The ICAS Bulletin Institute for China America Studies A Survey of Scholarship on U.S.-China Relations

October 11, 2023

What's Going On?

China and the U.S. Plan Various Diplomatic Meetings



Talks between U.S. and Chinese delegations, including Senate Majority Leader Chuck Schumer and Chinese Commerce Minister Wang Wentao, in Beijing on October 9, 2023. (Source: MOFCOM, public domain)

- U.S. senator Mike Crapo and Senate Majority Leader Chuck Schumer co-led a delegation of six senators to various Asian countries, including China.

- During their in-person meeting on October 9, China's commerce secretary Wang Wentao reportedly said he hoped the U.S. could "avoid overgeneralising and politicizing security issues, and weaponizing [commerce and trade activities with China]."

- Also at the meeting, Chuck Schumer called on China to support Israel after the attacks by Hamas on Israel. Schumer said he was "disappointed" that Beijing showed "no sympathy" for the country. According to Schumer, he asked Beijing to use its influence with Iran to prevent the Israel-Hamas conflict from spreading.

- The White House administration has said that a plan for a summit between U.S. President Joe Biden and Chinese President Xi Jinping is currently being planned for November.

- President Joe Biden has stated that "it is a possibility" he could meet with Xi Jinping in tandem with the Asia-Pacific Economic Cooperation summit in San Francisco in November, though a meeting has yet to be arranged.

Space Industries Emerge as Semiconductor Issues Dominate



A picture of the International Space Station from outer space. (Source: UnSplash via NASA, public domain)

- On October 4, the China Academy of Space Technology (CAST) announced that it will expand its space station from three to six modules, announced amidst reminders that the NASA-led International Space Station (ISS) nearing the end of its lifespan.

- China's aerospace industry becomes a hot topic as it aims to compete with the U.S. Furthermore, public reports of Chinese espionage relating to U.S. aerospace company GE now go back as far as 2017.

- Semiconductor Manufacturing International Corp. (SMIC) reportedly has a booming business with the U.S. market despite being blacklisted by the U.S. Commerce and Treasury departments.

- Three of the world's largest semiconductor chip manufacturers – Nvidia, Intel and Qualcomm – have argued that crackdowns on the industry could have the opposite effect of accelerating the development of an independent Chinese chip industry.

- Jacob Helberg of the U.S.-China Économic and Security Review Commission said in an interview with *The Wall Street Journal* on October 2 that there could be "a probably more than 50% chance of a hot conflict with China…in the next five years."



Associated News Sources:		
"China's commerce chief presses US Senate leader Chuck		
Schumer over trade restrictions," South China Morning		
Post, October 10 [Paywall]		
"In Beijing, Schumer calls on Xi to support Israel after		
Hamas attacks," Reuters, October 9		
"U.S. leans on China to use influence with Iran to cool		
Middle East tensions," CNBC, October 9		
"Biden says a meeting with Xi on sidelines of November		
APEC summit in San Francisco is a possibility," AP,		
October 6		
"White House planning face-to-face meeting with Xi		
<u>Jinping in California,"</u> The Washington Post, October 6		
[Paywall]		
"Schumer confirms US Senate trip to China, Japan, South		
Korea," Reuters, October 4		

America Addresses Security Threats from China



(Source: UnSplash via NASA, public domain)

- On October 6, a former U.S. Army sergeant who had top secret security clearance was arrested and charged with two counts related to the illegal transfer of national defense information to China.

- According to unnamed U.S. officials, the Biden administration has created a web of intelligence-sharing countries, including India, Japan, Australia, South Korea, and the Philippines. This arrangement is described as an attempt to counter security threats.

The U.S. Treasury Department imposed sanctions on 28 entities involved in a China-based network as part of a specific attempt to curb the global fentanyl supply chain.
According to a new U.S. State Department assessment, Beijing is using online bot and troll armies in a global disinformation campaign to discourage criticism of its policies.

- On September 27, U.S. and Japanese government agencies jointly warned of a China-linked hacker group named Blacktech. The group "pivot[s] from international subsidiaries to headquarters in Japan and the United States, which are the primary targets," the statement said. Associated News Sources: "China to double size of space station, touts alternative to <u>NASA-led ISS,"</u> Reuters, October 5 "There Is a Bigger Threat to US Trade Than Chinese <u>Chips," Bloomberg</u>, October 5 [Paywall] "Blacklisted Chinese Chip Maker Does a Thriving <u>Business With U.S.," The Wall Street Journal</u>, October 5 [Paywall] "How the Big Chip Makers Are Pushing Back on Biden's <u>China Agenda," The New York Times</u>, October 5 [Paywall] "Congressional U.S.-China Commissioner Warns of Global <u>Tech Supply Chain Risk," Bloomberg</u>, October 3 [Paywall]

Verbiage Exchanges Between the U.S. and China Influence Relations



Presidential podium for a speech in the East Room of The White House in Washington D.C. (Source: UnSplash)

- Ray Dalio, founder of Bridgewater Associates, said on October 3 that "US-China relations are, in a number of areas, on the brink of red lines," with Taiwan as a major point of contention.

