



ICAS BULLETIN

Institute for China-America Studies

A Survey of Scholarship on U.S.-China Relations

Twice a month, the ICAS Bulletin updates a global audience on American perspectives regarding the world's most important bilateral relationship. Research papers, journal articles, and other prominent work published in the U.S. are listed here alongside information about events at U.S.-based institutions.

Commentary:

Let's Face It: Owning up to Superpower Competition With China

By Hunter Marston



In the News

At U.N. and in the Air, North Korea and U.S. Trade Tough Messages

Choe Sang-Hun, Jane Perlez

The New York Times, September 23, 2017

As the war of words between North Korea and the United States has escalated out of control over the last several days, China has found itself a bystander — an uncomfortable role for President Xi Jinping, who was most likely seething about North Korea's unusually harsh criticism of China's Communist Party. Further emphasizing the deteriorating relations between China and North Korea is the fact that Xi's new envoy for North Korean negotiations, Kong Xuanyou, cannot travel to Pyongyang because the North Koreans will not let him in.

North Korea Launches Missile over Japan

James Griffiths, Zachary Cohen, and Joshua Berlinger

CNN, September 15, 2017

North Korea conducted its second ballistic missile test over the northern Japanese island of Hokkaido in less than a month. It is also North Korea's first military test since the new UN sanctions on the country. The missile flew 2300 miles before landing in the Pacific Ocean, a range that can cover Guam.

Responding to the test, South Korea also carried out its "live fire drill" on the same day and launched two missiles. One of them failed and sank into the ocean.

U.N. Agrees to Toughest-ever Sanctions against North Korea

Carol Morello, Michelle Ye Hee Lee, and Emily Rauhala

Washington Post, September 11, 2017

"The U.N. Security Council on Monday agreed on its toughest-ever sanctions against North Korea that passed unanimously after the United States softened its initial demands to win support from China and Russia."

"The sanctions set limits on North Korea's oil imports and banned its textile exports in an effort to deprive the reclusive nation of the income it needs to maintain its nuclear and ballistic missile program and increase the pressure to negotiate a way out of punishing sanctions."

Readout of President Donald J. Trump's Call with President Xi Jinping of China

The White House, September 18, 2017

Donald Trump spoke with President Xi Jinping of China to discuss North Korea's continued defiance of the international community and its efforts to destabilize Northeast Asia. The two

leaders committed to maximizing pressure on North Korea through vigorous enforcement of UN Security Council resolution.

In China's Hinterlands, Workers Mine Bitcoin for a Digital Fortune

Cao Li and Giulia Marchi

The New York Times, September 13, 2017

The New York Times takes an inside look at Bitcoin mining in China, one of the world's largest sources of the digital currency, despite skepticism from the government over its potential risks.

China Sends One of the West's Most Critical Materials Soaring

Thomas Biesheuvel

Bloomberg, September 10, 2017

The Chinese government is imposing controls over tungsten production, causing prices in Europe to surge by 52 percent since July. China provides 80 percent of the global tungsten supply, a critical material in automobile and defense industries. China has typically limited supply to about 91,300 metric tons a year, but routinely breaks its quota by as much as 50 percent. On June 6, the Chinese government announced that producers who exceed the quotas "should halt production. Quotas also shouldn't be granted to firms that infringe safety or environmental rules."

Taiwan to Participate in US Navy Drill

Lo Tien-pin and Jonathan Chin

Taipei Times, September 11, 2017

For the first time, US Navy allows military observers from Taiwan to participate in drills.

"Instead of spectating from the sidelines, observers will actually participate in parts of the anti-submarine exercise. For example, they are authorized to be present on US Navy helicopters that are actively engaged in anti-submarine drills."

