



The ICAS Bulletin

Institute for China America Studies

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

May 11, 2022

What's Going On? ↓

SEC and Chinese Audits Back in the Spotlight



The U.S. Securities and Exchange Commission headquarters in Washington, DC. (Source: Securities and Exchange Commission, Flickr)

- Reuters reports that U.S. regulators from the Public Company Accounting Oversight Board (PCAOB) have traveled to China to discuss a potential compromise on audit disclosures that would halt 270 delistings of Chinese companies on the New York exchanges, which was later denied by the PCAOB on May 7.
- On May 4, the U.S. Securities and Exchange Commission added over 80 firms, many of them Chinese, to a list of entities that may be expelled from American stock exchanges for failing to comply with auditing standards for three years in a row.
- On May 3, Didi Global, a hugely popular Chinese ride-hailing firm, revealed it is facing an SEC probe about its \$4.4 billion IPO in New York as the company is looking to exit the NYSE and is also facing scrutiny from Chinese regulators over its compliance with Chinese law.
- Chinese regulators held an emergency meeting on April 22 with both domestic and foreign banks in order to discuss how assets could be protected from US sanctions if a similar response to the Russia-Ukraine conflict is made against China.
- The U.S. and China are currently discussing a potential audit deal that may be signed later this year in order to keep Chinese companies listed on U.S. exchanges. China

A Potential Reset for the U.S.-China Trade War



USTR Representative Katherine Tai speaking at the Milken Institute on May 2, 2022 (Source: Milken Institute, Flickr)

- The Biden administration will conduct a review of tariffs on over \$300 billion of Chinese imports that are set to expire in July. USTR Katherine Tai indicated the review will collect industry comments during this period as part of the determination on whether to extend the tariffs.
- The Treasury and Commerce Departments have split with USTR on how to address the tariffs on Chinese imports. Both Treasury and Commerce are in favor of easing tariffs to address inflation while USTR argues they are important leverage for negotiations with China.
- The U.S. trade deficit with China hit a record \$109.8 billion in March 2022 as imports have dramatically risen due to the easing of supply chain issues related to the pandemic coupled with increased demand due to price shocks created by the ongoing Russia-Ukraine conflict.
- On May 4, the U.S. Senate began formal legislative talks on how to fund the CHIPS for America Act, which will provide \$52 billion in domestic semiconductor chips manufacturing subsidies. President Joe Biden has accused China of lobbying attempts to oppose the legislation.
- The Office of the USTR again included China on its annual Special Section 301 Report, which indicated that "China continues to be the largest origin economy for counterfeit and pirated goods."

has historically denied access to U.S. auditing inspections, citing national security reasons.

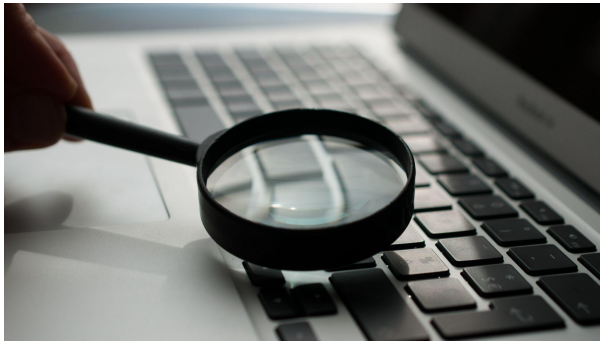
Associated News Sources:

- ["U.S., Chinese regulators in talks for audit deal", Reuters, May 7 \[Paywall\]](#)
- ["US watchdog heads to Beijing to resolve audit stand-off", Financial Times, May 6 \[Paywall\]](#)
- ["SEC adds China's JD.com to list of over 80 firms facing delisting risk", Reuters, May 5 \[Paywall\]](#)
- ["Didi Global, China ride-hailing giant, reveals it faces an SEC probe about its NYSE IPO, on top of Beijing's scrutiny and looming delisting", South China Morning Post, May 4 \[Paywall\]](#)
- ["U.S. trade chief Tai says all tools on table to beat inflation, tariffs not top of list", Reuters, May 2 \[Paywall\]](#)
- ["China meets banks to discuss protecting assets from US sanctions", Financial Times, April 30 \[Paywall\]](#)
- ["China, U.S. discussing audit deal plan as delistings loom", Reuters, April 29 \[Paywall\]](#)

