, and security relationships with Taiwan.**
- **Intensify Freedom of Navigation and presence operations to challenge illegal Chinese maritime claims and land reclamation activities in the South China Sea and East China Sea.**

More generally, since the aforementioned process of PRC power projection and predations currently radiating through “Near Seas” and their approaches, much of the problem for the United States is becoming a maritime problem. Much of the solution, for American policymakers, will be a maritime solution. Together with allies and partners where possible, the United States must pursue a comprehensive Joint Force approach informed by the National Military Strategy, itself part of a Whole-of-Government approach informed by the National Security Strategy. But U.S. sea forces have unique capabilities to project peace-preserving presence for extended periods, while remaining ready to dial up deterrence as needed. Given the U.S. Navy’s dispersed global responsibilities vs. China’s concentrated focus on being able to fight and win a regional war over disputed sovereignty claims, potentially against the U.S. and one or more of its allies/partners, a sufficiently-sized U.S. Navy is required to preserve American security and vital interests.

The United States must continue to make clear that it expects all three Chinese sea forces—including the PAFMM—to abide at all times by the same internationally-recognized standards of law, seamanship, and communications to which U.S. maritime forces adhere; including the International Collision Regulations (COLREGS) and other international regulations governing allowable conduct by ships at sea. This includes not tolerating any attempt by the PAFMM to interfere with or compromise the safety, operations, or mission accomplishment of any U.S. government vessel.

My related military- and maritime-specific recommendations include:

- **To ensure presence and capabilities, pursue a sufficiently-sized U.S. Navy.**

- **Take a page from China’s playbook: greatly increase missile inventory and deployment.**
- **Treat PRC armed forces holistically, and resolutely oppose coercive behavior by any of them.**
- **Build capacity and coordinate further with allies and partners.**

Finally, all efforts ultimately hinge on the home front. Our democratic system is great because it honors self-evident truths: human lives matter, people count, citizens know best, and governance requires their freedom to consent and participate. Countering China’s coercive envelopment can thus only succeed over time if it makes sense to citizens across America—particularly as they face ongoing risks to their very medical and economic wellbeing. That is also the best outreach America can have.

To that end, in Appendix C below, I conclude with recommendations to secure America’s supply chains against over-dependence on PRC sourcing. Most importantly:

- As part of a larger strategy to reduce American vulnerabilities to China, specific tools of economic statecraft can be applied to reduce risks caused by reliance on PRC-dominated supply chains for critical goods.
- While employing these tools will be neither easy nor cheap, the coronavirus already reveals the alternative: mounting costs in American economic wellbeing, strategic resilience, and lives.
- The defense industrial base underpins the United States’ ability to protect the nation, preserve freedom of action, and keep our partners supporting these efforts. In the event of confrontation, crisis, or even conflict, PRC entities could impose critical mineral supply restrictions that would threaten to cripple American readiness and ability to sustain and reinforce military operations.
- Because it is unrealistic to onshore production of everything, the focus should instead be on (1) ensuring supplies of irreplaceable inputs, and (2) mitigating the risk that single-point failures or purposeful embargoes jeopardize the readiness and ability of the United States and its allies and partners to sustain peacetime resistance and military operations. Actionable pathways can facilitate and accelerate manufacturing sector onshoring for those goods most critical to U.S. national and economic security.
- Key vulnerabilities to address include items that are irreplaceable for maintaining U.S. operational capabilities and for which China plays a sole source, or near-sole source, supply chain role.
- In particular, America’s world-leading government health care spending can be used to incentivize and insist on secure supply chains.

Thank you, and I welcome your questions.

POLICY RECOMMENDATIONS IN-DEPTH

APPENDIX A: HONG KONG-SPECIFIC RECOMMENDATIONS

There is an urgent need for policymakers impose costs on Beijing’s coercive envelopment of Hong Kong to contain damage to American interests and deter further PRC advances.

Below are two layers of potential action.

Since the stakeholders affected by each level of action are often different, measures can be mixed and matched to increase friction among key actors if need be. Publicity and actors affected can be calibrated to control escalation and adjust for proportionality.

