High Level Diplomatic Interactions Adjust Bilateral Tension Levels

- On June 30, U.S. President Joe Biden received the new Chinese Ambassador to the U.S. Xie Feng at the White House, becoming the latest high-level meeting between the two powers.
- U.S. Drug Enforcement Administration administrator Anne Milgram called on Mexico and China to put in further measures to combat the U.S. fentanyl crisis, and cited that a majority of the illegal opioid stems from supply chains in Mexico and China.
- China’s spokesman for the Chinese Embassy in Washington stated that, if U.S. defense officials desire high-level meetings with Chinese counterparts, the U.S. should remove imposed unilateral sanctions on China.
- Following a recent visit from the U.S. Secretary of State Blinken to China, U.S. Secretary of the Treasury Janet Yellen plans to visit Beijing in early July in-order to hold high-level talks with her Chinese counterparts.

Associated News Sources:
“China Says New Ambassador to US Met Biden at White House,” Bloomberg, July 2 [Paywall]

More Economic Measures Enacted and Proposed from Fears of Competition

- U.S. microchip producers faced falling shares following a report from the Biden administration which is planning new curbs on the export of U.S. computing chips for artificial intelligence (AI) use to China.
- U.S. Central Intelligence Agency Director William Burns released a statement speaking out against the idea of decoupling from China, instead arguing that American companies should consider diversifying their supply chains.
- Chinese premier Li Qiang has spoken out against the western push to decrease trade cooperation between western countries and China. Premier Qiang described the concept of de-risking as a “false proposition.”
- Former U.S. President Trump’s U.S. Trade Representative, Robert Lighthizer, has proposed unilateral raises on all Chinese imported goods in order to further combat the current bilateral trade competition.
- Chinese economic regulators summoned three American firms, which included Starbucks and Shake Shake, to be questioned on accusations of collecting excessive personal information.

Associated News Sources:
“CIA’s Burns: U.S. needs to de-risk and diversify away
<table>
<thead>
<tr>
<th>Private Technology Firms Working Around Obstacles</th>
<th>Presidential Comments Inflated Sour Attitudes and Ongoing Suspicions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Huawei at Mobile World Congress 2015 in Barcelona, Spain. (Source: Kārlis Dambrāns via Flickr/Attribution-ShareAlike 2.0 Generic)</strong></td>
<td><strong>President Joe Biden delivers remarks on his “Investing in America” agenda in North Carolina on Friday, June 9, 2023. (Source: The White House via Flickr)</strong></td>
</tr>
<tr>
<td>- Huawei’s deputy chairwoman, Meng Wanzhou, showed off the global prospects for Huawei’s 5G mobile network during an international trade show in Shanghai despite Huawei’s serious difficulties in navigating U.S. sanctions.</td>
<td>- Multiple U.S. defense and intelligence agencies have had opportunities to analyze the retrieved debris from the suspected Chinese spy balloon, and have found that the balloon was full with American-produced technology.</td>
</tr>
<tr>
<td>- U.S. semiconductor intellectual property provider SiFive will begin entering the Chinese market with much enthusiasm as their open-source chip architecture can give Chinese producers more room to maneuver around U.S. chip sanctions.</td>
<td>- Following U.S. Secretary Blinken’s trip to China, U.S. President Biden compared Chinese President Xi to a “dictator” and was met with extreme backlash from Chinese counterparts.</td>
</tr>
<tr>
<td>- Bytedance’s TikTok has planned to open a new online retail store within the U.S. version of TikTok, with hopes to compete with other e-commerce giants such as Amazon, and Shien.</td>
<td>- Following Biden’s remark made at a speech in North Carolina, U.S. Ambassador to China Nicholas Burns received an official diplomatic reprimand, called a démarche, from officials in Beijing.</td>
</tr>
<tr>
<td>- The Biden administration has begun to raise concerns around new Chinese cloud computing firms such as Alibaba and Huawei that have gathered U.S. attention due to possible data security breaches.</td>
<td>- Despite the diplomatic reprimand for Nicholas Burns from Biden’s comments on President Xi, Biden has reiterated that his comments will have no “real consequences” on the bilateral relationship. U.S. Secretary of State Antony Blinken has also supported Biden’s comments on President Xi.</td>
</tr>
</tbody>
</table>

