

CHINA & US FOCUS DIGEST

AVOIDING CONFLICT AND MORE



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China-US Focus Digest is a bi-monthly magazine of exclusive commentaries on China-US relations. The articles express views of influential opinion leaders and scholars in China and the US on the issues faced by the two nations.

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With special thanks to Chatham Strategies and Shanghai Institutes for International Studies for their supports to www.chinausfocus.com and China-US Focus Digest

CONTENTS

CHINESE, U.S. LEADERS AGAINST 'NEW COLD WAR' P. 06



Zhao Minghao

Two presidents take a stand against a new cold war in a virtual summit. The old friends sought to renew relations and move forward — accepting competition but shunning conflict. How to achieve that is the big question.

SEEKING SOME STABILITY: THE U.S.-CHINA LEADERS' SUMMIT P. 10



David Shambaugh

By having their first direct bilateral face-to-face summit meeting, Presidents Joe Biden and Xi Jinping tried to build a floor under the tense and deteriorating U.S.-China relationship, as well as to erect some “guardrails” for managing the competitive relationship.

THE RIGHT WAY FORWARD P. 13

Yi Fan

There is no substitute for face-to-face discussion between top leaders, and the Xi-Biden virtual summit was a step in the right direction. The world would welcome a China-U.S. race to find out which one can do more to promote global prosperity, rather than forcing other countries to take sides.

THE XI-BIDEN SUMMIT OFFERS A NARROW WINDOW P. 17

Minxin Pei

While no major agreements were made during the latest summit between Presidents Xi and Biden, the meeting represented a refreshing commitment to high-level engagement between China and the United States.

THE SUMMIT LONG OVERDUE P. 21

Chai Quan

**CHINA-U.S. DETENTE: AVOIDING
OVERESTIMATION AND UNDERAPPRECIATION**

P. 25



Da Wei

Both sides seem to realize that a paradigm shift in bilateral ties is inevitable and underway. And if it's not controlled — if it slides toward confrontation — neither party will be served. It should be a footrace, not a wrestling match.

DUELING NARRATIVES

P. 29



An Gang

A major question with respect to China-U.S. relation has not been answered since it was first raised a few years ago: What are they fighting for? If this cannot be answered to the satisfaction of reasonable people, shouldn't they just sit down and get on with pragmatic dialogue?

BIPOLAR WORLD IS OBSOLETE

P. 34

Tao Wenzhao

Worries by the United States that China will take over its leadership role are based on a serious strategic misunderstanding. The road ahead for the international power structure as it shifts to a multipolar pattern may be long and difficult, but the prospects are promising.

THE U.S. AND CHINA ARE NOT SPOILING FOR A FIGHT

P.41

James H. Nolt

Headlines would suggest a U.S.-China confrontation is imminent, but a close examination of economic relations between the two nations and the material reality of trade reveal that instigating a conflict would be, for both sides, like shooting themselves in the foot.

**THE PACIFIC DIALOGUE
FINDING THE FUTURE**

P. 45

THE SPIRIT OF THE UN CHARTER

P. 50

He Yafei

SABOTAGE IN AUSTRALIA

P. 54

John Gong

HOW WASHINGTON ALIENATES YOUNG CHINESE

P. 60

Cheng Li

RULES FOR DURABLE COEXISTENCE

P. 65

He Weiwen

LITTLE EVIDENCE OF ECONOMIC DECOUPLING

P. 69

Hugh Stephens

EDITOR'S NOTE

Avoiding Conflict, and More

Zhang Ping

Leader-level engagement has always been an anchor of relations between the United States and China. The Nov. 15 virtual summit between President Joe Biden and President Xi Jinping made clear their shared desire to make sure the increasingly competitive relationship does not veer into disastrous conflict.

It's a reassuring message. The two leaders see their efforts not as a favor to each other but as a responsibility to the world. U.S.-China cooperation is indeed necessary to deal with many mounting challenges, from ending the COVID-19 pandemic to a much-needed economic recovery and climate change issues.

In this issue of Digest, our contributors explore answers to a key question: Can the political will exhibited in the Xi-Biden virtual summit translate into concrete action for improving China-U.S. ties? Myriad, seemingly insurmountable, disagreements over trade, technology, Taiwan and human rights stand in the way of breakthroughs, as do certain political realities and domestic pressures in the leaders' own countries.

Ahead of this key summit, ranking Chinese and U.S. diplomats and trade negotiators interacted through a series of meetings, either face-to-face or via video link, and reached some points of consensus. Climate change envoys released a surprise joint statement during COP26 in Glasgow, Scotland, committing the two coun-

tries to coordinating their responses to this crucial global threat. In addition, the two governments are expected to ease visa restrictions to accommodate journalists, and finance and trade officials are re-evaluating their policies toward each other. All these developments signal, one hopes, an easing of tensions.

However, many Chinese scholars believe that uncertainties will continue to haunt bilateral relations unless misperceptions about China on the part of the U.S. can be reversed. That could prove difficult, and both sides need to make more efforts.

Beyond the analyses of the Xi-Biden virtual summit, our contributors offer their insights on possible China-U.S. detente and the emerging pattern of multipolarity in the global order that underlies the strategic understanding of the Chinese government. As this year marks the 50th anniversary of the historic United Nations General Assembly vote in 1971 that allowed the People's Republic of China to regain its seat, our contributors elaborate on what sort of international order China desires. And in the Pacific Dialogue section, Zhou Bo focuses on the U.S. withdrawal from Afghanistan, a topic broadly discussed in and out of China.

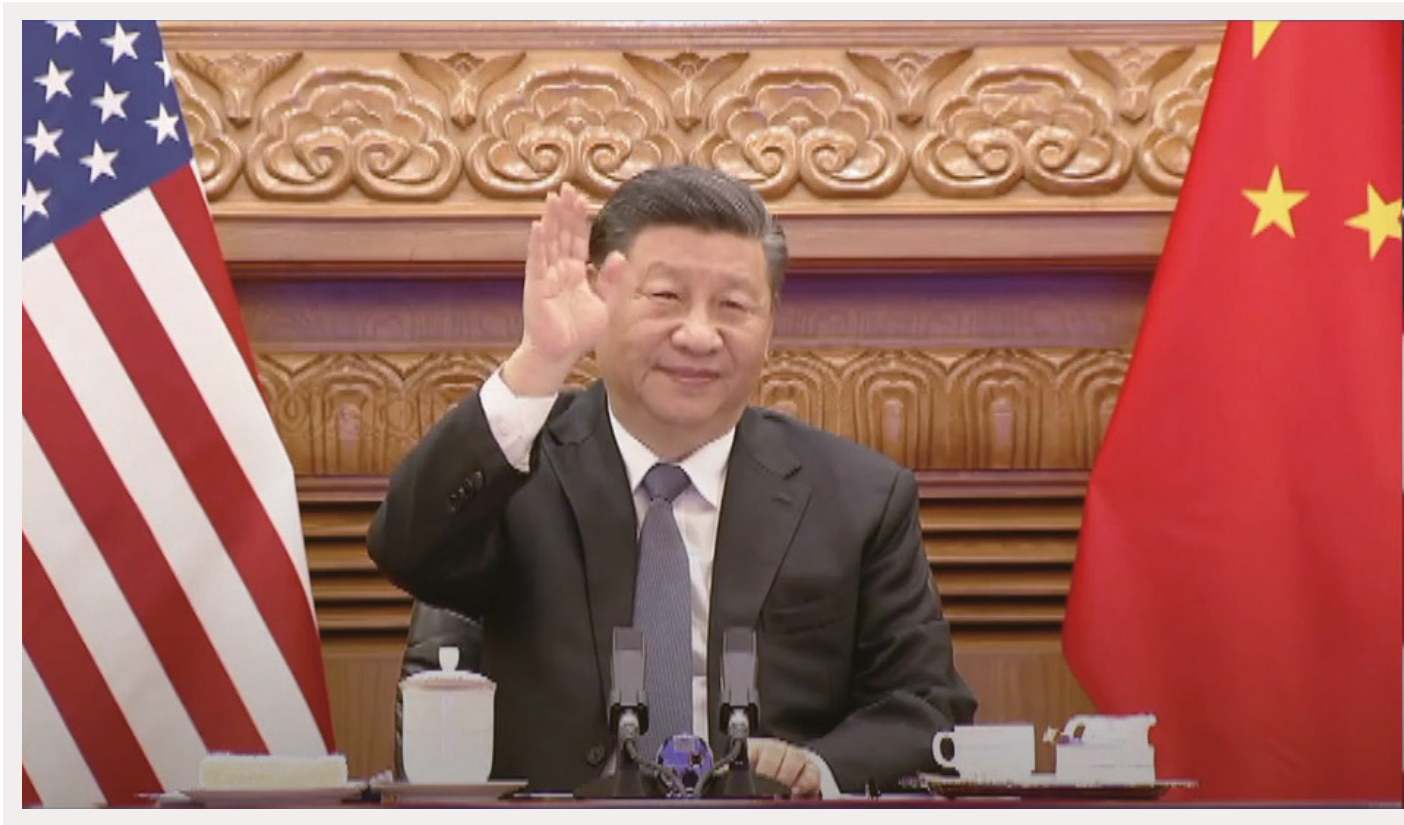
We hope you will enjoy reading the commentaries collected in this issue. As always, your comments are most welcome.



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▲ Chinese President Xi Jinping and President Joe Biden of the United States met via videoconference for three and a half hours on Nov. 16, 2021.

Chinese, U.S. Leaders Against ‘New Cold War’



Zhao Minghao
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Two presidents take a stand against a new cold war in a virtual summit. The old friends sought to renew relations and move forward — accepting competition but shunning conflict. How to achieve that is the big question.



Undoubtedly, China-U.S. strategic competition will continue to unfold in the next 10 to 20 years, and the unusually complex and inevitably fierce major-country game will determine the fate of humanity in the 21st century.

Chinese President Xi Jinping and President Joe Biden of the United States, met via videoconference for three and a half hours on Nov. 16.

The meeting, which went longer than planned, was part of an effort by the two leaders to manage tensions and explore ways the two countries can peacefully coexist. Xi called Biden “my old friend” and likened China and the U.S. to two giant ships sailing in the sea that must

guarantee they don’t yaw, stall or collide head-on. Biden said competition between the two countries should be fair and healthy, and should not veer into conflict.

Undoubtedly, China-U.S. strategic competition will continue to unfold in the next 10 to 20 years, and the unusually complex and inevitably fierce major-country game will determine the fate of humanity in the 21st century. Xi put forward three principles for managing relations — mutual respect, peaceful co-existence and win-win cooperation. Not long ago, the Biden administration said that the U.S. doesn’t seek to wage a new cold war and the two countries need to achieve a “durable coexistence.” While China and the U.S. have been blaming and complaining about each other, as major nuclear powers they must accept the essential reality of coexistence.

If good foreign policy begins at home, it

is certainly true in the handling of China-U.S. relations. There is actually a kind of empathetic understanding between Xi and Biden, as both strenuously yet resolutely push their respective ambitious domestic policy agendas.

Just before the meeting, Biden signed the U.S. bipartisan infrastructure bill, which represents a small step in his campaign to rebuild the American middle class. U.S. Secretary of State Antony Blinken has highlighted “domestic renewal” a number of times in his speeches, which is also a goal China is trying to accomplish. Under Xi’s leadership, the CPC is going all-out to inaugurate a new cycle of national development. Creating better lives for 1.4 billion Chinese people is destined to be an extremely challenging task.

Xi stressed in his exchange with Biden that as the world’s two largest economies — and with both countries sitting as permanent members of the UN Security Council — China and the U.S. should increase communication and cooperation, each run their own domestic affairs well and shoulder their international responsibilities. He said the globe is big enough to accommodate the common development of both, and that both should adhere to a course of mutual benefits while avoiding a zero-sum game. To accomplish this, Xi said, it is important to clarify priorities.

If good foreign policy begins at home, it is certainly true in the handling of China-U.S. relations.

First, he said, China and the U.S. need to deepen communication at all levels and in all fields, promoting communication and dialogue that can “solve specific problems.” Three main channels of commu-

nication have taken shape between China and the U.S.: diplomacy and security; trade and finance; economy; and climate change. How to allow these channels to play their due role will be a challenge for both parties.

Xi said that all the global initiatives China has proposed are open to the U.S., and expressed hope that the U.S. will reciprocate.

Second, China and the U.S. should work together to provide more public benefits to the rest of the world — through leadership in the international community — to cope with outstanding challenges in such fields as public health and energy security. Xi said that all the global initiatives China has proposed are open to the U.S., and expressed hope that the U.S. will reciprocate. The two leaders engaged in-depth on such topics as Afghanistan, the Iran nuclear issue and the Korean Peninsula.

Third, the two parties should prevent bilateral ties from derailing and getting out of control. While Beijing and Washington both know that competition and conflict may not be mutually exclusive, reckless, high-intensity competition can escalate into conflict. Biden said the U.S. side doesn’t seek to change Chinese systems, doesn’t seek to confront China through strengthening alliances and has no intention of coming into conflict with China. Xi expressed hope that the U.S. will make good on its commitment to avoid a new cold war.

The Taiwan question was a highlight of the videoconference. It is also highly sensitive and could trigger a war between China and the U.S. Some people in

the U.S. have been clamoring that Beijing will take military action against Taiwan by 2027, and have asked whether the U.S. will be able to “safeguard Taiwan” as the foremost issue in U.S.-China strategic wrangling. While the Chinese side feels the U.S. has begun playing the Taiwan card with greater malice as it has failed to win its trade war against China, even imagining that it can halt China’s peaceful rise via war.

The Biden administration seems to have arrived at the point of changing its long-standing policy of “strategic ambiguity” with regard to Taiwan. In a serious provocation of the mainland, Blinken openly proposed in late October allowing the Taiwan authorities to meaningfully participate at the UN system. Ahead of the Xi-Biden meeting, Blinken said the U.S. will “take action” should Taiwan be attacked. But in fact the notion of Taiwan independence poses a major problem for both China and the U.S. and is the root cause of instability in the Taiwan Strait.

There is no doubt a dramatic difference between Beijing’s “one-China principle” and what the U.S. calls its “one-China policy.”

Xi emphasized that the authorities in Taiwan have repeatedly agitated for independence, counting on U.S. backing, while some people in the U.S. intend to use Taiwan to contain China. This is a very dangerous tendency, like playing with fire, and whoever plays with fire gets burned.

Xi put it this way: “We have patience and are willing to strive for the prospect of peaceful reunification with utmost sincerity and utmost efforts, but China will

be compelled to take resolute measures should the separatist forces for Taiwan independence make coercive provocations or cross the red line.”

Neither the idea of decoupling nor a new cold war conforms to the reality of China-U.S. relations.

Biden told Xi that the U.S. government is committed to a long-standing, consistent “one-China policy,” that it doesn’t support Taiwan independence and that it hopes peace and stability will be preserved. There is no doubt a dramatic difference between Beijing’s “one-China principle” and what the U.S. calls its “one-China policy.” But it’s in both countries’ long-term interests to guarantee they don’t come into intended or unintended conflict over the island.

The virtual meeting between the Chinese and U.S. leaders presented a precious opportunity for both sides to reaffirm bilateral ties with cool heads. Neither the idea of decoupling nor a new cold war conforms to the reality of China-U.S. relations. In the first eight months of this year, China-U.S. trade surpassed \$470 billion — growth of 36.6 percent year-on-year. This is evidence that better lives for both the Chinese and American people are interdependent. Despite all the troubles in China-U.S. relations, the two sides should never give up the can-do spirit. As Xi said, the most important issue in international relations in the next 50 years is China and the U.S. finding a proper way to coexist.

Seeking Some Stability: The U.S.-China Leaders' Summit



David Shambaugh

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By having their first direct bilateral face-to-face summit meeting, Presidents Joe Biden and Xi Jinping tried to build a floor under the tense and deteriorating U.S.-China relationship, as well as to erect some “guardrails” for managing the competitive relationship.