- During the second Republican primary debate, Florida governor Ron DeSantis promised a "hard power" approach to U.S.-China relations if he were to win the election.

- On September 29, the U.S. State Department called for China to release a Uygher academic, Rahile Dawut, from life in prison. Dawut is known for documenting folklore and traditions on Muslim communities in Xinjiang.

- On China's National Day, similar in meaning to the United States' July 4, U.S. Secretary of State Antony Blinken congratulated the Chinese government and people in a formal statement that varied slightly from previous years' statements.

- The Chinese foreign ministry called the U.S. the true "empire of lies" in response to the U.S. State Department's new report that made various claims that China is disseminating disinformation and censorship abroad.



Associated News Sources: "Ex-U.S. Army sergeant charged with trying to pass secrets to China," NPR, October 6 "US Weaves Web of Intelligence Links in Asia to Counter China," Bloomberg, October 4 [Paywall] "US takes action against Chinese companies, people tied to fentanyl," Reuters, October 3 "China Is Investing Billions in Global Disinformation Campaign, U.S. Says," The Wall Street Journal, September 28 [Paywall] "US, Japan authorities warn of China-linked hacking	 Pentagon officials have said that the U.Sbacked removal of a Chinese South China Sea barrier by the Philippines was a "bold step" to defend maritime claims. Associated News Sources: "Ray Dalio Says US-China Relations Are on the 'Brink of Red Lines'," Bloomberg, October 3 [Paywall] "DeSantis invokes China 'boogeyman' narrative amid flailing campaign," The Guardian, October 2 "US condemns China's reported life sentence of acclaimed Uyghur scholar," CNN, October 2
<u>group BlackTech,"</u> <i>Reuters</i> , September 28	<u>Uyghur scholar,</u> CNN, October 2 <u>"US' National Day message to China has notable</u>
Break Sweetleen, temple) ook temper 70	difference from last year's," South China Morning Post,
	October 1 [Paywall]
	<u>"China says US is the true 'empire of lies',"</u> Reuters,
	September 30
	<u>"US Says Philippines Took 'Bold Step' in Barrier Row With</u>
	China," Bloomberg, September 29 [Paywall]

U.S. and Chinese Governments Step in to Influence Trade and Commerce



(Source: UnSplash via Ian Taylor)

- On October 6, the U.S. Commerce Department added 42 Chinese companies to an export control list. These entities, along with seven others from six other nations, were listed as having provided Russia with U.S.-origin integrated circuits used by Moscow against Ukrainian civilian targets.

- China-based Bytedance is reportedly buying back shares from U.S. employees, which would value the company at \$223.5 billion.

- U.S. Treasury Secretary Janet Yellen said at a Fortune CEO event in Washington that the U.S. is too dependent on China for supply chains, especially in clean energy.

- The White House administration has reportedly notified Beijing of a plan to update export restrictions seeking to limit semiconductor and AI chipmaking.

China has barred a senior executive at a U.S. based risk advisory firm, who holds a Hong Kong passport, from leaving the country. This move appears to follow a trend in crackdowns on other foreign firms in the country.
A group of Republican lawmakers in Washington, D.C.

- In Other News -



(Source: UnSplash)

"Police Fatally Shoot Driver Who Crashed Into Chinese Consulate in San Francisco," The New York Times, October 9 [Paywall] "China expert Matt Pottinger: 'Even with a weak economy, Xi is feeling emboldened'," Financial Times, October 8 [Paywall] "IMF likely overestimating China's economic growth prospects, US analyst says," South China Morning Post, October 5 [Paywall] "US raises concern with Peru over Chinese control of infrastructure," Financial Times, October 3 [Paywall] "US warns green transition raises 'complex' China security concerns," Financial Times, September 28 [Paywall]



have asked the U.S. Department of Homeland Security to investigate Qingdao Sunsong Co. for evading U.S. tariffs. Associated News Sources: "US restricts trade with 42 Chinese entities over Russia support," *Reuters*, October 7 "ByteDance's valuation slumps by a quarter in stock buyback - source," Reuters, October 3 "Treasury's Yellen says US overdependent on China for critical supply chains," Reuters, October 3 "Exclusive: US warned China to expect updated export curbs in October - US official," Reuters, October 2 "China Blocks Executive at U.S. Firm Kroll From Leaving the Mainland," The Wall Street Journal, September 20 [Paywall] "US Lawmakers Ramp Up Trade Heat On China Over Auto-Parts Tariffs," Bloomberg, September 29 [Paywall]

