



US-China Relations: Moving Towards a New Cold War?

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Introduction

In 2014, Russia and the West entered into a serious conflict due to the Ukrainian crisis. At that time, it seemed that Moscow was doomed to oppose a powerful and consolidated enemy on its own. In a matter of months, their relations lost all remnants of partnership of the previous 20 years and entered a stage of a new Cold War. As distinct from the Soviet Union, Russia found itself in a much more vulnerable position. Its economic, military and human potential was incomparably lower whereas the West had greatly increased its potentialities. In addition, Russia avoided ideology in its foreign policy whereas the Soviet Union offered the world a full-scale ideological alternative.

However, the new structural realities of international relations appear to be a much more important distinction. In the 20th century, the confrontation between “the socialist East” and “the liberal West” set the rhythm and determined the structure of international relations, whereas in the 21st century, the conflict between Russia and the West became just an isolated episode. The main intrigue revolved around the policy of China and the character of its relations with the United States, the only global superpower. In 40 years since the adoption of Deng Xiaoping’s pivotal decisions, the PRC made an enormous leap in its economic, technological, military and political development. The United States became increasingly concerned over China’s growth. By the early 2020s, this concern developed into the recognition of China as a threat to US security and the US-led “liberal international order.” American officials began to talk openly about a new Cold War. The United States fixed the need to deter China in its key doctrines. In practice, it was manifest in the mounting ideological, trade and economic pressure on Beijing. The *COVID-19* epidemic only fuelled the anti-China slant in US policy. The United States directly blamed China for the emergence and spread of coronavirus. The US approach to China became increasingly ideological in the spirit of “communist China versus the democratic United States.”

For its part, China has always preferred to avoid overt provocations. It still refrains from tough rhetoric as regards the United States and the West, although it takes targeted response measures to some unfriendly moves. China is not prone to exporting its ideological model. There is no doubt that the Chinese leaders realise that the United States is not just upping the ante to improve its negotiating positions or reach compromise in the future. The worst-case scenario is becoming increasingly obvious. It is aimed at isolating China, ousting it from added value high-tech chains, slowing down its growth, drawing it into an arms race and marginalising it in international affairs.

The absence of formalised antagonistic coalitions is a major feature of the beginning of the new Cold War. The Transatlantic security system was established to deter the USSR. The aggravation of relations with Russia has given it a new lease of

life. However, the European Union is obviously reluctant to get involved in the US confrontation with China although it considers America its key ally and partner. For the EU, such confrontation is fraught with the loss of the Chinese market and numerous mutually beneficial contacts. The US allies in Asia (Japan, South Korea and Australia), to name a few, generally share Washington's apprehensions over China but are hardly likely to take part in a full-scale Cold War, considering their extensive trade links with the PRC. It is also difficult to involve other countries, primarily India, in the anti-China coalition. New Delhi has uneasy relations and deep-rooted differences with Beijing. However, India is also reluctant to take on binding commitments in the US-led drive to deter China.

In turn, China has not established a coalition against the West, either. Russia and China are listed in US doctrines next to each other as adversaries. That said, they do not have a military-political alliance although their partnership is deep and the level of trust is unprecedentedly high. Another important feature is the preservation of close economic ties between the United States and China. The same applies to the majority of US allies. It is obvious that the rupture of their economic ties will have global consequences for the world economy.

The situation that is taking shape raises many questions. How irreversible is the confrontation between Washington and Beijing? How far can it go? How is the situation perceived by the United States? What are its strategies? What are the reasons for such an active transition to the Cold War framework? What does China think about the situation and what are its strategies? How can Beijing respond to Washington's attack? The current report is an attempt to answer these questions by two Russian experts. One of them is an expert on the United States and the other on China. We will try to reproduce the American and Chinese perspectives on a new Cold War.