On Nov. 15, American President Joe Biden and Chinese President Xi Jinping, who is also general secretary of the Communist Party of China, engaged in a 3.5-hour video summit meeting from the White House and the Great Hall of the People. The meeting had been in preparation for over a month and ran overtime.

***Both leaders were thus bolstered
by recent political successes,
but both needed progress in
foreign policy.***

Both leaders were coming off very busy weeks and domestic political successes. Biden had just returned from a successful trip

to the G-20 meeting in Rome and COP26 in Glasgow, as well as having just signed into law his landmark \$1 trillion infrastructure initiative. For his part, Xi had just presided over the Sixth Plenum of the 19th Central Committee and the adoption of the important Resolution on the Major Achievements and Historical Experience of the Party Over the Past Century.

Both leaders were thus bolstered by recent political successes, but both needed progress in foreign policy — and, for each, the U.S.-China relationship is the most difficult challenge. Ever since Biden took office, the relationship has been strained over a wide variety of issues. Previous meetings — virtual and in person — between senior officials on both sides, and two previous telephone calls between the two heads of state,

had failed to arrest the downward spiral in relations. This summit, therefore, offered a unique opportunity to discuss each side's problems with the other directly at the highest level. Leaders do matter, as they and they alone have the ability to make the toughest decisions, set the tone and strike agreements with their counterparts that are elusive at lower working levels.

Biden made this point when he opened the discussion with Xi by saying: "It seems to me our responsibility as leaders of China and the United States is to ensure that the competition between our two countries does not veer into conflict, whether intended or unintended." This emphasized two key points: that he defines the relationship as "competitive" and that there is a mutual responsibility to manage this responsibly so that conflict can be avoided. This is not a new message from the American side — "managing competition" has been the consistent framing by the Biden administration since taking office. The Chinese side explicitly rejects this characterization.

It seems that the Chinese side has come around to accepting the "managed" part — but not the "competition" part — of the American conceptual framing.

The mere fact that the two leaders had this direct discussion is seen as stabilizing. Both sides' post-summit readouts used coded diplomatic language that signaled some positivity. Xinhua News Agency described it as "candid, constructive, substantive, and positive." It

added: "The meeting helps increase mutual understanding, adds to the positive expectation of the international community for this relationship, and sends a powerful message to the two countries and the world."

The mere fact that the two leaders had this direct discussion is seen as stabilizing.

Chinese Vice Minister of Foreign Affairs Xie Feng also seemed to echo Biden's concern about the need and mutual responsibility to establish mechanisms to keep frictions from hemorrhaging: "Managing differences and sensitive issues in a constructive way to prevent China-U.S. relations from getting derailed or out of control. ... What matters is to manage differences in a constructive manner and to prevent them from getting magnified or escalated." From statements like this it seems that the Chinese side has come around to accepting the "managed" part — but not the "competition" part — of the American conceptual framing.

As for specific issues that the two presidents discussed, they included global governance concerns such as climate change, global energy supplies, disrupted supply chains, the continuing COVID-19 public health pandemic and global macroeconomic stabilization. They also discussed hot spot regional issues — specifically North Korea, Iran and Afghanistan. For his part, according to the White House readout, "President Biden raised concerns about the PRC's practices in Xinjiang, Tibet, and Hong Kong, as well as human rights more broadly." Biden also

accused China of “unfair trade and economic practices,” while emphasizing the need to maintain a “free and open Indo-Pacific.” In the latter context, Biden emphasized the importance of “upholding out commitments in the region.” The Chinese Xinhua readout, however, reported: “Biden reiterated that the U.S. does not seek to change China’s system, the revitalization of its alliances are not anti-China, and the US has no intention to have a conflict with China.”

The two sides also hinted at the possibility of beginning “talks about talks” concerning “strategic stability” — a code word for nuclear weapons. There have been reports and growing concern in the United States of late about China’s building hundreds of ICBM silos (as detected by satellites) and likely tripling its deployed nuclear weapons by 2030.

The two presidents also touched on the volatile and sensitive issue of Taiwan. This time, Biden stuck to traditional language about the continuing U.S. commitment to the “One China” policy as “guided by the Taiwan Relations Act, the three joint communiqués, and the Six Assurances” and said “the United States strongly opposes unilateral efforts to change the status quo or undermine peace and stability across the Taiwan Strait.” Unfortunately, while Biden remained tightly scripted concerning the Taiwan question during the summit with Xi, the very next day, while visiting New Hampshire, he once again contradicted himself (as he had a few weeks previously, when he declared that the U.S. had a “commitment” to defend Taiwan) by saying that Taiwan “makes its own decisions and is independent.”

For his part, President Xi reiterated China’s “principled position on the Taiwan question.” But Xi went further by saying: “The Taiwan authorities look for U.S. support for their independence agenda, as well as the intention of some Americans to use Taiwan to contain China.” Then Xi issued a blunt warning: “Such moves are extremely dangerous, just like playing with fire. Whoever plays with fire will get burned.”

The day after the summit, it was announced that both sides had agreed to resume disrupted journalistic protocols. Chinese journalists in America would again receive multiple-entry, one-year visas, while The New York Times, Wall Street Journal, and Washington Post would be permitted to resume operations in China. The Chinese side also agreed to repatriate seven Chinese nationals (among a very large number) from U.S. custody.

The two sides also hinted at the possibility of beginning “talks about talks” concerning “strategic stability” — a code word for nuclear weapons.

All in all, though, the exchanges did seem to be productive, straightforward, and constructive. This is good. It is stabilizing and provides a basis for continued discussions — and hopefully a path toward managing differences.

The Right Way Forward

■ **Yi Fan**

A current affairs commentator based in Beijing

There is no substitute for face-to-face discussion between top leaders, and the Xi-Biden virtual summit was a step in the right direction. The world would welcome a China-U.S. race to find out which one can do more to promote global prosperity, rather than forcing other countries to take sides.

This week's much-anticipated meeting between presidents Xi Jinping and Joe Biden offers welcome relief for a world nervously watching to see where the 21st century's most consequential relationship is headed.

Their willingness to engage in extended, in-depth discussions is crucial to navigating the relationship through rough waters.

Meetings like this — albeit held virtually — are significant because there is no substitute for direct and candid exchanges between Chinese and U.S. leaders. Biden is famous for saying “all politics is personal” and often touts the many hours he spent with Xi over the past decade. Yet they are both realists and neither is “romantic about the past” nor “fatalistic about the future” (to quote a Brookings report). Their willingness to engage in extended, in-depth discussions is crucial to navigating the relationship through rough waters, especially when the world is struggling to emerge from multiple crises.

People don't have to look far back to find

cases illustrating the necessity of China-U.S. collaboration — their joint efforts to stem the global financial meltdown in 2008 and reverse the climate crisis at COP26 last week being two oft-quoted examples. Even though senior officials in both countries tried to manage public expectations ahead of the summit, many still consider its taking place at all to be heartening news — not just for the two countries, but also for the world.

For what's at stake is a relationship that is “too big to fail.” By proposing the meeting, the Biden administration has finally come around to this truth. The fact that the White House spent 10 months making up its mind to pursue a presidential meeting — which traditionally has taken place around three months into a new U.S. administration — reveals a lot about Washington's attitude toward Beijing. When senior U.S. officials vowed to deal with China “from a position of strength,” they seemed to be betting that China would succumb to pressure. Chinese officials, however, have made it clear time and again that the playbook from the Trump era did not, and will not, work.

At the start of the meeting, Biden told Xi in front of the press that the United States wants to build “common-sense

guardrails” for the relationship. China’s policy circles will be watching closely how that will translate into U.S. actions.

What the U.S. side says and does regarding Taiwan will be a litmus test. When U.S. politicians visit the island and service members train there — a serious departure from longstanding U.S. practice since the Carter administration — Washington should expect a vehement response from Beijing. The Taiwan question has long been regarded as having the potential to knock China-U.S. relations off balance. In such a case, it’s hard to think of any guardrails that could keep the relationship on an even keel.

China’s policy circles will be watching closely how that will translate into U.S. actions.

Both Xi and Biden reaffirmed their desire to avoid conflict. In addition, Biden clarified in September that the United States is “not seeking a new Cold War,” which ostensibly signaled a return of some sensibility in its China policy.

Yet, as Joseph Nye recently commented, “The president’s actions suggest that his strategy for dealing with China may in-

The Taiwan question has long been regarded as having the potential to knock China-U.S. relations off balance. In such a case, it’s hard to think of any guardrails that could keep the relationship on an even keel.

The enlisting of allies and partners in this endeavor reveals a lack of confidence in American strength, and the rhetoric about “not seeking a new cold war” has proved to be little more than, well, just rhetoric.

deed suffer from Cold War thinking.” The frequent reference to a “position of strength” with respect to China is reminiscent of former secretary of state Dean Acheson’s favored formulation regarding the Soviet Union at the height of the Cold War.

It would be less objectionable if the term were intended purely to spur domestic renewal, yet reality suggests otherwise. The controversial AUKUS, the upgraded QUAD, the reinvigorated Five Eyes and the proposed “Summit for Democracy” are seen by many — not only in Beijing — as having just one target in sight: China. The enlisting of allies and partners in this endeavor reveals a lack of confidence in American strength, and the rhetoric about “not seeking a new cold war” has proved to be little more than, well, just rhetoric.

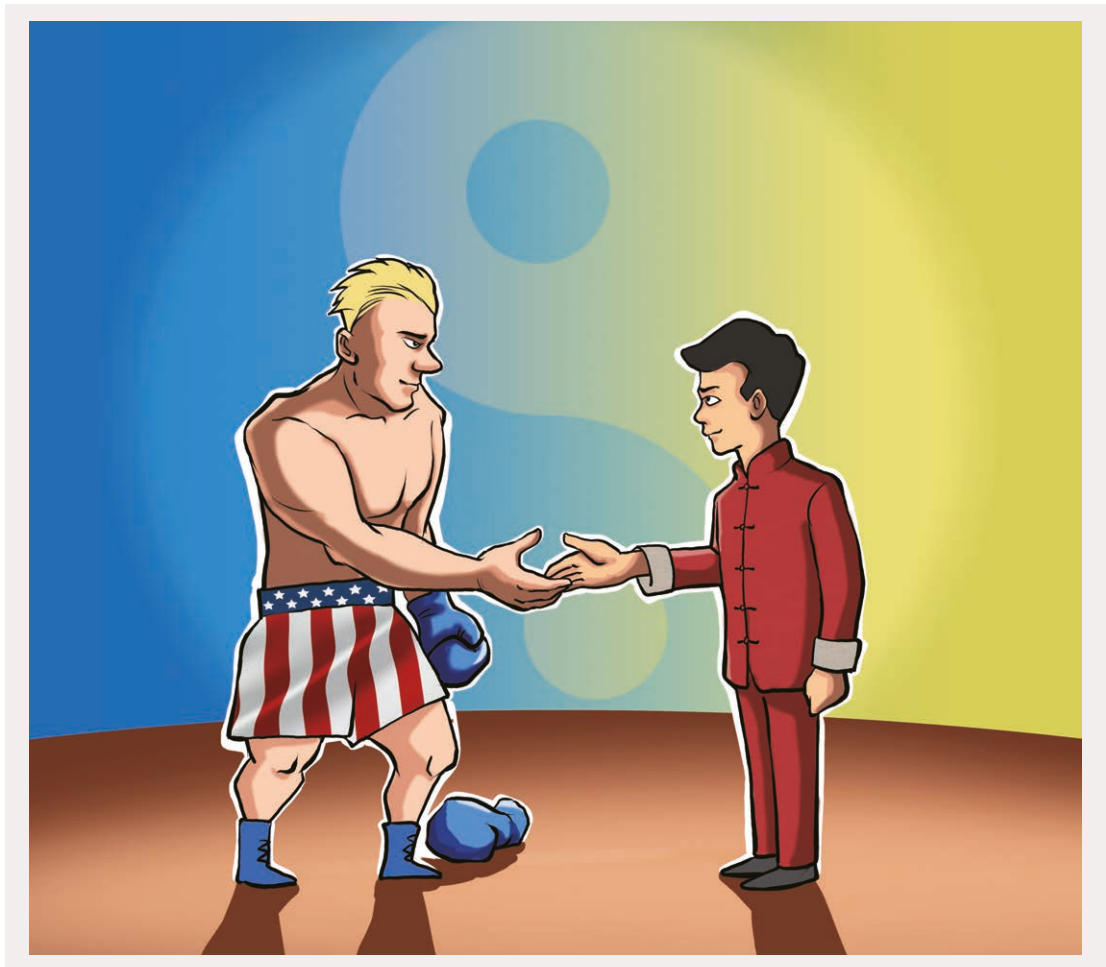
In the meantime, risks abound. Apart from rising tensions in the Taiwan Strait and elsewhere in the Asia-Pacific, risks to strategic stability between the two nuclear powers and the potential for conflict involving military uses of artificial intelligence (which Henry Kissinger has warned about repeatedly) may also put China and the United States on a collision course. Sober observers in both countries know neither side can afford this.

The truth is, China and the United States have more common interests than some hard-liners might acknowledge.

If Cold War 2.0 is not the answer, is there an alternative? Xi, according to the Chinese readout of the summit, suggested that the two countries must try to get along based on three principles — “mutual respect, peaceful coexistence and win-win cooperation.” Biden echoes the essence of this in the meeting. His reaffirmation that the United States does not seek to change China’s system is worth noting. While some of the deep-seated differences in the rela-

tionship will not disappear overnight, and probably never will, they should not blind the two countries to the enormous opportunities to advance a shared agenda and make the world a better place.

The truth is, China and the United States have more common interests than some hard-liners might acknowledge. These include ensuring a sustained global economic recovery and secure energy supplies, as well as putting an end to the COVID pandemic. While China-U.S. cooperation alone may not be sufficient to solve all global problems, no global challenge can be met without the concerted effort of both. The recent China-U.S. declaration on enhanced climate actions in Glasgow is a welcome step. If they build on that and join forces to



The world would welcome a China-U.S. race to see which country can do more to promote global prosperity and stability, instead of a debilitating competition that forces everyone else to take sides.

help vaccinate more people in developing countries, the whole world will be in their debt.

Hence, more preferable than “managing the competition responsibly,” as U.S. officials keep stressing, is for the two governments to compete with each other in delivering more for their people and providing more global public goods. Properly defined and managed, competition doesn’t have to be a zero-sum game. On the contrary, it could spur the two sides to tap their full potential, rather than kneecapping each other, which will bring only a Pyrrhic victory. The world would welcome a China-U.S. race to see which country can do more to promote global prosperity and stability, instead of a debilitating competition that forces everyone else to take sides.

In the 1972 Shanghai Communique, the U.S. side stated that “countries should treat each other with mutual respect and be willing to compete peacefully, letting performance be the ultimate judge.” There is no reason the U.S. should deviate from that statement today.

The Xi-Biden summit took place as the two countries made key advances in their respective domestic agendas. China concluded the sixth plenary session of the 19th CPC Central Committee a few days ago, which laid down a blueprint for achieving the goal of fully building a modern socialist country. And just hours before the summit, Biden signed into law a bipartisan infrastructure bill aimed at domestic renewal. To achieve these goals, a good China-U.S. relationship is certainly very helpful, if not indispensable. Laying out the three principles and identifying key areas of cooperation, the virtual summit is a good start. Now must begin the hard work to follow up on what has been agreed, and turn them into something real ASAP.



The Xi-Biden Summit Offers a Narrow Window



Minxin Pei

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While no major agreements were made during the latest summit between Presidents Xi and Biden, the meeting represented a refreshing commitment to high-level engagement between China and the United States.

China and the U.S. have held many presidential summits since they normalized diplomatic relations in 1979. Judging by specific outcomes, the virtual summit between Chinese President Xi Jinping and American counterpart Joe Biden on Nov 15 appears to be one lacking specific accomplishment. The two presidents announced no major agreements that might help lower the tensions between the two countries. For the most part, the summit was an exchange of views.

