



# The ICAS Bulletin

## Institute for China America Studies

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

August 3, 2022

## What's Going On? ↓

### Disquiet Over Pelosi's Visit to Taiwan



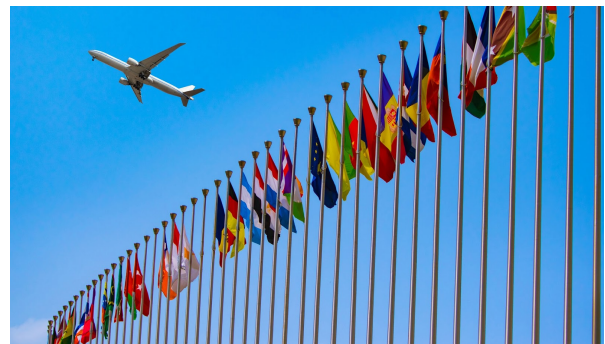
Speaker of the House Nancy Pelosi arrives in Taipei with her delegation on the night of August 2, 2022. (Source: @SpeakerPelosi on Twitter)

- On August 2, U.S. House Speaker Nancy Pelosi landed in Taipei, despite strong warning from Beijing of "forceful countermeasures" should she visit the island.
- As Pelosi began her tour of Asia in Singapore, the White House "decried" Beijing's rhetoric, saying it "will not take the bait or engage in saber rattling" and has no interest in increasing tensions.
- In recent weeks, both China and the United States have built up their military strength around Taiwan as tensions rose, with China holding live-fire exercises near Taiwan as the U.S. continues to send naval vessels around the South China Sea and through the Taiwan Strait.
- On July 21, President Biden said the Pentagon advised him that Pelosi's visit to Taiwan was "not a good idea."
- Many U.S.-China relations analysts have shared their opinions on the potential outcomes of Pelosi visiting Taiwan, including possibilities of a Taiwan Strait crisis, a naval blockade, differing degrees of military force, and more muted possibilities. Some are drawing comparisons to a similar situation that happened in the late-1990s.
- Chinese Ambassador to the U.S. Qin Gang accused the Biden administration of undermining the 'One-China' policy should Pelosi go through with her trip to Taiwan.

Associated News Sources:

["Nancy Pelosi Visits Taiwan as China-U.S. Tensions"](#)

### Other Discussions & Statements in Play



(Source: Getty Images, Royalty-Free)

- On July 28, U.S. President Joe Biden and China's President Xi Jinping held a two-hour long phone call to discuss Taiwan and other issues.
- A U.S. state department official said China is increasing "provocations" against other South China Sea claimants and warned of a consequential "major incident or accident" in the region.
- USAID head Samantha Power urged China to "transparently" participate in debt relief talks for Zambia and Sri Lanka and to restructure debt to the same extent as other creditors.
- U.S. Deputy Secretary of State Wendy Sherman and U.S. Ambassador to Australia Caroline Kennedy have announced plans to visit the Solomon Islands in early August.
- U.S. General and Chairman of the Joint Chiefs of Staff Mark Milley said that the Chinese military has become noticeably more aggressive in the Pacific region.
- Central Intelligence Agency Director Bill Burns said that Beijing is increasingly likely to use force to control Taiwan "further into the decade" but that the Ukraine crisis has likely made China second-think "how and when" they should do it.
- The former CEO of Wynn Resorts Ltd. called on a U.S. judge to dismiss a lawsuit which would compel him to register as a Chinese agent, arguing that mere contact with

[Escalate: Live Updates,](#) *The Wall Street Journal*, August 2 [Paywall]  
["White House decries China rhetoric over Pelosi Taiwan visit,"](#) *AP News*, August 2  
["As Pelosi starts Asia tour, China warns of military action if she visits Taiwan,"](#) *CBSNews*, August 1  
["Pelosi's Taiwan visit will inflame US-China crisis, analysts warn,"](#) *Financial Times*, July 29 [Paywall]  
["US aircraft carrier group heads towards Taiwan as tension over Nancy Pelosi's possible visit continues to grow,"](#) *South China Morning Post*, July 27 [Paywall]  
["Pelosi Taiwan visit: Beijing vows consequences if US politician travels to island,"](#) *BBC*, July 27  
["China's response to Pelosi's potential Taiwan visit could be 'unprecedented' but military conflict unlikely, experts say,"](#) *CNN*, July 26  
["U.S. Officials Grow More Concerned About Potential Action by China on Taiwan,"](#) *The New York Times*, July 25 [Paywall]  
["China Envoy Says US Is Blurring 'One China' Policy on Taiwan,"](#) *Bloomberg*, July 20 [Paywall]  
["Taiwan's speaker warns of Chinese ambitions in Prague, China protests,"](#) *South China Morning Post*, July 20 [Paywall]