**Associated News Sources:**
- “Huawei’s Meng Wanzhou beats the drum for global expansion of 5G mobile services as Chinese firms struggle with US sanctions,” South China Morning Post, June 28 [Paywall]
- “Amid intensifying tech war, 1 US chip design firm sees opportunity in China,” South China Morning Post, June 28 [Paywall]
- “TikTok is opening its own online U.S. store,” Semafor, |

**Associated News Sources:**
- “Chinese Balloon Used American Tech to Spy on Americans,” The Wall Street Journal, June 29 [Paywall]
- “Blinken backs Biden after he called China’s Xi a dictator,” Politico, June 25
- “China reprimands US ambassador in Beijing amid fallout from China.” Reuters, July 2
- “Chip stocks smacked as U.S. mulls fresh curbs on AI access to China.” Reuters, June 28
- “China’s premier says West’s economic de-risking ‘false proposition.’” The Business Standard, June 27
- “Shanghai regulators summon Starbucks, Shake Shack citing excessive personal data collection,” Reuters, June 21
- “Yellen Plans July China Trip While US Prepares Investment Curbs,” Bloomberg, June 27 [Paywall]
- “China Wants Sanctions Lifted as Condition for Military Talks With US,” Bloomberg, June 29 [Paywall]
- “Justice Department says new Florida law restricting Chinese land ownership is unconstitutional,” Politico, June 28
- “Drug agency chief calls on China and Mexico to help stem US fentanyl crisis,” The Guardian, July 2
## U.S. and Taiwan Ties Deepen as Cross-Strait Relations Sour

- A U.S. delegation to Taiwan, led by the Wilson Center, expressed admiration for Taiwan’s democratic principles and looked to expand cooperation with their counterparts. The U.S. State Department has approved the potential ammunition sales and logistical sales of two deals valued at a total of up to US$440 million to Taiwan.
- U.S. Chairman of the Joint Chiefs of Staff, General Mark Milley, stated that there is still time to dissuade China from utilizing force to reunify Taiwan.
- Taiwanese President Tsai Ing-wen publically supported a new U.S. defense act for possessing a crucial role in maintaining Taiwanese security and defense capabilities.
- Within the recent high profile trip by U.S. Secretary of State Antony Blinken, a large amount of talks were surrounding the upcoming Taiwanese presidential election, and the election's possible effects on bilateral ties and cross-strait relations.

### Associated News Sources:
- **“US delegation eyes closer cooperation with Taiwan,”** *Taipei Times*, July 1
- **“US State Department OKs two possible military sales to Taiwan,”** *Reuters*, June 30
- **“Chinese Army Invasion of Taiwan Not a Given, US General Says,”** *Voice of America*, June 30
- **“Taiwan’s Tsai Ing-wen hails US NDAA defence act for ‘vital’ role in Indo-Pacific security,”** *South China Morning Post*, June 28 [Paywall]
- **“China Tries to Gain U.S. Cooperation Over Upcoming Taiwan Elections,”** *The Wall Street Journal*, June 25 [Paywall]

## - In Other News -

- **“Treasury secretary to make first trip to China seeking better relations,”** *The Washington Post*, July 2 [Paywall]
- **“Boeing says about 90% of China 737 MAX jets have resumed commercial operations,”** *Reuters*, June 28
- **“‘Don’t see why not’: China envoy on backing Ukraine’s ‘91 borders,”** *Al Jazeera*, June 27
- **“Intelligence report says US split on Covid-19 origins,”** *BBC News*, June 24
- **“Packages from China are surging into the United States. Some say $800 duty-free limit was a mistake,”** *AP News*, June 24
- **“Zambia agrees ‘milestone’ debt relief plan with China and other creditors,”** *The Financial Times*, June 23 [Paywall]
What Are We Reading?

