

# Navigating Stormy Seas in US-China Relations

The US-China rivalry continues to intensify as Xi Jinping enters his third term. The United States, working with allies, should aim both to strengthen its competitive position and to stabilize the relationship.

By **Brian G. Carlson**

Following a contentious year in US-China relations, the two countries' growing rivalry continued to simmer at the beginning of 2023. Toward the end of a year marked by tensions over Taiwan, technology, China's continued support for Russia, and other issues, the two sides stabilized the relationship to some extent during a bilateral meeting between Presidents Joe Biden and Xi Jinping at the November G20 summit in Bali. By late December, however, China responded to newly appropriated US defense spending, which included increased support for Taiwan, by sending a record number of warplanes toward the island. Days later, a Chinese navy jet flew within three meters of a US Air Force plane over the South China Sea. During a year-end video conference with Russian President Vladimir Putin, Xi expressed China's continued support for Russia amid its ongoing war in Ukraine.

These events occurred at a sensitive time for China, both internationally and domestically. At the international level, China continued to suffer adverse consequences from its support for Russia, including the strengthening of US alliances and growing scrutiny of China in Europe. Domestically, Xi faced widespread protests against his zero covid policies starting in late November. He abandoned these policies not long afterward, but the relaxing of covid measures led to a surge in cases and deaths. Just weeks after Xi had secured a third term in office, this sequence of events under-

mined his argument that China's effective response to the pandemic had demonstrated the superiority of its authoritarian political system. Xi's view of the domestic and international challenges that he faces are crucial considerations for the United States as it seeks to strengthen its competitive position while also maintaining stability in its relationship with China.

## Xi Strengthens His Grip

As expected, Xi maneuvered successfully during 2022 to strengthen his grip on power and to lay the groundwork to remain China's leader for many years to come. During the

### Key Points

- Xi Jinping secured a third term as China's leader and appears likely to continue his course of statist economic policies and assertive foreign and security policies.
- Xi faces an array of domestic challenges, including the aftermath of protests against his zero covid policies and an ongoing covid surge.
- The Biden administration's strategy for competing with China focuses on investment in domestic strength and cooperation with allies in Asia and Europe.
- Provided that these essential elements of competition remain in place, the United States should also seek to stabilize the relationship.

20th National Congress of the Chinese Communist Party (CCP) in October, Xi secured a third five-year term as the party's general secretary and as chairman of the Central Military Commission of the People's Liberation Army (PLA). This outcome had been widely expected ever since Xi secured the removal of presidential term limits in 2018. During the National People's Congress in March 2023, Xi is expected to secure a third term as president. By remaining in power for a third term, Xi is defying recent precedent that called for an orderly leadership succession following two terms in office. By declining to name a successor, as his immediate predecessors did at the outset of their final terms, the 69-year-old leader is signaling his intention to remain in power for at least two more terms.

Xi also strengthened his domestic dominance by changing the composition of the party's upper tiers of leadership to an extent that surprised many observers. He stacked the new seven-member Standing Committee of the Politburo with loyalists who have longstanding ties to him or who have energetically promoted his agenda during his first decade in power. Xi also elevated economic advisers who share his own preference for statist policies and military leaders who support his calls for a stronger military and for assertive foreign and security policies. In his opening speech to the congress, which summarized the party work report, Xi placed greater emphasis on Marxist economic doctrine than on the role of the market. Xi's speech signaled that economic concerns will be subordinate to national security, which is his main focus.

### Stormy Seas

Xi's remarks on national security reflected his view of a darkening strategic landscape for China. Xi has held such a view since the beginning of his tenure, but the response by the United States and its allies to Russia's war in Ukraine appears to have deepened his concerns. In his view, the military support that the US-led coalition has provided to Ukraine and the economic sanctions that it has imposed on Russia could be a preview of international efforts to thwart China's rise.

