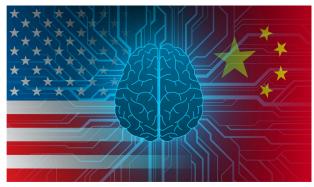
# The ICAS Bulletin **Institute for China America Studies** A Survey of Scholarship on U.S.-China Relations

October 9, 2024

# What's Going On?



Tangled Webs: Espionage, Cyber Threats, and Defense Tensions



(Source: Getty Images. Royalty Free)

- Chinese-linked hacking group Salt Typhoon breached U.S. broadband networks, accessing sensitive wiretapping systems used for criminal and national security investigations. This intrusion poses a critical national security risk, affecting major telecom companies like Verizon and AT&T, and is under active investigation.
- On October 2, the CIA launched a recruitment campaign targeting informants in China, Iran, and North Korea, expanding a successful effort that already enlists Russians. According to sources, the agency posts instructions on social media platforms and the Dark Web to help potential sources contact them securely amidst increased global surveillance.
- In early October, Taiwanese and U.S. drone companies met in Taipei, seeking to create a China-free supply chain amidst growing threats from Beijing. U.S. officials joined the forum highlighting defense cooperation as drones become crucial in potential future conflicts involving Taiwan.
- In a related campaign, Chinese hackers behind the "Salt Typhoon" group also penetrated U.S. broadband providers, aiming to establish access to core internet

# Market Maneuvers: U.S.-China **Economic Pressures and Strategic Risks**



Used disposable drain batteries of various sizes lined up. (Credit: Roberto Sorin via UnSplash)

- On October 8, a senior U.S. official accused Chinese lithium producers of flooding the global market, causing a significant price drop aimed at eliminating competition.
- Chinese biotech firms WuXi AppTec and WuXi Biologics are exploring the sale of some operations after U.S. lawmakers passed a bill targeting these companies out of U.S. national security concerns.
- On October 4, the U.S. Department of Homeland Security banned imports from two Chinese companies accusing them of using forced labor from Xinjiang. The companies-Baowu Group's steel subsidiary and a maker of artificial sweetener-were added to the Uyghur Forced Labor Prevention Act's entity list.
- A report from Strategy Risks in early October highlighted the U.S. companies that are most exposed to risks in China, including Ford, Apple, Tesla, and Coca-Cola. The report warns that rising U.S.-China tensions increase economic, supply chain, and reputational risks, urging more transparency on these vulnerabilities.
- Chinese stocks surged, but U.S. traders largely ignored the rise, focusing on domestic issues. Despite a 26%



infrastructure. The attack is believed to support intelligence collection efforts, with experts warning of a larger cyber threat targeting critical U.S. infrastructure. - The U.S. expressed deep concern on September 25 over reports of a secret Russian war drone project being conducted in China involving a Chinese company providing lethal aid to a sanctioned Russian firm. While there is no evidence of Chinese government involvement, the U.S. warned China to prevent its companies from aiding Russia's war effort in Ukraine.

#### **Associated News Sources:**

<u>"U.S. Wiretap Systems Targeted in China-Linked Hack,"</u> The Wall Street Journal, October 5

<u>"CIA expands online recruitment of informants to China, Iran, North Korea,"</u> Reuters, October 2

<u>"US, Taiwan look to boost drone collaboration,"</u> Voice of America, September 27

"China-Linked Hackers Breach U.S. Internet Providers in New 'Salt Typhoon' Cyberattack," The Wall Street Journal, September 26

<u>"US concerned by report on Russia secret war drones project in China, White House says,"</u> Reuters, September 25

jump in Chinese markets, the S&P 500 showed minimal movement, highlighting China's limited impact on the U.S. economy.