Nevertheless, the Xi-Biden summit provided a narrow window for further stabilizing Sino-American relations. The free-fall of the most important bilateral relationship in the world was partly caused by the lack of high-level communication. During the last year of the Trump administration, China and the U.S. simply stopped talking to each other. Instead, they exchanged vitriol. The frank, calm, and substantive dialogue over three and half hours between the two leaders who know each other well should by itself set the bar for good-faith high-level engagement in the coming months.

The free-fall of the most important bilateral relationship in the world was partly caused by the lack of high-level communication.

While the summit allowed the two leaders to put their differences on the table, it also provided an opportunity to find common ground. Encouragingly, Presidents Xi and Biden both declared their desire to manage risks and avoid conflict. In the coming months, both

countries need to take concrete action to demonstrate their commitment to this shared interest.

A hopeful sign that Beijing and Washington are moving cautiously to defuse their tensions is an agreement on journalists. If all goes well, Chinese journalists will get one-year multiple entry visas while new visas will be issued to journalists from The New York Times, The Washington Post, and The Wall Street Journal. Increased coverage of China by experienced American journalists should improve the understanding of China among American public.

Biden's best sales pitch for pundits back home to lift or reduce some of the tariffs is rising inflation.

Other relatively easy and politically feasible steps to take include resumption of some cultural exchange programs terminated in 2020, such as the Peace Corps and Fulbright programs. China should modify its COVID-19 travel restrictions to allow fully vaccinated American academics, students and businesspeople to visit (the U.S. already permits fully vaccinated Chinese visitors to enter).

Another opportunity neither side should miss is to start a process to reach an agreement on their trade relations. In the short term, the two countries should deepen their on-going dialogue over the fulfillment of the terms of the Phase I agreement reached in January 2020. China has recently signed a \$2.2 billion deal to purchase American liquefied na-

tural gas, underscoring its commitment to honor the deal. But it still needs to purchase more than \$100 billion worth of American goods and services to meet its obligations.

Even though Beijing has reiterated its commitment to fulfilling the terms of the Phase I agreement, it needs to take advantage of the momentum of the Xi-Biden summit to demonstrate its good faith. Besides accelerating its purchases, one low-hanging fruit appears to be China's recertification of Boeing's 737MAX, a redesigned passenger jet that has been approved to return to service in both the U.S. and Europe.

The first hurdle is deep distrust.

Resolving the Phase I agreement fulfillment issue and increasing China's purchases of the Boeing 737MAX should pave the way for the two countries to resume negotiations over the Trump administration's 2019 trade war. Given the protectionist political reality in the U.S., it would be unrealistic to expect the Biden administration to lift all the tariffs – even with a comprehensive agreement. Biden's best sales pitch for pundits back home to lift or reduce some of the tariffs is rising inflation. Therefore, engagement between Chinese Vice Premier Li He and U.S. Trade Representative Katherine Tai should prioritize reducing a substantial portion of U.S. tariffs (especially on consumer goods) in return of China's commitment to reforms (which are also in China's own interest to undertake).

While cultural exchange and trade are areas where mutual gains are possible,

the greatest challenge facing China and the U.S. in the wake of the Xi-Biden summit is security, an arena of zero-sum great power competition.

President Biden made it abundantly clear that he does not want strategic competition with China to “veer into conflict” either by design or by accident. President Xi also warned that a new cold war would be a catastrophe for the world.

While such declarations sound reassuring, taking concrete steps to avoid accidental military conflict is much harder. The first hurdle is deep distrust. The militaries of the two countries are preparing for conflict. A vicious dynamic of deterrence and counter-deterrence now dominates Sino-US security relations. In the meantime, the Pentagon and the People's Liberation Army have very little direct engagement these days.

Most urgently needed is the resumption of direct military-to-military engagement at the highest level. Such engagement should include an updating of the protocols China and the U.S. have already reached in preventing accidental conflicts and the establishment of frequent and direct channels of communications, in particular forums and working groups on arms control and confidence-building. Despite sensational press stories about how a conflict might break out between the two countries, the truth is that neither country wants it.

Taiwan will remain by far the most sensitive and volatile issue. President Xi sounded perhaps China's starkest warning directly at the summit. While reiterating Beijing's desire for peaceful reunification with Taiwan, he vowed

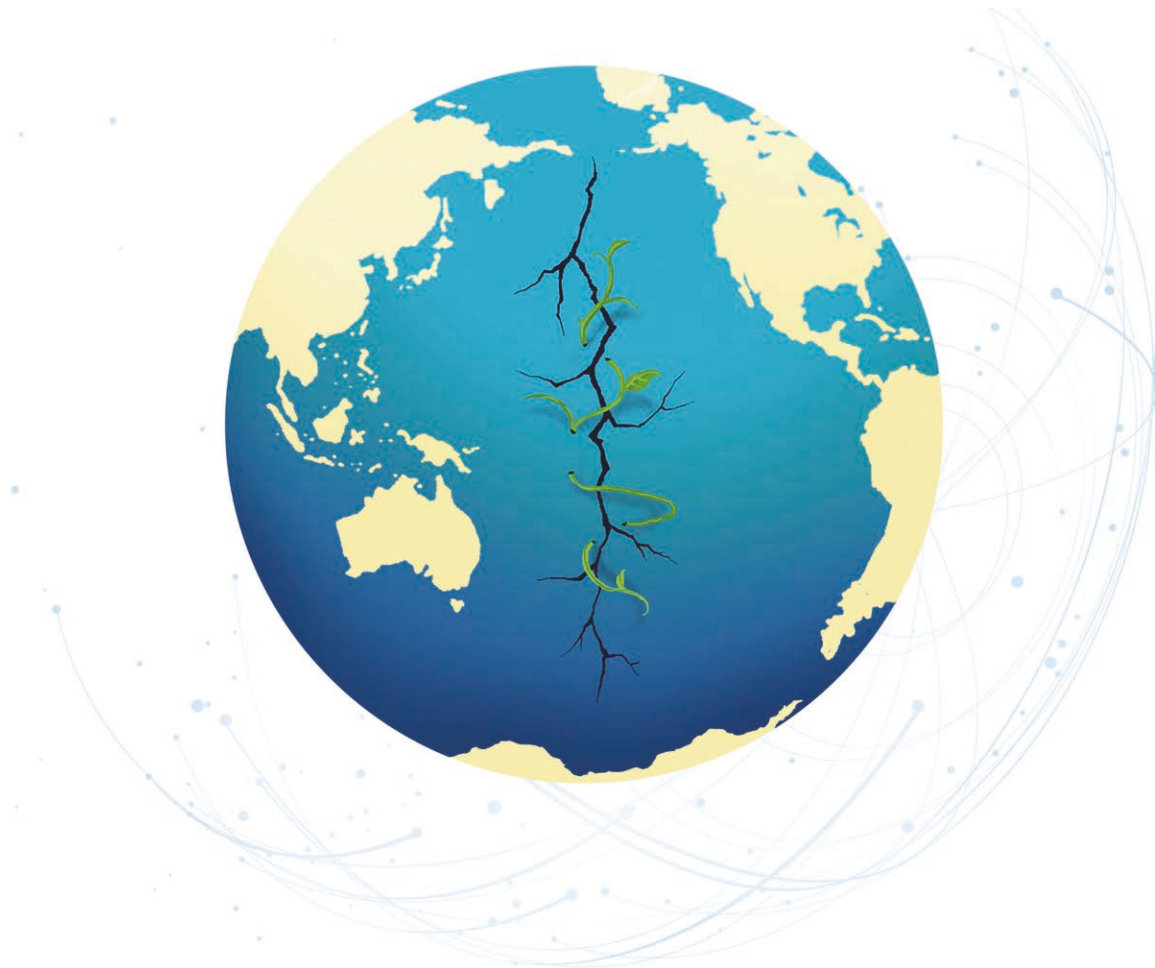
Taiwan will remain by far the most sensitive and volatile issue. President Xi sounded perhaps China's starkest warning directly at the summit.

that China would be forced to take “decisive measures” if pro-independence forces in Taiwan breached the (unspecified) “red line.” Even though President Biden’s reiteration of America’s “one-China” policy (which also includes the Taiwan Relations Act and Six Assurances to Taiwan) is unlikely to fully satisfy President Xi, both Beijing and Washington should reroute the momentum to de-escalate tensions in the Taiwan Strait.

In the near term, China also needs to curtail its military activities that are seen as acts of aggression and intimidation by the rest of the world. Although these activities demonstrate China’s resolve and are undertaken to deter Taiwan’s move toward de jure independence, they come with considerable costs. For one thing, they bolster the case to Taiwan’s supporters in the U.S. for giving the island more military and diplomatic support, which will only infuriate China. For another, such activities may yield diminishing returns because few sensible people anywhere in the world today doubt China’s resolve to use force against Taiwan should it declare independence.

What is most needed is an intense diplomatic engagement between China and the U.S. to find a new equilibrium to stabilize the conditions in the Taiwan Strait.

Such an endeavor will likely be more fruitful if leadership-level interactions such as the Xi-Biden virtual summit become a more frequent and regular part of Sino-American relations. According to the Chinese Foreign Ministry, the two presidents will maintain close contact in the future through meetings, exchange of letters and phone calls. This, perhaps, is the most positive accomplishment of the summit.



The Summit Long Overdue

■ **Chai Quan**

A Beijing-based political commentator

That 10 months elapsed before a meeting was scheduled between Xi Jinping and Joe Biden — who had met frequently in the past — reflects the complexity of the bilateral relationship. But the recent virtual summit may have helped thaw the ice.

On Nov. 16, President Xi Jinping and President Joe Biden held a long-awaited virtual meeting. What stood out was not so much what they said at the meeting but how long it had taken for the two sides to agree to a summit. It been 10 months since Biden took office.

Taking stock of all debut meetings between Chinese and U.S. leaders in the past, this one was the longest-delayed after the one between Bill Clinton and Jiang Zemin on Nov. 19, 1993. The delay of the Xi-Biden meeting may be attributed to the COVID-19 pandemic, but that is not convin-

cing, given the ease provided by modern technology. What stood in the way was the lukewarm relationship between China and the United States, starting with what the Biden administration did in the initial months of 2021 — lashing out at China on human rights, Xinjiang and Hong Kong; its continuation and expansion of restrictive measures imposed by the Trump administration on Chinese entities or individuals; and, crucially, the hostile and condescending tone of U.S. officials when talking about China or communicating with their Chinese counterparts.

Warming-up interactions between the two leaders were a positive start.

Surprisingly, some things have changed in the past few months to create a favorable atmosphere for a summit.

Warming-up interactions between the two leaders were a positive start. On Sept. 10, the two leaders spoke by phone and both agreed to task those at the working level on both sides to intensify their efforts to engage in extensive dialogue that would create conditions for the U.S.-China relationship to move forward. As the National Committee on U.S.-China Relations held its 2021 annual dinner in New York on Nov. 9, Xi and Biden both sent congratulatory letters. Just five days before the summit, the two countries released a surprise joint declaration at the end of the UN climate conference in Glasgow agreeing to further cooperation to fight climate change. Reportedly, the progress was encouraged by the two leaders.

Furthermore, the tone of U.S. leaders and officials on China have softened somewhat. Biden said in a speech at the UN General Assembly in September that the United States has no intention of containing China and will not engage in a new cold war. On Oct. 4, U.S. Trade Representative Katherine Tai said she would initiate a tariff waiver process with China, acknowledging that it was unrealistic to decouple. She expressed hope to recouple with China to achieve “durable coexistence.” On Nov. 1, Treasury Secretary Janet Yellen stated that the U.S. would consider “stabilizing and perhaps eventually lowering some tariffs in a reciprocal way” with China. When interviewed by CNN just days before the Xi-Biden meeting, Jake Sullivan, Biden’s national security adviser, said that the U.S. is no longer trying to transform China and is exploring ways to coexist with it.

Notably, the U.S. Department of Justice abandoned its pursuit of extradition proceedings in the case Meng Wanzhou, the CFO of Huawei, a leading telecommunications company in China. After spending more than 1,000 days in Canada under surveillance, Meng returned to China. One of the thorniest issues that has plagued U.S.-China relations for years was resolved.

Furthermore, the tone of U.S. leaders and officials on China have softened somewhat.

What was behind the policy fine-tuning on the U.S. side and the goodwill responses from China that paved the way for the meeting? Some assert that the U.S. needs China to cooperate on cli-

What was behind the policy fine-tuning on the U.S. side and the goodwill responses from China that paved the way for the meeting?

mate change, non-proliferation, Afghanistan, and other matters, but these are not urgent enough to require a summit. More crucially, the catalyst of the summit may likely be the belief of both leaders that summit diplomacy should not be suspended despite twists and turns in the relationship.

In the eyes of many American politicians, competition does not equate to confrontation, and it is possible to collaborate and compete at the same time. They believe that as long as there is no confrontation, summits between rivals should be no problem. Even during the Cold War, U.S. and Soviet leaders held meetings several times.

Soon after taking office, Biden publicly stated that the United States has no intention of clashing with China but rather will engage in “stiff competition.” In his first foreign policy speech, Secretary of State Antony Blinken declared that the U.S. relationship with China will be “competitive when it should be, collaborative when it can be and adversarial when it must be.”

Similarly, while declaring that China will firmly safeguard its core interests, Xi also wants to stabilize relations with the U.S. and prevent things from getting out of control. Xi once said, “There are a thousand reasons to make China-U.S.

relations better, and no single reason to make them worse.”

On the phone with Biden in September, Xi said U.S.-China relations are not a multiple-choice question of whether to get it right but a must-answer question of how to get it right, expressing his desire to keep the relationship on track.

Xi is skillful at summit diplomacy, judging from his record of meetings with political leaders around the world, including former American presidents. And there is no evidence that he has cast doubt on summit diplomacy as an effective way to reassure his U.S. counterpart and manage differences and crises.

Similarly, while declaring that China will firmly safeguard its core interests, Xi also wants to stabilize relations with the U.S. and prevent things from getting out of control.

In addition, a summit was needed from the perspective of personal relations. The two leaders had close personal contacts in the past, when Biden was vice president in the Obama administration, meeting many times and talking for hours. So it was not normal for them to have had no formal meeting 10 months into Biden’s tenure as president. Since taking office, Biden has met nearly all the leaders of major countries, some several times, such as German Chancellor Angela Merkel and Japanese Prime Minister Yoshihide Suga. Biden even met with Vladimir Putin in June during his visit to Europe.

The summit may have helped thaw the ice, so that more such events might be expected in the years to come, provided the two sides hold dear the political wisdom of “fighting without breaking.”

The summit was also driven by the need for crisis management. As tensions rise in the Taiwan Strait, there is an urgent need to communicate at the top level. Biden has vowed to assist in Taiwan’s defense twice in one month, and the recent visit of some members of Congress to Taiwan and the strengthening of military ties give China the impression of U.S. intervention. Meanwhile, the frequent entry by Chinese military aircraft into Taiwan’s air defense identification zone raises U.S. concerns that reunification by armed force is imminent. To prevent misunderstanding and miscalculation, it is necessary for the two leaders to explore the thinking of their counterparts in face-to-face communications, even if only virtual.

Measured on a scale of years or decades, the recent summit may not be so significant as to define the future of China-U.S. relations, but the difficulty of scheduling it indicates the complexity of a bilateral relationship characterized by the coexistence of competition, collaboration and confrontation.

However, the summit may have helped thaw the ice, so that more such events might be expected in the years to come, provided the two sides hold dear the political wisdom of “fighting without breaking.”



China-U.S. Détente: Avoiding Overestimation and Underappreciation



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Both sides seem to realize that a paradigm shift in bilateral ties is inevitable and underway. And if it's not controlled — if it slides toward confrontation — neither party will be served. It should be a footrace, not a wrestling match.

China-U.S. relations, which deteriorated steadily after the Trump administration launched its so-called trade war in May 2018 and have been stagnant since Biden's inauguration in January, have finally shown some positive momentum. The release of Huawei executive Meng Wanzhou pulled out a painful thorn. Ranking diplomats of the two countries held fruitful talks in Zurich, and trade, climate and military teams have begun reestablish contact. Most important, presidents Xi Jinping and Joe Biden are expected to meet virtually by the end of this year, according to the American side. The question now is how far Beijing and Washington will go, and in what direction.