Associated News Sources:

- ["USTR Tai says China tariff review will have 'robust' industry consultations", Reuters, May 5 \[Paywall\]](#)
- ["U.S. Trade Deficit Widens to Record \\$109.8 Billion as Imports Surge", Wall Street Journal, May 4 \[Paywall\]](#)
- ["U.S. Senate moves to launch formal talks on massive China competition bill", Reuters, May 4 \[Paywall\]](#)
- ["Biden Officials Divided Over Easing China Tariffs to Slow Inflation", Wall Street Journal, May 3 \[Paywall\]](#)
- ["Biden Accuses China Trying to Meddle With Competition Bill", Bloomberg, May 3 \[Paywall\]](#)
- ["U.S. Takes First Step Towards Four-Year China Tariffs Review", Bloomberg, May 3 \[Paywall\]](#)
- ["China's manufacturers remain key to global supply chain, producers 'even more dependent' on world's factory", South China Morning Post, April 29 \[Paywall\]](#)

Ongoing Concerns in Tech and Law



(Source: Unsplash)

- Following a U.S. Department of Defense study that found China is exploiting a well-known startup program, the U.S. Congress may soon require government agencies to fully vet technology startups who seek federal funding.
- The Biden Administration is considering adding Chinese surveillance-technology giant Hikvision to the 'Specially Designated Nationals' list for its alleged involvement in human rights violations in Xinjiang. While Hikvision is already blacklisted for American consumers, this could expose the company's global customers to U.S. action.
- Bloomberg reported that Beijing has decided to replace all foreign-branded personal computers in its central agencies and state-backed enterprises with domestic substitutes over the next two years.
- On May 2, the U.S. Food & Drug Administration declined to approve two China-tested cancer treatments by Hutchmed Ltd., Coherus BioSciences Inc., and their Chinese partner Shanghai Junshi Biosciences Co Ltd., addressing needs to test their drugs for the U.S.

An Identifiable Shift on Taiwan



Taiwanese army training in Pingtung, May 2019. (Photo by Patrick Aventurier/Getty Images)

- After the U.S. State Department removed a line on its website that stated it did not support Taiwanese independence, Beijing accused Washington of "political manipulation." The change came as US Director of National Intelligence Avril Haines testified before the U.S. Senate that China is working towards conquering Taiwan.
- On May 6, Taiwan's Defense Ministry reported 18 Chinese warplanes crossing into its air defense identification zone, one of the largest to date.
- Sparked by the Russian invasion of Ukraine, nine current and former U.S. and Taiwanese officials have anonymously confirmed U.S. efforts to help Taiwan prepare for a potential asymmetric war against China.
- On May 5, Taiwan's Defense Minister Chiu Kuo-cheng signaled the island's decision to not purchase advanced anti-submarine helicopters from the United States as the price is high beyond the scope of its ability.
- On May 3, Taiwan's Defense Ministry expressed concerns over the delayed deliveries of shoulder-fired Stinger

population in a diverse multi-regional trial.

- China's Ministry of Commerce seeks to require exporters of products that can have military applications to provide documentation of the intended use in an effort to halt the militarization of sensitive technology.
- Across the United States, solar companies have had to delay more than 300 projects as a result of a decision by the Commerce Department that will investigate whether Chinese companies are skirting U.S. tariffs by moving solar panels through 3rd party countries.
- The U.S. Trade Representative office included China, Russia, Argentina, Chile, India, Indonesia and Venezuela on its annual Special 301 report for lax enforcement of intellectual property rights. It accused China of using its intellectual property laws to unfairly dominate markets and insufficient implementation and enforcement on strengthening patent, copyright and criminal statutes.
- The White House and the U.S. Department of Commerce accused Chinese semiconductor maker Yangtze Memory Technologies Co. of supplying Huawei with memory chips in violation of U.S. export controls.

