# The ICAS Bulletin Institute for China America Studies

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

August 30, 2023

### What's Going On? \

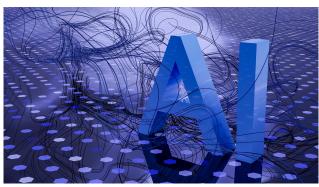
# Commerce Secretary Gina Raimondo's Visit to China Generates Conversation



U.S. Secretary of Commerce Gina Raimondo (far R) and Chinese Commerce Minister Wang Wentao (2nd from L) hold talks in Beijing on August 28, 2023. (Source: Photo by Kyodo News via Getty Images)

- U.S. Secretary of Commerce Gina Raimondo is visiting China from August 27–30 to create a peaceful dialogue regarding Sino-American commerce and trade.
- The visit is happening at a crucial time: the two major economies are shifting away from each other and increasing trade with other partners as China's economy is facing a downturn.
- Secretary Raimondo said she refused an appeal by Chinese leaders to reduce U.S. export controls on technology with potential military capabilities during an in-person meeting in Beijing.
- Concerns over restrictions on U.S. business like Intel and Micron Technology as well as gallium and germanium exports were among the topics discussed during the hours of 'wide-ranging and candid talks' between Secretary Raimondo and China's commerce minister Wang Wentao on August 28. TikTok was reportedly not discussed.
- On August 29, Secretary Raimondo met with Chinese Premier Li Qiang, passing along a message from President Biden: "We seek to maintain our \$700 billion commercial relationship with China, and we hope that that relationship can provide stability for the overall relationship."

### 'Tech Wars' Continue to Rage Between the U.S. and China



(Source: UnSplash)

- The Pentagon unveiled their Replicator drone program, reportedly in order to compete with China's drone industry. The focus of the program will be on innovation.
- The Chinese State Council has ordered an age limit on talent in technology fields, with the goal of promoting youth in a push to pull ahead in the 'U.S.-China tech war'.
- Apple production hotspots are shifting from China to India and Vietnam as economic growth induces wage increases in China.
- As part of national efforts to promote domestic growth and de-risk from the U.S., Chinese Premier Li Qiang conducted a three-day visit to Guangdong hi-tech firms amid economic stagnation in the tech industry.
- Chinese tech company Huawei is building shadow chip factories across China in order to circumvent bans from the U.S., who has blacklisted the company.
- The U.S. and China are now competing to integrate AI into military technologies, with a new goal being for AI to identify and strike targets without human intervention.
- On August 17, China's Ministry of Commerce said that they "will take necessary countermeasures" to the Biden administration's executive order to restrict U.S. investment in Chinese technology.



- Secretary Raimondo shared that she increasingly hears from U.S. corporations that "China is uninvestable because it's become too risky" with new challenges including but not limited to "exorbitant fines without any explanation" and "revisions to counterespionage law."

- On August 28, the U.S. and China announced they have agreed to hold regular conversations regarding commercial access and the tech industry. Secretary Raimondo called the agreement a "very good sign."

#### Associated News Sources:

"US commerce secretary rejects Chinese appeal to ease export controls," AP, August 29

"Commerce says US firms complain China is 'uninvestible'," Reuters, August 29

"TikTok's U.S. Future Still in Limbo as Commerce Secretary Visits China," The New York Times, August 29 [Paywall]

"Raimondo Stresses Optimism on Economic Ties With China's Premier," Bloomberg, August 29 [Paywall]
"U.S. and China Agree to Broaden Talks in Bid to Ease Tensions," The New York Times, August 28 [Paywall]
"US raises concerns by Micron, Intel with China," Reuters, August 28

"U.S., China set for talks as they bring trade closer to shores," Reuters, August 25

### - U.S.-based Intel's acquisition deal of Israeli chip-maker Tower Semiconductor fell through due to Chinese regulators' refusal to approve the deal.