Sandy Cay Incident Off West PHL Sea "Successfully Addressed" -- Chinese Envoy

Michaela Del Callar

GMA News Online, September 5, 2017

Chinese Ambassador to the Philippines, Zhao Jianhua, said at a diplomatic reception "that (Sandy Cay) issue has been successfully addressed through diplomatic channels." In mid-August, China deployed three navy vessels, coast guard ships and a flotilla of fishing boats to Sandy Cay after it spotted Filipino fishermen establishing a foothold on the sandbars.

Articles and Analysis

The 'Golden BRICS': Ten Years on and Looking Ahead

Sourabh Gupta

China-US Focus, September 25, 2017

During the first week of September, President Xi Jinping chaired the 9th BRICS Summit, which marked the bloc's tenth anniversary, in the southeastern coastal city of Xiamen in China's Fujian Province. The past ten years have been hugely successful, with BRICS making strides in economic development, security cooperation, and solidifying its political unity. However, as the author, ICAS Senior Fellow Sourabh Gupta notes, there is much work still to be done.

BRICS should ramp up its political cooperation so as to be able to speak in one voice on the great security challenges of the day. The purpose should be to return the international system to the United Nations-centered rules-based moorings envisioned by its founders, which has taken a repeated beating during this post-Cold War 'unipolar moments. A less war-prone and more deliberative approach to the myriad global security challenges must become the order of the day. For that to be the case, the BRICS countries must set an example by constraining their actions within the ambit of international law.

What If Worst Comes to Worst with North Korea? China 'Must Be Ready' for War on the Peninsula

Liu Zhen

South China Morning Post, September 25, 2017

"Beijing needs to come up with backup plans – either on its own or with Washington and Seoul – in case the crisis on the Korean peninsula escalates into conflict, a leading Chinese analyst has warned. But other observers said it was still too early to discuss a post-war Pyongyang with other countries, insisting there is no sign of the North Korean regime falling."

Maritime Confidence Building Measures in the South China Sea

Nong Hong

ICAS Commentary, September 19, 2017

Dr. Nong Hong, the executive director of ICAS, proposes maritime confidence building measures from four critical perspectives - political, legal, security and regional cooperation - as the framework of evaluating the effectiveness of the much-needed maritime confidence

building process in the South China Sea.

Sanctions on North Korean Oil Imports: Impacts and Efficacy

Peter Hayes and David von Hippel

Nautilus Peace and Security (NAPSNET) Special Report, September 9, 2017

The report argues that implementing partial energy sanctions on North Korea will likely be unproductive. It concludes that even with massive (50%) oil cuts from China, North Korea could ensure that military capabilities are unaffected, by greatly reducing non-military fuel consumption and substituting with coal and heavy fuel oil. The brunt of the sanctions will be felt by the North Korean people.

Understanding China's Third Sea Force: The Maritime Militia

Andrew S. Erickson

Fairbank Center, September 8, 2017

China's People's Armed Forces Maritime Militia (PAFMM) is a set of mariners and their vessels which are trained, equipped, and organized directly by the PLA's local military commands. They have already played frontline roles in the 2009 USNS *Impeccable* incident, standoff at Scarborough Shoals in 2012, standoff on Second Thomas Shoal in 2014, and in the confrontation with Vietnam over the oil drilling platform HYSY-981 in 2014. The Maritime Militia is a critical enabler for China's prosecution of "gray zone" operations to increase Chinese control over the East and South China Sea through coercion short of escalation to war. They can engage in entire levels of finely-calibrated escalation that the U.S. and regional allies find difficult to match.

Is Mexico Turning to China in Lieu of the United States?

Eric Farnsworth

China-US Focus, September 8, 2017

Since the election of President Donald Trump, the reliability of the United States as Mexico's long-term partner has been widely debated. That is a major problem for Mexico, where 80 percent of all exports are destined for the U.S. market. However, as the United States pulls back, Mexico is not without options. President Enrique Pena Nieto has made clear that, while the United States is an important economic partner for Mexico, his government would explore additional options should it become necessary. That time may now have arrived, and China is emerging as one of those alternatives.