Associated News Sources:

["Pentagon's China Warning Prompts Calls to Vet U.S. Funding of Startups,"](#) *The Wall Street Journal*, May 8 [Paywall]

["White House alarmed that Commerce probe is 'smothering' solar industry,"](#) *The Washington Post*, May 7 [Paywall]

["Beijing To Discard A Whopping 50 Million Computers As US-China Tech War Reaches Crazy Levels,"](#) *The EurAsian Times*, May 7

["U.S. Considers Unprecedented Sanctions on China Tech Giant Hikvision,"](#) *Bloomberg*, May 4 [Paywall]

["U.S. FDA declines to approve two more China-tested drugs,"](#) *Reuters*, May 2 [Paywall]

["China to tighten export controls on dual-use technology"](#) *Nikkei Asia*, May 1 [Paywall]

["Solar Industry 'Frozen' as Biden Administration Investigates China,"](#) *New York Times*, April 29 [Paywall]

["US trade report accuses China of using intellectual property laws to dominate markets,"](#) *South China Morning Post*, April 28 [Paywall]

["US to probe claims that top Chinese chipmaker violated ban on Huawei,"](#) *Financial Times*, April 27 [Paywall]

["China, Russia, five others make US property rights blacklist,"](#) *AP News*, April 27

anti-aircraft missiles from the U.S. as the war intensifies in Ukraine.

- US National Security Council members Kurt Campbell, Indo-Pacific Coordinator, and Laura Rosenberger, China and Taiwan Senior Director, met with UK representatives to express willingness to cooperate and deter Chinese aggression against Taiwan.
- On April 27, The Office of the U.S. Trade Representative released the 2022 Special 301 Report, identifying Taiwan as a market with "notable" levels of streaming content piracy through illicit streaming devices and illicit Internet Protocol Television service apps.
- On April 27, The U.S. House of Representatives passed legislation calling on the State Department to submit a plan to help Taiwan regain its observer status at the World Health Organization, which has since been sent to the White House for Biden's signature.

Associated News Sources:

["Beijing accuses US of 'political manipulation' in latest Taiwan row,"](#) *The Guardian*, May 10

["U.S. Presses Taiwan to Buy Weapons More Suited to Win Against China,"](#) *The New York Times*, May 7 [Paywall]

["China makes second largest incursion into Taiwan air defence zone,"](#) *Al Jazeera*, May 6

["Taiwan says it cannot afford new US anti-submarine helicopters,"](#) *Al Jazeera*, May 5

["Taiwan flags risk of Stinger missile delays, says pressing U.S.,"](#) *Reuters*, May 3 [Paywall]

["US-UK talks covered China threat to Taiwan, 'FT' says,"](#) *Taipei Times*, May 2

["U.S. recognizes Taiwan's efforts to improve trade secrets protections,"](#) *Focus Taiwan*, April 28

["Bill to help Taiwan regain WHO status passes Congress, sent to Biden for signature,"](#) *Reuters*, April 27 [Paywall]

Global Security Concerns Carry On



The Prime Minister sponsors the signing of an agreement of principles with China (Source: Government of Iraq)

- Although China has refused to condemn Russia's actions in Ukraine and has criticized the sweeping Western sanctions on Moscow, U.S. senior officials said they have not detected overt Chinese military and economic support, contributing to some relief in the tense U.S.-China relationship.

- On April 28, US Navy chief Admiral Michael Gilday addressed at a Center for Strategic and International Studies discussion that a strong response such as incorporating artificial intelligence and unmanned vessels is needed, as the People's Liberation Army of China evolved at a rapid rate.