a Chinese official with whom he had no arrangement of any kind is not in violation of the Foreign Agents Registration Act, and that his prosecution would set a dangerous precedent.

*Associated News Sources:*

["Biden, Xi Plan In-Person Meet as Taiwan Tensions Intensify,"](#) *Yahoo!News*, July 29  
["Biden and Xi Conduct Marathon Call During Time of Rising Tensions,"](#) *The New York Times*, July 28 [Paywall]  
["U.S. says Beijing's South China Sea 'provocations' risk major incident,"](#) *Reuters*, July 27 [Paywall]  
["USAID Chief Urges China to Restructure Debts for Fragile Economies,"](#) *The Wall Street Journal*, July 27 [Paywall]  
["Exclusive: Sherman, Kennedy to visit Solomons, where fathers fought and U.S. now vies with China,"](#) *Reuters*, July 24 [Paywall]  
["Milley: China more aggressive, dangerous to US, allies,"](#) *AP*, July 24  
["Ukraine making China rethink when, not whether, to invade Taiwan: CIA chief,"](#) *Yahoo!News*, July 20  
["Steve Wynn Seeks to End US Case Urging China Agent Registration,"](#) *Bloomberg*, July 19 [Paywall]

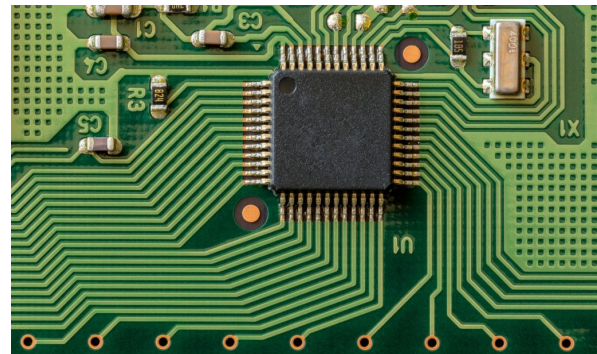
## Supply Chain Movements and Economic Signals



*The Marriner S. Eccles Federal Reserve Board Building (commonly known as the Eccles Building or Federal Reserve Building) in Washington, DC. (Source: AgnosticPreachersKid via Wikimedia, CC3.0)*

- Chinese solar companies are increasingly moving their operations to Southeast Asia to avoid U.S. and EU tariffs and sanctions on solar imports from China.
- A Senate Republican report said that China is trying to obtain confidential data about the U.S. economy from the Federal Reserve system. China rejects the claim, calling it a "political lie."
- Some U.S.-based companies are moving operations away from China and back to the United States, noting high shipping costs that outweigh cheap labor and manufacturing capability in China.
- Adidas said that it made less profit than expected in Greater China for the second quarter of this year, noting slow recovery of sales.

## Technology Firms in the Spotlight



*A zoomed-in image of a semiconductor chip. (Source: Getty Images, Royalty-Free)*

- The Biden administration is evaluating whether to restrict exports of U.S. semiconductor manufacturing equipment to Chinese memory chip makers. The targeted companies could include Chinese production of memory chips without specialized military application.
- China's Semiconductor Manufacturing International Corp (SMIC) achieved a breakthrough in semiconductor manufacturing technology amidst U.S. sanctions.
- The Biden administration is investigating whether Chinese technology company Huawei obtained sensitive military information through their cell towers. A related FBI report specifically mentioned finding Huawei equipment with the capability to capture and disrupt highly restricted military communications, but said it is



- The International Monetary Fund warned of a potential global recession due to economic slowdowns in the United States, China and Europe.

