

# China Sentry

## Weekly Debrief: January 22, 2024

*Covers the period between January 15 - 21, 2024*

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### U.S. Government Updates

#### House committee raises doubts about US Navy's Indo-Pacific logistics

A U.S. congressional committee on China has sent a letter to the Secretary of the Navy raising doubts about a plan to move fuel from Hawaii to storage facilities across the Indo-Pacific and warning that the U.S. military risks being unprepared for a possible conflict. In a letter dated Jan. 17 and seen by Reuters,

Mike Gallagher, the Republican chair of the House of Representatives' select committee on China, told Secretary Carlos Del Toro that a long-term plan to redistribute fuel from Hawaii's Red Hill underground bulk storage facility was a "strategic imperative" in light of China's historic military buildup.<sup>1</sup>

## **US Treasury, Chinese finance officials agree to keep meeting after Beijing talks**

Meetings between U.S. Treasury and Chinese financial officials in Beijing this week concluded with both sides agreeing to continue to meet regularly, the Treasury Department said on Friday. U.S. officials also indicated that Treasury Secretary Janet Yellen looked forward to a return visit to China at an "appropriate time," the department said in a statement. The meeting of the Financial Working Group included discussions on financial stability and capital markets issues, international financial institutions, sustainable finance, cross-border payments and data and efforts to fight money laundering and financing of terrorism.<sup>2</sup>

## **China's military and government acquire Nvidia chips despite US ban**

Chinese military bodies, state-run artificial intelligence research institutes and universities have over the past year purchased small batches of Nvidia (NVDA.O), opens new tab semiconductors banned by the U.S. from export to China, a Reuters review of tender documents show. The sales by largely unknown Chinese suppliers highlight the difficulties Washington faces, despite its bans, in completely cutting off China's access to advanced U.S. chips that could fuel breakthroughs in AI and sophisticated computers for its military.<sup>3</sup>

## **ABB's China operations under investigation by US Congress**

Swiss engineering group ABB's opens new tab operations in China are being scrutinised by two U.S. Congress committees dedicated to investigating security threats and risks posed by Beijing, documents showed on Friday. The committees from the House of Representatives sent a letter this week to ABB inviting executives to public hearings to clarify the company's relationship with a Chinese state-owned company that they said raised "significant concerns". ABB said on Friday it sold its control and electrification equipment to many crane

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<sup>1</sup><https://www.straitstimes.com/asia/house-committee-raises-doubts-about-us-navys-indo-pacific-logistics> *Reuters*

<sup>2</sup><https://www.straitstimes.com/asia/us-treasury-chinese-finance-officials-agree-to-keep-meeting-after-beijing-talks> *Reuters*

<sup>3</sup><https://www.reuters.com/technology/chinas-military-government-acquire-nvidia-chips-despite-us-ban-2024-01-14/> *Reuters*

manufacturers, including Chinese companies, which in turn sold the cranes directly to U.S. ports.<sup>4</sup>

## Congressional Updates

On February 1st at 0930, the [U.S.-China Economic and Security Review Commission](#) will hold a public hearing on “Current and Emerging Technologies in U.S.-China Economic and National Security Competition.”<sup>5</sup>

## Department of Defense Updates

### **Marine deployment to Southeast Asia highlights roles for force design, Pacific posturing; rush to field two air defense systems amid global threats**

The recent deployment of the Marine Corps to Southeast Asia underlines the strategic relevance of the Force Design 2030 and the U.S. military’s posturing in the Pacific region. This deployment highlights the evolving roles and capabilities required in modern military engagements, particularly in response to the unique challenges and opportunities in the Pacific theater. The Marine Corps’ operations in this area are a key component of the broader U.S. strategy for maintaining stability and responding effectively to potential conflicts in the region. For more details, you can read the full article on the USNI News website.<sup>6</sup>

The U.S. Marine Corps is also accelerating the fielding of two air defense systems, the Medium-Range Intercept Capability (MRIC) and the Marine Air Defense Integrated System (MADIS), with a focus on the Pacific region. The MRIC, set for delivery to the 1st Low Altitude Air Defense Battalion in Hawaii by June 2025, is designed to defend against cruise missiles and other threats. The MADIS, successfully tested in Arizona, will provide close-in protection and is slated for the 3rd Littoral Anti-Air Battalion, integral to the Marine Corps’ Pacific-based stand-in force.<sup>7</sup>

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<sup>4</sup><https://www.reuters.com/business/abbs-china-operations-under-investigation-by-us-congress-2024-01-19/> *Reuters*

<sup>5</sup><https://www.federalregister.gov/documents/2024/01/17/2024-00749/notice-of-open-public-hearing> *USCC*

<sup>6</sup><https://news.usni.org/2024/01/17/marine-deployment-to-southeast-asia-highlights-roles-for-force-design-pacific-posturing> *USNI News*

<sup>7</sup><https://www.defensenews.com/land/2024/01/17/us-marines-rush-to-field-two-air-defense-systems-amid-global-threats/> *Defense News*

## Navy wraps first unmanned surface deployment to WEST-PAC

The Navy completed its months-long unmanned battle problem in the U.S. Pacific Fleet this week, as several of the unmanned surface vessels arrived home in California. The Navy completed its months-long unmanned battle problem in the U.S. Pacific Fleet this week, as several of the unmanned surface vessels arrived home in California. By testing the CONOPs with the operators, the squadron can provide feedback to Congress and requirements officers about what worked and what did not work during the battle problem.<sup>8</sup>

## Frigate program delayed as shipyard is a 'few hundred' workers short

The U.S. Navy's first Constellation-class guided-missile frigate will arrive late amid workforce shortages, a program official said Thursday. Navy Secretary Carlos Del Toro announced Thursday he has directed the ship acquisition community to conduct a comprehensive analysis of the Navy shipbuilding portfolio "to provide an assessment of national and local causes of shipbuilding challenges, as well as recommended actions for achieving a healthier U.S. shipbuilding industrial base that provides combat capabilities that our warfighters need, on a schedule that is relevant."<sup>9</sup>

## Newly Released Reports

- **Better but Not Well: China's Global Investment Needs More Fuel**  
*American Enterprise Institute*
- **Code War: How China's AI Ambitions Threaten U.S. National Security**  
*American Security Project*
- **False Promises: The Authoritarian Development Models of China and Russia**  
*Atlantic Council*
- **China-Russia Nuclear Industry Cooperation**  
*China Aerospace Studies Institute*

*China Sentry's inclusion of any source does not mean endorsement*

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<sup>8</sup><https://news.usni.org/2024/01/16/navy-wraps-first-unmanned-surface-deployment-to-westpac> *USNI News*

<sup>9</sup><https://www.defensenews.com/naval/2024/01/11/frigate-program-delayed-as-shipyard-is-a-few-hundred-workers-short/> *Defense News*