#### Associated News Sources:

"China is oversupplying lithium to eliminate rivals, US official says," Reuters, October 8

"China's WuXi explores sale of pharma operations as US restrictions loom, FT reports," Reuters, October 3 "US bans new types of goods from China over allegations of forced labor," AP News, October 2

"US companies with high China exposure face more risks," Fox Business, September 30

<u>"China's Stock-Market Revival Fails to Register With</u> <u>Fed-Obsessed US Traders,"</u> *Bloomberg*, September 30

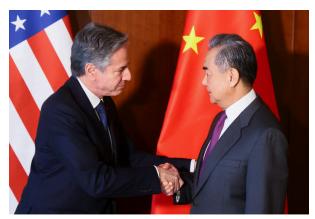
# Strategic Maneuvers: Military Alliances and Defense Tensions



An HC-130J Super Hercules airplane crew from Coast Guard Air Station Kodiak observes two Russian Border Guard ships and two Chinese Coast Guard ships approximately 440 miles southwest of St. Lawrence Island Sept. 28, 2024. (U.S. Coast Guard, Public Domain)

- One day after the U.S. Coast Guard spotted four Chinese and Russian vessels in the Bering Sea, China's Coast Guard claimed its first patrol in the Arctic Ocean, conducted jointly with Russia, which U.S. military personnel say marks an increased interest in the Arctic by China.

# Diplomatic Activities Rise on the World Stage



US Secretary of State Antony Blinken (L) and Chinese Foreign Minister Wang Yi shake hands as they meet at the 60th Munich Security Conference at the Bayerischer Hof Hotel in Munich, southern Germany on February 16, 2024. (Photo by WOLFGANG RATTAY/POOL/AFP via Getty Images)

- On October 1, Chinese and U.S. health officials agreed to enhance cooperation on global health issues, including cancer prevention, during rare ministerial-level talks in Washington. Both sides emphasized the importance of medical collaboration, marking the first high-level health talks since 2017 amidst broader



- Cambodia announced on October 1 that the U.S. Navy is welcome to visit its Ream Naval Base, amid renewed U.S. concerns that the facility could become a Chinese outpost. Cambodian officials reiterated that the base is for national defense and open to all nations for humanitarian, disaster recovery, or joint exercises.
- The Biden administration approved \$567 million in defense support for Taiwan, including military education and training, as part of ongoing U.S. aid.
- At the United Nations General Assembly, the Biden Administration showed continued concerns about deepening ties between Russia, China, North Korea, and Iran, as these nations collaborate militarily and economically. U.S. officials are urging action to stop military flows, while maintaining diplomatic efforts with China to manage tensions.
- A Chinese nuclear-powered attack submarine sank earlier this year, according to new reports from a U.S. defense official, raising questions about China's naval production and safety standards. China has not commented on this incident, which occurred between May and June.
- The Pentagon praised China for notifying the U.S. ahead of its intercontinental ballistic missile test into the Pacific, marking improved military communication between the two nations. The move is being seen as a confidence-building measure, as the U.S. pushes for more regular notifications to prevent miscalculations.
- The U.S. and Philippines have agreed to keep a U.S. mid-range missile system in the northern Philippines despite China's concerns about regional destabilization. Philippine officials rejected China's objections, calling them interference in their internal affairs, as tensions rise over military deployments in the region.

### **Associated News Sources:**

"China's Coast Guard claims to have entered the Arctic Ocean for the first time as it ramps up security ties with Russia," CNN, October 3

"Cambodia says it would welcome US Navy at port expanded with China's help," Reuters, October 1 "Biden approves \$567 million in defense support for Taiwan," DW, September 30

"U.S. and Allies Sound Alarm Over Their Adversaries'
Military Ties," The New York Times, September 30
"Chinese nuclear-powered submarine sank this year, US

official says," Reuters, September 27
"US Hails Early Notice of China ICBM Test to Avoid

Miscalculation," Bloomberg, September 26
"US missile system will remain in the Philippines despite
China's alarm," AP News, September 25

efforts to stabilize U.S.-China relations.