*Associated News Sources:*

- ["Chinese solar firms ramping up investment in Southeast Asia to evade US, European trade tensions,"](#) *South China Morning Post*, July 29 [Paywall]
- ["China targets Fed to gain influence, senator charges, drawing Powell rebuke,"](#) *POLITICO*, July 27
- ["China rejects report it tried to obtain Federal Reserve data,"](#) *AP*, July 27
- ["China Targeted Fed to Build Informant Network and Access Data, Probe Finds,"](#) *The Wall Street Journal*, July 26 [Paywall]
- ["Companies Shift to Remove China From the Supply Chain,"](#) *The Wall Street Journal*, July 26 [Paywall]
- ["Adidas Issues Profit Warning Amid China Lockdown Woes,"](#) *Bloomberg*, July 26 [Paywall]
- ["The I.M.F. warns that a global recession could soon be at hand,"](#) *The New York Times*, July 26 [Paywall]

unclear if any data was actually intercepted.

- A senior federal prosecutor said that U.S. companies are increasingly storing data on servers in China; a move that complicates U.S. criminal investigations into the data.

*Associated News Sources:*

- ["US considers cutting back on memory chip supplies to China,"](#) *Fox Business*, August 1
- ["CNN Exclusive: FBI investigation determined Chinese-made Huawei equipment could disrupt US nuclear arsenal communications,"](#) *CNN*, July 25
- ["China's Top Chipmaker Achieves Breakthrough Despite US Curbs,"](#) *Bloomberg*, July 21 [Paywall]
- ["US probes Chinese telecom giant Huawei over potential capture of American military information,"](#) *ABCNews*, July 21
- ["Data-hosting in China hampers U.S. law enforcement -prosecutor,"](#) *Reuters*, July 20 [Paywall]

## Signs of Mends in U.S.-China Relations



(Source: Getty Images, Royalty-Free)

- Air China Ltd. has begun welcoming regular incoming flights from Tokyo and Paris weeks after China's Civil Aviation Authority announced a loosening of Covid-19 related travel restrictions.

- On July 25, it was reported that Chinese and American scientists are collaborating on the building of an advanced spectrograph telescope at Caltech.

- An article in *Nature* magazine by University of Arizona professor Jenny Lee showed that many American scientists are continuing to work with their Chinese peers in spite of the chilling effect of the Justice Department's counter-espionage 'China Initiative,' ended in February of this year amid claims of racial bias and prosecutorial overreach.

- On July 20, President Xi wished President Biden a "speedy recovery" and "deepest sympathies" after the latter tested positive for Covid-19.

## - In Other News -



The national flags in front of United Nations headquarters in Geneva, Switzerland. (Source: Getty Images, Royalty-Free)

["CHIPS Act leaves chipmakers facing choice between U.S. and China,"](#) *Nikkei Asia*, August 2 [Paywall]

["U.S. needs full access to Chinese company audit papers to resolve accounting dispute -watchdog,"](#) *Reuters*, August 2 [Paywall]

["U.S. vs. China: What Aircraft Carriers Reveal About the Military Tech Race \[VIDEO\],"](#) *The Wall Street Journal*, July 29 [Paywall]

["China rocket: Uncontrolled return to Earth raises concern,"](#) *BBC*, July 29

["Russia supports 'one China' policy on Taiwan, Lavrov says,"](#) *Reuters*, July 29 [Paywall]

["China announces three exercises in S. China Sea as Taiwan issue raises tensions,"](#) *Radio Free Asia*, July 29

["US Films Will Return to Chinese Theaters, Imax CEO Predicts,"](#) *Bloomberg*, July 28 [Paywall]

["Hong Kong should ditch China-imposed national](#)

*Associated News Sources:*

[“Beijing Reopens for International Flights After Covid Isolation,”](#) *Bloomberg*, July 27 [Paywall]  
[“Chinese and US scientists build bridges with cutting-edge Hale telescope project,”](#) *South China Morning Post*, July 25 [Paywall]  
[“US scientists keep ties with Chinese peers despite crackdown: researcher,”](#) *South China Morning Post*, July 21 [Paywall]  
[“China’s Xi wishes Biden a ‘speedy recovery’ from Covid,”](#) *CNBC*, July 20

[security law: UN panel,”](#) *Reuters*, July 27 [Paywall]

