



The ICAS Bulletin

Institute for China America Studies

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

February 2, 2022

What's Going On? ↓

Amid Heightened Tensions, U.S. and China Juggle Competition and Détente



U.S. President Biden and Japanese Prime Minister Fumio Kishida discuss China on January 21 (Source: Japan's Cabinet Public Relations Office via Kyodo)

- On January 27, U.S. Secretary of State Antony Blinken spoke on the phone with Chinese Foreign Minister Wang Yi. Blinken emphasized the need for continued dialogue as a measure for de-escalation, but Wang blamed heightened tensions on Washington's lack of "substantial" change since the November Biden-Xi meeting.
- On January 25, the U.S. Congressional Research Service issued a report on 'Great Power Competition' focusing on how the U.S. should respond to China and Russia.
- On January 21, U.S. President Biden spoke for 80 minutes with his Japanese counterpart, Prime Minister Fumio Kishida, where the two discussed their mutual concerns over China's regional posture in East Asia.
- On January 21, it was reported that Chinese and U.S. officials are preparing another meeting between National Security Advisor Jake Sullivan and his counterpart in China's Politburo Standing Committee, Yang Jiechi.
- On January 18, it was reported that the Biden Administration plans to unveil the "common goals" of its proposed Indo-Pacific Economic Framework in early 2022.

Associated News Sources:

["US hasn't changed course since Xi-Biden summit. Chinese foreign minister tells Antony Blinken,"](#) *South*

U.S. Naval Operations in the South China Sea Provoke Chinese Ire



USS Abraham Lincoln (CVN 72) conducts flight operations in the South China Sea on January 28 (Source: US Navy via Flickr)

- On January 24, units of the U.S. Pacific Fleet – including two aircraft carrier groups, amphibious vessels, and several F-35 stealth fighters – conducted joint naval exercises with Japan's Maritime Self-Defense Forces in the South China Sea.
- During the joint exercises, an F-35 fighter malfunctioned and crash landed in the South China Sea – injuring the pilot and six sailors on the deck of the USS *Carl Vinson* aircraft carrier. U.S. naval officials are eager to salvage the plane before the Chinese coast guard can acquire it.
- On January 20, the USS *Benfold* missile destroyer conducted a Freedom of Navigation Operation (FONOP), sailing through the Paracel Islands to challenge China's claims to the waters in and around the coral archipelago.
- In response to the FONOP, China's People's Liberation Army (PLA) said that it warned off the USS *Benfold* after it entered China's territorial waters and that the operation is proof that the U.S. seeks "navigational hegemony" in the South China Sea. The U.S. Navy disputed this and asserted that its ship was engaged in "innocent passage."

Associated News Sources:

["US Navy wants to get crashed stealth fighter back – before China can,"](#) *CNN*, January 26

[China Morning Post](#), January 27 [Paywall]
["Report to Congress on Great Power Competition," USNI News](#), January 26
["China-US relations: Blinken says Beijing is bringing more aggression to competitive and cooperative ties," South China Morning Post](#), January 25 [Paywall]
["Biden and Japanese P.M. Kishida discuss threats from China, North Korea," NBC News](#), January 21
["China-US relations: diplomats pave way for Yang Jiechi-Jake Sullivan rematch," South China Morning Post](#), January 21 [Paywall]
["U.S. to set 'common goals' on Indo-Pacific economic cooperation in early 2022," Reuters](#), January 18 [Paywall]

["Panel: New U.S. South China Sea Report Designed to Push Back Against Beijing's Expansive Claims," USNI News](#), January 25
["U.S. Indo-Pacific Command Joint Force Conducts Dual Carrier Operations in South China Sea," DVIDS](#), January 24
["VIDEO: 2 U.S. Carrier Groups, 2 Amphibious Ready Groups Drill with F-35s, Japanese Ships in the Philippine Sea," USNI News](#), January 24
["US Navy warship challenges Chinese territorial claims in the South China Sea," CNN](#), January 21
["China says it warned off US warship in Paracel Islands. American navy differs," South China Morning Post](#), January 20 [Paywall]

U.S. Congress, White House, Consider Options to Address the Chip Shortage



Speaker of the House Nancy Pelosi speaks to reporters on January 20 (Source: Eric Lee-Pool/Getty Images via Reuters)