What Are We Reading? 🛉

- The Wall Street Journal: <u>"U.S., China Both Try to Gain Upper Hand Ahead of Biden-Xi Summit"</u> by Lingling Wei and Charles Hutzler (October 9, 2023) [Paywall]
- The New York Times: <u>"For the U.S. and China, It Starts With Listening"</u> by Carla Dirlikov Canales (October 7, 2023) [Paywall]
- *Reuters:* <u>"RISC-V technology emerges as battleground in US-China tech war</u>" by Stephen Nellis and Max A. Cherney (October 7, 2023)
- Center for Strategic and International Studies: <u>"In Chip Race, China Gives Huawei the Steering Wheel: Huawei's</u> <u>New Smartphone and the Future of Semiconductor Export Controls</u>" by Gregory C. Allen (October 6, 2023)
- Foreign Affairs: "Can Vietnam Help America Counter China?" by Derek Grossman (October 6, 2023) [Paywall]
- Politico: <u>"Should We Be Worried That Washington's Pandas Are Being Sent Back to China?</u>" by Michael Schaffer (October 6, 2023)
- *Reuters: "Analysis: Is the US strategy of engaging China working?"* by Michael Martina and Humeyra Pamuk (October 6, 2023)
- Bloomberg: <u>"What Will Happen If the US Stops Funding Ukraine? Nothing Good"</u> by Hal Brands (October 5, 2023) [Paywall]
- Foreign Affairs: <u>"A Tariff for the Climate: How a Foreign Pollution Fee Can Protect the Environment—and Help</u> <u>America Stand Up to China</u>" by Bill Cassidy (October 5, 2023) [Paywall]
- Foreign Affairs: <u>"The U.S. Nuclear Arsenal Can Deter Both China and Russia"</u> by Charles L. Glaser, James M. Acton, and Steve Fetter (October 5, 2023) [Paywall]
- The New York Times: <u>"How the Big Chip Makers Are Pushing Back on Biden's China Agenda"</u> by Tripp Mickle, David McCabe and Ana Swanson (October 5, 2023) [Paywall]
- *Reuters*: <u>"US budget fight could create opening for China in the Pacific</u>" by David Brunnstrom (October 5, 2023)
- The Washington Post: "As China arrives with a splash in Honduras, the U.S. wrings its hands" by Karen DeYoung (October 5, 2023) [Paywall]
- Nikkei Asia: <u>"U.S. regulators made Huawei's chip 'breakthrough' possible</u>" by Douglas Fuller (October 4, 2023) [Paywall]
- *Reuters: "Choppy waters as Europe navigates China-US rivalry"* by Mark John (October 4, 2023)



- *AP:* <u>"Pandas could be gone from America's zoos by the end of next year"</u> by Ashraf Khalil and Didi Tang (October 3, 2023)
- Brookings: <u>"Is US security dependent on limiting China's economic growth?</u>" by Cameron F. Kerry, Mary E. Lovely, Pavneet Singh, Liza Tobin, Ryan Hass, Patricia M. Kim, and Emilie Kimball (October 3, 2023)
- Council on Foreign Relations: <u>"China Isn't Shifting Away From the Dollar or Dollar Bonds</u>" by Brad W. Setser (October 3, 2023)
- The New York Times: <u>"China Is Suffering a Brain Drain. The U.S. Isn't Exploiting It."</u> by Li Yuan (October 3, 2023) [Paywall]
- The New York Times: "Distrust Has Shaken the U.S.-China Relationship" (October 3, 2023) [Paywall]
- The New York Times: <u>"A Rural Michigan Town Is the Latest Battleground in the U.S.-China Fight</u>" by Alan Rappeport (October 3, 2023) [Paywall]
- The China Project: <u>"U.S. aims to end reliance on China for minerals, but environmentalists block mining on</u> <u>American soil</u>" by Eduardo Jaramillo (October 2, 2023)
- Financial Times: <u>"US has the trade tools needed for China's EVs but it must use them"</u> by Wendy Cutler (October 2, 2023) [Paywall]
- The Wire China: "What Huawei's New Mate 60 Means for China, the U.S. and the Global Tech Industry" by Paul Triolo (October 1, 2023) [Paywall]
- Foreign Affairs: <u>"The Dysfunctional Superpower: Can a Divided America Deter China and Russia?</u>" by Robert M. Gates (September 29, 2023) [Paywall]
- Foreign Policy: <u>"The U.S. Cannot Afford to Lose a Soft-Power Race With China"</u> by Raja Krishnamoorthi (September 29, 2023) [Paywall]

What's Happening Around Town?