China's Position on A Code of Conduct in Space

Staff Research Report

U.S.-China Economic and Security Review Commission, September 8, 2017

This issue brief examines China's views on the Code of Conduct for Outer Space Activities proposed by the European Union, finding that Beijing instead continues to support a binding treaty that would ban the deployment of weapons in space, which it has jointly proposed with Russia. This treaty would significantly limit U.S. activities in space while doing little to reduce actual threats to space assets. China's actions in regards to codes of conduct in other areas indicate it sometimes uses negotiations to prolong the status quo, and does not always adhere to its agreements. Should China continue to place a high value on developing military counterspace capabilities, its position will likely remain unchanged.

Events, Videos, and Discussions

The Growing Problems in Rural China: Trends, Solutions, and Implications

Event hosted by CSIS, September 14, 2017

Professor Scott Rozelle presented findings from his forthcoming book on China's countryside, *The Other China: Rural China's Human Capital Crisis and Future Growth and Stability* (forthcoming Spring 2018), which paints a far more gloomier picture than most now associate with China. He also offered productive ways these problems could be addressed and why doing so is important not only for China but global society as well. Following his presentation, Georgetown University Professor Kristin Looney offered an initial commentary, drawing in part from her own research on rural Chinese politics and society.

Why Conventional Economic Wisdom on China Is Wrong?

Event hosted by *Carnegie Endowment for International Peace*, September 14, 2017

In his new book *Cracking the China Conundrum: Why Conventional Economic Wisdom on China Is Wrong*, Carnegie Senior Fellow Yukon Huang highlighted the contradictions common in mainstream understanding of China's economy. These include understanding China's debt, rapid growth, corruption, trade, and investment tensions with the United States, and how these misunderstandings influence American policy.

US-China Relations in the Era of Donald Trump and Xi Jinping

Event hosted by SAIS, Johns Hopkins University, September 27, 2017

“Director of China Studies at Johns Hopkins SAIS David Lampton will talk about US-China relations in the Era of Donald Trump and Xi Jinping.”

American Business in China: The View from Shanghai

Event hosted by CSIS, September 27, 2017

“AmCham Shanghai President Kenneth Jarrett will present the results of the most recent business climate survey of the chamber’s members. This will then be followed by a roundtable panel that will discuss the opportunities and challenges facing the American business community in China and the relative effectiveness of alternative policy approaches the United States could take to promote a truly mutually beneficial relationship.”

China, World Order, and Global Governance

Event hosted by SAIS, Johns Hopkins University, September 28, 2017

“With the crisis and decline of the US-led liberal international order, is a China-led international order possible? If so, what might be its distinctive features, norms and institutions? How might it affect the current system of multilateralism and global governance that has been in place since World War II? This lecture will also discuss the constraints on a China-led order and explore ways in which it can enmesh with the existing but changing world order as part of an emerging Multiplex World.”

China’s Economy After the Party’s Congress

Event hosted by *Carnegie Endowment for International Peace*, October 2, 2017

“As China’s Nineteenth Party Congress approaches, it is important to identify the economic factors that challenge China and the new leadership that will emerge from the Congress. How will the Chinese frame their policy choices? How should they? What are the implications for policymakers and business people who deal with China over the next five years? Michael Pettis will return to Washington from Beijing to address these questions and more. Douglas H. Paal will moderate.”

The Power of Ideas: The Rising Influence of Thinkers and Think Tanks in China

Event hosted by SAIS, Johns Hopkins University, October 5, 2017

China's momentous socio-economic transformation is not taking place in an intellectual vacuum. Cheng Li will discuss his new book that focuses on China's major think tanks, where policies are initiated, and on a few prominent thinkers who influence the way in which elites and the general public understand and deal with the various issues confronting the country.