- On April 27, Iranian President Ebrahim Raisi expressed his government's desire for closer cooperation with China to confront U.S. unilateralism during a visit by China's Minister of National Defense Wei Fenghe.

- On April 27, Chinese Drone giant DJI Technology Co temporarily suspended business in Russia and Ukraine to ensure its products are not used in combat. The company was accused of leaking data on the Ukrainian military to Russia by Ukrainian officials and citizens.

Associated News Sources:

["U.S. relieved as China appears to heed warnings on Russia"](#), *The Japan Times*, May 4 [Paywall]

["US Navy chief says 'phenomenal growth' in China's military requires a strong response"](#), *South China Morning Post*, April 29 [Paywall]

["Iran seeks to expand its military cooperation with China"](#), *ABC News*, April 27

["China's DJI halts Russia, Ukraine sales to prevent use of its drones in combat"](#), *Reuters*, April 27 [Paywall]

- In Other News -

["Asia-Pacific stocks slip ahead of China, U.S. inflation data"](#), *CNBC*, May 10

["China calls for 'fair, just' environment for its companies"](#), *The Times of India*, May 10

["More Than Half U.S. Firms in China See Lockdowns Hitting Revenue"](#), *Bloomberg*, May 9 [Paywall]

["Marcos presidency complicates US efforts to counter China"](#), *AP News*, May 9

["U.S. to announce plans to battle illegal fishing in the Pacific"](#), *Reuters*, May 9 [Paywall]

["China 'unsettled' by Ukraine war: CIA director"](#), *The Print*, May 8 [Paywall]

["Beijing begins fresh round of virus tests as Shanghai postpones crucial exams"](#), *Taipei Times*, May 8

["Rubio, Colleagues Introduce Bill to Prevent U.S. Research from Being Used to Benefit the PLA"](#), Marco Rubio US Senator for Florida, May 5

["Blinken Tests Positive for Covid-19, Delays China Policy Speech"](#), *Bloomberg*, May 4 [Paywall]

["China Is Frequent Topic, Especially for GOP, in Midterm Campaign Ads"](#), *Wall Street Journal*, May 2 [Paywall]

["U.S. FDA declines to approve two more China-tested drugs"](#), *Reuters*, May 2 [Paywall]

["Climate crisis - not China - is biggest threat to Pacific, say former leaders"](#), *The Guardian*, April 28

["Hong Kong and China denounce foreign interference after YouTube blocks leadership candidate's channel"](#), *Reuters*, April 21 [Paywall]