- Chinese Commerce Minister Wang Wentao and his U.S. counterpart will discuss trade and economic ties in an upcoming call, focusing on tariffs, investment restrictions, and electric vehicle policies. This follows new U.S. tariffs on Chinese goods, including EVs and batteries, which China has criticized and vowed to retaliate against.
- The U.S. dropped its push for the United Nations(UN) Security Council to transition a security mission in Haiti into a formal UN peacekeeping operation, a move potentially aimed at appeasing Russia and China.
- On September 27, U.S. Secretary of State Antony Blinken met with Chinese Foreign Minister Wang Yi in which Blinken expressed concerns over China's support for Russia's defense industry, noting Beijing's actions contradict its peace stance on Ukraine. The discussions also covered tensions in the South China Sea, military communication, and the risks posed by artificial intelligence.
- China is quietly seeking support at the United Nations for a Ukraine peace deal favorable to Russia, rallying countries in Latin America, Asia, and Africa. The U.S. opposes the plan, insisting that any peace process must fully support Ukraine's sovereignty.

### Associated News Sources:

"China, US health officials agree on more cooperation following rare talks," Reuters, October 1
"China, US to hold talks on economic and trade issues,
Xinhua reports," Reuters, October 1
"US changes tack on Haiti peacekeeping push amid China,
Russia opposition," Reuters, September 29
"After China meeting, Blinken says Beijing's talk of Ukraine
peace 'doesn't add up'," Reuters, September 27
"How China plans to get more backers for its Ukraine
peace plan at the UN," Politico, September 25



# Crossroads of Controversy: Identity, Diplomacy, and U.S.-China Relations



Democratic vice presidential candidate, Minnesota Gov. Tim Walz, speaks during a debate at the CBS Broadcast Center on October 1, 2024 in New York City. (Photo by Chip Somodevilla/Getty Images)

- U.S. Vice Presidential candidate Gov. Tim Walz admitted to exaggerating parts of his biography, including claims of being in Hong Kong during the Tiananmen Square protests and his military service. Facing scrutiny ahead of the U.S. election, Walz acknowledged his misstatements, saying he "needs to be clearer."
- Zoologist Dr. Peter Daszak, head of the U.S.-based EcoHealth Alliance, faced death threats and harassment over his collaboration with Chinese scientists on virus research, particularly with the Wuhan Institute of Virology. His work became controversial amid unproven lab leak theories about the origins of COVID-19.
- On September 30, Vietnam granted amnesty to 20 foreign prisoners, including nine Chinese and two U.S. citizens, as part of a broader National Day amnesty that freed over 3,760 prisoners.
- A new public survey found that 68% of Chinese Americans experience discrimination regularly, with many attributing it to the U.S.-China relations. The study also highlighted mental health struggles, with 43% reporting feelings of depression and many expressing concern over political rhetoric and its impact on their treatment in the U.S.
- China's First Lady Peng Liyuan met with visiting American students in Beijing, highlighting efforts to improve U.S.-China relations. Peng encouraged the students to share their experiences and foster friendship between the two nations, as part of broader initiatives, including a pledge to bring 50,000 American students to China over the next five years.

### - In Other News -



(Source: UnSplash)

"Indian companies move in as US cuts China out of its solar industry," Financial Times, October 6 "Macron Says Over-Regulation to Leave Europe Behind US, China," Bloomberg, October 2 "Alleged Chinese Spy Was Tracking U.S. Arms Shipments to Israel," The Wall Street Journal, October 1 "US lawmakers ask Mexican president-elect to address Chinese vehicle concerns," Reuters, October 1 "U.S. Raises New Concerns Over Chinese Lending Practices," The New York Times, October 1 "Former Chinese finance minister urges crypto study after US Bitcoin ETF shift," Cointelegraph, September 29 "China urges US to stop 'unreasonable suppression' of its firms in latest auto row," Reuters, September 25 "Stiglitz Says US-China Tensions Are Upending Global Trade Flows," Bloomberg, September 25 "Oil declines as investors weigh whether new China stimulus will boost demand," Reuters, September 25



**Associated News Sources:** 

"An Imprecise Biography Catches Up With Tim Walz," The

Wall Street Journal, October 2

"Walz misleadingly claims to have been in Hong Kong during period tied to Tiananmen Square massacre," AP News. October 1

"US scientist and family on 'kill list' after working with Chinese scientists." The Telegraph, September 30 "Vietnam offers amnesty to 20 foreign prisoners, including Chinese, U.S. citizens." Reuters, September 29 "Chinese Americans face discrimination amid U.S-China tensions, survey shows." The Washington Post, September