Obviously, the current easing in China-U.S. ties won't bring us back to the days before 2018. A much clearer picture emerges when we view bilateral relations from a longer historical perspective. Five decades ago, out of a common need to balance the threat from the Soviet Union, the two countries maneuvered a thaw in their deep-freeze based on realistic thinking. Nearly 30 years ago, driven by neoliberal beliefs, the U.S. attempted to enlarge its political-economic model globally, and China wanted to catch the express train of globalization and realize modernization. Bilateral relations were hence greatly deepened and broadened under a strategy of engagement.

The question now is how far Beijing and Washington will go, and in what direction.

Relations entered a third phase 50 years later, at the end of 2017, when competition became the outstanding feature. Nobody knows how long this stage will last, but evidently the present easing is a

tactical adjustment within the new competitive framework. Like many, I miss the period in which the China-U.S. relationship was relatively positive. But the unrealistic expectations fostered by such nostalgia may lead us to overestimate the strategic significance of the current easing. In fact, what is needed today is a proper assessment of the status quo and a cool head.

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The recent positive momentum in China-U.S. relations may be one step in the restructuring of bilateral ties in the direction of more sustainable competition. The relationship began a transition from the previous engagement framework to a competitive one in late 2017, after which we have witnessed rapid worsening. Four years later, both sides seem to have come to realize that a paradigm shift in bilateral ties is already inevitable. Yet, once competition gets out of control and slides toward confrontation and conflict, neither party will be served. As President Xi pointed out, there should be an athletic game in which China and the U.S. chase each other, instead of a wrestling contest in which one lives and the other dies.

Four years later, both sides seem to have come to realize that a paradigm shift in bilateral ties is already inevitable.

American officials have also emphasized that they want competition without catastrophe, and to equip the relationship with guardrails. The latest bilateral easing indicates that both sides are trying to control the nature, scope and extent of competition and to install those guardrails. A picture of the competition would be incomplete without piecing together the deterioration of bilateral ties over the past few years, while noting the latest easing.

The Communist Party of China is expected to hold its 20th National Congress in the fall of 2022, when the U.S. will have its critical midterm elections. The significant domestic political agendas in both countries mean that even if everything goes well, the energy and resources that the two sides can invest to support a po-

sitive bilateral relationship will decrease by autumn. A lot needs to be done with respect to bilateral ties in the coming months.

The latest bilateral easing indicates that both sides are trying to control the nature, scope and extent of competition and to install those guardrails.

The most pressing task for Washington and Beijing is to revitalize official dialogues in a comprehensive manner, and as quickly as possible. No matter how difficult such a dialogue will be, and even if no outcome can be expected in the near term, the atmosphere and habits for



▲ After nearly three years of detention in Canada, Huawei Technologies CFO Meng Wanzhou returned to China on September 25, 2021.

If both sides push only their own policies following their own logic, this round of easing won't last long.

dialogue need to be restored, so that officials in all fields from both countries can maintain high-frequency communication, even under extremely tense circumstances. This is essential to managing China-U.S. competition.

Many Chinese believe the present easing is the outcome of the Chinese side's insistence on a tough response against the U.S. — a response dramatically different from American perceptions. Many people in the U.S. believe they are the side of strategic initiative, and that the relationship is proceeding in the direction, and at the pace, the U.S. has set. No matter which view is true, both parties need to understand the other's perspective and calculation more accurately. If both sides push only their own policies following their own logic, this round of easing won't last long.

The most pressing task for Washington and Beijing is to revitalize official dialogues in a comprehensive manner, and as quickly as possible.

The Biden administration needs to move swiftly to correct some obviously mistaken policies that the previous administration left behind. Intransigence on such matters as people-to-people exchanges and tariffs will have limited impact on China but will have profound negative influence on the U.S. image internationally. In addition, the Biden administration may need to more clearly explain what strategic competition actually means. Because the concept is ambiguous, many Chinese believe the phrase is just a cover and that the real intention of the U.S. side is much more negative. Of course, the Chinese side also needs to clarify what kind of bilateral relations it believes in and supports, even as it opposes defining the China-U.S. relationship as one of strategic competition.

Dueling Narratives



An Gang

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A major question with respect to China-U.S. relation has not been answered since it was first raised a few years ago: What are they fighting for? If this cannot be answered to the satisfaction of reasonable people, shouldn't they just sit down and get on with pragmatic dialogue?

China-U.S. relations have left the era of integration and entered a new historical period in which a new narrative acceptable to both sides has yet to take form.

The ultimate reason is that, with intensifying structural contradictions between the two countries, fierce competition has come to characterize the relationship. The rivalry appears in various fields, including as trade and economics, military, science, technology and the humanities, surpassing cooperation to dominate constructive relations. The two countries are facing not only great uncertainty over prospects for their relationship but also significant perceptual differences in what has led to the current situation, how to redefine relations and how to control disputes.

From the perspective of power rivalry, the United States, as it always does, seeks in-depth adjustment to its global strategies and concentrates resources

on the strategic competition targeting China. It mobilizes internal and external resources to this end on a continual basis. With these efforts, a systematic U.S. narrative is taking shape, with its development having gone through three stages.

The two countries are facing not only great uncertainty over prospects for their relationship but also significant perceptual differences in what has led to the current situation, how to redefine relations and how to control disputes.

In the first stage, the U.S. strategic community engaged in large-scale discussions about policies toward China since 2015, as disputes over trade and economics and the South China Sea arose. In these discussions, the clamor that “the engagement policies of all previous U.S. administrations ended in failure” prevailed, and the voices calling for “rebuilding” major strategies toward China were loud and clear.

In the second stage, the Trump administration started a trade war and a tech war, and it made ideological attacks, labeling China as its primary strategic competitor, stigmatizing it as behaving unfairly in the global economic system and calling it a thief of intellectual property and a “revisionist” in the postwar international order.

Further, Washington interpreted China-U.S. contradictions as a life-and-death battle between authoritarianism and the free world. It even escalated the contradictions onto the level of a “clash of civilizations” and agitated for domestic forces to contain and oppose China. In this process, however, the arbitrary, extreme and irrational judgments regarding a clash of civilizations, a new cold war and other charges have been questioned by some rational U.S. scholars.

In the third stage, after Joe Biden assumed office, the administration organized a review of its policies toward China but essentially continued the narrative of its predecessor. It defined China-U.S. relations as “fierce strategic competition” and emphasize common Western values to coordinate with its allies and partners and thereby expand its domestic mobilization to the world at large.

Despite all this, the administration has admitted that it is impossible for the U.S. to decouple from China and that cooperation with China is indispensable as the U.S. attempts to lead global efforts on climate change and other items on its agenda. On this account, it proposed building “guardrails” around bilateral ties, categorizing issues in China-U.S. relations as “competition,” “confrontation” or “cooperation,” and increasing management and control to avoid possible “disasters.”

Yet, the voice of the U.S. strategic community lingers. Recently, scholars including David Lampton, Kenneth Lieberthal, Susan Thornton and Thomas Fingar defended what has been an engagement policy toward China since the 1970s. The latest book — “Engaging China: Fifty Years of Sino-American Relations” — encapsulates their thoughts and concludes that the engagement cannot be regarded as a failure. Rather, engaging China has benefited the U.S. by accelerating the end of the Cold War, integrating China into the international system, advancing global poverty alleviation efforts and allowing major reductions in military expenditures as the Asia-Pacific region has maintained peace — to name a few of the positives.

They also argued that the engagement policies were not enacted to transform China, nor made based on any one-off choice. Instead, those policies arose from an accumulation of decisions made by previous administrations in response to various events and were “a response to possibilities and opportunities.” They also noted that the current narrative of U.S.-China relations largely ignores its security-based origins and the necessity and inevitability of hedging America’s bets.

Such arguments, to a large extent, can be considered counterattacks from rationalists in the U.S. strategic community against the excessive adjustment of U.S. policy toward China in the previous stage, and against decision-makers for the estrangement they once experienced, which naturally provoked a backlash from hardliners. In an article published on the website of Foreign Affairs on Oct. 19, the prominent aggressive realist scholar John Mearsheimer stressed that U.S. policies toward China that are driven by idealism but are not logical under realism had failed, and that “the inescapable outcome is competition and conflict.”

Although different factions are still debating the value of past engagement policies, the mainstream belief is that the U.S. has reached a consensus on the necessity of engaging in all-government, systematic strategic competition against China. Further, this consensus is expanding, as the U.S. has realized it cannot make a choice between responding to global challenges and coping with great power competition. Instead, the two tasks must be done simultaneously.

At present, the U.S. is strengthening diplomatic communication with China and playing down confrontation in the relationship.

The new U.S. narrative on China is still developing, and its conclusion remains unclear, mainly because the big question — What on earth should the new policies toward China be? — awaits an answer. The Biden administration refuses to admit that the U.S. is trying to suppress China’s rise and claims it firmly opposes a new cold war. At present, the U.S. is strengthening diplomatic communication with China and playing down confrontation in the relationship. Rational scholars have proposed that new policies should aim to achieve equality, yet the connotations remain fuzzy. What’s more, their specific proposal for avoiding a new cold war is too weak to address the fundamental concerns of the two governments.

It remains to be seen what attitude the U.S. will take toward China and whether a complete and relatively rational narrative can be established.

A series of official reports by the Biden administration will be released at the end of this year, including the National Security Strategy, the Nuclear Posture Review, the National Defense Strategy and the new Indo-Pacific Strategy Report. It remains to be seen what attitude the U.S. will take toward China and whether a complete and relatively rational narrative can be established.

With its power continuously increasing and substantial changes occurring in the nature of China-U.S. relations, China is also seeking to explore a new narrative in relations. It has experienced several stages as well. At first, it was comparatively idealistic. After rejecting the G2 relationship proposed by U.S. strategic

heavyweights, China devoted itself to exploring the building of a new-type of great power relations and trying to form a narrative framework acceptable to both sides.

Then China strongly reacted to the strategic adjustment made by the U.S., while exerting diplomatic influence based on its static thinking formed over the past few years. During this process, and with a fighting spirit repeatedly emphasized, the fighting practice and its domestic mobilizing effects continue to advance. And its confidence and vision — globally — of engaging with the U.S. under new historical conditions has been gradually established. However, amid the ever-changing global landscape and continuous friction between China and the U.S., adding that the review of U.S. policies toward China is not yet final and the “strategic ambiguity” with regard to Taiwan has yet to dissipate, China is still unable to form a complete new narrative.

In its diplomatic communication with the U.S., China explicitly opposes defining the world’s most significant bilateral relationship by competition, or anything else. This indicates that China rejects being forced into any narrative by the U.S., refuses America’s shifting of blame for the deterioration of bilateral relations onto China and turns down the U.S. attempt to piece together unified Western policies to oppose China.

Nevertheless, this does not mean there is no competition in China-U.S. relations. In fact, Chinese State Councilor and Foreign Minister Wang Yi once said, “Despite elements of competition, China-U.S. ties are defined more by partnership, not rivalry.”

Competition between China and the U.S., such as that seen in the fields of trade, economics, science and technology, should and could have been steered in a positive direction to improve the well-being of all mankind. However, the fact that the U.S. unilaterally and reductively defines China-U.S. relations by competition sets a narrative trap in an objective sense. Once China falls into such a trap in its narrative, it will, consciously or unconsciously, allocate all its resources and mobilize public opinion toward the definition of competition in its relations with the U.S. If this comes to pass, the malignant interactions between the two countries will escalate across the board, thus inevitably resulting in a new cold war.

China is still unable to form a complete new narrative.

Further studies and discussions are needed regarding how to write the new narrative of China’s relations with the U.S. A rivalry of narratives has long been waged by the two countries. Everything in the past, from the trade war to COVID-19 and the effort to find its origin, is simply prologue. In truth, it is the confrontations between the two sides since the talks in Anchorage that are playing a major role. If the current course continues, in which one side insists on competition while the other pursues cooperation, bilateral disputes will slide into an infinite loop in which reaching any consensus will be unlikely.

Yet this does not mean the two narratives are completely parallel or without overlap. When it comes to defining Chi-

na-U.S. relations, scholars from both countries advocate for the concept of “coopetition” — a useful coinage. Regarding what kind of relations the two parties should strive for, the Biden administration recently used the expression “durable coexistence,” as scholars from both sides hoping to achieve “peaceful coexistence” state that the two global powers must renew their commitments to each other to achieve that. Meanwhile, be it governments, the academic community or the public, both sides have acknowledged the importance of maintaining exchanges, managing disputes and cooperating on global issues.

What on earth are the two countries fighting for?

Lying behind the rivalry of narratives is a more in-depth question waiting to be solved: What on earth are the two countries fighting for? The question has remained unanswered ever since it was raised a few years ago. The two countries are not vying for hegemony, since China does not intend to replace the U.S. to dominate the world. And it seems they are not competing for room for development either, as the U.S. strategy toward China is far beyond suppressing its rise. If neither side can support their fights with convincing arguments acceptable to the other and the world, shouldn't they sit down and have some productive discussions to clear up misunderstandings and bring their narratives as close to objective facts as possible?

If the current course continues, in which one side insists on competition while the other pursues cooperation, bilateral disputes will slide into an infinite loop in which reaching any consensus will be unlikely.

Bipolar World Is Obsolete



Tao Wenzhao

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Worries by the United States that China will take over its leadership role are based on a serious strategic misunderstanding. The road ahead for the international power structure as it shifts to a multipolar pattern may be long and difficult, but the prospects are promising.



One theory in vogue now in explaining China-U.S. relations is that of power transition. In his recent book — “Destined for War: Can America and China Escape Thucydides’ Trap?” — American scholar Graham Allison identifies China as the rising power and the U.S. as the incumbent, on the assumption that American power is transitioning to China and that the bilateral relationship is precisely in line with his theory about emerging and incumbent powers. There has thus been a craze over the so-called Thucydides trap in China and the U.S., and in the international community at large. Some scholars have taken it a step further, based on the narrowing gap between Chinese and U.S. GDP, as well as the fact that the two are leaving the rest of the world further behind in terms of GDP. They conclude that the present international power structure is increasingly tilting toward a new bipolar configuration, even believing that it is already a matter of fact and that 2020 was its first year. The idea is inconsistent with the reality of the current international order and may lead to misunderstandings. To clarify, we need to answer the following questions:

The answer is no doubt decentralization.

Has globalization led to the centralization or decentralization of power in international politics?

The answer is no doubt decentralization. Globalization is a powerful current trend, and despite the tides of de-globalization, they won’t be able to stop it. Real life has shown that one of globalization’s effects has been the decentralization of power among countries.

Globalization has eroded some aspects of countries' sovereignty. In the process of globalization, all countries amortize part of their sovereignty. At the same time, they enjoy sovereignty amortized by other countries. For example, tariff autonomy used to be considered an important aspect of a country's sovereignty. But now all countries participating in the WTO need to reduce or exempt tariffs under WTO stipulations, and all countries can enjoy the part of sovereignty that is surrendered by others. That involves the question of seeking benefits while avoiding harm.

International organizations and conventions place restraints on state sovereignty. Under the Paris agreement, for instance, all participating nations need to put forward their emission reduction goals, and that places limits on sovereignty. Donald Trump withdrew the U.S. from the agreement exactly because he thought it had too many restrictions and undermined U.S. sovereignty.

They enjoy far greater power in the international community but are subject to limited control.

More non-state actors, such as cross-national corporations, terrorist organizations, international crime organizations and drug cartels, are now taking part in international politics. They enjoy far greater power in the international community but are subject to limited control. The 9/11 terrorist attacks were the epitome of the damage terrorist organizations can do to international politics. Trump asked American companies to decouple from the Chinese market, but few have done so, indicating that multinational corporations have developed restrictions on the powers of the U.S. government.