Xi spoke of the "major tests of high winds and waves, and even perilous, stormy seas" that China is likely to face in the coming years. The party work report also omitted the phrases "peace and development" and "period of strategic opportunity." These phrases, introduced by Deng Xiaoping in the 1980s and by Hu Jintao in 2002, respectively, had appeared in work reports for the past several congresses. By contrast, Xi's speech made repeated reference to the imperative of "struggle." As in economic pol-



Chinese President Xi Jinping with US President Joe Biden as they meet on the sidelines of the G20 leaders' summit in Bali, Indonesia, November 14, 2022. *Kevin Lamarque / Reuters*

icy, Xi's views on foreign and security policy appear to reflect his sincere embrace of Marxist ideology, including his determination to reshape the international order in ways that are conducive to the preservation and flourishing of China's one-party, authoritarian system.<sup>1</sup>

These developments have important implications for China's foreign policy and for US-China relations during the coming period. Many analysts believe that Xi, having secured his third term in office, has increased his room for maneuver and is now likely to pursue assertive foreign and security policies, to include the use of military force if he believes that China's interests demand it.<sup>2</sup> The domestic challenges that Xi faces might tempt him to act assertively in foreign policy in a bid to rally popular support. Xi's consolidation of one-man rule could reduce the likelihood that he would receive unwelcome advice or be willing to reverse course if his policies fail. Other analysts, however, believe that the combination of domestic problems and an increasingly unfavorable international environment could lead Xi to seek détente with the United States, or at least greater stability in this relationship.<sup>3</sup>

### Biden's China Strategy

For its part, the United States is girding for intensified competition with China while seeking cooperation in areas of common interest and attempting to prevent the rivalry from spinning out of control. The Biden administration's strategy toward China has come into focus during its first two years, especially in 2022. In May, Secretary of State Antony Blinken delivered a speech outlining this strategy. He warned that China sought to reshape the international order in ways that would undermine the universal values that had contributed to the world's progress over the previous 75 years. Blinken insisted that the United

States was determined to avoid conflict or a new Cold War with China. He summarized the administration's strategy as "invest, align, compete." The United States, he said, would invest in the domestic foundations of its strength, including its democracy and capacity for innovation. It would also align with allies and partners and compete with China to defend its interests and advance its vision of the future.<sup>4</sup>

The Biden administration also took steps to improve the US position in technological competition with China. In August, Biden signed into law a 280 billion USD bill that provides subsidies and tax credits for companies that manufacture chips in the United States, as well as funding for scientific research and manufacturing in such areas as artificial intelligence, robotics, and quantum computing. In October, the administration announced wide-ranging restrictions on the sale of semiconductor technology to China. The administration's goal is to restrict China's access to advanced computing and semiconductor technology, which are of vital importance in China's efforts to strengthen its military and to achieve dominance in the most advanced sectors of the world economy.

The Biden administration's national security and defense strategies, which were released in October following several months' delay in the wake of Russia's invasion of Ukraine, also emphasized the importance of great-power competition with China. Echoing language from Blinken's speech in May, the National Security Strategy stated that China "is the only competitor with both the intent to reshape the international order and, increasingly, the economic, diplomatic, military, and technological power to advance that objective." The National Defense Strategy called China the "pacing challenge" for the US Department of Defense.

The administration has also focused on cooperation with allies and partners to counter China's ambitions. It has strengthened cooperation with Japan, Australia, and India in the Quadrilateral Security Dialogue, or the Quad. It joined the Australia-US-UK (AUKUS) security partnership, which will allow Australia to acquire nuclear-powered submarines. The administration has also pressed European allies to align their policies toward China more closely with those of the United States. The NATO Strategic Concept that was released in June, which was the first in the alliance's history to mention China, declared that China's "stated ambitions and coercive policies challenge our interests, security and values."

Alongside these steps to "invest, align, and compete," the Biden administration has also continued its efforts to manage the competition with China by

establishing "guardrails" around it. This was the approach that Biden took during his meeting with Xi in Bali. During their meeting, which lasted for more than three hours, the two leaders agreed that they wanted to prevent their competition from erupting into armed conflict. They also promised to make efforts to repair the bilateral relationship. China agreed to language in the G20 leaders' declaration stating that the use or threat of nuclear weapons was inadmissible, a warning that was clearly directed at Russia (*CSS Policy Perspectives Vol.10/13*, November 2022). At the same time, Biden and Xi aired their differences on a wide range of contentious issues and made no apparent progress in resolving them.

### Détente or Confrontation?

The Biden-Xi meeting failed to fulfill the aspirations of those hoping for détente in US-China relations. Despite the relatively warm atmosphere and the achievement of some modest stabilization of the relationship, the rivalry continues to intensify. As the events of the closing days of 2022 made clear, the United States and its allies and partners must prepare for a prolonged period of intense competition with China.