Growing China: the American Perspective

Since the inception of the People's Republic of China, US policy as regards the PRC has included periods of both rivalry and partnership. . The victory of the armed forces of the Communist Party of China in 1949 and the ensuing close cooperation with the Soviet Union determined the US policy of tough deterrence. Washington considered China to be one of its key opponents. The US and Chinese armed forces clashed face-to-face during the Korean war of 1950-1953 and the crises in the Taiwan Strait

(in 1954-1955 and 1958). The United States has been rendering large-scale military aid to Taiwan up to this day. It imposed economic sanctions on China even before it became the PRC. The so-called *ChinCom* (China Committee) operated since 1947 in cooperation with *CoCom* (Coordinating Committee for Multilateral Export Controls), which imposed sanctions on the USSR and its allies. However, serious changes have taken place in US-Chinese relations since the late 1960s due to a considerable deterioration of Soviet-Chinese ties. The United States relaxed its trade restrictions. The US diplomacy managed to put the Soviet Union into a situation where it had to deter both the United States and the PRC. After the start of Deng Xiaoping's reforms, the rapprochement between China and the United States continued against the backdrop of liberalisation of Chinese trade and rapid build-up of trade and economic ties.

In 1989, the development of cooperation stumbled due to the events on Tiananmen Square. In February 1990, US Congress approved the bill *PL 101-246*¹ that provided for extensive sanctions against China. They remain in force in some respects. These sanctions primarily restricted arms supplies and cooperation with defence companies, denied access to aid programmes and established tough export control on dual-purpose goods (satellites, nuclear technology and computers). However, economic cooperation was making rapid headway. The 2000 Law on Normal Trade Relations for the People's Republic of China noted the explosive growth of trade and economic relations².

In general, after the end of the Cold War and up to Donald Trump's presidency, US policy towards Beijing was based on a number of contradictory but balanced ideas. On the one hand, Washington proceeded from the benefit of trade and economic partnership with China. It considered China to be a large growing power with which it is necessary to cooperate on a broad range of issues and in the process to draw it into the liberal international order. On the other hand, the Americans were concerned about the gradual growth of China's military might, its incomplete market reforms, the big role of the state, its non-transparent economy, the human rights situation and an undemocratic political system (and hence, its immunity to foreign influence). This balance is clearly manifest in US national security strategies, which also show changes between the shares of the two components.

¹Public Law 101-246, 1990. Foreign Relations Authorization Act, Fiscal Years 1990 and 1991. URL: <https://www.govinfo.gov/content/pkg/STATUTE-104/pdf/STATUTE-104-Pg15.pdf#page=16>

²Public Law 106-286, 2000. Normal Trade Relations for the People's Republic of China. URL: <https://www.govinfo.gov/content/pkg/PLAW-106publ286/pdf/PLAW-106publ286.pdf>

Thus, the 1999 Strategy, drafted at the end of Bill Clinton's presidency, mostly relies on partnership.³ The same applies to the 2002 Strategy prepared in the first term of President George W. Bush. True, China was criticised for "following an outdated path" to its national prestige, preserving the legacy of the political regime and "pursuing advanced military capabilities that can threaten its neighbours"⁴. According to the 2006 Strategy, "China's transition remains incomplete" and the United States urges it "to continue down the road of reform."⁵ Barack Obama's first National Security Strategy of 2010 emphasised the importance of China as an American partner. Although it mentions China's military modernisation programme, the approach to Beijing is determined in terms of dialogue (persuading China to put its growing might to peaceful purposes)⁶. The 2011 programme article by the then US Secretary of State Hillary Clinton "America's Pacific Century" was also balanced: yes, we have problems in relations and they require continuous dialogue regardless of whether these are economic or military-political issues. The human rights problem is urgent but it is just one component of the US approach to China.⁷ A similar paradigm is expressed in the 2015 Strategy⁸ although by that time some changes had taken place in US-China relations. The situation in the South China Sea had become aggravated, and Washington had become more concerned over China's industrial espionage and hostile activities in cyberspace. In 2015, Barack Obama declared a state of emergency because of cyber incidents. Executive Order 13694 was titled Blocking the Property of Certain Persons Engaging in Significant Malicious Cyber-Enabled Activities. It required blocking and visa sanctions against those who were engaged in such activities or were linked with them. The executive order followed an attack of hackers ostensibly linked with the Chinese government and the theft of personal data of over four million US government employees. However, it did not mention China and the incident was settled diplomatically.