Technological progress has also dealt a blow to state powers. For instance, the internet has expanded access to information, bringing with it a free flow that was unthinkable in the past. Problems are just now emerging, and will become increasingly prominent in step with such technologies as artificial intelligence and quantum computing.

The current international power structure is undergoing transition, from the U.S. unipolar pattern to a multipolar one.

The aforementioned erosion and restrictions touching national sovereignty that globalization has brought exist in all countries, including those in dominant positions in international affairs. Even hegemonic control by states over international affairs has been eroded and restricted by globalization.

How to evaluate the present international order?

After the collapse of the bipolar pattern, many in American political and academic circles concluded that the world had entered America's unipolar moment and a unipolar pattern. The majority of Chinese scholars see one superpower and multiple major powers, although the disparity between the superpower and others remains substantial. China and Russia have issued multiple joint statements to clarify their positions. The one released in April 1996 said the world was showing a multipolar trend. However, the world is not peaceful; hegemony and power politics still exist; and clique politics are manifest in new ways. The statement also proposed "building new international political and economic orders that are just and reasonable." An April 1997 statement emp-

hasized that the two parties would strive to promote multipolarity around the globe and establish a new international order in response to the pressing needs of the times. The current international power structure is undergoing transition, from the U.S. unipolar pattern to a multipolar one. But the transition will be a very long, slow process.

Will multilateralism result in a bipolar pattern?

The answer is also a clear no: It will only result in a multipolar order. Multilateralism gradually came into being in the aftermath of the collapse of the U.S.-Soviet Union bipolar pattern that marked the end of the Cold War. With emerging economies playing greater roles in the new century, multilateralism in international politics has done the same. Practicing multilateralism means forsaking unilateralism, with international affairs being handled on the basis of consulta-

tion and the fate of the world determined by all countries, rather than being subject to the dictates of a few. In the past, big countries had louder voices in international affairs, while smaller ones received little attention. Therefore, small and medium-sized countries have united to form regional organizations to assert themselves in international affairs. The African Union and ASEAN are two easy examples, the latter in particular. ASEAN countries collectively follow the principle of ASEAN centrality. In accordance with that, ASEAN has launched and led such mechanisms as the 10+1 (ASEAN plus China), the 10+3 (ASEAN plus China, Japan and South Korea), the East Asia Summit and ASEAN Regional Forum. It got rid of manipulation by major powers, successfully assumed a leadership role in regional affairs, and acted as a strategic middleman between major neighboring countries. ASEAN centrality has taken shape in the process of decades of development, and it has proved effective. It is



▲ Leaders from the world's 20 leading economies met in Rome for the G20 Summit on 30-31 October. G20 Leaders adopted the Rome Declaration underlining the crucial role of multilateralism in finding shared, effective solutions, and agreed to further strengthen common response to the pandemic, and pave the way for a global recovery.

conducive to maintaining regional peace and has begun to exert influence in international affairs. Such practices in international relations are completely incompatible with a bipolar order, because they embody multilateralism. The UN and its subordinate organizations all practice multilateralism.

China's main advantage lies in GDP, not only in terms of today's total volume, but also in terms of growth momentum and potential.

Do conditions exist for the emergence of a bipolar pattern?

The emergence of the U.S.-Soviet Union bipolar pattern had two background conditions, one of which was the anti-fascist war, during which the U.S. witnessed a dramatic increase in its comprehensive national strength and formed a global alliance system. The Soviet Union's strength, military in particular, also developed substantially in the war, which made it a military power second only to the U.S. Its influence also saw unprecedented expansion. The other was the Cold War, during which the Warsaw Treaty Organization and NATO were formed and the world was divided into two camps, where a bipolar order featured confrontations and standoffs between the two groups. Conditions today are completely different. Chinese diplomacy emphasizes a policy of no confrontation, along with non-alignment, avoiding targeting third parties, forming partnerships (but not alliances) and developing friendly ties with all countries. So there is no such thing as camps.

Meanwhile current international relations are far more complex than in the

days of bipolar confrontation. China-U.S. relations are more complicated than those between the U.S. and Soviet Union, as there wasn't such broad and deep interdependence in the latter case, such as China and the U.S. have today. Nor are U.S. relations with its allies what they once were. On some issues — mainly security and values — they still basically follow the U.S.; but in other aspects, such as non-traditional security — especially economy and trade — each of them seeks its own interests. With all countries pursuing their own interests, and having their own positions and purposes, a bipolar pattern is out of the question.

Currently, the U.S. remains in an advantageous position against other countries or groups of countries in terms of comprehensive national strength, and no other country can lead the world in all, or even many, of those aspects. When it comes to strategic balance, especially nuclear strategy, the issue is only between the U.S. and Russia, and the advantageous U.S. position will be sustainable in the long term. In terms of science and technology innovation, as well as core competitiveness, the EU and Japan also have advantages. The former is in a leading position in environmental protection and carbon emissions reduction; the latter leads in addressing issues related to aging.

With all countries pursuing their own interests, and having their own positions and purposes, a bipolar pattern is out of the question.

China's main advantage lies in GDP, not only in terms of today's total volume, but also in terms of growth momentum and potential. But we should also see the challenges facing the Chinese economy.



▲ The leaders of the Association of Southeast Asian Nations (ASEAN) countries met in Jakarta, Indonesia on April 24, 2021.

As the world concentrates on climate change, China has committed to reaching peak carbon dioxide emissions before 2030 and achieving carbon neutrality before 2060. Accomplishing such goals is difficult for any country but especially for China because its energy input for each unit of GDP is 1.5 times that of the global average.

Aging is another common challenge to all nations, but particularly for China, because the average Chinese GDP as it entered an aging pattern in society was much lower than that of advanced nations. All this means we are in relative short supply of resources for coping with an aging population, and the impacts of an aging society have begun to present themselves. But this is only the beginning.

Thanks to the trend of power decentralization in international politics brought by globalization and technological progress, it would be unrealistic for power in international politics to be controlled by a couple of countries — which is also a primary reason why U.S.

But equally clearly, the part of power the U.S. has lost has not been fully transferred into China's hands but instead has been dispersed among many developing countries and emerging economies.

The rise and fall of hegemons is bygone history. It is obsolete in this century.

hegemony is in relative decline. But equally clearly, the part of power the U.S. has lost has not been fully transferred into China's hands but instead has been dispersed among many developing countries and emerging economies. One evident example is the G20. The U.S. and a small number of advanced countries were unable to handle the financial crisis, so they were forced to engage emerging economies. Emerging economies have thus been able to participate in decision-making processes that are significant to both international finance and global economy. From the perspective of the current international pattern, no country other than the U.S., which still has relative advantages in more aspects (but which are weakening), can claim the advantage in all or many aspects and qualify as another pole in a bipolar pattern.

A multipolar world is a dynamic concept in a state of change. The 21st-century international political order in general displays one prominent characteristic: One country or collection of countries may play a leading role in one aspect or some aspects; others have advantages in other aspects. But international powers will not be highly centralized in the hands of one or two. International politics of the 21st century not about the U.S. decline and China's rise, or about China replacing the U.S. as a new hegemon. The rise and fall of hegemons is bygone history. It is obsolete in this century. This is the basic international backdrop of China's decision to pursue a path of peaceful development.

The goal of Chinese national rejuvenation is not to overtake the U.S.; China has no such intention. More important, times have changed. It is a serious strategic misunderstanding and misjudgment for the U.S. to worry that China will challenge and take over U.S. global leadership. The Thucydides trap doesn't apply here. Nor is "power transition" a proper theoretical framework for observing and analyzing China-U.S. relations. The road ahead for the international power structure's evolution toward a multipolar pattern may be long and tortuous, but the prospects are definitely promising. This is the fundamental reason why we should not be overly pessimistic about China-U.S. relations.

The U.S. and China Are Not Spoiling for a Fight



James H. Nolt
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Headlines would suggest a U.S.-China confrontation is imminent, but a close examination of economic relations between the two nations and the material reality of trade reveal that instigating a conflict would be, for both sides, like shooting themselves in the foot.

During peacetime, there are various ways to assess the risk of war. However, the focus of most pundits is on words and superficial actions. Words and gestures are cheap. They are as much the currency of domestic politics as they are instruments of diplomacy. Western media considers China to be a provocateur in the South China Sea and Taiwan Strait. China talks as if the U.S. and its allies are spoiling for a fight in both these regions off China's coast. Most Western media assume that China is the instigator; Chinese media treat Western nations' transit through "its" seas as an unprecedented act of aggression. Both sides are exaggerating the threat for domestic political purposes. It is much ado about nothing.

There have been a slew of stories alleging "provocative violations" by the Chinese into Taiwan's Air Defense Identification Zone, or ADIZ, as if this were some sort of sacrosanct internationally recognized boundary. Actually, it just refers to the area scanned by radar positioned

on mountaintops in Taiwan. Most of it comprises international waters, where all countries are free to sail and fly, as the U.S. and its allies constantly assert. A major portion of this ADIZ is over the Chinese mainland. Thus, routine Chinese training flights are tracked as "violations," whereas similar excursions of Western naval and air forces in the neighborhood of China are justified as "containment" of China. In fact, both sides' actions are a long-standing routine. The rest is empty rhetoric.

The objective reasons why neither the U.S. nor China are inclined to go to war with each other are rarely enunciated on either side. First of all, the two greatest economies in the world both remain committed to interdependent worldwide networks of trade and investment. Their trading relationship is by far the world's largest. Both economies would be devastated by even a limited armed conflict between them, let alone all-out war.

While the U.S. has fought many wars since World War II, contemporary spats with China are nothing like the Cold War with the former Soviet Union, let alone hot ones. The real Cold War involved a cessation of trade. That conflict began to ebb when trade resumed during the 1970s. It ended because the Soviet Union's increasing stake in the global economy precipitated its collapse, particularly amid volatile oil and gas prices. Further, American wars since the start of the Cold War have been fought in countries with limited weight in the global economy. In fact, those wars even stimulated a segment of American business that has been labeled the military-industrial complex ever since President Eisenhower's famous speech warning about its influence.

The objective reasons why neither the U.S. nor China are inclined to go to war with each other are rarely enunciated on either side.

Economic interdependence promotes peace nowadays more than ever because most modern products require inputs from extensive global supply chains. No country's economy could endure a major interruption of trade without catastrophic production bottlenecks, inflation and mass unemployment. The disruptions of COVID have already underlined that lesson. Bottlenecks are pinching the global economy in industries as diverse as electronic circuits, shipping and paper products. Any war involving China would be vastly more disruptive.

China, having the largest share of world trade, is dependent on the continuous importation of numerous vital materials, including circuits, oil and gas, iron ore, coal, copper and even food. Western media often describe the South China Sea

and the Taiwan Strait as vital international waterways, but vital to whom? Most of the U.S. trade flowing through these waters is headed to China itself. Trade routes of American allies, such as Japan and South Korea, could be rerouted east of the Philippines during any war. However, China's access to the ocean would itself be severely hampered if these routes were blocked by war. Furthermore, most of China's trade is with the U.S. and its allies, so it would likely suffer an embargo anyway. A nation facing such vulnerability is unlikely to disrupt the very trading system that has lifted it out of poverty and into the top tier of global economies.

The U.S. and its allies, with a worldwide network of bases and paramount naval and air power, seem to have more ability to confront China than China has to oppose them. However, America's money-fueled politics is dominated by large corporate donors to both parties who depend on China's commerce. Sure, companies in the military-industrial complex that profit from worldwide arms sales also prosper from a war of words; it is great advertising for them. With the recent American withdrawal from Afghanistan and other wars, arms sales might be in recession were it not for "China threat" rhetoric. This very notion is the likely motive behind the recently announced AUKUS deal, which will supply Australia with U.S. and U.K. nuclear submarine tech.

A nation facing such vulnerability is unlikely to disrupt the very trading system that has lifted it out of poverty and into the top tier of global economies.

On the other side of the ledger, however, are a more potent lobby of American financial and industrial corporations engaged in massive trade with, and investment in China. U.S. companies operating within China sell several times more goods produced there than what American firms export to China. Quite a few American corporations earn more profits in China than they do domestically. They would suffer enormous losses from any interruption of their lucrative China business. While much of the world's media is harping about the supposed threat of Chinese aggression, Wall Street continues to salivate over the prospect of greater access to the vast Chinese market. American corporate moguls are not investing as if war were imminent. Since they enjoy intimate access to politicians on both sides of the Pacific, they may understand the incentives of peaceful commerce better than the general public.

Further, China is not arming at anywhere near the pace it would require, or could achieve, if it actually did plan a campaign of aggression, as Japan and Germany did before World War II. China spends a smaller portion of its lesser GDP on arms than the U.S. does and much less proportionately than any major country spent during the Cold War. While this still leaves China as the world's second-highest military spender, it is simply inadequate for the task of taking on the world's reigning superpower, especially considering that most of the other major industrial powers are America's long-time military allies. China also trains a much smaller portion of its population for war as compared with the U.S. and many of its allies. Neither spending nor training have accelerated recently. Even relative to a modest power like Taiwan, China has not invested in the vast quantity of amphibious, naval and air assets it would need for a D-Day style invasion of Taiwan. Elsewhere, I have analyzed the difficulty of military operations against Taiwan. If even this scenario is problematic, where is the alleged China threat headed? For now, it is hot air.

While much of the world's media is harping about the supposed threat of Chinese aggression, Wall Street continues to salivate over the prospect of greater access to the vast Chinese market.

The Pacific Dialogue



The Pacific Dialogue is a new way to virtually connect thought leaders across the Pacific Ocean to continue frank and direct conversations during this difficult time.

Finding the Future



■ Zhou Bo

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Overall, the U.S. military is still much stronger than China, but China doesn't have to compete with the U.S. beyond China's periphery.

The Pacific Dialogue is a program that gathers thought leaders on complex global issues. For 42 years, Zhou Bo served in China's People's Liberation Army and retired with the rank of senior colonel. Now he's based in Beijing at Tsinghua University's Centre for International Security and Strategy. TPD Host and China-US Focus Editor-at-Large James Chau spoke with Zhou Bo on Sept. 15, 2021, to get his insights on issues from Afghanistan to the South China Sea and the urgent need for communication between the Chinese and American militaries.

James Chau:

You wrote in The New York Times about the “speed” and “scope” of the Taliban takeover in Afghanistan, and the introspection this has triggered in the West. How can China succeed where others have failed? And how would you measure that success?

The Afghans also happen to be your direct neighbors. Why not help them?

Zhou Bo:

The international community has witnessed how the U.S.-led military intervention in Afghanistan, which lasted for two decades, has failed. The good thing is that the Afghan people have no bad memories of the Chinese because, historically, China has never invaded Afghanistan, unlike the invaders coming from afar. That laid a good foundation for Chinese efforts in Afghanistan. Why would Afghans trust the Chinese people? One reason is that China's political impartiality can be trusted because, even during the Silk Road period, relations were very smooth. So, China can be trusted. Also, everyone in the world knows that China has infrastructure-building capabilities and industrial capabilities that are second to none... and the Afghans also happen to be your direct neighbors. Why not help them?

JC:

You were in Afghanistan in the early 2000s, not long after the U.S.-led war began. What did you see there in terms of the human suffering that we're all too familiar with, as seen in the media coverage?

ZB:

It was one of the most unforgettable moments in my life. I have never seen a country so devastated by war. I saw houses on the mountains, but it's very bizarre because all the houses, one after another, have no doors, they have no windows. So, it's a bizarre situation. We delivered medical assistance to Afghan hospitals. At that time, the best hospital in Kabul had only one medical tonometer. That was shocking. I stayed at the Inter-Continental, which was one of the best hotels in Kabul at that time. But in my room, the ceilings were falling, and they had to support it with timbers. When we were in the elevator, it simply could not move. So, we could not move in the best hotel in Kabul. You know too well of the human suffering because you've seen it for yourself. And what were all seeing, at least on the television screens, is a humanitarian crisis that continues to unfold in real time.