#### Associated News Sources:

"Pentagon unveils 'Replicator' drone program to compete with China," Defense News, August 28

"US-China tech war: Beijing wants young tech talent to play leading role amid self-reliance push," South China Morning Post, August 28 [Paywall]

"Apple's iPhone Supply Chain Splinters Under US-China Tensions," Bloomberg, August 27 [Paywall]

"China's hi-tech direction on show as Premier Li Qiang visits economic barometer as US curbs, de-risking damage mounts," South China Morning Post, August 25 [Paywall] "Huawei Is Building a Secret Network for Chips, Trade Group Warns," Bloomberg, August 22 [Paywall] "China, U.S. Test Intelligent-Drone Swarms in Race for Military AI Dominance," The Wall Street Journal, August 19 [Paywall]

"China is considering countermeasures to Biden's executive order," CNBC, August 17

"China Torpedoes Intel's Bid to Buy Israeli Chip Maker Tower Semiconductor," The Wall Street Journal, August 16 [Paywall]

### China and the U.S. Seek Allies in a Parallel Fashion



(From L to R) President of Brazil Luiz Inacio Lula da Silva, President of China Xi Jinping, South African President Cyril Ramaphosa, Prime Minister of India Narendra Modi and Russia's Foreign Minister Sergei Lavrov pose for a BRICS family photo during the 2023 BRICS Summit at the Sandton Convention Centre in Johannesburg on August 23, 2023. (Source: Photo by GIANLUIGI GUERCIA/POOL/AFP via Getty Images)

- Chinese president Xi Jinping is strengthening ties with Africa in a rare international visit, hoping to establish himself as a leader of the developing world.
- On August 18, President Biden hosted a trilateral meeting with the leaders of Japan and South Korea at Camp David, establishing formal agreements and

# Business as Usual for Many Operating in the Sino-American Sphere



(Source: UnSplash)

- Chinese auto manufacturer BYD has struck a deal to purchase the U.S.-based manufacturer Jabil Inc's mobile manufacturing business in China in a bid to increase its smartphone components business.
- Chinese liquified natural gas (LNG) importers are not only expanding into locations in Singapore and London but also increasing volumes with American and Qatari contracts.
- U.S. fast food chain Popeye's announced plans to open 1,700 locations in China in spite of the presence of more



releasing a joint statement that includes direct references to and arguments against China.

- China seeks allies in Africa in response to America's increasing ties with Japan and South Korea. The simultaneous yet separate diplomatic engagements led by the U.S. and China are leading many observers to remember and compare current situations to the Cold War.
- President Biden says that the trilateral Camp David Summit will help establish the three countries against increasing pressure from China and North Korea.
- One of the concerns by the diplomats at the Camp David Summit was whether or not to "insert the word 'China' in the documents' final text" of the trilateral statement.

#### Associated News Sources:

"China Tries to Increase Its Clout in Africa Amid Rivalry With the U.S.," The New York Times, August 23 [Paywall] "Biden's Summit With Asian Allies Further Isolates China," Bloomberg, August 22 [Paywall] "U.S., China Try to Draw Nations to Their Side as Divisions Harden," The Wall Street Journal, August 20 [Paywall]

"U.S., Japan and South Korea Boost Alliance to Counter China, North Korea," The Wall Street Journal, August 18 [Paywall]

"China casts a shadow over opening of Biden's Japan-S.Korea trilateral summit," *Politico*, August 16

established rivals McDonald's and KFC.

- Estée Lauder is facing losses in North American and Chinese businesses, but expects to make a rebound this year.
- Chinese real estate developer Evergrande has officially filed for bankruptcy in the U.S. The process is expected to be one of the world's biggest debt restructurings.
- U.S. corporation Tyson Foods plans on selling its China poultry business, making them one of the most recent multinational firms to distance themselves from China.
- Boeing will name Alvin Liu, a China-born representative, as its China branch president despite ongoing Sino-American economic tensions.