- On January 27, it was reported that the U.S. and Japan are considering the adoption of a joint framework to regulate the trade of advanced technologies. This move would upend industries like AI, quantum computing, and semiconductors that loop China into their supply chains.
- On January 25, the U.S. Department of Commerce issued the results of a 150-company survey showing that chip reserves held in the inventories of semiconductor manufacturers have fallen from a 40-day supply in 2019 to just five days in 2022.
- On January 25, the U.S. House of Representatives leadership unveiled the 2,900-page America COMPETES Act, intended to boost the U.S.' supply chain resiliency and ability to compete with China in critical industrial sectors; like semiconductors.
- On January 20, a bipartisan group of over 140 U.S. legislators urged USTR Katherine Tai to broaden the scope of the ongoing Section 301 tariff exclusion process, arguing that the increased costs wrought by these tariffs have disproportionately harmed American workers.

Associated News Sources:

["US-Japan alliance restricting vital tech exports to China risks 'major impact' on trade, supply chains," South China](#)

U.S., China Compete on Trade and Technology with Several Tools



The Official flag of the World Trade Organization (WTO) flying in Geneva, Switzerland (Source: WTO/CC BY-SA 2.0)

- On January 27 the Federal Communications Commission (FCC) revoked its authorization for telecom company China Unicom to operate in the U.S., citing "significant" espionage and national security concerns.
- On January 26, it was reported that the House's proposed China competition bill would allow the USTR to screen and block U.S. foreign direct investments that could allow data of "national critical capabilities" to end up in "countries of concern," such as China.
- On January 26, the World Trade Organization ruled in an Obama era case granting Beijing the authority to levy \$645 million in tariffs to retaliate against U.S. countervailing duties on around a dozen Chinese goods in 2012.
- On January 20, the U.S. imposed sanctions on three Chinese aerospace companies alleging their involvement in the proliferation of missile technology.
- On January 20, President Biden announced that his administration is not ready to lift the Trump-era tariffs on Chinese goods as Beijing fell short of its purchase commitments under the Phase One trade deal.

Associated News Sources:

["US bans telecom giant China Unicom over spying concerns," BBC](#), January 27

[Morning Post](#), January 27 [Paywall]
["US warns of fragile chip supply as inventory falls to just five days,"](#) *Financial Times*, January 25
["House Committee Chairs Statement on Unveiling of the America COMPETES Act of 2022,"](#) Speaker of the House Nancy Pelosi, January 25
["House debuts long-awaited response to Senate's China competition, semiconductor bill,"](#) *CNBC*, January 25
["U.S. lawmakers urge USTR to expand tariff exclusions on Chinese goods,"](#) *Reuters*, January 20 [Paywall]

["U.S. Investment Review Likely to Impact Firms Already in China,"](#) *Bloomberg*, January 26 [Paywall]
["WTO gives Beijing a \\$645M tariff weapon against the US,"](#) *Al Jazeera*, January 26
["China Says U.S. Wrong to Sanction Firms on Missile Proliferation,"](#) *Bloomberg*, January 22 [Paywall]
["Joe Biden says he won't lift tariffs on Chinese imports since Beijing hasn't abided by phase one trade deal,"](#) *South China Morning Post*, January 20 [Paywall]

Taiwan Issue Echoes Across Continents



Taiwan Vice President William Lai meets with Honduran President Xiomara Castro on January 27 (Source: Taiwan Presidential Office)

- From January 27-30, Taiwan Vice President William Lai met with his U.S. counterpart Kamala Harris and House Speaker Nancy Pelosi during the inauguration of the new President of Honduras, one of the few remaining states that recognizes Taipei over Beijing.
- On January 27, the European Union filed a case against China in the WTO alleging that Beijing illegally blocked Europe's access to Chinese markets in response to Lithuania renaming Taipei's office in Vilnius as the "Taiwanese Representative Office" last November.
- On January 24, Taipei reported a 39-aircraft incursion by Beijing into Taiwan's air defense identification zone (ADIZ) near the Pratas Islands.
- On January 23, it was reported that the PLA Navy has had a consistent naval presence for the last six months around the Diaoyu/Senkaku islands (disputed between China and Japan) off the east coast of Taiwan.