- The Wall Street Journal: “China Far Outranks the U.S. in High-Speed Rail. Here’s Why” (June 30, 2023) [Paywall]
- Nikkei Asia: “Lanes of commerce between U.S. and China should be kept open” by Ker Gibbs (June 30, 2023)
- The China Project: “Why China’s Global South diplomacy is such a challenge for the United States” by Cobus van Staden (June 30, 2023)
- Center for a New American Security: “China Spy Station Revelation Is a Wake-Up Call to Rethink US Embargo on Cuba” by Daniel Bonomo (June 29, 2023)
- Financial Times: “How the US and Europe can beat China’s Belt and Road” by Alan Beattie (June 29, 2023) [Paywall]
- The Atlantic: “The End of Optimism in China” by Micheal Schuman (June 29, 2023) [Paywall]
- The Wall Street Journal: “For Nvidia and China, an AI Battle With Washington Bodes Ill” by Jacky Wong (June 28, 2023) [Paywall]
- Bloomberg: “Billionaires and Bureaucrats Mobilize China for AI Race With US” by Jane Zhang and Sarah Zheng (June 28, 2023) [Paywall]
- Quartz: “Oil and gas exports are complicating the US-China relationship” by Mary Hui (June 28, 2023)
- Foreign Affairs: “America, China, and the Virtue of Low Expectations” by Ryan Hass (June 28, 2023) [Paywall]
- The Washington Post: “China’s threat should be a major campaign issue. GOP, are you listening?” by Hugh Hewitt (June 26, 2023) [Paywall]
- Reuters: “Chinese batteries find backdoor to the U.S.” by Huiling Zhou (June 27, 2023)
- The China Project: “Chinese batteries find backdoor to the U.S.” by Huiling Zhou (June 27, 2023)
- Reuters: “Taiwan-Arizona ties: the history behind TSMC’s decision to build US$12 billion chip plant in southwestern US” by Matt Haldane (June 24, 2023) [Paywall]
- The Washington Post: “The U.S. and China are rivals — but can talk like adults” by David Ignatius (June 22, 2023) [Paywall]
- Center for Strategic and International Studies: “Micron Aggression: The Right Response to Beijing’s Ban on the U.S. Chipmaker” by Matthew Reynolds (June 22, 2023)
- NikkeiAsia: “After a decade, Xi floats ‘G2’ world with U.S. again” by Katsuji Nakazawa (June 22, 2023)
- AP News: “Cooperation or competition? China’s security industry sees the US, not AI, as the bigger threat” by Dane Kang (June 21, 2023)
- Reuters: “Blinken China’s trip likely to bring only temporary relief for tensions” by David Brunnstrom, Yew Lun Tian and Martin Quin Pollard (June 21, 2023)
What’s Happening Around Town?

<table>
<thead>
<tr>
<th>- Past Events -</th>
<th>- Upcoming Events -</th>
</tr>
</thead>
</table>
| ● "Measurement Problems: China’s GDP Growth Data and Potential Proxies": A Big Data China Event | ● How to Reset the U.S.-China Relationship  
July 7 hosted by Foreign Policy |
| July 5 hosted by Center for Strategic and International Studies | ● Electric Vehicle Webinar 2023  
July 11 hosted by The China Project |
| ● Analyzing China’s Escalation after Taiwan President Tsai’s Transit through the United States | ● US-China Technology Competition: Decoupling and De-risking  
July 12 hosted by International Institute for Strategic Studies |
| June 29 hosted by Center for Strategic and International Studies | ● No Water, No Food – Glacier Loss Threats to US and Chinese Agriculture  
July 13 hosted by Wilson Center |
| ● Distinguished Speaker Series: Dennis Wilder on Stabilizing U.S.-China Relations | |
| June 28 hosted by Carnegie Endowment for International Peace | |
| ● Thirteenth Annual South China Sea Conference | |
| June 28 hosted by Center for Strategic and International Studies | |
| June 27 hosted by American Enterprise Institute | |
| ● Tech race with China: Toward a comprehensive strategy | |
| June 27 hosted by Atlantic Council | |

What ICAS Is Up To

---Journal Article---

China and the United States in the South Pacific Ocean: Will Strategic Competition or Practical Cooperation Drive the Future Development  
June 16, 2023  
Nong Hong

Abstract:
The South Pacific Ocean is emerging as an arena of U.S.-China strategic competition while the practices of the two countries in some areas suggest that the model of cooperation could benefit the regional States. It is hard to foresee whether competition or cooperation will drive the future development of the South Pacific or whether the two phenomena may co-exist. It is determined not only by policies taken by the two States themselves and their perspective engagements with both external stakeholders and regional States. Also, it is critical to understand how the regional states view the United States and China and how they are responding to U.S.-China competition.

Learn More
---Blue Carbon and Climate Change Program Commentary---

Think and Plan Ahead for The Problem of Scrapped Lithium Batteries in Electric Vehicles
By Zhangchen Wang
June 29, 2023

With the promises of reducing carbon emissions and contributing to a greener future, the popularity of electric vehicles is continuously growing, and both the government and private companies are paying more attention to and putting more investment in it. However, as the market of electric vehicles keeps expanding, a topic that once did not attract much attention is also becoming urgent to be resolved: How can the scrapped lithium batteries of electric vehicles be recycled in the most effective way?