(1) Initial efforts for immediate, simultaneous implementation should focus on key individuals. Responses in this layer are designed to demonstrate to executors of PRC policies that their actions are being scrutinized and egregious acts in Hong Kong (and elsewhere) may prove costly. Options in this layer include sanctioning key officials and CCP-connected elites; and targeting some of the most egregious trade abuses, such as illicit/coerced technology transfer; as well as capital flows, which Beijing may use to help buy influence outright e.g., via media-related purchases and Belt and Road Initiative projects. Many of them put a premium on government analytical capacity, but the United States already needs such significant capacity to handle China’s overall challenges.

- **Create multiple U.S./allied & partner country safe havens for Hong Kongers, particularly those at elevated risk of suppression and political persecution.**
- **Tighten export controls, particularly regarding semiconductors and data/software.**
- **Offer tax-free repatriation of assets from Hong Kong into U.S. markets and assets.**
- **Publish the assets of PRC officials associated with the erosion of Hong Kong’s autonomy, including National People’s Congress delegates and Hong Kong officials who voted to impose Beijing’s national security law on the territory.**
- **Close Macau Loophole.**

(2) Potential follow-on actions should focus on corporate and business entities and entail more systematic actions broadly targeting key aspects of Hong Kong’s financial system and creating legal risks to capital inflows and outflows. Some measures can be implemented relatively quietly too if need be, but the effects will be larger.

- **Amend Specific Sections and Provisions of CAATSA to Create Additional Policymaker Tools vis-à-vis PRC and Hong Kong Entities.**
- **Intensify U.S. and allied/partner country investigation and enforcement of long-arm jurisdiction anti-corruption laws such as the U.S. Foreign Corrupt Practices Act and UK Bribery Act against Hong Kong entities with links to Beijing.**
- **Require U.S. public pension funds and public university endowments to divest from the debt, equity, and other securities/assets of specified PRC firms linked to repression and human rights violations in Hong Kong.**

For complete analysis and recommendations, see: Gabriel B. Collins and Andrew S. Erickson, “Policy Options to Impose Costs on Beijing’s Coercive Envelopment of Hong Kong: Version 1.0,” *China SignPost*TM (洞察中国) 102 (30 June 2020), http://www.chinasignpost.com/wp-content/uploads/2020/06/Hong-Kong-Policy-Options_Impose-Costs-on-Beijing-Coercive-Envelopment_Version-1.0_20200630-1.pdf.

APPENDIX B: TAIWAN-SPECIFIC RECOMMENDATIONS

A number of measures to expand U.S.-Taiwan relations align clearly with American values and interests, and follow logically from policies declared and implemented to date. As such, the United States should pursue them immediately and publicly.

- **Enter a bilateral free trade agreement, deepen Taiwan’s role in measures to diversify critical supply chains away from the PRC.**
- **Move USG-sponsored Mandarin language study programs to Taiwan (ala Taiwan Fellowship Act).**
- **Increased intelligence cooperation, especially on cyber issues.**
- **More robust and overt support for Taiwan in international organizations.**
- **Increased, higher-level, more public meetings between U.S. and Taiwanese officials.**
- **More robust, expanded military cooperation between the U.S. and Taiwan, potentially including allied/partner countries at a later date.**

There are many further actions and communications that the United States could consider vis-à-vis Taiwan; particularly in response to negative PRC behaviors, including further suppression and weaponization of Hong Kong. Given the inherent opportunities and challenges, these efforts might best be pursued in conjunction with a USG review of Taiwan policy. This has not been done since before Taiwan transitioned to a liberal democracy more than 25 years ago. As part of this review, the USG could consider modifying and updating the interpretation or application in practice of currently operative Taiwan-related State Department guidelines; as well as consider modifying and updating the guidelines themselves. A simple place to start would be retiring clunky government-speak terms like using “Taiwans” to mean “Taiwanese people” or “citizens of Taiwan” that sound unnatural to speakers of plain American English and arguably even unintentionally dehumanizing.

For complete analysis and recommendations, see: Gabriel B. Collins and Andrew S. Erickson, “Policy Options to Impose Costs on Beijing’s Coercive Envelopment of Hong Kong: Version 1.0,” *China SignPost*[™] (洞察中国) 102 (30 June 2020), http://www.chinasignpost.com/wp-content/uploads/2020/06/Hong-Kong-Policy-Options_Impose-Costs-on-Beijing-Coercive-Envelopment_Version-1.0_20200630-1.pdf.