JC:

When you see people clinging to the body of a C-17 aircraft as it tries to take off — and falling from that aircraft after it's in the air — what does that make you think?

It is certainly the beginning of extreme competition by the United States against China in the Asia-Pacific.

ZB:

It was the most miserable image I have ever seen. I have to think how this country was plunged into such a situation. This should not be the case. Throug-

hout history, the Afghan civilization was fabulous. I even remember a show of Afghan civilization at the British Museum. All these people know is fighting each other or fighting against invaders. But what contributed to this miserable situation? It was the war — the “forever war” led by the United States and NATO. This is what worries me. I was wondering: Does the withdrawal now indicate that the United States and its allies will divert their attention elsewhere? Will they redeploy resources to that part of the world and potentially recreate the problems that we see in Afghanistan? America's allies should really learn a good lesson here. This is probably the end of the American-led global counterterrorist war, and it might also be the beginning of the American global military retreat from the world. It is certainly the beginning of extreme competition by the United States against China in the Asia-Pacific.

JC:

Senior retired figures in the U.S., including retired Lieutenant General Karl Eikenberry, are flagging new concerns that the military crisis communication system between the United States and China is unreliable at best and absent at worst, and also charged China with not picking up the phone on their side at some key points in recent history. Does all this agree with your own understanding of these events?

ZB:

I certainly agree with Karl Eikenberry. I know him personally. This kind of crisis management is not so reliable. But what is the reason behind that? Let me put it in a very straightforward way: It is because of American provocations at Chi-

na's doorstep. The fact is, it is American ships that come on a regular basis, and this has been a problem for decades. China would talk at a strategic level saying that you must at least reduce this kind of reconnaissance or surveillance, or better to stop it all. This will eliminate the problem of interaction. But the American way is "No, we will come to challenge your excessive maritime claim. But you have to make sure we are safe."

JC:

If a military confrontation were to occur in the South China Sea would that in turn trigger other conflicts and actions, including embargoes?

But the American way is "No, we will come to challenge your excessive maritime claim. But you have to make sure we are safe."

ZB:

That, most unfortunately, has happened — for example in 2001 we had the collision of aircraft, and in 2018 two ships, one from China and one from the United States, narrowly missed a collision by just 41 meters. But still there is a light at the end of the tunnel. In October last year, the Chinese Ministry of National Defense and the Pentagon had what they called a crisis communication working group meeting. I'm happy that this word "crisis" was mentioned. They talked about the concept of crisis, and most important of all they talked about prevention of crisis. The intrinsic problem is that American ships coming so frequently into the South China Sea and the Taiwan Strait speaks loudly about how they wish to

challenge China. And this is extraordinary. Why? American ships sail around the world to challenge so-called excessive maritime claims of other countries. They not only challenge China but even our allies, though they highlight China. In fact, they even announce it before they start doing it.

Cooperation, rather than competition, is really the better human nature of our soul.

JC:

John Kerry, the U.S. special presidential envoy for climate, met with [Director of the Central Commission for Foreign Affairs] Yang Jiechi this year. China is saying it has its own road map for climate change. COP26 is being hosted in Glasgow, Scotland. If not climate change, then what will be the issue on which these two major economies and two major nations can find a way forward for humanity?

ZB:

I hope we'll have more areas of cooperation. During [U.S. Deputy Secretary of State] Wendy Sherman's visit to China, she mentioned the DPRK, the Iranian issue, Afghanistan and the "Burmese" issue for cooperation. But the irony is that it seems the U.S. simply wants China to cooperate [in areas] it is interested in, while continuing confrontation with China in some other areas. Yes, competition is a part of human nature. But isn't cooperation also part of human nature? I personally believe that cooperation, rather than competition, is really the better human nature of our soul. So, let's hope that might prevail.

JC:

Let's turn to the phone call between President Xi Jinping and President Joe Biden, their first such contact in over half a year. The White House says it was Washington that initiated that phone call. Why now?

ZB:

I think such communication is crucially important — conversation at the highest level, especially when the relationship between the two sides is not so stable and is competitive. So, this kind of a normal, occasional conversation is crucially important. Talking about the relationship itself, unfortunately, this is a so-called competitive relationship. That tone was set by President Trump for China-U.S. relations. This is not what China wants, China still wants a relationship of cooperation. Right now, we really have seen this unhealthy trend of cooperation sliding into competition. And my best hope is that it will not slide further into confrontation.

JC:

The two presidents raised and discussed several problematic issues that have reshaped the relationship in recent years. Does this necessarily indicate, or is there evidence, that things will get better for them from here on out?

ZB:

The gap between China and the United States be it in economic or military fields will only narrow. As time goes on, I think the United States will find that it must cooperate with China on so many international fronts. That is a bigger reason for me to be optimistic. Economically speaking, China is about 75 percent of the U.S. economy. But almost all the leading economists conclude that by

2030 China will be the largest economy in the world in terms of GDP. Yes, overall, the U.S. military is still much stronger than China, but China doesn't have to compete with the U.S. beyond China's periphery. If you look at China's military activity, it is invariably humanitarian in nature, be it peacekeeping, counter-piracy, disaster relief or evacuation of people from war-torn countries. These are all humanitarian missions. China and the United States have good cooperation in counter-piracy in the Gulf of Aden. They could even join hands in addressing the so called non-traditional threats. So, our door is always open. I never believed that the United States is exceptional or indispensable. How come Capitol Hill experienced such huge unrest? This is shocking. China's rise provides people with common sense, and common sense, at any given time in history, always means co-existence with different civilizations, different social systems, different religions and different cultures.

JC:

Mr. Zhou, thank you very much for the time and opportunity to speak with you today.

Yes, overall, the U.S. military is still much stronger than China, but China doesn't have to compete with the U.S. beyond China's periphery.

The Spirit of the UN Charter



He Yafei

Former Vice Minister of Foreign Affairs

True multilateralism, as reflected in the UN Charter, is the foundation of a functional world order, which in turn yields peace and prosperity. The future is not necessarily gloomy, so long as nations, which face daunting challenges, can work together in a spirit of harmony.

Oct. 25 this year marks the 50th anniversary of China's regaining her legitimate seat at the United Nations as the United Nations General Assembly passed Resolution 2758 with mostly the support of developing countries that had been decolonized not too long ago. It provides a unique opportunity to review the international system and global governance from both a historical and realistic perspective to improve upon the world order that has been under duress for two decades or more.

The West, led by the United States, has become ever more worried, wrongly believing that China has begun to challenge its dominance.

Antonio Guterres, the UN secretary-general said in his most recent report — “Our Common Agenda” — that “we are at an inflection point in history.”

“In its biggest shared test since World War II, humanity faces a stark and urgent choice: a breakdown or a breakthrough,” he said.

Guterres mentioned three major challenges — the COVID-19 pandemic, military conflicts and climate change. His words reinforced the stark reality of the first 20-odd years of the 21st century with the most unprecedented and earth-shaking vicissitudes in human history, which can be summed up as follows:

1. The global balance of power continues to tip in favor of developing economies, with China in the lead. The governing architecture of the world has been transformed, and the West, led by the United States, has become ever more worried, wrongly believing that China has begun to challenge its dominance. This misinterpretation of China's intentions motivates the West to take a strong confrontational approach to China, including possible economic and technological decoupling.

On October 25, 1971, the United Nations General Assembly voted on Resolution 2758. It read, in part, that the United Nations “decides to restore all its rights to the People’s Republic of China and to recognize the representatives of its Government as the only legitimate representatives of China to the United Nations.”



- ▲ On November 15, 1971, headed by then Vice Foreign Minister Qiao Guanhua, the delegation of the People’s Republic of China (PRC) made its debut at the United Nations (UN) Assembly Hall after its lawful seat at the UN had been restored. The delegation immediately became the focus of attention at the 26th Session of the UN General Assembly (UNGA).



- ▲ The classic photo of delegation head Qiao Guanhua’s Laugh was taken at the conference hall on November 15, 1971.

2. The global challenges facing humanity today come from both traditional security threats from rising geopolitical tensions between great powers and nontraditional security threats, such as the pandemic, cybersecurity and climate change, all existential crises that put the world order and global governance under pressure.

3. The technological revolution in the last two decades or more has changed the world so fundamentally that previous ways of life and modes of economic development have been upended. The test is whether or not humanity can master the vast scale and fast pace of the tech revolution for world peace and development.

4. The tug-of-war between globalization and anti-globalization has entered a new phase, as populism, identity politics and nationalism fuel the latter, accompanied by the radicalization of domestic politics in many countries — especially major Western nations.

The next question is what to do to sustain the UN-centered international system and global governance framework based on the UN Charter. That charter has provided the foundation for a functional world order that maintains and promotes world peace and prosperity. Crises come with opportunities, and the future is not necessarily gloomy so long as we can work together in the spirit of true multilateralism to overcome daunting challenges.

It is high time now to do the following:

1. Reiterate the relevance and importance of the UN Charter as the universally accepted international instrument in sus-

taining the global governance system.

The first priority should be — under the UN Charter — to avoid war and military confrontations between great powers. A posture of “no conflict, no confrontation” must be the minimum consensus. There will be no economic prosperity without collective security.

2. Rekindle the spirit of solidarity and unity of the international community, especially of great powers, to take up traditional and nontraditional global challenges, which all countries face, one on top of another.

That solidarity was clearly displayed during the 2008-09 world financial crisis, with the G20 as the primary economic governance platform supported by UN member states.

There will be no economic prosperity without collective security.

3. Embrace true multilateralism once more in seeking global and regional solutions to any problems or crises, big or small, through concerted regional and global efforts by a multitude of players, and with sovereign states playing the major role.

It takes both courage and wisdom to seek true multilateralism by giving up and opposing unilateralism, narrow-minded nationalism, populism and isolationism in managing regional and global affairs. A reshaped world order depends on it.

4. Uphold the current international sys-

tem and its global governance framework with hard but necessary reforms through institution- and norm-building, a process that needs the participation of all countries.

The WHO and WTO will be the first test cases. In other words, when talking about rule-based global systems, it is necessary to see what the rules are and then assess whether they should be reviewed or changed — and, of course, by whom. International affairs should not be exclusively managed by one or two countries or by a group of countries. They must be managed through consultation and negotiation by all in an UN-centered governance system.

5. Foster a community of nations with a shared future.

Sharing is the essence of true multilateralism. The global village is a reality no one can reasonably deny. Sharing and opening are the keys to global cooperation and the only way out of current and future crises — not closing up or building walls and ideological identity-based groups.

In sum, I would echo what Guterres highlighted in his report: that a shared vision works “for people, for the planet, for prosperity and for peace.”

There is no reason for anyone to be pessimistic about the future. We are all in this together and can break through crises to have a better, safer, unified and prosperous world, so long as we make the right choice to work with each other rather than against each other. There will be a total breakdown of the international and global governance systems unless we recognize stark reality and do the right things — starting right now.

It is necessary to see what the rules are and then assess whether they should be reviewed or changed — and, of course, by whom.



SABOTAGE IN AUSTRALIA

The AUKUS partnership's nuclear submarine deal destabilizes the Indo-Pacific region and serves no one's interest — least of all France, which was stabbed in the back. Will the vessels ever be delivered as promised? Washington couldn't care less. It's all about money and American jobs.



John Gong

Professor

University of International Business and Economics



In a bid to meet the supposed security challenges of the Indo-Pacific region, leaders of the three largest Anglophone countries on three continents jointly announced on Sept. 16 the formation of AUKUS, a new geopolitical and security partnership of the United States, United Kingdom and Australia. The idea is to

coordinate on cyber issues, advanced technologies and defense.

The most significant piece of this new partnership is a nuclear submarine deal in which the U.S. and UK would help Australia build and maintain nuclear-powered submarines. Australia would be-

come the seventh country in the world to operate such powerful underwater toys, after the five United Nations permanent security powers, plus India. This would represent a major boost for Canberra's military arsenal, greatly elevating its stature in regional security matters.

As expected, the partnership immediately drew an angry response from Beijing. A Foreign Ministry spokesman called it “extremely irresponsible,” as it “seriously undermined regional peace and stability, aggravated the arms race and hurt international nonproliferation efforts.”

AUKUS spells out loud and clear the importance of Anglo-Saxon commonality in the Indo-Pacific: Australia is special; India and Japan are not.

From Beijing's perspective, these statements go without saying, of course. But even from Washington's perspective, it is yet one more example of an utterly bad foreign policy, following on the heels of the Biden administration's Afghanistan withdrawal debacle. The name itself, AUKUS, sounds like “aw-kiss,” an awful kiss with hell. It fits the definition of a saboteur in every possible way.

First, AUKUS sabotages America's own global security framework. By banging together only three countries of Anglo-Saxon lineage, and in particular by conferring Australia with nuclear-powered submarine status, AUKUS essentially builds a mini super alliance on top of Washington's existing security arrangement in the Indo-Pacific, which has been largely based on the QUAD quasi-alliance framework (U.S., Australia, Japan and India), effectively creating a new caste system within it.

For a long time, politicians in Washington have touted the special American-British relationship. And that special relationship, as we all know, arises from the historic and cultural Anglo-Saxon connection. As Washington's strategic interest pivots to the Indo-Pacific region, the other Anglo-Saxon connection — a connection originating from a penal colony full of British convicts — now takes the front seat. AUKUS spells out loud and clear the importance of Anglo-Saxon commonality in the Indo-Pacific: Australia is special; India and Japan are not. But at least India already has a nuclear submarine in operation — just one. Japan, as a perpetual second-class citizen, as usual, when it comes to Tokyo's dealings with Washington, lies at the bottom of the pile.

AUKUS also sabotages Washington's transatlantic relations as the single most brutal example of perfidy toward a major NATO member state in recent history. The nuclear-powered submarine deal is premised upon Australia's ditching an existing \$66 billion contract to purchase 12 attack-class conventional submarines from France's Naval Group. That deal was once hailed as the deal of the century in France, but now Paris is left cruelly swinging in the wind.

Within NATO, it has been pretty clear that there also exists a caste system: The UK is special; France and presumably other continental member states are not. French Foreign Minister Jean-Yves Le Drian called the deal a “stab in the back.” And he further characterized it as a “brutal, unilateral and unpredictable decision that reminded him of former president Donald Trump.” In retaliation, France recalled its ambassador to the U.S.

AUKUS also sabotages the nuclear nonproliferation cause that lies at the core of America's national interest. The Nuclear

What it means is that there are indeed risks of nuclear proliferation that need to be checked by the IAEA, when a non-nuclear-weapons state — Australia in this case — intends to invoke INFCIRC/153.

Nonproliferation Treaty of 1970 does have a loophole for non-nuclear-weapons states to develop nuclear-based capabilities for nonexplosive military applications, as long as there are safeguards in place from the International Atomic Energy Agency. This loophole was inserted into INFCIRC/153 (IAEA 1972), the basic safeguards agreement between the IAEA and non-nuclear-weapons states in 1972.

What it means is that there are indeed risks of nuclear proliferation that need to be checked by the IAEA, when a non-nuclear-weapons state — Australia in this case — intends to invoke INFCIRC/153. When China's Ministry of Foreign Affairs spokesman Zhao Lijian said the AUKUS deal hurts international nuclear nonproliferation efforts, he is obviously referring to these risks, which stem from two aspects.

One is that such a country may need to develop its indigenous uranium enrichment capability, raising the question of how to make sure the enriched materials are not diverted to nuclear weapons development. For example, Brazil, which at one point was trying to build nuclear-powered submarines with French help, did indeed also build a domestic uranium enrichment factory.

The other possible source of nuclear proliferation risk stems from the fueling cycle of a submarine reactor. Zhao, the ministry spokesman, said the international community does have reason to be concerned about Australia's sincere commitment to nonproliferation. That is why for both types of risks there is a whole set of cumbersome safeguard procedures involving the IAEA.

Is Australia really committed to nuclear nonproliferation? Asked another way, will a country that has indeed developed uranium enrichment technologies, or has access to an adequate supply of enriched uranium after spending tens to hundreds of billions of dollars, going to only stick with the wonderful materials to power a few underwater ships and avoid being seduced into developing something that bestows tremendous global and regional power and status? That is a hard question to answer, and so far there is no precedent in history that gives a positive answer.