Electric vehicles have witnessed a remarkable surge in adoption worldwide. According to a recent report published by the International Energy Agency, one in every seven passenger cars sold globally in 2022 was an electric vehicle. At the same time, vehicle manufacturers and battery makers plan to invest $860 billion by 2030 in electric vehicles. Indeed, the electric vehicle offers a cleaner and more efficient alternative to traditional internal combustion engine vehicles, and it is both increasingly and widely accepted by the broad market.

However, new challenges arise with very new development, and these challenges have an impact on society as a whole…

---Commentary---

Track 2 dialogue can help improve Sino-US ties
By Wu Shicun
June 18, 2023

There have been some positive developments, of late, in Sino-US relations including meetings at different levels and between some Chinese and US government departments, which have raised hopes that bilateral tensions could be defused.

To begin with, Wang Yi, China’s top diplomat, held in-depth talks with US National Security Advisor Jake Sullivan in Vienna, Austria, in May. Later that month, while attending the APEC Ministers Responsible for Trade meeting in the US, Minister of Commerce Wang Wentao met with US Commerce Secretary Gina Raimondo and US Trade Representative Katherine Tai. And early this month, Daniel Kritenbrink, US Assistant Secretary of State for East Asian and Pacific Affairs, and Sarah Beran, White House National Security Council’s senior director for China, visited China and met with Foreign Ministry officials.

More important, the visit of Secretary of State Antony Blinken to China from Sunday to Monday could be a good omen for what till now appeared to be foundering China-US ties…

---Blog Post - Event Summary---

Event Summary: Building a Networked Security Architecture in the Indo-Pacific with Ely Ratner
By Alec Caruana
June 26, 2023

On June 8, 2023, Dr. Ely Ratner, Assistant Secretary of Defense (ASD) for Indo-Pacific Security Affairs in the Biden administration, sat down with Lisa Curtis of the Center for a New American Security (CNAS) for a discussion on ‘Building a Networked Security Architecture in the Indo-Pacific’…Throughout the event, Ratner shared with CNAS’ Lisa Curtis three dominant themes which permeated the meetings that the Pentagon team held throughout the Indo-Pacific…

Link to Full Post
On Tuesday, June 27, 2023, Senior Fellow Sourabh Gupta discussed US-China relations in the context of Secretary Blinken's visit on Asharq News' Washington Report.

On Saturday, June 24, 2023, Senior Fellow Sourabh Gupta discussed Secretary Blinken's Visit and US-China Relations on Alhurra's Decision Capital, DC.

On Thursday, June 22, 2023, Senior Fellow Sourabh Gupta discussed Prime Minister Modi's state visit and US-India relations on CGTN America's The Heat.

- “This is an important visit, I won't say that it is a transformative visit but the deliverables coming out of the visit are very substantial. U.S.-India relations for the past decade or two have been moving on a good path of course politically at the macro level but their deepest progress has been in their defense cooperation area, this meeting has set a standard or a new starting point if one would say as Mr. Modi himself would say a new chapter in broadening that defense relationship into a defense industrial cooperation relationship, and so thereby lock down that defense cooperation in a much more significant way.”

- “Over and above the defense technological cooperation and deepening, there has also been for the first time a real effort to deepen the critical and emerging technologies or advanced technologies cooperation. Now how far this will go, will depend frankly on India if it can get its act right on this front. Manufacturing has not been a strength in India and so there are limits to how much this cooperation can be realized, but the aim is to bring science and technology cooperation in and broaden it out in-terms of as you saw in the area of semiconductors, but also in the area of other important deliverables.”

On Tuesday, June 20, 2023, Senior Fellow Sourabh Gupta discussed US-China relations and the Blinken visit to Beijing on CGTN's World Insight.

- “I would say that there is a good deal of hope that we should have in the relationship going forward. The important thing is that there have been good intentions. You know, when President Xi and President Biden, they had a virtual meeting November 2021, they expressed good intentions, they made important assurances and commitments to each other, which were repeated and expanded upon. The hope was that that would provide a foundation for further movement forward, to frame the outlines.”

- “The point is that events have been interfering and the politics has also come and interfered with the process. So, of course, this is useful, and it's useful even if we don't have traction in the short run; these are useful commitments to make even in the longer run…I see a horizon for progress…”