APPENDIX C: RECOMMENDATIONS FOR SECURING AMERICAN SUPPLY CHAINS

As part of a larger strategy to reduce American vulnerabilities to China, specific tools of economic statecraft can be applied to reduce risks caused by dependence on PRC-dominated supply chains for critical goods. While employing these tools will be neither easy nor cheap, the coronavirus already reveals the alternative: mounting costs in American economic wellbeing, strategic resilience, and lives.

Because it is unrealistic to onshore production of everything, the focus should instead be on (1) ensuring supplies of irreplaceable inputs, and (2) mitigating the risk that single-point failures or purposeful embargoes jeopardize the readiness and ability of the United States and its allies and

partners to sustain peacetime resistance and military operations. Actionable pathways can facilitate and accelerate manufacturing sector onshoring for those goods most critical to U.S. national and economic security. Key vulnerabilities to address include items that are irreplaceable for maintaining U.S. operational capabilities and for which China plays a sole source, or near-sole source, supply chain role.

The defense industrial base underpins the United States' ability to protect the nation, preserve freedom of action, and keep our partners supporting these efforts. In the event of confrontation, crisis, or even conflict, PRC entities could impose critical mineral supply restrictions that would threaten to cripple American readiness and ability to sustain and renew military systems to compensate for combat attrition. Here "Trusted Source" inputs are particularly important for (1) rare-earth metal refining and permanent magnet production; (2) other key non-REE mineral inputs that are predominantly produced in and sourced from China; (3) Logic and memory chips, capacitors, magnets, printed circuit boards, and other critical electronics hardware. Critical enabling capabilities include (4) enhanced cybersecurity for firms providing inputs to U.S. defense programs, and (5) strict baseline cloud computing security standards to which all U.S. government service providers and vendors and their managed service providers must adhere. Work done by non-governmental organizations (NGOs) on supply chains to ensure non-use of slave labor can be applied to ensure robustness of supply chains.

Life-critical items for U.S. military and civilians, as well as allied Countries include (1) antibiotics; (2) anti-hypertensives, insulin/anti-diabetic drugs, anti-depressants, anticonvulsants, statins, anesthetics, and analgesics; (3) other widely prescribed medications; and (4) medical devices.

To address these challenges, it is necessary to incentivize capable actors to onshore important supply chain elements while minimizing moves to "pick winners" and other interference in the market economy. To do so, the federal government might be authorized to pursue measures to (1) improve strategic situational awareness, (2) leverage our alliances, (3) leverage the U.S. government's world-leading purchasing power, (4) leverage existing private sector capacity, and (5) finance/tax-incentivize additional strategic production capacity. In particular, America's world-leading government health care spending can be used to incentivize and insist on secure supply chains.

For complete analysis and recommendations, see:

- Gabriel B. Collins and Andrew S. Erickson, *Economic Statecraft: Options for Reducing U.S. Overdependence on Chinese-supplied Materials and Medications* (Houston, TX: Baker Institute for Public Policy, Rice University, 23 April 2020), <https://www.bakerinstitute.org/media/files/files/000f91f7/bi-report-042320-ces-statecraft.pdf>.
- Gabriel B. Collins and Andrew S. Erickson, "Should the United States Reduce Its Dependence on China?" Policy Matters podcast, Baker Institute for Public Policy, Rice University, Houston, TX, 19 May 2020, <https://www.stitcher.com/podcast/policy-matters/e/69789827?autoplay=true>.

- Andrew S. Erickson, discussion of the “Energy Dimensions of the Evolving U.S.-China Strategic Relationship,” Center for Energy Studies, Baker Institute for Public Policy, Rice University, Houston, TX, webinar moderated by Gabriel B. Collins, 8 May 2020, <https://www.bakerinstitute.org/events/2084/>.
- Gabriel B. Collins and Andrew S. Erickson, “Time to Curb America’s Manufacturing Dependency on China,” *China SignPost*TM (洞察中国) 101 (24 March 2020), <http://www.chinasignpost.com/2020/03/24/time-to-curb-americas-manufacturing-dependency-on-china/>.