<u>- Past Events -</u>	<u>- Upcoming Events -</u>
 <u>Al's Impact on the Chinese Economy</u> September 27 hosted by Asia Society Policy Institute <u>2023 USCBC Member Survey Panel Discussion</u> September 27 hosted by US-China Business Council <u>De-risking the economic relationship with China:</u> <u>Views from the Indo-Pacific</u> October 3 hosted by Brookings <u>Does the US need to seek to limit China's</u> <u>economic growth in order to protect itself?</u> October 4 hosted by Brookings 	 Chinese Assessments of De-risking October 11 hosted by Center for Strategic & International Studies 5th Annual U.SChina Trade Controls Conference October 12-13 hosted by American Conference Institute Competing visions? American, Chinese, and European perspectives on the future of the international system October 13 hosted by Brookings How to Reboot America's China Policy October 13 hosted by Foreign Policy 2023 NEXTChina Conference November 1-2 hosted by The China Project East Meets West November 9 hosted by Foreign Policy

What ICAS Is Up To

----ICAS 2023 Annual Conference---

Stopping "Gray Rhinos", Handling "Black Swans" and Removing "Tigers Blocking the Way": Assessing Challenges and Exploring Prospects for U.S.-China Relations in 2024

Tuesday, October 17, 2023 9am-2pm EDT Georgetown Marriott Hotel, Washington, D.C.



We are excited to hold this year's ICAS Annual Conference in-person at the Georgetown Marriott Hotel in Washington, D.C. next Tuesday, October 17!

Featuring two discussion panels, a luncheon speech, and a keynote dialogue between **David Lampton** (Johns Hopkins University) and Deputy Chief of Mission & Minister Xu Xueyuan (Embassy of the People's Republic of China in the United States), this year's conference focuses on assessing the current challenges and exploring the potential prospects for U.S.-China relations in 2024.

During the lunch hour, ICAS is proud to host **Amy P. Celico (Albright Stonebridge Group)** as our expert luncheon speaker. Lunch will be provided to registered attendees.

• Panel I: Cooperation, Competition and Rivalry in U.S.-China Relations

• Panel II: Taking Stock of Selective Decoupling in U.S.-China Economic Relations

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----ICAS L.E.A.D. Issue Brief---

L.E.A.D. Legislative Brief: Congress Refining and Zooming in on Critical Issues

By Yilun Zhang & Amanda Jin October 2, 2023

Summary:

Following the first four months of the 118th Congress, where lawmakers broadly explored and discussed a wide range of issues that could advance Washington's strategic objective to outcompete China, lawmakers moved on during the May to August, 2023 period to refine the approach and laser-focus on critical issues. Compared to January to April, 2023, a significantly larger proportion of China-related bills, hearings and statements over the last four months (May to August) addressed critical and concrete challenges that are widely recognized in Washington. In particular, considerable advancement is observed in legislative measures on outbound investment controls, the critical minerals supply chain, and the expansion of U.S. trade remedy laws. Meanwhile, traditional and non-conventional national security concerns as well as the issue of Taiwan remain as hot topics in legislative deliberations related to China.



By the end of August, the 118th U.S. Congress introduced 276 bills that address China or China-related issues. While many of them still remain in the realm of highlighting issues of concern related to China, unlike at the beginning of the year, many of the bills are now more focused on addressing or solving the issues rather than just voicing a sense of grievance. Ideological differences and COVID-19 conspiracies still remain in the legislative discussion but are quickly being superseded by more professionally guided policy discussions that address the specifics of U.S.-China strategic competition. However, this also shows the 118th Congress' determination to formalize and facilitate U.S.-China competition, regardless of where the political wind might be blowing.

Link to Full Post

This Brief is part of the ICAS <u>U.S.-China Legislative and Executive Actions Directory (L.E.A.D.) Project</u>, which summarizes and analyzes the U.S. legislative and executive branch actions regarding China in four-month increments. Read the L.E.A.D. Executive Directory Counterpart (<u>May-August 2023</u>).