## What Are We Reading? ↓

- *Foreign Affairs*: [“China on the Offensive: How the Ukraine War Has Changed Beijing’s Strategy”](#) by Bonny Lin and Jude Blanchette (August 1) [Paywall]
- *Bloomberg*: [“Biden and Xi Are Still Hostage to a Wild Card”](#) by Matthew Brooker (July 29) [Paywall]
- *Bloomberg*: [“The Four Mysteries of Pelosi’s Troublesome Taiwan Trip”](#) by Niall Ferguson (July 29) [Paywall]
- *The New York Times*: [“China Has Leapfrogged the U.S. in Key Technologies. Can a New Law Help?”](#) by David E. Sanger (July 28) [Paywall]
- *The New York Times*: [“Nancy Pelosi’s Trip to Taiwan Is Too Dangerous”](#) by Bonnie S. Glaser and Zach Cooper (July 28) [Paywall]
- *Foreign Affairs*: [“What to Expect From a Bolder Xi Jinping: Get Ready for a More Ambitious Chinese Foreign Policy”](#) by Yun Sun (July 28) [Paywall]
- *The Wall Street Journal*: [“Semiconductor Subsidies, Tariffs Are the Price of Reducing Dependence on China”](#) by Greg Ip (July 27) [Paywall]
- *Financial Times*: [“US and China are entering a trap of their own making”](#) by Edward Luce (July 27) [Paywall]
- *South China Morning Post*: [“Beyond China: US’ Xinjiang cotton ban has far-reaching implications, even for Asian alternatives”](#) by Ji Siqi, Kandy Wong and Ananta Agarwal (July 27) [Paywall]
- Center for a New American Security: [“Want to Help Taiwan? Support a Muscular Japan”](#) by Daniel Silverberg (July 27)
- *The Washington Post*: [“Pelosi should go to Taiwan — when the time is right”](#) by the Editorial Board (July 27) [Paywall]
- *Bloomberg*: [“Biden’s Taiwan Strategy Is Flawed Whether Pelosi Goes or Not”](#) by Hal Brands (July 26)
- ChinaFile: [“Can a New U.S. Law Prevent Uyghur Forced Labor?”](#) A ChinaFile Conversation (July 26)
- *The Wire China*: [“The High Costs of Disengagement for China”](#) by George Magnus (July 24)
- *South China Morning Post*: [“As China, US point blame over global food crisis, what role can their ‘good interactions’ play?”](#) by Orange Wang (July 21) [Paywall]
- *The New York Times*: [“I Was Wrong About Chinese Censorship”](#) by Thomas L. Friedman (July 21) [Paywall]
- *South China Morning Post*: [“How China’s rare earth dominance spurs US and its allies to diversify supply chain of critical minerals”](#) by Amanda Lee (July 21) [Paywall]
- Council on Foreign Relations: [“China’s Collapsing Global Image”](#) by Joshua Kurlantzick (July 20)
- *Politico*: [“How Congress’ dream of a China confrontation got gutted”](#) by Andrew Desiderio (July 20)
- *Foreign Affairs*: [“Rivals Within Reason?: U.S.-Chinese Competition Is Getting Sharper—but Doesn’t Necessarily Have to Get More Dangerous”](#) by Kevin Rudd (July 20) [Paywall]

## What's Happening Around Town? ↓

### - Past Events -

- [Twelfth Annual South China Sea Conference](#)  
July 26 hosted by Center for Strategic and International Studies
- [A conversation about Taiwan with the 27th US Secretary of Defense Mark T. Esper](#)  
July 26 hosted by Atlantic Council
- [How to Navigate Opposing Views: A Conversation with Andrew Sheng](#)  
July 21 hosted by SupChina
- [Embassy Speaker Series: Minister Counselor Lyu Jiang](#)  
July 20 hosted by the U.S.-China Business Council

### - Upcoming Events -

- [Challenges from Chinese Policy in 2022: Zero-COVID, Ukraine, and Pacific Diplomacy](#)  
August 3 hearing by U.S.-China Economic and Security Review Commission
- [Coalitions of the weak: Elite politics in China from Mao's stratagem to the rise of Xi](#)  
August 4 by Atlantic Council
- [Sri Lanka Crisis: Implications for the Indo-Pacific and US Interests in the Region](#)  
August 4 hosted by US-Asia Institute
- [How Are Companies dealing with the Uyghur Forced Labor Prevention Act?](#)  
August 4 hosted by SupChina