### Associated News Sources:

"Chinese carmaker BYD to buy US firm Jabil's mobility business for \$2.2 bln," Reuters, August 28
"China LNG buyers expand trading after adding more US, Qatari contracts," Reuters, August 21
"Popeyes takes on KFC, McDonald's in China as the US fried chicken brand plans to open 1,700 stores in mainland in next decade," South China Morning Post, August 21
"Estée Lauder Swings to Loss on Weakened China Business," The Wall Street Journal, August 18 [Paywall]
"Evergrande files for US bankruptcy protection as China economic fears mount," Reuters, August 18
"Exclusive: Tyson Foods plans to sell China poultry business," Reuters, August 17
"Boeing China appoints new president amid Sino-US tensions," Reuters, August 16

### U.S. Regulators Stopper Various Chinese Ventures in America



(Source: UnSplash)

- According to a new study, consumers are the ones bearing the brunt of the backlash from the policies enacted by the Biden and Trump administrations to shift U.S. trade away from China.
- American lawmakers are increasingly pushing bills to prohibit land ownership by Chinese entities and citizens in 33 states.

### - In Other News -



(Source: UnSplash)

"Exclusive: State Dept picks veteran diplomat Lambert as top China policy official - sources," Reuters, August 29 "Trustar plans to raise fund to manage McDonald's China stake -sources," Reuters, August 28 "China's 'aggressive behaviour' in South China Sea must be challenged, US Navy official says," Reuters, August 27 "3M settles US anti-bribery law charges in China unit, SEC



- The enforcement of law banning the import of car parts from China, including EV batteries, heightens as efforts increase to cease U.S. links with forced labor.
- Federal officials have concluded that five Chinese solar panel companies are avoiding U.S. tariffs by redirecting operations through Southeast Asia.
- A federal judge in Tallahassee, Florida rejected attempts to block a law that would prohibit some Chinese citizens from purchasing land in Florida.
- Ken Griffin, founder of finance firm Citadel, reshapes new real estate bans on certain Chinese citizens. These changes would allow those with U.S. work permits to purchase land.

### Associated News Sources:

"Trump, Biden policies shifted trade from China at a cost, study shows," Reuters, August 26
"State lawrencers move to han Chinase land overpership."

<u>"State lawmakers move to ban Chinese land ownership,"</u> The Washington Post, August 21 [Paywall]

"EV battery imports face scrutiny under US law on

Chinese forced labor," Reuters, August 19

"Feds determine five Chinese solar panel companies have been skirting US tariffs," CNN Politics, August 18

"Federal judge rejects push to block Florida Chinese land ownership law," Politico, August 17

"Ken Griffin Reshaped Law Banning Chinese Real Estate Purchases," Bloomberg, August 16 [Paywall] says," Reuters, August 25

"China Casts CIA as Villain in New Anti-Spying Push," The Wall Street Journal, August 24 [Paywall]

"Biden resists pressure from lawmakers and seeks short extension to key China science pact," CNBC, August 23 "Germany plans to double AI funding in race with China, U.S.," Reuters, August 23

"US approves possible sale of F-16 search and track systems to Taiwan," Reuters, August 23

"An ex-Googler takes aim at China," Politico, August 22 "U.S. to Sanction Chinese Officials for Forcible

Assimilation of Tibetans," The Wall Street Journal, August 22 [Paywall]

"White House: China economic data less transparent in recent months," Reuters, August 22

"British firms quizzed on Chinese tech links as US-style clampdown looms," Politico, August 21

"China investigates citizen accused of spying for CIA -security ministry," Reuters, August 21

"Intelligence Agencies Warn Foreign Spies Are Targeting U.S. Space Companies," The New York Times, August 18 [Paywall]

"Pentagon biodefense review points to Chinese, Russian threats," The Washington Post, August 17 [Paywall]