What Are We Reading? ↓

- *Foreign Policy*: [“Locking China Out of the Global Order Could Backfire”](#) by Robert Manning (May 9, 2022) [Paywall]
- *The Diplomat*: [“In the China-US Competition, Xi Jinping’s Loss Is Biden’s Gain”](#) by Sam Bresnick and Nathaniel Sher (May 9, 2022) [Paywall]
- *The New York Times*: [“Beijing’s Man in Hong Kong Inherits a Tamed City”](#) by Austin Ramzy and Alexandra Stevenson (May 8, 2022)
- *The New York Times*: [“Has Shanghai Been Xinjianged?”](#) by Li Yuan (May 6, 2022) [Paywall]
- Atlantic Council: [“Putin and Xi are accelerating their push against democracy. Here’s how the US can fight back.”](#) by Patrick Quirk and David O. Shullman (May 6, 2022)
- Center for Strategic & International Studies: [“Deterrence First: Applying Lessons from Sanctions on Russia to China”](#) by Gerard DiPippo (May 3, 2022)
- *RadioFreeEurope*: [“China’s Messaging On The Ukraine War Is Evolving, But In Which Way?”](#) by Reid Standish (May 3, 2022)
- Center for a New American Security: [“How AI Would - and Wouldn’t - Factor Into a U.S.-Chinese War”](#) by Ryan Fedasiuk (May 3, 2022)
- *The Diplomat*: [“Is China-US Technology Competition Going?”](#) by Dingding Chen and Wang Lei (May 2, 2022)
- *Foreign Affairs*: [“China’s Ukraine Conundrum: Why the War Necessitates a Balancing Act”](#) by Yan Xuetong (May 2, 2022) [Paywall]
- *Financial Times*: [“Cutting China tariffs will offer no respite from rising prices”](#) by Oren Cass (May 1, 2022) [Paywall]
- *The Telegraph*: [“How the West got China so catastrophically wrong”](#) by George Magnus (May 1, 2022) [Paywall]
- Center for Security and Emerging Technology: [“Reducing the Risks of Offshoring Among U.S. Semiconductor Manufacturing Equipment Firms”](#) by Andre Barbe and Will Hunt (May 2022)
- *WIRED*: [“On China, US National Security Experts Fear the Wrong Thing”](#) by Sam Bresnick and Nathaniel Sher (April 28, 2022) [Paywall]
- Pew Research Center: [“China’s Partnership With Russia Seen as Serious Problem for the U.S.”](#) by Christine Huang, Laura Silver and Laura Clancy (April 28, 2022)
- *Foreign Policy*: [“The U.S. and China Need Ground Rules for AI Dangers”](#) by Ryan Fedasiuk (April 27, 2022) [Paywall]
- Center for a New American Security: [“Sharper: Taiwan”](#) by Anna Pederson and Jacob Stokes (April 27, 2022)
- *Modern Diplomacy*: [“China, the Arctic, and International Law”](#) by Ali Mammadov (April 22, 2022)

What’s Happening Around Town? ↓

- Past Events -

- [American Northwest Exports to China: 2022 Export Report Highlights](#)
May 10 hosted by Washington State China Relations Council
- [Climate Action Down on the Farm: Food and Climate Nexus Opportunities in China and the US](#)
May 10 hosted by Wilson Center
- [US grand strategy under President Biden and beyond](#)

- Upcoming Events -

- [China’s Activities and Influence in South and Central Asia](#)
May 12 hosted by U.S.-China Economic and Security Review Commission
- [Global Agreement on Plastic Pollution and Accelerating U.S. and Japanese Action](#)
May 16 hosted by Wilson Center China Environment Forum
- [Economic Impact of Engagement with Taiwan and](#)

- May 5 hosted by Brookings Institution
- [FPRI–Wilson Center Symposium: Economic Security and Geopolitics in the Indo-Pacific](#)
- May 5 hosted by Foreign Policy Research Institute
- [Report launch: China’s discourse power operations in the Global South](#)
- May 4 hosted by Atlantic Council
- [China’s Foreign Policy Deep Dive Session 1](#)
- April 28 hosted by US Heartland China Association

- [China](#)
- May 17 hosted by Wilson Center Asia Program
- [NEXUS 22: A symposium at the intersection of defense, national security, and autonomy](#)
- May 17 hosted by Atlantic Council
- [China’s Global Ambitions Under Xi Jinping](#)
- May 17 hosted by Center for Strategic & International Studies

What ICAS Is Up To

---ICAS Events and Co-sponsored Events---

Wednesday, May 18, 2022
10:00 - 11:20am EDT
Virtual (Zoom)

Indo-Pacific Economic Framework: A New Model of Regional Trade Liberalization or a One-Time Aberration?

~Panel Discussion~

Panelists

<p>Craig ALLEN President <i>US-China Business Council</i></p>	<p>Mary LOVELY Senior Fellow <i>Peterson Institute for International Economics</i></p>
<p>Denis SIMON Professor of China Business and Technology & Senior Advisor to the President for China Affairs <i>Duke University</i></p>	<p>Satu LIMAYE Vice-President <i>East-West Center</i></p>

Moderated by

<p>Sourabh GUPTA Senior Fellow & Head of Trade 'n Technology Program <i>Institute for China-America Studies</i></p>	<p><i>Welcome Remarks by</i></p> <p>Nong HONG Executive Director <i>Institute for China-America Studies</i></p>
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TnT ICAS TRADE 'N TECHNOLOGY PROGRAM

Indo-Pacific Economic Framework: A New Model of Regional Trade Liberalization or a One-Time Aberration?