"China's First Lady Meets US Students in Bid to Improve Ties," Bloomberg, September 25

# What Are We Reading?

- Brookings: "Why ASEAN should not be a US-China battleground" by Natalie Sambhi (October 3)
- U.S. Naval Institute: "An Industrial Mobilization Plan to Deter or Defeat China" by John Morgan (October 3)
- Financial Times: "The China challenge isn't bringing Americans together" by Janan Ganesh (October 2)
- Asia Society Policy Institute: "On U.S.-China Relations & Political Economy" by Lizzi C. Lee and Neil Thomas (October 2)
- Knowledge at Wharton: "How Hostile U.S.-China Relations Are Hurting Science" by Britta Glennon (October 1)
- Foreign Affairs: "America's Strategy of Renewal" by Antony J. Blinken (October 1)
- Reuters: "How fentanyl traffickers are exploiting a U.S. trade law to kill Americans" by Drazen Jorgic, Laura Gottesdiener, Kristina Cooke And Stephen Eisenhammer (October 1)
- South China Morning Post: "Open questions | How China and the US went from '90% cooperation to 90% competition"
   by Elizabeth Economy (September 30)
- The New York Times: "Breaking Up With China Is Hard to Do" by Peter Coy (September 30)
- Bloomberg: "How the US Lost the Solar Power Race to China" by David Fickling (September 30)
- CNN: "Communist China is celebrating its 75th birthday and its stock market is soaring. But not everyone is in the party spirit" by Nectar Gan (September 30)
- The Wall Street Journal: "Why Kamala Harris Wants to Stockpile Minerals You've Probably Never Heard Of" by Julie Steinberg and David Uberti (September 29)
- The Wire China: "Decoupling Without Direction" by Paul Triolo (September 29)
- Atlantic Council: <u>"The US confronts two global threats: China-Russia and itself"</u> by Frederick Kempe (September 28)
- Center for a New American Security: <u>"The Melting Fortress: The United States, Canada, and the Race Against</u>
   Time in the Arctic" by Andrew Spafford and Samantha Olsen (September 27)
- Chatham House: "China plans for more intense competition, whoever wins the US election" by Dr. Yu Jie (September 27)
- Politico: "How China plans to get more backers for its Ukraine peace plan at the UN" by Phelim Kine, Nahal Toosi and Suzanne Lynch (September 25)
- Council on Foreign Relations: "U.S. Military Support for Taiwan in Five Charts" by Jonathan Masters and Will Merrow (September 25)
- Foreign Policy: "The U.S. Has a Better Offer for Africa Than Debt" by Henry Tugendhadt (September 25)



# What's Happening Around Town?



- <u>Defining Success: Does the U.S. Need an 'End</u> State' for its China Policy?
  - October 8 by Center for Strategic & International Studies
- MACROChina: A Discussion with China Beige Book's Leland Miller
  - October 8 hosted by The US-China Business Council
- The United States and China in Latin America: Rivalry, cooperation, or something in-between? October 4 hosted by Brookings
- Trade and Tradeoffs: Are U.S. Trade and Climate Policies At Odds?
  - October 3 hosted by Center for Strategic & International Studies
- <u>Prioritizing China's Vulnerable Children after the CCP's Suspension of International Adoptions</u>
   September 27 hosted by Hudson Institute
- <u>US-Asia Geopolitics in American Higher</u> <u>Education</u>
  - September 25 by The East-West Center

## - Upcoming Events -

- China in the Heartland: Building a Balanced Approach
  - October 10 hosted by Robert J. Dole Institute of Politics
- Virtual Event | Fireside Chat with General Charles
   A. Flynn, Commanding General, U.S. Army Pacific

   October 15 hosted by Center for a New American Security
- Book Event "On Xi Jinping" with Ambassador Kevin Rudd
  - October 21 hosted by Center for Strategic & International Studies
- <u>USCBC Legal and Regulatory Event Series:</u>
   Anti-Corruption Compliance
   October 23 hosted by The US-China Business
- Council
   The Visible Hand: Positioning America to Compete | Political Studies Policy Certificate
  - October 24 hosted by Hudson Institute