AUKUS also sabotages the regional power balance by stimulating other countries to develop their own access to nuclear-powered submarines, potentially spurring an arms race among the regional powers. South Korea openly expressed interest in acquiring such a capability in the past. During former U.S. president Donald Trump's November 2017 visit to Seoul, South Korean President Moon Jae-in asked about the possibility of purchasing a U.S. nuclear-powered submarine.

Canada, another Anglosphere workhorse, also openly explored buying nuclear attack submarines with both France and the UK as early as 1987. This was later vetoed outright by Washington. And what about Indonesia? It may feel the need to have a new toy, given Australia's future access to it. What about Japan? Given Uncle Sam's past record with

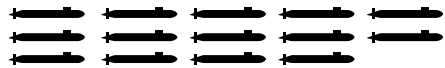
Nuclear submarines



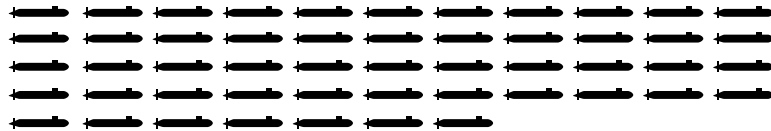
US/ The United States Navy (USN)

Total
68

Nuclear-powered ballistic-missile submarines (SSBNs) **14**



Nuclear-powered submarines with dedicated launch tubes for guided missiles (SSGNs) **51**



Nuclear-powered attack submarines (SSNs) **3**



Russia/ The Russian Navy (VMF)

Total
29

Nuclear-powered ballistic-missile submarines (SSBNs) **11**



Nuclear-powered submarines with dedicated launch tubes for guided missiles (SSGNs) **7**



Nuclear-powered attack submarines (SSNs) **11**



China/ People's Liberation Army Navy (PLAN)

Total
12

Nuclear-powered ballistic-missile submarines (SSBNs) **6**



Nuclear-powered attack submarines (SSNs) **6**



Britain/ The Royal Navy (RN)

Total
11

Nuclear-powered ballistic-missile submarines (SSBNs) **4**



Nuclear-powered attack submarines (SSNs) **7**



France/ The French Navy (FS)

Total
8

Nuclear-powered ballistic-missile submarines (SSBNs) **4**



Nuclear-powered attack submarines (SSNs) **4**



India/ The Indian Navy (INS)

Total
1

Nuclear-powered ballistic-missile submarines (SSBNs) **1**



SOURCE: IISS, SCMP

Canada, it looks as though Washington would be the only possible supply source if Tokyo indeed harbors any ambition for nuclear-powered submarines.

Is Washington going to do it? It would be a horrific irony that the world's only nuclear victim would have to buy nuclear-powered killers from a country that once created mushroom clouds over it.

And finally, believe it or not, AUKUS would also sabotage Australia's own national interest in that it is not even clear if or when nuclear-powered submarines would ever be operational with the Australian Navy, given American defense contractors' track record of ravenous milking of Uncle Sam.

It looks like the way they are going to do it will be a tedious and capricious process through which U.S. and UK defense contractors would "help" Australia build nuclear-powered submarines without allowing Australia to develop uranium enrichment capabilities. And there will be a whole series of steps and procedures in place to comply with the nuclear nonproliferation requirements involving multiple parties and the IAEA.

Further, this complexity rides on top of the fact that Australia has never built a

decent conventional submarine in the past. Australian Prime Minister Scott Morrison said these ships may not join the fleet until 2040, which in my amateurish judgment is optimistic. The voracious defense contractors in the U.S. and UK will enjoy at least two decades of comfortable fleecing of probably \$100 billion of Australian taxpayers' money. And at the end of the day I am still not sure Australia will indeed have these powerful submarines as promised. And even if it has them, Australia will be essentially beholden to Washington for future supplies of enriched uranium and fleet maintenance. I wish Canberra good luck in trying to pull this off.

In short, AUKUS not only negatively affects regional peace and stability from China's perspective but also appears to be a sucker deal from Washington's perspective. So why, then, does Australia still want to do it? Behind all the beautiful but obviously hollow rhetoric of Joe Biden, the real purpose, in my view, is money. AUKUS tore apart a \$66 billion existing contract involving a major ally in Europe, supplanting it with a deal worth about \$100 billion for American defense contractors by replacing diesel engines with nuclear reactors. That is a lot of money, and it means a lot of jobs in Connecticut and other parts of the U.S.

Whether this deal is in the national interest of Australia or even whether these wonderful submarines will ever be delivered as promised are entirely different issues, and the current administration in Washington couldn't care less.

And even if it has them, Australia will be essentially beholden to Washington for future supplies of enriched uranium and fleet maintenance.

How Washington Alienates Young Chinese



Cheng Li

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China's younger generations have seen their country prosper and grow stronger for nearly their entire lives, cultivating a sense of pride and identity unique from their older counterparts. Now, as the United States has begun to openly challenge China's rise, attitudes toward America are being eroded.

A Chinese social media post recently highlighted the following joke:

A college student from China says to his American classmate: "I want to study propaganda in the United States."

"There is no such thing as propaganda in the United States," the American student replies.

Blame games, propaganda wars and conspiracy theories have arisen from both sides of the Pacific.

The Chinese student says, "Yes, that's exactly what I want to study."

The joke reflects growing cynicism, criticism and disappointment among young Chinese regarding domestic governance and foreign policy in the United States. The drastic deterioration of U.S.-China relations over the past two years has aggravated and reenforced suspicions, fears and animosities. Blame games, propaganda wars and conspiracy theories have arisen from both sides of the Pacific.

Nationalism and anti-American sentiment are particularly evident among young Chinese, including those who have previously studied or are currently studying in the United States. As political scientist Jessica Chen Weiss of Cornell University recently observed, young Chinese people today are “more hawkish in their foreign policy beliefs than older generations.”

China’s post-1990s generation: Changing attitudes toward the U.S.

The post-1990s age cohort in cities — especially those in their late teens and early 20s — have grown up in an affluent society. Young urban Chinese are arguably more similar to their peers in advanced industrial and postindustrial countries in terms of lifestyle, attainment of higher education (including opportunities to study abroad) and socialization in the digital era than they are to their parents and grandparents.

As Li Chunling, a distinguished scholar of youth studies in China and the author of the new book “China’s Youth: Increasing Diversity Amid Persistent Inequality” has observed: China’s young people differ from both the post-1960s and post-1970s cohorts who grew up in “a period of fawning over the West” (*chongyang meiwai*). In the eyes of young Chinese who had their formative years during Deng Xiaoping’s reform and opening-up era, the United States was a “beacon of liberal de-

mocracy” and a “shining city upon a hill” (*dengta guo*). That sentiment was manifested in the 1989 Tiananmen movement.

In 2018, Li conducted research on the national identity scale with which she measured the strength of national identity among more than 10,000 Chinese respondents. The survey data showed that the younger the age, the weaker the national identity. Post-1990s educated respondents have the lowest national identity scores, with a notable correlation between low national identity and attendance at highly regarded universities. In 2017, another Chinese research team conducted a sample survey of 10,000 post-1995 college students on 157 campuses across the country and found that most students lacked the motivation and enthusiasm to join the Communist Party of China.

As for the attitudes of young Chinese toward the United States, many other opinion surveys of the Chinese public conducted before 2018 also show that the Chinese people generally had very favorable views of the U.S., though love-hate or ambivalent attitudes were not uncommon. My survey research on foreign-educated returnees in Shanghai over the last decade has shown that a majority held favorable views of the United States — 90 percent in 2009 and 92 percent in 2014. My studies also show that those who returned from studying in the U.S. reported the highest favorable impression of the U.S., compared with those who studied in other countries and regions.

The impact of Washington’s hawkish stance on China and the Chinese people

The world views of Chinese young people, including their attitudes toward the U.S., have changed profoundly in recent years. There are, of course, many contributing factors. Washington has valid concerns



about Beijing's excessive domestic political control and aggressive foreign policy. From the American perspective, national security and intellectual property rights should be vigorously protected in the United States. Nevertheless, hawkish policies and rhetoric coming from some policymakers in Washington have had a strong negative impact on the Chinese public, particularly PRC students and scholars in the United States.

The recent wave of anti-American sentiment among China's youth could be a reaction to the following antagonistic moves on part of hawkish policymakers in Washington:

- claiming that Beijing is “weaponizing” the large number of Chinese students enrolled in U.S. universities, and that since their families in China are subject to intimidation by CPC authorities, many of them are serving as spies or stealing advanced technology;
- targeting Chinese and Chinese American scientists, the U.S. Department of Justice has established (for the first time) an initiative focusing on a particular country and ethnic group — the “China Initiative” — in which it has employed the new and controversial term academic espionage;
- employing phrases like “Chinese virus”

and “Kung Flu,” which has provoked Sinophobia and anti-Asian hate crimes;

- restricting members of the CPC and their families — about 300 million people — from visiting the United States; and
- insulting Chinese cultural heritage. For instance, in a tweet in December 2020, Republican Senator Marsha Blackburn asserted that “China has a 5,000-year history of cheating and stealing. Some things will never change.”

Before these more recent unfortunate incidents, patriotism (as well as xenophobia) had already risen among the young Chinese population. A 2018 Chinese survey found that 90 percent of the post-1990s cohort expressed resentment over “prejudices” in the West about China. That same year, another survey of 10,000 young Chinese who were born in or after 2000 found that 80 percent believed that “China was either in the best era in its history or was becoming a better country each day.”

Elevating patriotism from Beijing

Chinese authorities have long paid great attention to young people's world views and attitudes toward the CPC. They have recognized that young people are often the core participants in radical social movements around the world, such as the London summer riots in 2011 and the Jasmine Revolution across the Middle East and North Africa during the past decade. From the perspective of the Chinese authorities, the country's youth — especially its college students and young intellectuals — are prime targets for the infiltration of hostile forces.

Soon after obtaining China's top leadership post in 2012, Xi Jinping called for enhancing the ideological indoctrination of Chinese youth. He claimed that “the values orientation of young people determines the

values orientation of the entire society in the future.” With the conviction that U.S.-led anti-China forces had been dispatched to subvert CPC rule, Xi in 2016 demanded that the country’s educational institutions adhere to the “correct political orientation” and “core socialist values.” At an important meeting of key ministerial and provincial leaders held at the Central Party School in January 2019, Xi listed seven major risks confronting China, the top two of which mainly involve youth. Xi referenced the youth-led demonstrations in Hong Kong as well.

In 2018 alone, the Party recruited more than 1.64 million members under age 35, accounting for 80 percent of new members.

It was also reported that Xi Jinping commented on the aforementioned survey of post-1995 college students joining the CPC, calling for greater efforts to recruit post-1995 students. The following year, the total number of CPC members under the age of 35 reached 22 million, accounting for 24.4 percent of the Party’s total membership. In 2018 alone, the Party recruited more than 1.64 million members under age 35, accounting for 80 percent of new members.

A nationwide survey of 17,000 college students conducted in the spring of 2020 found that the recent tensions between China and the U.S. — including the trade war and the Meng Wanzhou incident — have drastically enhanced interest in geopolitics among Chinese college students and promoted growing nationalistic sentiment. A significant number of Chinese students have still chosen to study in the U.S., and during summer of 2021 about 85,000 Chinese nationals obtained student visas to study in the U.S. But the proportion of total Chinese

students in the U.S. began declining even before the COVID-19 pandemic.

Top Chinese students have increasingly chosen China’s own top universities. According to a report released in September 2021 by Tsinghua University, in the past decade only about 14 percent of its graduates went abroad for further studies. The report also found that as of April this year, more than half of Tsinghua alumni who went abroad from 2002 to 2011 had returned to work in China, and the proportion is still expanding. A recent article in The New York Times observed that if the U.S. no longer welcomes top Chinese students and researchers, “Beijing would welcome them back with open arms.”

Washington’s loss of leverage in influencing China’s future

A century-old view in American policy toward China is that it is important to influence — or educate — China’s youth, who will eventually have an impact on the country’s development. This view holds that an education-based strategy would do far better service than guns and battleships in keeping a peaceful world. The remarkable U.S.-China educational exchanges launched by President Jimmy Carter and Deng Xiaoping reflected the shared ideals by both countries.

Top Chinese students have increasingly chosen China’s own top universities. “Beijing would welcome them back with open arms.”

But in Washington today, the post-Nixon orientation toward “engagement” with China has been labeled as naive at best or a failure at worst. For some American political leaders, the overarching view of bilateral educational exchanges is no longer



one of hope for positive change resulting from academic engagement. Instead, the concern is that Chinese young people, including students studying at American universities, are primarily brainwashed nationalists and weapons used by the CPC to undermine U.S. power and interests.

Washington policymakers need to ask whether deepening perceptions of American insensitivity and neglect of China's vast young population help advance or hurt American values and interests.

However, as an American millennial who recently spent many years studying young people in China pointed out: "Refusing to admit that they [Chinese youth] are individuals with their own ideas, dreams, fears and desires is a particularly heartbreaking oversight." Similarly, Stephanie Studer, China correspondent for *The Economist*, recently observed that "young Chinese are both patriotic and socially progressi-

ve." They have been more vocal in their support of LGBT and women's rights, consumer rights, distributive justice, environmental protection and other socially liberal policies.

For those Chinese students who have studied in the U.S., it is hard to overstate the generosity and openness of American educational and research institutions, not to mention American society's strong impact on their views and values. At the same time, it is not difficult to understand that racial discrimination in certain corners of the United States substantially bolsters Chinese students' support for the Chinese government and the Party.

Washington policymakers need to ask whether deepening perceptions of American insensitivity and neglect of China's vast young population help advance or hurt American values and interests. Strategically speaking, if America alienates China's youth, what influence can the United States expect to have on China's future evolution?

Rules for Durable Coexistence



He Weiwen

Senior Fellow

Chongyang Institute for Financial Studies

The only correct and feasible way to manage bilateral trade and competition is to apply WTO rules. China and the United States should list each other's concerns and find solutions compatible with WTO rules on subsidies, policies and national safety. It's the only way to sustain a durable coexistence.

In her key speech outlining the U.S. administration's approach to trade with China, United States Trade Representative Katherine Tai highlighted the crucial importance of China-U.S. bilateral relations using the keywords "durable coexistence" — in contrast with the new cold war advocacy of Donald Trump.

"How we relate to each other does not affect [only] our two countries; it impacts the entire world and billions of workers," she said. Hence the two countries should coexist and last long. It is certainly a positive concept.

To make this possible, Tai called for fair and managed competition. It is a view that is certainly more positive than that of Robert Lighthizer, her predecessor, and thus will create new opportunities for early China-U.S. trade dialogue.

Tai's narrative, however, puts China in a rule-breaker position first, as a way to justify all her subsequent approaches. She describes China as a "state-centered

economic system" with a "lack of adherence to global trading norms" that has "undercut" Americans and all others around the world.

Facts speak loudly

Tai said that in the decade from the late-1970s to mid-1980s, U.S. exports to China grew by a factor of 14. Then, she asserted, after China's accession to the World Trade Organization, it has shown a "lack of adherence to global trading norms."

But her trade growth figure is not accurate. According to China Customs, U.S. exports to China in 1979 — the starting year after the establishment of diplomatic ties — was \$1.86 billion. It grew to \$26.21 billion in 2001, the year China joined the WTO, a growth multiple of 14. Therefore, the 14 times growth happened over a time span of 22 years before China's WTO accession, instead of by the mid-1980s.

After China's accession, U.S. exports to China grew much faster than its global exports and imports from China. According to the U.S. Commerce Department, during the 18 years since China's accession to the WTO, U.S. global exports increased from \$693.1 billion in 2002 to \$1.42 trillion in 2020, up by 105.6 percent. Its exports to China during this period, however, shot up 462.5 percent from \$22.13 billion to \$124.49 billion — more than four times faster.