### What Are We Reading? **★**

- Foreign Affairs: "The Real Contest With China" by Michael Brown and Robert Atkinson (August 28, 2023)
   [Paywall]
- Foreign Policy: "Vanuatu's PM Struggles for Political Survival Amid U.S.-China Tumult" by Christopher Cottrell (August 28, 2023) [Paywall]
- Foreign Policy: "The Panda Party's Almost Over" by Rishi Iyengar (August 26, 2023) [Paywall]
- The New York Times: "What China's Economic Woes May Mean for the U.S." by Lydia DePillis (August 26, 2023) [Paywall]
- The Wall Street Journal: <u>"Everyone Wants to Talk to Gina Raimondo-Even China"</u> by Yuka Hayashi (August 26, 2023) [Paywall]
- Financial Times: "China capitalises on US sanctions in fight to dethrone dollar" by Michael Stott and James Kynge (August 24, 2023) [Paywall]
- The Information: "Exclusive From The Electric: China's Gotion Expects U.S. Tax Credits for Its U.S. Battery Production" by Steve LeVine (August 24, 2023) [Paywall]
- Reuters: "Insight: China quietly recruits overseas chip talent as US tightens curbs" by Julie Zhu, Fanny Potkin, Eduardo Baptista and Michael Martina (August 24, 2023)
- Bloomberg: "Who Has the Weakest Banks the US or China?" by Shuli Ren (August 23, 2023) [Paywall]
- Center for Strategic and International Studies: <u>"Finding Safe Harbors for Development Impact: Navigating U.S.-China Stormy Waters for the Global Public Good"</u> by Steve Davis (August 23, 2023)
- Reuters: "Column: A US-China detente to avoid 'fiscally assured destruction?" by Mike Dolan (August 23, 2023)
- South China Morning Post: "Chinese tech could break barrier to making crucial defence and aerospace material" by Zhang Tong (August 23, 2023)
- South China Morning Post: "To avoid an economic meltdown, China must not repeat America's mistakes of 2008" by Stuart P. M. Mackintosh (August 23, 2023) [Paywall]
- The Wall Street Journal: "Deal to Double China Flights Signals U.S. Airlines' Stronger Hand" (August 22, 2023) [Paywall]
- Carnegie Endowment for International Peace: "How Malaysia Views U.S. and Chinese Narratives About the World Order" by Ngeow Chow Bing (August 21, 2023)
- Financial Times: "Why China remains hungry for Al chips despite US restrictions" by Richard Waters and Qianer Liu (August 21, 2023) [Paywall]
- Forbes: "A Draft Of TikTok's Plan To Avoid A Ban Gives The U.S. Government Unprecedented Oversight Power" by Emily Baker-White (August 21, 2023) [Paywall]
- Foreign Policy: "Almost Nothing Is Worth a War Between the U.S. and China" by Howard W. French (August 21, 2023) [Paywall]
- Foreign Policy: "Has the U.S. Campaign Against Uyghur Forced Labor Been Successful?" by Lili Pike (August 21, 2023) [Paywall]
- The Guardian: "The US and China must unite to fight the climate crisis, not each other" by Bernie Sanders (August 21, 2023)
- The New York Times: "Spreading State Restrictions on China Show Depths of Distrust in the U.S." by Alan Rappeport (August 21, 2023) [Paywall]
- The Wall Street Journal: "GOP Presidential Candidates Need to Talk About China" by Mike Gallagher (August 21, 2023) [Paywall]
- The Wall Street Journal: "The Electric-Vehicle Bubble Starts to Deflate" (August 21, 2023) [Paywall]
- Foreign Policy: "U.S.-China De-Risking Will Inevitably Escalate" by James Crabtree (August 20, 2023) [Paywall]
- The Wall Street Journal: "Biden's Success in North Asia . . . " (August 20, 2023) [Paywall]
- The Wall Street Journal: "The Battle to Ban TikTok and the Man at the Center of It" by Meghan Bobrowsky (August 20, 2023) [Paywall]
- The Wire: "Climate Cooperation by Other Means: To stabilize U.S.-China climate cooperation, look beyond bilateral partnerships to more creative modes of engagement." by Edmund Downie (August 20, 2023) [Paywall]
- The Wire: "Hunting Biden's China Ties" by Aaron MC Nicholas and Grady McGregor (August 20, 2023) [Paywall]
- The Wire: "Matt Sheehan on how China is Shaping its Al World" by Eliot Chen (August 20, 2023) [Paywall]
- The Wire: "Paying the Price of Entry: It's getting easier for visitors to China to pay for things, thanks to tie ups between Visa, Mastercard and Alipay. That could have implications for data security." by Isaiah Schrader (August 20) [Paywall]
- The Wire: "The Science Split?:Can the U.S. and China still cooperate on the most basic science?" by Eliot Chen