**Program** 

- The Future of US-China Policy: What the 2024 Elections Mean for Business
  - October 24 hosted by The US-China Business Council



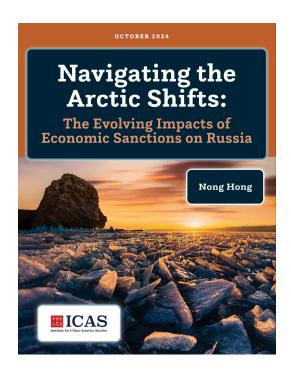


### ---MAP Report Release---

Navigating the Arctic Shifts:
The Evolving Impacts of Economic Sanctions on Russia
By Nong Hong
October 8, 2024

### **Executive Summary**

Following Russia's annexation of Crimea in 2014 and crisis starting in Ukraine in 2022, the United States, European Union, and other Western imposed stringent sanctions on key sectors of Russia's economy, particularly the energy sector. This report analyzes the effects of these sanctions on Russia's economy, geopolitics, and security, with a focus on their impact on Russia's Arctic liquefied natural gas (LNG) projects, such as Yamal LNG and Arctic LNG 2, both critical to the country's energy export strategy.



### **Key Findings:**

- **Economic Impact:** Sanctions have caused significant disruptions in project timelines, financing, and partnerships, leading to delays, reduced production, and economic losses. As Western companies withdraw, Russia has turned to China and India for support, reshaping global LNG markets and supply chains.
- Local and Regional Impact: Sanctions have hurt Arctic local economies reliant on LNG-related activities. Employment has decreased, infrastructure development has slowed, and regional economic stability has weakened, particularly in remote communities.
- Geopolitical and Security Concerns: Sanctions have led Russia to increase its military presence in the Arctic, using its natural resources to maintain influence. Rising competition among Arctic nations has heightened geopolitical stakes.
- International Responses: Arctic Council member states, including the United States, Canada, Denmark,
  Norway, Sweden, Finland, and Iceland, as well as observer states like China, Japan, South Korea, India, the
  United Kingdom, Germany, and France, have had varied reactions to the sanctions. China and India have
  strengthened energy ties with Russia, while others have scaled back their involvement in Arctic LNG
  projects. Organizations like the European Union and NATO have played key roles in shaping collective
  responses to Russia's Arctic ambitions.

In the future, sanctions are likely to reshape Arctic geopolitics, energy markets, and regional governance. As Russia seeks alternative markets and adjusts its Arctic strategy, global energy dynamics will remain in flux. The Arctic is set to become a more contested region, with increased competition and the potential for new alliances and confrontations. At this stage, the relevant policymakers should prioritize two goals in the Arctic: mitigating economic disruptions and balancing environmental and security concerns. Policymakers should diversify Arctic regional economies by promoting renewable energy, tourism, and other sustainable industries to reduce dependency on LNG projects. Simultaneously, as the Arctic is ecologically fragile, maintaining strict environmental standards and safety regulations is crucial. Enhanced international cooperation is needed to avoid weakened safety protocols due to sanctions.

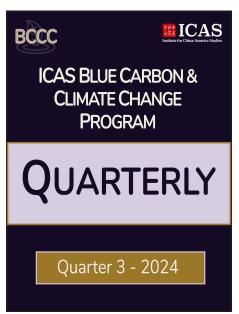
In conclusion, this report highlights the complex impact of Western sanctions on Russia's Arctic LNG projects and underscores the need for coordinated international responses to manage the economic, political, and environmental challenges in this strategically vital region.

**Learn About & Read the Report** 

Read & Share the PDF



## ---BCCC Quarterly 2024 Q3 Release -



### Blue Carbon & Climate Change 2024 Q3 Has Been Released!

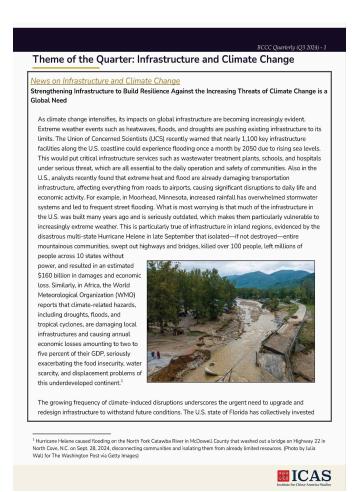
The first week of October, the ICAS Blue Carbon & Climate Change Program released its BCCC Quarterly newsletter for 2024 Q3. This issue features a 'Theme of the Quarter' on "Infrastructure and Climate Change" and a 'Blue Carbon Country Profile' on "Japan."