¹ “CE Welcomes Passage of The Law of the People’s Republic of China on Safeguarding National Security in the Hong Kong Special Administrative Region by NPCSC,” press release by the Government of the Hong Kong Special Administrative Region, 30 June 2020,

<https://www.info.gov.hk/gia/general/202006/30/P2020063000767.htm?fontSize=1>.

² Brantly Womack, “From Urban Radical to Rural Revolutionary,” in Timothy Cheek, ed., *A Critical Introduction to Mao* (Cambridge, UK: Cambridge University Press, 2010), 79.

³ Andrew S. Erickson, “Make China Great Again: Xi’s Truly Grand Strategy,” *War on the Rocks*, 30 October 2019, <https://warontherocks.com/2019/10/make-china-great-again-xis-truly-grand-strategy/>.

⁴ Another clear, ongoing example of China’s envelope of assertiveness expanding is its new, ongoing dispute in the South China Sea with Indonesia. The two sides continue to say they have no overlapping claims. Yet Indonesia is clearly concerned about increasingly aggressive Chinese fishing and law enforcement (Coast Guard) activities in its Exclusive Economic Zone.

⁵ Andrew S. Erickson, “How Strong Are China’s Armed Forces?” in Jennifer Rudolph and Michael Szonyi, eds., eds., *The China Questions: Critical Insights into a Rising Power* (Cambridge, MA: Harvard University Press, 2017), 73-80.

⁶ Andrew S. Erickson, “Maritime Numbers Game: Understanding and Responding to China’s Three Sea Forces,” *Indo-Pacific Defense Forum Magazine* 43.4 (December 2018): 30-35, <https://ipdefenseforum.com/maritime-numbers-game/>; Andrew S. Erickson, “Numbers Matter: China’s Three ‘Navies’ Each Have the World’s Most Ships,” *The National Interest*, 26 February 2018, <https://nationalinterest.org/feature/numbers-matter-chinas-three-navies-each-have-the-worlds-most-24653>.

⁷ Ronald O’Rourke, *China Naval Modernization: Implications for U.S. Navy Capabilities—Background and Issues for Congress*, RL33153 (Washington, DC: Congressional Research Service, 21 May 2020), <https://crsreports.congress.gov/product/pdf/RL/RL33153>.

⁸ Andrew S. Erickson, Joshua Hickey, and Henry Holst, “Surging Second Sea Force: China’s Maritime Law-Enforcement Forces, Capabilities, and Future in the Gray Zone and Beyond,” *Naval War College Review* 72.2 (Spring 2019): 11-25, <https://digital-commons.usnwc.edu/cgi/viewcontent.cgi?article=7971&context=nwc-review>; [https://www.oni.navy.mil/Portals/12/Intel%20agencies/China Media/2020 China Recce Poster UNCLAS.jpg?ver=2020-02-19-081430-327](https://www.oni.navy.mil/Portals/12/Intel%20agencies/China%20Media/2020%20China%20Recce%20Poster%20UNCLAS.jpg?ver=2020-02-19-081430-327); ONI, China People’s Liberation Army Navy (PLAN), Coast Guard, and Government Maritime Forces 2019-2020 Recognition and Identification Guide, [https://www.oni.navy.mil/Portals/12/Intel%20agencies/China Media/2020 China Recce Poster UNCLAS.jpg?ver=2020-02-19-081430-327](https://www.oni.navy.mil/Portals/12/Intel%20agencies/China%20Media/2020%20China%20Recce%20Poster%20UNCLAS.jpg?ver=2020-02-19-081430-327).

⁹ Andrew S. Erickson, “Fact Sheet: The People’s Armed Forces Maritime Militia (PAFMM),” Editorial, *The Maritime Executive*, 30 April 2019, <https://www.maritime-executive.com/editorials/fact-sheet-the-peoples-armed-forces-maritime-militia-pafmm>; Andrew S. Erickson, “The China Maritime Militia Bookshelf: Latest Data & Official Statements + My Fact Sheet & Recommendations,” *China Analysis from Original Sources* 以第一手资料研究中国, 7 April 2020, <https://www.andrewerickson.com/2020/04/the-china-maritime-militia-bookshelf-latest-data-official-statements-my-fact-sheet-recommendations/>.

¹⁰ Vietnamese and Indonesian efforts to interdict and impound PRC fishing vessels is one example of a proactive approach.