## What ICAS Is Up To ↓

### ---ICAS Report---

#### It is What You Make of It:

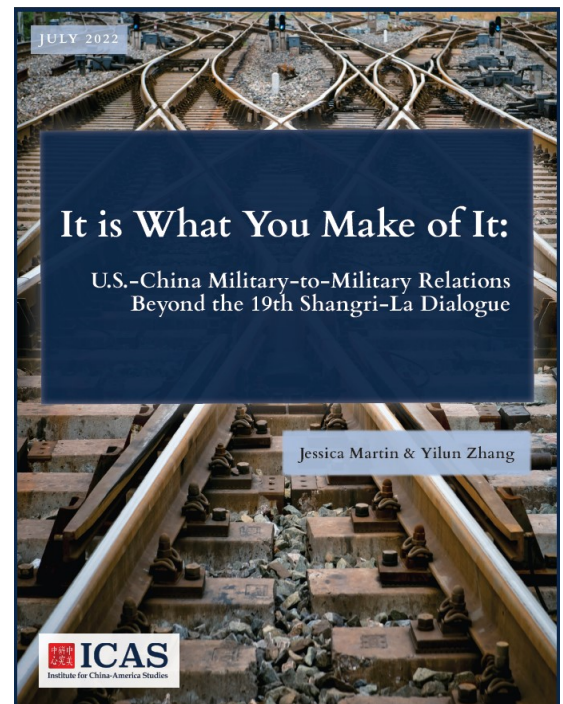
#### U.S.-China Military-to-Military Relations Beyond the 19th Shangri-La Dialogue

By Jessica Martin and Yilun Zhang  
July 2022

#### Executive Summary (Excerpts):

“Celebrating its 20th anniversary, the annual Shangri-La Dialogue held in Singapore in June 2022 brought together dozens of defense ministers and ministry chiefs from over two dozen Asia-Pacific and global countries to discuss and address security issues in the region. The Dialogue has become a beacon of the benefits of face-to-face communication and frankness in a region highly fraught with political, social and historical grievances, disagreements and partnerships. It has also become a trusted space for military leaders of the Asia-Pacific to share their perspectives and priorities with both the public and privately with their peers. This year’s 19th Shangri-La Dialogue, held from 10-12, 2022, fostered particular anticipation on the world stage for two main reasons...”

“By breaking down the content and layout of these speeches, observers can infer further insight into the brief readout summaries provided by Beijing and Washington of the private conversation held on the first day of the Dialogue. Although the known engagement held between China and the United States’ top security officials still included accusations and



#### It is What You Make of It:

U.S.-China Military-to-Military Relations  
Beyond the 19th Shangri-La Dialogue

Jessica Martin & Yilun Zhang

ICAS  
Institute for China-America Studies



discontent, the 19th Shangri-La Dialogue is nevertheless a positive starting point to honestly reconstruct U.S.-China military-to-military lines of communication; an invariably essential tool to maintain for all parties..."

"Amidst the growing attention to establishing lines of communication and various upcoming policy releases by both parties, time will tell if either side chooses to take advantage of this opportunity or instead continue to bow to the pervasive negativity clouding today's U.S.-China relationship. It will be what they make of it."

[Link to Full Post](#)