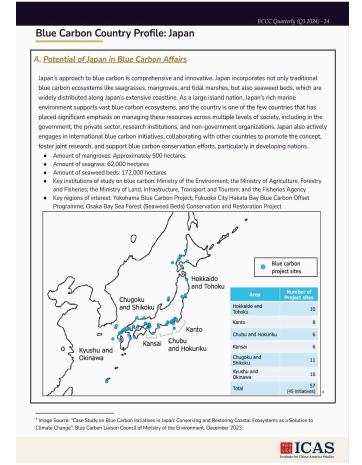
Released each quarter, the BCCC Quarterly records the most important trends and developments regarding blue carbon policies and regulations in China, the U.S., and other regions, as well as international regimes, such as under the United Nations framework. It also includes two special sections—the 'Theme of the Quarter' and the 'Blue Carbon Country Profile'—that aim to bring a fresh and applicable element to each issue.

Explore & Share the BCCC Quarterly 2024 Q3 Issue

About the BCCC Quarterly & Past Issues

Explore the ICAS Blue Carbon & Climate Change Program







### ---Commentary---

### **US-China S&T exchange: A victim of politics?**

By Denis Simon September 25, 2024

When the first formal agreement on science and technology between the US and China was signed in 1979, it was US strategy at the time that a stable, modernizing China was good for China, the US, and the world. Up until 2015, this was the essence of US policy, and two agreements, one on science and technology and the other on education exchange became bedrock elements of the bilateral relationship. On January 31, 1979, the first formal cooperative agreement between China and the US was on Cooperation in Science and Technology. The "Understanding on the Exchange of Students and Scholars," signed in October 1978, was added to the January 1979 normalization agreement between Jimmy Carter and Deng Xiaoping and remains the governing framework for education exchanges between the US and China...



Link to Full Post

## ---BCCC Commentary---

Building Sustainable Charging Infrastructure for Electric Vehicle Requires Aligned Planning
By Zhangchen Wang
September 30, 2024

Sustainable infrastructure refers to systems and facilities designed to meet societal needs while minimizing negative environmental impacts, efficiently using resources, and supporting long-term social and economic goals. It encompasses key areas such as transportation, energy grids, and water management, all central to building a low-carbon and climate-resilient future. Sustainable infrastructure comes in two key forms: infrastructures built with low-carbon materials that reduce environmental impact during construction, and infrastructures that help transition toward a renewable and lower-carbon society. With the rapid development of the electric vehicle (EV) industry aimed at a low carbon future, electric vehicle charging stations are also becoming a critical part of this sustainable infrastructure. They are essential to support the growth of the EV industry, ensuring that drivers have access to convenient, reliable, and fast charging energy supplies...

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

On Tuesday, September 28, Research Assistant Yilun Zhang was <u>interviewed</u> by South China Morning Post on Japan's new Prime Minister and the implications for China-Japan relations and U.S. alliance in Asia Pacific.

- "Instead of orienting Japan's policies solely around its strongest ally, Ishiba envisions Japan taking a more active role in regional security through the creation of an Asian Nato."
- "For years, Japan has taken its economic cooperation with China for granted, treating it as a default without actively seeking ways to improve or diversify this relationship."

On Wednesday, September 25, Senior Fellow Sourabh Gupta <u>discussed</u> the United Nation's Summit of the Future on *CGTN America*.

- "I think it's exceptionally important and exceptionally timely...Global governance is what has suffered, and therefore it is vitally important."
- "It is led by the Secretary-General, who is in the best position to champion multilateralism to rededicate oneself to multilateralism, so that the future can be better for all of us."