- (August 20) [Paywall]
- Al Jazeera: "Why is China so angry about Taiwan's William Lai visiting the US?" (August 19, 2023)
- The New York Times: "A Defense Agreement Likely to Deepen Chinese Rancor" by David Pierson and Olivia Wang (August 19, 2023) [Paywall]
- Foreign Policy: "China Must Pay a Price for Climate Inaction" by Thom Woodroofe (August 18, 2023) [Paywall]
- Politico: "China's economy is in trouble. Beijing hopes Raimondo can lend a hand." by Phelim Kine and Doug Palmer (August 18, 2023)
- South China Morning Post: "Can US and EU unseat China as the dominant supplier of green energy tech globally? Highly unlikely, experts say" by Yujie Xie (August 17, 2023) [Paywall]
- Pierson Institute for International Economics: <u>"How serious is China's economic slowdown?"</u> by Nicholas R. Lardy (August 17, 2023)
- The China Project: "Chinese tech will lose more than money as Biden blocks U.S. venture capital, but P.R.C. startups can look elsewhere" by Eduardo Jaramillo (August 17, 2023) [Paywall]
- The China Project: <u>"Joe Biden believes describing Xi Jinping as a 'dictator' carried no consequences yet China's anger simmers</u> by Duncan Bartlett (August 17, 2023)
- The Washington Post: "Where is Biden's Asia trade deal?" (August 17, 2023) [Paywall]
- The Wall Street Journal: "The U.S. Is Turning Away From Its Biggest Scientific Partner at a Precarious Time" by Karen Hao and Sha Hua (August 16, 2023) [Paywall]

### What's Happening Around Town?

### - Past Events -

- Small states: strategies for success in a competitive world
   August 25 hosted by International Institute for
  - Strategic Studies
    China's Current Economy: Implications for
  - Investors and Supply Chains
    August 21 hosted by U.S.-China Economic and
    Security Review Commission
- De-Risk of the U.S.-China Relationship
   August 16 hosted by United States Heartland
   China Association and University of Missouri-St.
   Louis

### - Upcoming Events -

- What do Asian countries want in the international order?
  - August 30 hosted by Chatham House
- How much money for defense is enough? August 30 hosted by Brookings
- Press Briefing: Previewing the 2023 G20, U.S.-ASEAN, and East Asia Summits
   August 30 hosted by Center for Strategic and International Studies
- <u>China's Economic Downturn: Structural, Cyclical,</u> or Both?
  - August 31 hosted by Center for Strategic and International Studies
- Should the US pursue a new Cold War with China?
  - September 7 hosted by Brookings
- Ocean Nations: 3rd Annual Indo-Pacific Islands
   Dialoque
  - September 18 hosted by Carnegie Endowment for International Peace
- <u>5th Annual U.S.-China Trade Controls Conference</u>
   October 12-13 hosted by American Conference
   Institute
- China Forum 2023
  - October 18 hosted by Victims of Communism
- 2023 NEXTChina Conference
   November 1-2 hosted by The China Project





### ---ICAS Announcement---

### Stay Tuned for Information Regarding the ICAS 2023 Annual Conference!

On October 17, 2023, ICAS will be holding its 2023 Annual Conference out of Washington, DC! This year, our expert panelists and keynote dialogue participants will focus on "Assessing Challenges and Exploring Prospects for U.S.-China Relations in 2024."

Subscribe to our newsletters and follow us on social media to stay informed about speakers, co-hosts, full agenda and how to reserve your spot for this in-person conference.

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### ---L.E.A.D. Project Blog Post---

Congress Hearing Notes: U.S.-China Economic and Security Review Commission, China's Current Economy: Implications for Investors and Supply Chains, August 21, 2023

By Amanda Jin August 22, 2023

On August 21, 2023, the U.S.-China Economic and Security Review Commission (USCC) held a hearing on "China's Current Economy: Implications for Investors and Supply Chains." The hearing was divided into two panels. Panel I, "China's Domestic Financial Situation" featured three speakers: Logan Wright, Partner and Director of China Markets Research at Rhodium Group; Nicholas Borst, Vice President and Director of China Research at Seafarer Capital Partners; and Zongyuan Zoe Liu, Maurice R. Greenberg Fellow for China Studies at Council on Foreign Relations. Panel II, "U.S.-China Trade and Supply Chains," featured two speakers: Christopher Gopal, former executive and global supply chain consultant; and Ilaria Mazzocco, Senior Fellow with the Trustee Chair in Chinese Business and Economics at Center for Strategic and International Studies...