---ICAS Commentary---

A new way forward for US–China relations By Sourabh Gupta October 2, 2023

During the May 2023 G7 summit in Hiroshima, US President Joe Biden <u>observed that</u> ties with Beijing would 'thaw very shortly'. Four months later, the United States and China have taken important first steps to put the balloon incident behind them and <u>stabilise their rocky relationship</u>.

Lines of communication <u>have been re-opened</u>, assurances exchanged, working groups formed and incremental forward progress recorded. Progress was made even in areas <u>such as export controls</u> where the two sides had previously clashed. The lack of engagement on their reciprocal tariff hikes and on senior-level defence exchanges remain the key areas where dialogue continues to lag. But even on this latter front, a provisional workaround featuring the Pentagon's top Asia officials and senior Chinese Foreign Ministry officials has been arranged <u>on more than one</u> occasion...

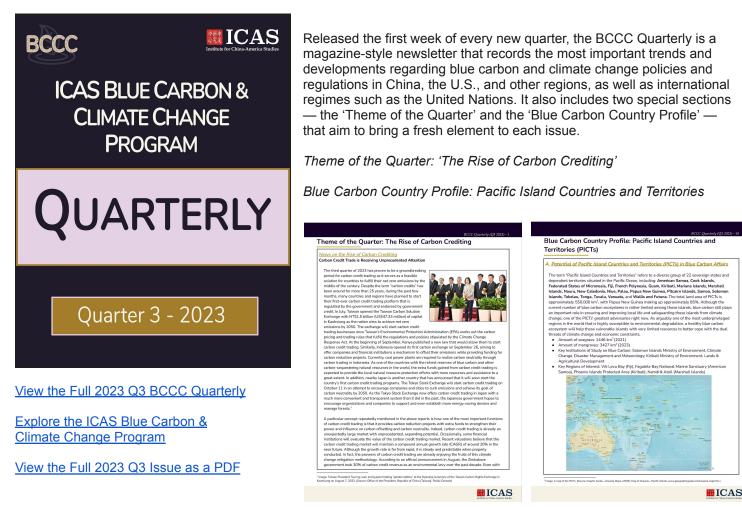
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This commentary was originally released on East Asia Forum on October 2, 2023.



---ICAS BCCC Quarterly Q3 Release---

Issue 3 of the 2023 Blue Carbon & Climate Change (BCCC) Program Quarterly newsletter is out!



---ICAS BCCC Commentary---

Carbon credits are a useful tool in combating climate change By Zhangchen Wang September 29, 2023

"Climate change has reached an extremely dangerous stage in which it is necessary to take all feasible measures without discrimination to combat it." This sentence, while certainly true, is also becoming a platitude. Carbon credits have always been one of the more controversial options to address climate change, but it will undoubtedly have a positive impact on a variety of aspects if used correctly...

Link to Full Post

This commentary was originally released as part of the ICAS BCCC Program Q3 Quarterly newsletter's 'Theme of the Quarter'





Event Summary: Advancing Climate Finance, CSIS By Zhangchen Wang

September 25, 2023

On September 25, 2023, the Center for Strategic & International Studies (CSIS) held an event on the topic of "advancing climate finance," aiming to address the challenges related to climate change and climate finance in order to build a more productive, resilient, and equitable future through effective climate finance. The event started with an opening remark by Mafalda Duarte, Executive Director of the Green Climate Fund (GCF). The three panelists who joined the discussion were Marcene Mitchell, Senior Vice President of Climate Change of the World Wildlife Fund for Nature, Jacqueline Muna Musiitwa, Senior Climate Finance Advisor of USAID, and Christelle van Vuuren, Operations Officer of International Finance Corporation. Joseph Majkut, Director of the CSIS Energy Security and Climate Change Program, and Gracelin Baskaran, Research Director and Senior Fellow of the CSIS Energy Security and Climate Change Program, moderated the two sections, respectively.

In her opening remarks, Mafalda Duarte presented the idea that, although developed countries need to be ambitious leaders in terms of domestic climate investment, developing countries are actually the key to global climate goals...

Link to Full Post

---ICAS In the News---

On Tuesday, September 26, 2023, Senior Fellow Sourabh Gupta <u>discussed</u> the breakdown in Canada-India ties on *CGTN America's The Heat.*

- "What I make of it is that at the end of the day all that's going to happen [as a result of a murder of a Sikh Canadian official allegedly by India] is...a slap on the wrist [for] the Indians."
- "The main player in this in terms of the geopolitics is the United States and in terms of its relationship with India and frankly when the US needs somebody on its side in terms of the geopolitics it knows how to overlook issues."