Associated News Sources:

["Taiwan VP meets U.S. House speaker as he ends his overseas trip,"](#) *Reuters*, January 30 [Paywall]
["EU launches WTO case against China over Lithuania embargo, as row over Taiwan office continues,"](#) *South China Morning Post*, January 27 [Paywall]
["Taiwan reports new large-scale Chinese air force incursion,"](#) *Reuters*, January 24 [Paywall]
["China raises threat to Taiwan with naval presence east of island,"](#) *Financial Times*, January 23

- In Other News -



Athletes competing in the 2022 Winter Olympics this week will be boarded in the Zhangjiakou Olympic Village (Source: N509FZ via Wikimedia Commons)

["Foreign Journalists in China Say They Face Deepening Intimidation,"](#) *The Wall Street Journal*, January 30 [Paywall]
["China confirms Xinjiang visit talks with UN human rights chief,"](#) *South China Morning Post*, January 28 [Paywall]
["U.S. weighs letting diplomats leave China over tough COVID rules,"](#) *Reuters*, January 26 [Paywall]
["Singapore, Indonesia sign landmark agreements on extradition, defence and airspace,"](#) *South China Morning Post*, January 25 [Paywall]
["NBC's Olympic Tightrope,"](#) *The Wire China*, January 24 [Paywall]
["For China's International Students, Two Years of Limbo Take a Toll,"](#) *The Wall Street Journal*, January 24 [Paywall]
["In the End, You're Treated Like a Spy,' Says M.I.T. Scientist,"](#) *The New York Times*, January 24 [Paywall]
["Winter Olympics Sponsors Caught Between Beijing, U.S.,"](#) *The Wall Street Journal*, January 23 [Paywall]
["China hires western TikTokers to polish its image during 2022 Winter Olympics,"](#) *The Guardian*, January 22
["Biden Administration Makes Visa Changes to Retain Foreign STEM Students,"](#) *The Wall Street Journal*, January 21 [Paywall]
["U.S. suspends 44 U.S flights by Chinese carriers after China action,"](#) *Reuters*, January 21 [Paywall]
["China, Russia block US bid to sanction North Koreans at UN,"](#) *Al Jazeera*, January 20

What Are We Reading?

- Center for a New American Security: [“When the Chips Are Down”](#) by Becca Wasser, Martijn Rasser and Hannah Kelley (January 27, 2022)
- *The New York Times*: [“How the Computer Chip Shortage Could Incite a U.S. Conflict With China”](#) by Julian E. Barnes (January 26, 2022) [Paywall]
- Center for Strategic and International Studies: [“Filling in the Indo-Pacific Economic Framework”](#) by Matthew P. Goodman and William Alan Reinsch (January 26, 2022)
- *The Diplomat*: [“Is ‘AUKUS Plus’ a Viable Option?”](#) by Jagannath Panda (January 26, 2022) [Paywall]
- *Foreign Policy*: [“The Pacific Shouldn’t Be a ‘Strategic Surprise’](#) by Alexander B. Gray (January 25, 2022) [Paywall]
- *Brookings*: [“Biden’s China policy needs to be more than just Trump lite”](#) by Jeffrey A. Bader (January 25, 2022)
- *The Wire China*: [“Can Europe Avert a U.S.-China War?”](#) by Robert Williams and Moritz Rudolf (January 23, 2022) [Paywall]
- *South China Morning Post*: [“As PLA threat grows, Taiwan’s bid to boost defence ‘may lead to conflict’”](#) by Kristin Huang (January 23, 2022) [Paywall]
- *The Economist*: [“Can China create a world-beating AI industry?”](#) by Economist Staff (January 22, 2022) [Paywall]
- *Nikkei Asia*: [“Analysis: From leader to students, overconfidence clouds China”](#) by Katsuji Nakazawa (January 20, 2022) [Paywall]
- *South China Morning Post*: [“As China’s focus switches from property to capital market development, who will benefit?”](#) by Cheah Cheng Hye (January 20, 2022) [Paywall]
- *NPR*: [“With U.S. focused on defense, China’s trade and infrastructure sweep Southeast Asia”](#) by Julie McCarthy (January 20, 2022)
- *The Wall Street Journal*: [“A Costly Lesson in Chinese Business Practices”](#) by Jillian Kay Melchior (January 14, 2022) [Paywall]

What’s Happening Around Town?