China Defense & Security Conference 2017

Event hosted by *The Jamestown Foundation*, October 11, 2017

Since the establishment of a joint theater commands in December 2015, the Chinese Military's activity has increased dramatically in the East China Sea. This year's conference will examine the PLA's progress toward building an effective joint force, and what this means for U.S. interests and those of our allies in the East China Sea.

Commentary

Let's Face It: Owning up to Superpower Competition With China

To improve U.S.-China relations, acknowledge that Washington and Beijing are engaged in superpower competition

By Hunter Marston

The Trump administration has threatened to cut off trade with China, among other countries, in response to North Korea's latest test of a hydrogen bomb. US-China trade amounted to nearly 3 percent of the United States' GDP in 2016, and such a move would no doubt hurt the U.S. economy and perhaps further erode Trump's domestic approval. The fact that it was suggested points to the deterioration of the U.S.-China relationship.

To improve bilateral relations, the Trump administration should acknowledge that the United States and China are engaged in superpower competition. This would go a long way toward providing clarity and resolve, upon which to craft a sensible China strategy.

The Obama administration dithered and hedged when it came to the U.S.-China relationship. The Obama team was hesitant to call out Beijing for transgressions in the South China Sea for fear that this would jeopardize Beijing's cooperation on a host of international diplomatic initiatives, ranging from the Paris climate accord to economic sanctions on Iran. As a result, the United States forfeited leverage in key areas of the bilateral relationship.

Trump took a much more strident position on the campaign trail, vowing to declare China a currency manipulator on his first day in office. In nomination hearings, Secretary of State Rex Tillerson suggested employing a naval blockade to deny China access to its man-made islands and assets in the South China Sea. Following his election, Trump took a phone call from Taiwanese President Tsai Ing-Wen and openly

questioned why the U.S. was beholden a decades-long understanding on the “one China” policy. Trump has repeatedly linked China’s cooperation on resolving the North Korea crisis to issues of trade in an attempt to affect the Communist Party’s behavior in the international trading order – to no avail.

The rhetoric emanating from this White House has sowed confusion and misunderstanding among allies and adversaries alike, and bilateral relations with China have been put on ice. It is urgent that the Trump administration provide clarity to the state of play. Following a careful strategic review of current policies, the Trump White House should announce that we are engaged in an era of superpower competition with China.

This does not amount to a declaration of conflict or an admission that we are “destined for war,” as some hold. What it would mean is accepting some friction in the relationship as the balance of power shifts. Doing so would also allow for the responsible management of tensions and play to the position of strength that Washington currently enjoys in the power balance.

The case for clarity

Honesty regarding strategic competition will have several benefits. Firstly, China respects the language and mentality of real politick. Acknowledging superpower competition will at once recognize China’s great power status and also provide for the realization that we recognize China as a peer competitor, which it is. It should also allay Beijing’s paranoia of a U.S. containment strategy aimed at China.

Second, owning up to such competition will allow the American government to sell a sensible policy at home and to convince Americans that (and why) Asia matters. The Asia-Pacific is home to more than half of the world’s population and will be responsible for nearly two-thirds of global economic growth next year. Therefore, the region will be critical to sustained U.S. prosperity and jobs for decades to come.

A third reason to own up to superpower competition is that it will fillip the United States to lay out clear and realistic policy goals to adapt to this new balance of power. The moment of clarity will also afford the U.S. an opportunity to rejigger a muddled Asia policy in the form of the Obama administration’s Pivot, or Rebalance. The Trump administration is grasping for something new, albeit mostly following a status quo policy of continuity, rather than change.

So, what are the goals of the United States’ Asia policy? And what objectives should be at the forefront of a successful strategy that acknowledges superpower competition with China?

The first two goals pertain to hard power and international security. At the top of the list should be the primary objective of maintaining peace and stability in the Pacific. Firstly, that means to prevent the emergence of a hegemon in Asia. This has been the primary goal of U.S. foreign policy in the Pacific since the end of World War II (and arguably since presidency of Theodore Roosevelt). Second, the United States must continue to defend its regional allies (Japan, the Republic of Korea, Thailand, and the Philippines) and their territorial sovereignty.