The Biden administration's approach has put in place many of the components that are needed for the United States to compete effectively. This approach enjoys broad bipartisan support, which could help to sustain it during the coming years even amid deep partisan divisions and potential volatility in US domestic politics. Some Trump administration officials who were involved in China policy have praised aspects of the Biden administration's approach, arguing that it includes many elements of continuity with that of its predecessor. One of them, Matt

### Further Reading

Rush Doshi, *The Long Game: China's Grand Strategy to Displace American Order* (New York: Oxford University Press, 2021).

Argues that Xi Jinping's foreign policy is the continuation of a long-standing Chinese Communist Party strategy to supplant the United States as the world's leading power.

Simona A. Grano / David Wei Feng Huang (eds.), *China-US Competition: Impact on Small and Middle Powers' Strategic Choices* (Cham, Switzerland: Palgrave Macmillan, 2023).

Includes chapters on the international and domestic aspects of US-China strategic competition.

Kevin Rudd, *The Avoidable War: The Dangers of a Catastrophic Conflict between the US and Xi Jinping's China* (New York: Public Affairs, 2022).

Argues that the United States and China should aim to prevent their growing competition from leading to catastrophic conflict.

Pottinger, who served as deputy national security adviser, argues that the Biden administration's policy is largely consistent with an approach that he calls "constraint."<sup>5</sup>

The essential elements of this approach include strengthening deterrence and ensuring a favorable balance of economic dependencies. Establishing deterrence requires raising US defense spending, coaxing allies to spend more on defense as well, and coordinating closely with allies to establish the most effective divisions of labor in security policy. Japan's new defense strategy, which calls for significant increases in defense spending to counter the threat from China, is helpful in this respect. In the coming years, the main task is to deter China from attacking Taiwan. The administration's initiatives on semiconductor technology are an important step in ensuring that the balance of economic dependencies favor the United States and its allies rather than China.

Europe could play an important role in both efforts. In the area of deterrence, increased levels of European defense spending could ease the US burden for European security, allowing the United States to devote the necessary attention and resources to the Indo-Pacific. In the realm of economic dependencies, Europe should aim to increase its resilience by, among other things, reducing vulnerabilities that arise from dependence on China in crucial economic sectors. Forging transatlantic unity on China will continue to be a challenge, however, because of the reliance of Germany and other European countries on economic ties with China, as well as transatlantic disputes over issues such as economic protectionism.

Provided that the essential elements of policy outlined above remain in place, the United States should attempt to stabilize the competition with China. Détente is out of reach, but efforts to keep the competition within bounds may be feasible and would be welcome. For example, former Australian Prime Minister Kevin Rudd calls for "managed strategic competition." In his conception, the two countries would establish a clear understanding of each other's redlines, embrace "nonlethal strategic competition," pursue cooperation in areas of common interest, and defend such policies from domestic criticism.<sup>6</sup>

Taiwan should be a major focus of such efforts. Providing Taiwan with the weapons needed to deter and, if necessary, to defeat a Chinese attack is the correct policy despite China's vehement response. Without such an effort, China might be tempted to invade Taiwan sometime in the coming years. However, the United States should avoid steps that could inflame the situation while doing little or nothing to help Taiwan. Most importantly, the United States should reaffirm its commitment to the "one China" policy. It should avoid counterproductive provocations such as visits to the island by high-ranking officials or calls to recognize Taiwanese independence. The aim of US policy on Taiwan should be to maintain the status quo for as long as possible. In the near term, such an effort may be the most essential component of managed strategic competition.

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2. Yun Sun, "What to Expect From a Bolder Xi Jinping: Get Ready for a More Ambitious Chinese Foreign Policy," *Foreign Affairs*, 28.07.2022; Bonny Lin / Jude Blanchette, "China on the Offensive: How the Ukraine War Has Changed Beijing's Strategy," *Foreign Affairs*, 01.08.2022; Ryan Hass, "From Strategic Reassurance to Running Over Roadblocks: A Review of Xi Jinping's Foreign Policy Record," *China Leadership Monitor* 73 (Fall 2022).
3. Jessica Chen Weiss, "The China Trap: U.S. Foreign Policy and the Perilous Logic of Zero-Sum Competition," *Foreign Affairs* 101:5 (2022), 40–58; Christopher K. Johnson, "Why China Will Play It Safe: Xi Would Prefer Détente – Not War – With America," *Foreign Affairs*, 14.11.2022.
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