Wednesday, May 18, 2022
10:00am - 11:20am EDT

Later this May, the Biden administration is expected to unveil the Indo-Pacific Economic Framework (IPEF) – its signature economic and trade cooperation initiative for the Indo-Pacific region. The four-pillared framework will take the form of an “administrative arrangement” that “will not include new market access commitments” but will feature “high-standard outcomes” with a more “consultative” enforcement mechanism. The Framework clearly departs from the existing architecture of economic and trade liberalization in the Asia-Pacific, as represented by the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), the Regional Economic Comprehensive Partnership (RCEP), and the Digital Economy Partnership Agreement (DEPA).

What is the Biden administration’s thinking behind the launch of IPEF? Is the Framework the ‘real deal’ – a meaningful economic and trade liberalization initiative – or is it mostly about telegraphing good intentions of U.S. commitment to the region? How are East and Southeast Asian nations reacting to the Framework’s launch and contents? Is IPEF fit for purpose as a meaningful regional rules-setting undertaking? Or is it primarily a means to de-emphasize – and decouple – the role of China within existing Asian and trans-Pacific supply chains?

On Wednesday, May 18, please join the ICAS Trade ‘n Technology Program virtually for a hybrid expert panel

discussion on the Biden administration’s Indo-Pacific Economic Framework and its implications for the United States’ relations in Asia.

[RSVP](#)

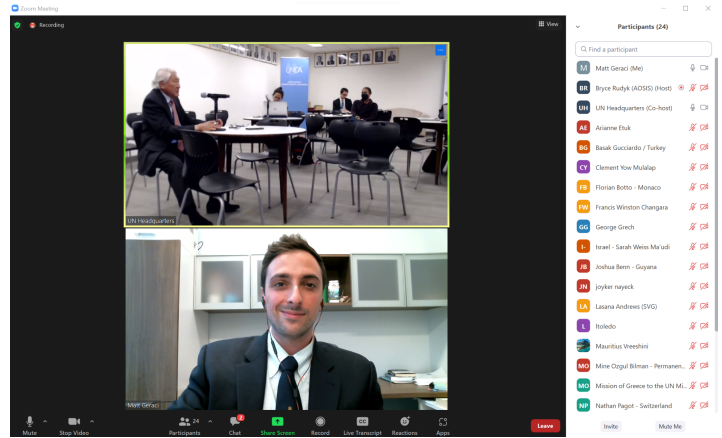
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---ICAS Academic Engagement---

On Tuesday, April 26, 2022, ICAS Research Associate Matt Geraci delivered a briefing held at a United Nations seminar for delegates from over 60 UN Missions on how small island states can utilize satellite imagery and GIS applications to demarcate existing land territory and maritime zones.



---ICAS In the News---

On Thursday, May 5, 2022, Senior Fellow Sourabh Gupta was [quoted by China Daily](#) on the Biden administration's review of the Section 301 tariffs.

- "There is little doubt that the US shot itself in the foot with its unwise tariff war. It has more or less been a 'lose-lose' proposition for both sides, with the US side — and average Americans — bearing the heavier losses..."

On Sunday, May 1, 2022, Senior Fellow Sourabh Gupta was [quoted by South China Morning Post](#) on U.S.-China-Taiwan relations and Beijing's 'One China' policy.

- "Jawboning, forceful verbal threats and playing for time will remain Beijing's strategy of choice...Even a provocative crossing of the 'red line', such as an overt port or US troop presence on Taiwan, will not draw an instantaneous kinetic response, although Beijing will utilise the opportunity to push tensions to a fever pitch."
- "The ground under the US's long-standing Taiwan policy interpretations is becoming unstable. Nevertheless, my sense is that Beijing feels somewhat assured that there is still more continuity than discontinuity in this administration."