Next, the United States should strive (insofar as it is able) to uphold the principles of freedom of navigation and commerce, and enshrine the peaceful settlement of disputes. These two objectives are intertwined and relate less to hard security interests than to principles of international law. Nevertheless, hard power will have a vital role in shaping the ability of the United States to project its

preference for these principles, and to compel other nations to submit to international legal norms and adhere to the liberal international order.

Already, Beijing has defied the ruling of the Permanent Court of Arbitration at The Hague on the Philippines' case regarding the South China Sea, brought against China in 2013. Likely, the Chinese leadership doubts Washington's willingness or ability to risk military power to compel it to honor the ruling. In one sense, this is a purely hard power calculation: China called the United States' bluff. Though the U.S. Navy still outweighs and outnumbers the People's Liberation Army Navy (PLAN), Beijing knows that Washington is reluctant or unable to devote the necessary resources to project sufficient power in Asia to compel China to abandon its claims in the South China Sea. In another sense, though, the failure of the PCA to restrain China's expansionism outright signals the fragility and ultimate relativity of international law, and the inability of soft power, in the court of public opinion, to dissuade a rising power.

Which leads us to the fifth goal of U.S. Asia strategy, which should be to bolster multilateral institutions, primarily the East Asia Summit (EAS) and the Association of Southeast Asian Nations (ASEAN). Maintaining ASEAN centrality will induce Beijing to engage with regional partners, and smaller and middle powers, on issues of shared interests. One fraught example of this is the ongoing negotiations between China and ASEAN of the framework on the Code of Conduct for parties in the South China Sea. While China has managed to pressure and outmuscle small countries of ASEAN, with the carrots of economic investment and the sticks of its naval might and Coast Guard forces, it is at least pretending to play ball on the diplomatic front.

ASEAN centrality, as well as multilateral fora such as the East Asia Summit, will be important instruments of statecraft to shape Chinese regional behavior. External players, many of whom are allied with the United States, such as Japan and Australia, or partners such as India, will also exercise a powerful constraining influence on China.

Responsible competition

Beijing may bristle at what it perceives as a U.S. containment strategy aimed at impinging upon its rise. Therefore, it will be important to own up to the era of 21st century superpower competition. Rather than escalate US-China tensions or trigger a security dilemma, acknowledging the reality of the situation represents an important opportunity for honest dialogue and proactive engagement.

Tom Wright lays out in his book *All Measures Short of War*, "The answer to a "security dilemma" is transparency, reassurance, and restraint, so it will be clear to all that neither state seeks to threaten the status quo." Wright argues for "responsible competition," which he defines as "a strategy of liberal internationalism for a more geopolitically competitive world."

At present, the United States and China are already engaged in competition. But the bilateral relationship has the potential to deteriorate, as external crises such as tensions on the Korean peninsula threaten to destabilize the relationship. Furthermore, China is distrustful of U.S. motives in its neighborhood and has long disliked being encircled by American allies Japan, Korea, the Philippines, and Thailand. In recent years, it has had some success in turning the latter two to its favor with heavy economic inducements, particularly as the domestic politics of each have cast a pall over their treaty relations with the United States.

As China's power continues to rise, the United States may find itself on the back foot. Rather than ratchet up tensions by trying to contain China, the Trump administration should own up to the fact that the United States and China are engaged in superpower competition. This will provide much-needed clarity to the current situation, assuaging misperceptions on both sides, and allow for the formation of more sagacious policy based on realistic understanding of each sides' motives.

Hunter Marston works at a think tank in Washington, DC and writes frequently on U.S. foreign policy in Southeast Asia. His work has appeared in [The New York Times](#), [Foreign Policy](#), and [Foreign Affairs](#). Follow him on Twitter [@hmarston4](#).