---ICAS Issue Brief---

**George Kennan, "The Sources of Soviet Conduct", and its Application to the China Challenge**

By Sourabh Gupta

July 20, 2022

**Key Takeaways**

- 75 years ago this month, the American diplomat George Kennan published an essay in Foreign Affairs titled "The Sources of Soviet Conduct" in which he introduced the strategy of 'containment' to the Western world. Kennan advocated the firm containment of Soviet expansionism, which was being advanced under the banner of communism, at every critical strongpoint at which it encroached upon the interests of a peaceful and stable world order.
- Kennan's advocacy of containment was based on his reading of the philosophical drivers of the Soviet Union's postwar foreign policy worldview. Moscow viewed the capitalist system of production to be nefarious and exploitative, as innately antagonistic to socialism, and in need of destruction as a rival center of ideological authority and geopolitical competition.
- The China Challenge today is vastly unlike that posed by the early Cold War era Soviet Union that Kennan had surveyed. The Party's 'socialism with Chinese characteristics' aims to take advantage of capitalism's strength as a means of resource allocation and efficient market exchange – not its supposed weaknesses of class conflict and violent spillovers. Besides, Chinese socialism is not an instrument of geopolitical aggrandizement.
- More to the point, Kennan's strategy of containment was premised on Washington remaining the dominant global economic power and using this abundance, and leverage, to exert collective discipline among the West in its dealings with Moscow. In China, by contrast, it will face a peer whose economic size and material capabilities at the government's disposal will outstrip that of the United States. This will heap a collective action problem of the first order on the West. It will also test a core proposition on which U.S. primacy has rested: that America could meet the strategic challenge of the day from a position of national strength.
- From an Indo-Pacific systemic perspective, the currency of competition in the age of the China Challenge will primarily be economic and technological, and less military or ideological. The gravitational pull of China's domestic market will dictate that Washington embrace a light touch approach when crafting selectively decoupled supply chain strategies. Allies must be treated as co-equals; not appendages leashed to the immediate American economic self-interest.
- Interminable maritime and military competition within the first and second island chains of the western Pacific will remain an inescapable feature of U.S.-China relations. Taiwan, in particular, will remain a powder keg for the foreseeable future. By the same token, there is no reasonable basis for an armed U.S.-China conflict to spill over into geographies that Beijing deems as lying beyond the anti-access, area-denial range essential for its prosecution of a first island chain-specific contingency. The Indian Ocean and the south Pacific will remain as sideshows.

[Link to Full Post](#)

---ICAS Commentary---

**Limits in the Seas No. 150 and the U.S.'s Misinterpretation of 'Historic Rights'**

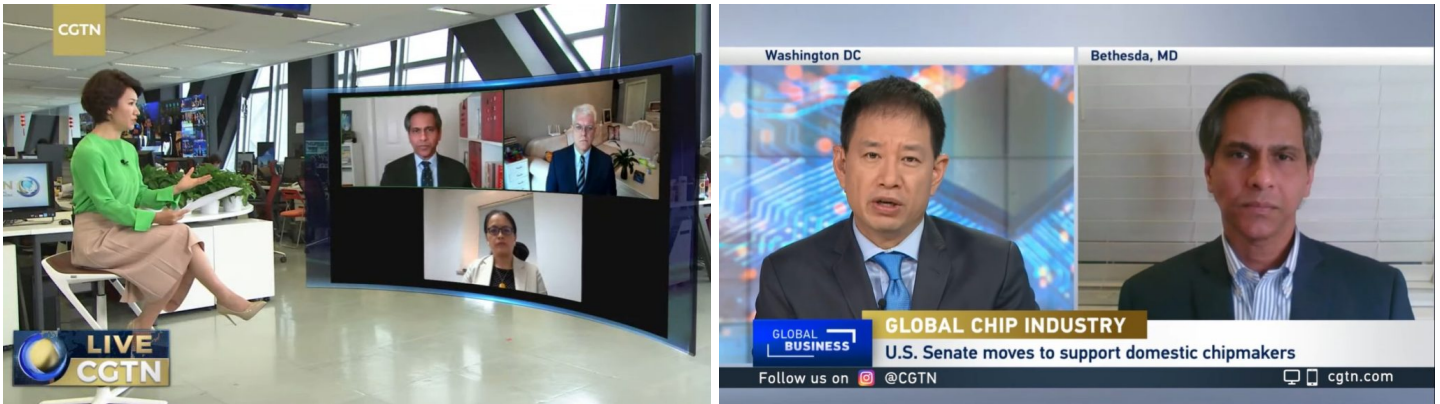
By Sourabh Gupta  
July 26, 2022

In 2013, the Philippines brought a case against China concerning maritime rights in the South China Sea. It did so under Annex VII of the U.N. Convention on the Law of the Sea (UNCLOS), which establishes a special arbitral tribunal to resolve disputes concerning international agreements between member states. The tribunal issued its decision in *Philippines v. China* three years later, in July 2016—a landmark ruling that shot down China's claim to "historic rights" over maritime areas of the South China Sea encompassed by the "nine-dash line."