- Past Events -

- [The Rise of the Chinese Techno-Security State Under Xi Jinping](#)
January 25 hosted by Asian/Pacific Studies Institute
- [Antarctic Marine Conservation: Policy Directions and Current Challenges](#)
January 25 hosted by Polar Institute
- [The 2022 Beijing Winter Olympics: Destined to Divide?](#)
January 25 hosted by Center for Strategic and International Studies
- [Asia Forecast 2022](#)
January 27 hosted by Center for Strategic and International Studies
- [How to Make China Adapt to Local Needs](#)
January 27 hosted by Carnegie Endowment for International Peace
- [CCP Decision-Making and the 20th Party Congress](#)
January 27 hosted by U.S.-China Economic and Security Review Commission

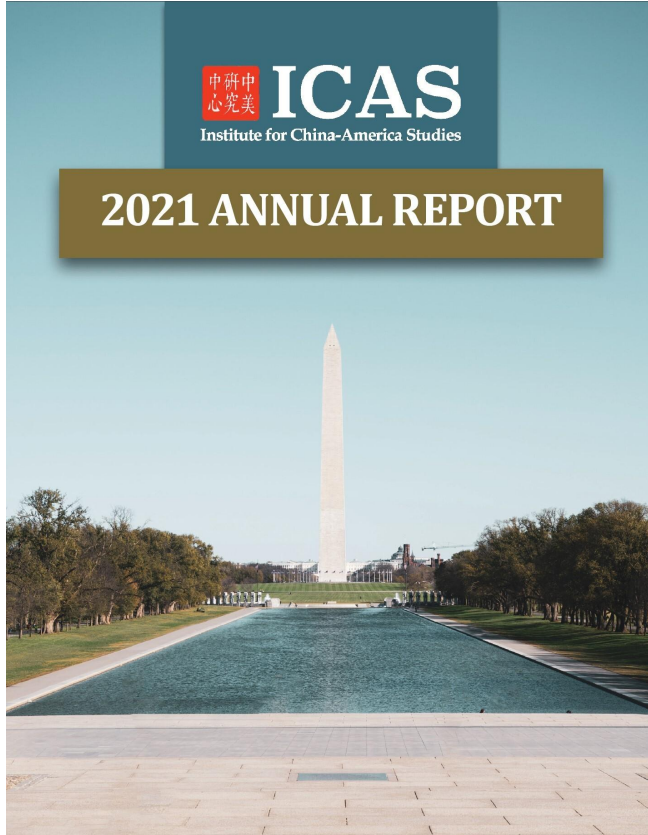
- Upcoming Events -

- [How Companies Can Deal with Consumer Boycotts in China, with Ken Jarrett](#)
February 3 hosted by SupChina
- [Evolving Maritime Issues in the Indo-Pacific](#)
February 4 hosted by Stimson Center
- [The Wilson China Fellowship Conference 2022](#)
February 14-16 hosted by Asia Program, Kissinger Institute On China and The United States, China Environment Forum and History and Public Policy Program
- [Discussion: Reflections On The 50th Anniversary of Nixon’s Visit to China](#)
February 24 hosted by US-China Education Trust
- [Building a New JV University from Scratch in China: The Case of Duke Kunshan University](#)
February 25 hosted by Center for the Study of Contemporary China
- [Southeast Asia 2022](#)
March 23-24 hosted by China Conference

What ICAS Is Up To

---*ICAS Announcements*---

-ICAS 2021 Annual Report-



The ICAS 2021 Annual Report has been released!

Currently in its seventh year of existence, ICAS has established itself as a fresh voice in the Washington, D.C. think tank community. The team at ICAS is excited to share with you this brief snapshot of our accomplishments in 2021!

Despite the struggles and unknowns that it brought to 2021, the pandemic did not stop ICAS from engaging with the world and ensuring that pertinent analysis was conducted on the U.S.-China relationship. Even as we may not be able to resume international travel for academic exchange purposes in the short term, we are eager to see what we can continue to achieve with your support.

Link to Explore and Share the Annual Report:

<https://chinaus-icas.org/wp-content/uploads/2022/02/ICAS-2021-Annual-Report.pdf>

-ICAS is Looking for an Intern!-

The Institute for China-America Studies seeks a research assistant intern to support our scholars! The application deadline is February 28, 2022. The internship will begin, at latest, the first week of March and continue for 4-6 months. This is a part time, 20 hour per week internship that can be conducted remotely or in a hybrid environment.

Competitive candidates will have an interest in U.S.-China relations and be pursuing, or have recently obtained, a bachelor's degree or master's degree from an accredited institution. We are looking for problem solvers who can think on their feet and anticipate tasks ahead of time.

This is an excellent opportunity for young professionals interested in U.S.-China relations. We offer all our research interns the opportunity to co-author with our scholars and encourage solo publication.