### Continue Reading for the Summary & Takeaways

### ---Academic Engagement---

### Bai Xian Institute Summer Program 2023 August 4-18, 2023

On August 4, 2023, ICAS Executive Director Dr. Nong Hong participated in the Bai Xian Asia Institute Summer Program 2023, which was co-hosted with Waseda University. Dr. Hong spoke on "Pressing issues related to maritime security in East Asia" and "Recent Sino-US relation and its impact on East Asia."

#### About the BXAI Summer Program 2023

From August 4-18, approximately 70 Bai Xian Scholars and Alumni from universities across East Asia gathered together and explored the theme "Transformation of Globalization," examining how globalization has shifted and evolved over the past few years against a backdrop of an ever-changing global landscape...

#### Learn More

About the BXAI Summer Program 2023





### ---ICAS In the News---





On Tuesday, August 29, 2023, Senior Fellow Sourabh Gupta was quoted in China Daily on the 15th BRICS Summit.

- "...if the Global South gets together, comes together, and champions their right to development at the high table of global multilateralism with the Global North, maybe fairer bargains can be reached which could be beneficial to all parties concerned, both the Global North and the Global South."
- "We should expand political and security cooperation to uphold peace and tranquility."
- "Even from a security standpoint, every country has a right to its own security and the right to its own self-defense...Security is best achieved when all parties are thoughtful and not too self-regarding, but also regard other countries' security and rights. And this is best done under the banner of global multilateralism and not done in the context of small groups and exclusive blocs and small cliques which set their own rules and then consider that those rules are international norms which they are not..."

On Friday, August 25, 2023, Senior Fellow Sourabh Gupta <u>appeared</u> on Sputnik Radio's *The Final Countdown* show to discuss the 15th BRICS Summit in Johannesburg, South Africa and the potential addition of new members to BRICS.

On Tuesday, August 22, 2023, Senior Fellow Sourabh Gupta <u>discussed</u> the ongoing 15th BRICS Summit in South Africa on *CGTN America's The Heat*.

- "... there is a wider and broader sense in the Indian foreign policy community that, despite the bilateral differences it has with China, these multilateral fora like BRICS are useful avenues for developing habits of cooperation on particular areas where there is a need to cooperate much more widely with developing countries...seen that particularly in the financial sphere..."

On Sunday, August 20, 2023, Senior Fellow Sourabh Gupta was <u>quoted</u> in the *South China Morning Post* on the current geopolitical state of affairs regarding Afghanistan two years after the United States' exit.

- "The chaotic images of desperate Afghans fleeing alongside the US military transport plane at Kabul airport will linger in the collective memory, much like images of the helicopter evacuation from the rooftop of the US embassy in Saigon in 1975..."
- "Just as the 'Saigon moment' of 1975 had few long-lasting ramifications for the credibility of US deterrent power and commitment in the Asia-Pacific let alone beyond the region, so also the 'Kabul moment' will have even fewer reverberations in external theatres beyond Southwest Asia."

On Wednesday, August 16, 2023, ICAS Trade 'n Technology Program Advisor Denis Simon was <u>quoted</u> in *The Wall Street Journal* on the dangerous deterioration in U.S.-China scientific collaboration.

- ""There is no global problem that doesn't require close U.S.-China collaboration."

On Wednesday, August 16, 2023, Senior Fellow Sourabh Gupa <u>discussed</u> the increase in direct flights between the U.S. and China and its implications for people-to-people exchanges on *CGTN's World Insight*.

- "...there is a real logistical nightmare and a lack of real baggage carrying capacity at some of these airports. If one travels international, the lines on the queues sometimes at immigration are very long..."
- "Because of the pandemic we have flights cut, staff laid off, that process has not come back to where it should be, and so I think there is quite a lot of chaos within the airline industry. My sense is that governments are trying to pad up those bottom lines by actually restricting the amount of flights, having larger profits at this point of time, and hopefully build out their flight schedules."
- "As you said, 24 flights amounts to nothing, basically..."