Today, the South China Sea Arbitration Award highlights a fallacy in the U.S.'s own analysis of maritime rights.

[Link to Full Post](#)

---ICAS In the News---



On Sunday, **July 28, 2022**, Research Associate **Yilun Zhang** was [interviewed](#) by *PressTV* regarding Speaker Pelosi's potential visit to Taiwan and its implications for U.S.-China relations.

- "Pelosi's visit to Taiwan, from Beijing's perspective, is a significant change of status quo, which seriously violates what the US and China agreed on in the Three Joint Communiqués. If she lands in Taipei, the Speaker is not only the highest-ranking American lawmaker but also the second politician in the US presidential succession line. Therefore, despite the Biden administration's attempt to draw lines between the executive and the legislative branch, it means little difference to the Chinese side, which is why it still points its finger to the White House, not just Congress."
- "China's signal is clear, Taiwan is a redline that the US should not meddle with. This message was delivered by Wang Yi during his meeting with Anthony Blinken during the G20 sideline meeting early this month, by Wei Fenghe to Austin in Singapore during the Shangri-La Dialogue and by Yang Jiechi to Jake Sullivan during their meeting in Luxembourg in June."
- "For the Biden administration, it is hard to believe that it genuinely seeks conflict with China...Both President Biden and President Xi Jinping agreed to better manage competition and prevent conflict. The American president repeatedly refers to 'establishing guardrails' as his direction to manage US-China relations. Should the warning from the US military help halt Pelosi's trip, it would be the first successful case of the 'guardrails'."

On Saturday, **July 27, 2022**, Senior Fellow **Sourabh Gupta** [discussed](#) the potential visit to Taiwan by Pelosi on *CGTN*.

- "I think what makes [a visit by the Speaker of the House to Taiwan] particularly contentious this time is that the U.S. themselves have declared from 2017 onwards that we are in great power conflict with China...it was a qualitative shift from where the U.S. was vis-à-vis China."
- "I'll be frank about [what Pelosi was thinking]: she just wants to poke China in the eye. She is going to lose the speakership position most likely at the end of this year after the midterm elections...and therefore her chance to ever come as a speaker to Taiwan will have evaporated [following the elections]."
- "I am certain that the [planned] visit in April was coordinated [with the White House] simply to make a message that Ukraine has been invaded and the U.S. is not going to allow this to happen in another part of the world, while this time around I know for a fact that several senior administration officials have been giving out briefings not to go."

On Saturday, **July 27, 2022**, Senior Fellow **Sourabh Gupta** [discussed](#) U.S.-China relations amid the potential Pelosi visit to Taiwan on *Asharq News*.

- “There is potential for military tension between China and the United States of America, and the impact of this is the worst crisis since [the Third Taiwan Strait Crisis] of 1995”
- “Military tensions could be calmed but, nevertheless, I say that there is a high probability that there will be a military escalation, perhaps similar to when we saw missiles almost launched from Cuba during the early sixties. So we should not underestimate how serious the situation is.”

On Saturday, **July 22, 2022**, Senior Fellow **Sourabh Gupta** [discussed](#) the U.S. Congress voting on the CHIPS Act on *CGTN America*.

- “The purpose of [the CHIPS Act] is to get just that additional [domestic semiconductor] production capacity. There are certain other provisions with regards to research, etc. etc., but for the most part those elements were captured in the broader competitiveness bill which has fallen apart at least for the time being. This is just purely about having more production at home, and not necessarily the most sophisticated.”
- “The interdependence [between the U.S. and China] will still remain simply because China is a massively growing market for chips. The Chinese market for chips...in electric vehicles, in electronics, is booming, so there is a need for American-designed chips to be placed in these items and sold in China...what the U.S. is trying to do is to, at the most sophisticated level of chip production, create a certain degree of decoupling so that that technology does not seep throughout China”
- “U.S. companies will themselves say that China is the fastest-growing market in the world and no matter what you do with chip production here, do not hamstring us from that interdependence because that benefits us from a revenue perspective.”
- “I think in terms of just pure production, I don’t think it’s really a smart idea to put excess subsidies. You are going to create overcapacity and folks are going to cannibalize each other in the process.”