View the Full Announcement:

<https://chinaus-icas.org/about-icas/careers-internships/internships/>

Interested in applying?

Interested applicants should submit a cover letter, resume, and a writing sample as a single PDF in the form found in the URL below:

<https://chinaus-icas.org/about-icas/careers-internships/internships/>

Questions about the internship can be addressed to our Research Associate and Program Officer, Matt Geraci, at mattgeraci@chinaus-icas.org.

---ICAS TnT Issue Brief---

The Biden Administration’s Emerging Approach on ‘Strategic Industrial Policy’ and Proposed Lines of Effort

By Sourabh Gupta

January 24, 2021

Key Takeaways:

- ‘Industrial policy’ refers to the official strategic effort of a country to encourage the development and growth of its economy, typically by focusing on key sectors within the manufacturing economy. Industrial policy concerns itself with the *pattern* rather than the *scale* of capital allocation within the economy.
- State intervention to steer the industrial economy towards specific industries is not entirely foreign to the United States. The federal government has engaged in subtle and not-so-subtle interventions to incubate ‘missing’ markets and align forces for greater efficiency and market competitiveness. The Biden administration’s planned interventions under its “Build Back Better” agenda and Supply Chain Resilience plan conform with this longstanding federal government role of shaping industrial sector outcomes at home.
- The administration’s ‘industrial policy’ effort is framed in the context of its “extreme [strategic] competition” approach towards China. It is geared towards utilizing existing statutory authorities to encourage and expand the domestic advanced manufacturing base, especially for critical supply chains (semiconductors, large-capacity batteries, critical materials, etc.). In this regard, it differs from the Trump administration’s strategic economic policy approach towards China which was overwhelmingly centered on a punitive tariff and technology controls strategy *vis-à-vis* Beijing.
- In addition to a number of competitiveness-related bills awaiting congressional action, the range of envisaged Executive Branch policy interventions extends from a mix of investment incentives; research, production, as well as consumer-facing tax credits; matching cost-share grant and loan programs; expanded procurement preferences; selective imposition of import tariffs; support for basic and applied research; and the leveraging of government-sponsored IP to promote the diffusion of manufacturing technologies.
- Some of these industrial policy lines of effort, such as the linking of federal procurement preferences to critical technology products and components, contradict past demands made by U.S. negotiators to their Chinese counterparts. Others, such as the gargantuan scale of proposed subsidies and tax credits as well as their availability based on unionization status and location of product assembly, undercut level playing field market rules or violate the U.S.’ WTO obligations...

Link to Full Post:

<https://chinaus-icas.org/research/the-biden-administrations-emerging-approach-on-strategic-industrial-policy-and-proposed-lines-of-effort/>

---ICAS In the News---



On Tuesday, **January 25, 2021**, Senior Fellow Sourabh Gupta discussed the joint Russian-Chinese naval exercises in the Arabian Sea on *RT America*.

- Watch the Discussion:
<https://www.youtube.com/watch?v=zrbhKQUuDX0&list=PLagVUKF7CUTQX8eQ-3T8I6i4JuS87wFCE>

On Tuesday, **January 25, 2021**, Senior Fellow Sourabh Gupta discussed the 30th anniversary of China's establishment of ties with the independent states of Central Asia on *CGTN's World Insight*.

- Watch the Discussion:
https://www.youtube.com/watch?v=qyTbqX6dHhU&list=PLt-M8o1W_GdQ3OMogak-V6k1ED3eOjEEy

On Sunday, **January 23, 2021**, Research Associate Yilun Zhang was interviewed by *Press TV* on the 25-year agreement between China and Iran,

- Read the Interview:
<https://www.presstv.ir/Detail/2022/01/23/675333/China-Yilun-Zhang-Iran-agreement-remarkable-milestone>

On Friday, **January 21, 2021**, Senior Fellow Sourabh Gupta was quoted by the *South China Morning Post* on the prospects of another Yang-Sullivan meeting later this year.

- Read the Quote:
<https://www.scmp.com/news/china/diplomacy/article/3164030/china-us-relations-diplomats-pave-way-yang-jiechi-ja-ke>

---Happy Lunar New Year from ICAS!---

The Team at ICAS thanks you for supporting our mission to promote greater collaboration and mutual understanding in the U.S.-China relationship. We send our best wishes for health, happiness, and prosperity in the Year of the Tiger!

感谢您的支持！祝您年年有余，万事如意，心想事成！