Tai's narrative, however, puts China in a rule-breaker position first, as a way to justify all her subsequent approaches.

How can the U.S. have grown its exports much faster to a country that doesn't adhere to global norms over the rest of the world, which supposedly adheres to global norms? After all, during the same period, U.S. imports from the world increased by 101.1 percent, while that of China grew by 247.3 percent. U.S. global exports and imports were growing at similar rate while its exports to China grew twice as fast as its imports from the country. How can we explain the claim that U.S. exports to China far outperformed imports and yet “undercut Americans and all others around the world”?

The U.S. steel industry problem is the result of its own slow restructuring, not victimization by China. During the author's service at the Chinese consulate in New York in 2002, U.S. President George W. Bush announced a steel import surcharge due to the mounting increase. But it had little to do with China, as China accounted for less than 3 percent of U.S. steel imports, which is negligible.

How can the U.S. have grown its exports much faster to a country that doesn't adhere to global norms over the rest of the world, which supposedly adheres to global norms? How can we explain the claim that U.S. exports to China far outperformed imports and yet “undercut Americans and all others around the world”?

This pattern has continued until today. In 2018 when Trump launched steel and aluminum tariffs worldwide, the main targets were Canada, Brazil, Turkey, Russia, Germany, Japan and South Korea. China accounted for roughly 2.5 percent of U.S. steel imports. During H1 of 2021, China's share of U.S. steel imports was virtually unchanged at 2.4 percent.

China is not dumping its steel worldwide either. During early 2000s, China did encounter various complaints from other parts of the world over its fast-increasing steel exports; however, the situation has changed fundamentally since then, as China has made great control efforts. In 2020, it exported 51.4 million tons of steel and imported 37.9 million tons, a net export of 13.5 million tons, while Japan and South Korea had 29.8 million tons and 16.1 million tons of net steel exports, respectively.

China's solar panel exports to the U.S. fell by 90 percent in 2017 following the imposition of steep U.S. tariffs and thus has

had little impact in the U.S. market since then.

Records of the WTO dispute settlement mechanism, or DSM, show that the U.S. is the largest rule breaker. As of Oct. 7, 2021, 606 WTO DSM cases have been filed — with the U.S. as respondent in 159 cases, more than one-fourth of the total and more than those of the EU (89 cases) and China (47 cases) combined. China's WTO compliance is judged by the WTO General Council, not by individual members, including the U.S. and China's trade policy has passed all seven interim assessments of the council. The U.S. has not won all its cases against China at the WTO. On July 16, 2019, the WTO DSM ruled that the 11 U.S. countervailing duty cases on China's solar cells and wind power towers violate WTO rules. On Nov. 11 of that year, the WTO authorized China to levy retaliatory duties on the U.S. of \$3.6 billion, the largest of the kind in recent years.

WTO compliance required

The centerpiece of U.S. Trade Representative Tai's speech was China's "government centered" economic system in general and industrial policy in particular. China's chip-development strategy and financial support was the focus. Ironically, both the U.S. and EU are doing the same. A couple of months ago, the U.S. Senate was moving on the Chips for America Act to enhance the country's self-sufficiency in microchip manufacturing, testing and sealing. The act was a follow-up to the larger Endless Frontier Act, earmarking \$110 billion for AI, chips and quantum computing. On Sept. 15 this year, the European Commission announced to the European Parliament that the European Chips Act was in the

pipeline, envisioning 134 billion euros to considerably enhance the self-sufficiency of the EU. Why blame China only?

WTO rules do not outlaw industrial policies as commonly practiced by most of the world's leading economies, but they compel nondiscrimination or national treatment for all business entities within the border. The latest guidelines from China's State Council promoting the integrated circuit industry specify that all enterprises in China, private or foreign, as well as State-owned enterprises, are eligible for the same support measures. Hence, the self-sufficiency rate includes the share of foreign business in China.

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National treatment can also be found in new-energy vehicles. The Chinese Ministry of Industry and Information Technology recently announced subsidies over 2016-20 for NEV manufacturers. Tesla, an American automaker, obtained 2.1 billion yuan (\$325 million), based on the same standard used for other NEV manufacturers in China, including BYD, Beijing Auto, Dongfeng Auto and others.

An SOE is a type of ownership found in many countries, not just in China. China's SOEs account for 33 percent of the total economy, similar to France but much lower than Sweden, where SOEs represent 60 percent of businesses. Hence, the issue in question is not ownership, but national treatment.

WTO rules do not outlaw industrial policies as commonly practiced by most of the world's leading economies, but they compel nondiscrimination or national treatment for all business entities within the border.

SOEs account for a much smaller share of China's exports. From January to August this year, of China's total global exports of \$2.1 trillion, SOEs accounted for \$172.16 billion, or 8.2 percent. Foreign invested businesses accounted for \$721.32 billion, or 34.4 percent. Private businesses accounted for \$1.16 trillion, or 55.5 percent. And other ownerships accounted for the remaining 1.8 percent. If China had been heavily subsidizing exports, the largest recipients by far would be private and foreign businesses, not SOEs.

If China had been heavily subsidizing exports, the largest recipients by far would be private and foreign businesses, not SOEs.

Based on the above elaboration, the only correct and feasible pathway to manage bilateral trade and competition is to seek common ground under rules and norms. It is imperative that only WTO rules apply. Any U.S. or Chinese domestic laws contravening WTO rules must not apply. China and the U.S. should work out the whole list of each other's concerns, identifying and discussing the problems and solutions strictly in accordance with relevant WTO rules on subsidies, government policies and national safety. It is the only way to find a common, solid rule base and thus sustain the durable coexistence of the world's two largest economies.



▲ Lines of trucks are seen at a container terminal of Ningbo-Zhoushan port in Zhejiang province, China, Aug. 15, 2021. China's total imports and exports, continuing double-digit growth, expanded 22.7 percent year on year to 28.33 trillion yuan (\$4.38 trillion) in the first three quarters of 2021. The figure marked an increase of 23.4 percent from the pre-epidemic level in 2019, according to the General Administration of Customs.

Little Evidence of Economic Decoupling



Hugh Stephens
*Distinguished Fellow
Asia Pacific Foundation of Canada*

Businesses always turn to partners that are competitive and reliable, and China's economic heft is substantial. So talk of decoupling is more rhetoric than reality for most countries, except in a handful specialized fields. At the same time, demand from China's growing middle class is growing, from animal protein to vehicles to fashion accessories. So a major economic breakup seems unlikely.

As the world economy starts to rebuild after the devastation of COVID-19, China continues to play an outsized role in the global recovery, although its relative dominance will likely subside as Western economies begin their economic comeback. While China, like other economies that faced disruptions arising from the onset of the COVID-19 pandemic, experienced the shock of negative growth early in the outbreak as production and shipping were shut down, it quickly recovered. According to the World Bank, in 2020 China was the only major economy to record positive growth, expanding by 2.3 percent. That expansion continued through the first half of 2021, with Q1 2021 seeing China record the largest economic jump since records began, an 18.3 percent growth year-on-year. Of course, the first quarter of 2020 is precisely when COVID-19 first hit, with nationwide shutdowns. Actual 2021 growth quarter by quarter was much more modest, with Q1 registering just a 0.6 percent increase from Q4, 2020. However, at midyear the World Bank remained bullish on China, estimating 2021 GDP growth at 8.5 percent, exceeding even China's own projected growth rate of 6 percent.

This economic heft makes talk of an economic decoupling from China seem like a disconnect from reality. Not only has China's growth been leading the global economic recovery but the rebound of the North American and European economies has fueled a continued demand for Chinese imports. China continues to play a dominating role in global supply chains; and while there is much talk about diversifying sources of supply away from China, this is much easier said than done. It is true that supply chain disruptions arising from COVID have sparked a push for greater diver-

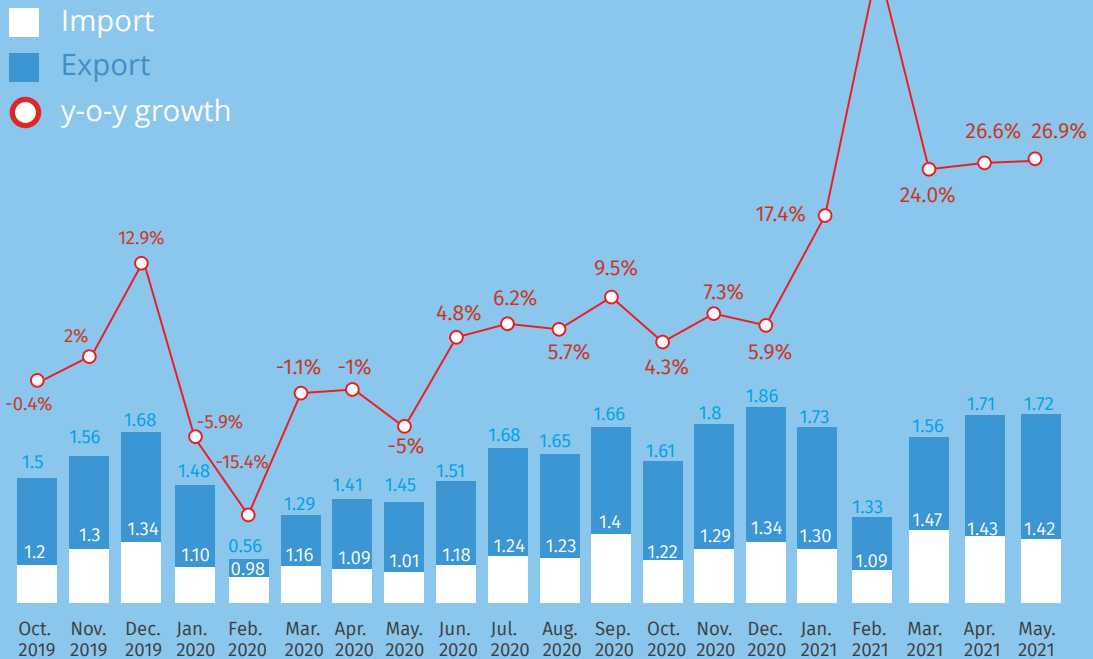
sification of supply and a call for some reshoring, but businesses will still find it hard to replace China for many products. At the end of the day, business will go where supply is competitive and reliable.

At the end of the day, business will go where supply is competitive and reliable.

A recent Canadian government study noted that China is the dominant supplier for many goods traded globally, supplying the world with 1 in every 12 traded products at the HS-6 level (the broad classification system for goods used internationally). Almost 50 percent of Canada's production inputs have some Chinese content. Losing any of those imports could cause significant damage to the Canadian economy and Canadian businesses. For example, 97 percent of Canadian industries import electrical equipment and components, as well as computers, computer peripherals and parts, from China. The study also showed how Chinese inputs have changed over time. Twenty years ago, China was an assembly point for supply chains owing to its low cost of semi-skilled labor along with relatively good infrastructure. At that time most of Ca-

This economic heft makes talk of an economic decoupling from China seem like a disconnect from reality.

China's foreign trade in 2019-2021



- ▲ China's foreign trade grew 28.2% year-on-year to 14.76 trillion yuan (\$2.3 trillion) in the first five months in 2021, with the monthly trade volume posting growth momentum over the last year. SOURCE: General Administration of Customs (GAC)

nada's imports from China were consumer goods. By 2019 the ratio of consumer goods had dropped significantly. China is no longer just a final assembly point but contributes more higher value-added input in the production process. If this pattern is true for Canada, it is surely similar for China's other major developed country markets, particularly the United States.

Despite the dominance of China in a number of key areas, COVID-19 has taught importers important lessons. Reliance on a sole source for key commodities or components can lead to supply chain disruptions and expose weaknesses. This was driven home early in 2020 when Chinese factories were shut down because of COVID and couldn't or wouldn't deliver. A global scramble for N95 masks, pharmaceutical components, medical gowns and so on, led to a sudden realization of supply chain vulnerability. There are indications that

Forbes reports that with the U.S. recovery, domestic imports of goods rose by 33.7 percent in the nine months from June 2020 through March 2021, but goods imports from China rose only 6.9 percent during this time.

the resultant push for diversification of supply is achieving some success in the U.S. Forbes reports that with the U.S. recovery, domestic imports of goods rose by 33.7 percent in the nine months from June 2020 through March 2021, but goods imports from China rose only 6.9 percent during this time. Part of this may have been due to the Trump tariffs, but it is also partly as a result of business behavior.

When there is a supply blockage or shortage, importers will beat the bushes to find alternative sources of supply. Some of these will be acceptable partners; others will have delivery and quality problems. Some new sources may end up replacing the original supplier; but in the long run, availability and price usually take precedence over strategic calculation as supply chains return to normal. This is likely to happen with China, although many manufacturers and retailers in developed countries will try to hedge their bets by developing a second source of supply.

All this suggests that decoupling from China is likely to be more rhetoric than reality for most countries.

Governments in free-market economies have only limited levers to force trade diversification. They may preach it and may even be able to divert trade by erecting trade barriers, such as Donald Trump's tariffs on Chinese imports, but in a free-market economy it is difficult to mandate diversification. Besides,

many products are fungible, so diversion of supply often results in trade flowing to fill the vacuum, with displacement taking place more than diversion. Even in a largely command economy such as China's, it is not always easy to force importers to change sources of supply other than by imposing artificial barriers such as phytosanitary inspections, denial of import permits or the imposition of tariffs.

For example, the Chinese government has tried to punish Australia economically in retaliation for what it sees as anti-China political moves by Canberra, but it has found it difficult to find a suitable substitute for Australian iron ore. In fact, the total value of Australian exports to China in the first half of 2021 have broken all records. Another example demonstrating the difficulty of forcing economic decoupling relates to China's actions to block imports of Canadian pork in 2019. The justification offered was to protect health and safety, but it was widely assumed in Canada that the import ban was part of China's way of expressing displeasure at the arrest in Canada of Huawei executive Meng Wanzhou. However, just a few months later shipments resumed. The fact that China was facing a sudden shortage of pork owing to an outbreak of swine fever was surely a factor in the sudden change. All this suggests that decoupling from China is likely to be more rhetoric than reality for most countries, with the exception of a few specialized technical areas or specialized products and commodities, such as rare earth substances. By the same token, China's growing middle class will require more inputs, from animal pro-

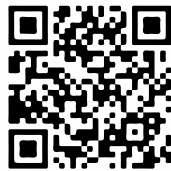
tein to vehicles to fashion accessories, and while China can supply some of its own needs, it is far from autarkic.

Against this backdrop, China's economic surge is slowing down and returning to a more normal pace owing to ongoing COVID restrictions and some supply and shipping bottlenecks. At the same time, other economies are starting to pick up the slack, returning China to its place of being an important, but not the only, economic growth engine. As an example, in 2020 Canada's trade with China surged while its trade with other trading partners, including with its main market the United States, stagnated or declined. Yet, according to Statistics Canada, by June of 2021, while trade with China was showing steady growth of almost 12 percent, year-on-year, and trade with the U.S. rebounded with a 34 percent increase.

What does this all mean going forward? China will continue to be a major engine of global economic growth, but it is not immune to supply shocks. On the demand side, there has been some rethinking of supply chains involving exclusive dependence on China, more for economic than political reasons, but it is not easy to disentangle the Chinese economy from the West. Both China's and the developed countries' economies need each other. Moreover, their trade is largely complementary. Despite much talk about economic decoupling, the evidence of it taking place is scant. The challenge ahead will be to manage the political and technological challenges that arise in such a way that preserves the mutual benefit that China's economic rise has brought to both China and the developed economies of North America, Europe, Japan and Australasia.

It is not easy to disentangle the Chinese economy from the West.

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China-US Focus is published by the China-United States Exchange Foundation (CUSEF), an independent, non-profit and non-governmental foundation committed to the belief that a positive and peaceful relationship between the strongest developed nation and the most populous, fast-developing nation is essential for global wellbeing. Founded in Hong Kong in 2008 and privately funded, CUSEF builds platforms to encourage constructive dialogue and diverse exchanges between the people of the U.S. and China.

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