The United States' balanced approach to the PRC underwent a radical shift as Donald Trump's entered office. The US 2017 National Security Strategy clearly reflects a trend towards confrontation. It

³ U.S. President, 1999. A National Security Strategy for a New Century. URL: <https://nssarchive.us/wp-content/uploads/2020/04/2000.pdf>

⁴ U.S. President, 2002. The National Security Strategy of the United States of America. URL: <https://nssarchive.us/wp-content/uploads/2020/04/2002.pdf>

⁵ U.S. President, 2006. The National Security Strategy of the United States of America. URL: <https://nssarchive.us/wp-content/uploads/2020/04/2006.pdf>

⁶ U.S. President, 2010. National Security Strategy. URL: <https://nssarchive.us/wp-content/uploads/2020/04/2010.pdf>

⁷ Clinton, H., 2011. America's Pacific Century, Foreign Affairs, October 11. URL: <https://foreignpolicy.com/2011/10/11/americas-pacific-century/>

⁸ U.S. President, 2015. National Security Strategy. URL: <https://nssarchive.us/wp-content/uploads/2020/04/2015.pdf>

portrays China as a threat similar or equal to Russia, and describes both countries as “revisionist powers.” According to this strategy, “China and Russia want to shape a world antithetical to US values and interests.” In the previous concepts, the political regime in the PRC was a matter of background criticism, whereas this strategy views it as a model that China is imposing on others. This strategy notes that China “spreads features of its authoritarian system, including corruption and the use of surveillance,” thereby undermining the sovereignty of its neighbours. The same applies to the economy. The previous doctrines identified as problems the high role of the public sector in the Chinese economy and cases of discrimination against US businesses. However, they did not exaggerate the importance of these problems. This time, Chinese infrastructure projects abroad are seen as a means of winning a competitive advantage over the United States and projecting China’s influence in the world. In other words, China’s economic policy has turned from a local issue into a challenge to the national security of the United States and its allies, including EU countries. The 2017 strategy practically omits any mention of partner relations with China or the benefit of trade with it.⁹

In 2020, the White House enshrined the provisions of the 2017 strategy in the document entitled “US Strategic Approach to the People’s Republic of China Report.”¹⁰ Its main message is that 40 years after the establishment of diplomatic relations and deepening engagement of the two countries, Washington has to part with its hopes for China’s democratisation and its conversion into a full-scale market economy. China has not become either of these. It is turning into a threat to the economy, security, values and leadership of the United States. Instead of harbouring illusions about China’s integration into the US-led international community, now the United States must adopt a competitive approach to the PRC, based on a clear-eyed assessment of its intentions and actions. It is necessary to exert pressure on China and deter it in order to promote US prosperity, protect the state, preserve peace through strength and advance American influence in the world. That said, competition must not cross dangerous lines and lead to confrontation or an open conflict. The document generalises US grievances against China. Economically, China is accused of remaining a non-market state despite being part of the global market economy. Industrial overcapacity, protectionism and government control instruments are giving China an advantage that

⁹ U.S. President, 2017. National Security Strategy of the United States of America. URL: <https://trumpwhitehouse.archives.gov/wp-content/uploads/2017/12/NSS-Final-12-18-2017-0905.pdf>

¹⁰ U.S. President, 2020. United States Strategic Approach to the Peoples’ Republic of China. URL: <https://www.whitehouse.gov/wp-content/uploads/2020/05/U.S.-Strategic-Approach-to-The-Peoples-Republic-of-China-Report-5.24v1.pdf>

market economies do not have. This means that China is developing at their expense and engages in dishonest competition. Moreover, US security is also threatened by other actions: the borrowing of US technology, the creation of rules for the transfer of US technology to China, acquisition of American companies, violation of intellectual property rights and industrial espionage.

Naturally, the Chinese Belt and Road Initiative also came under criticism. The authors of the document consider it a political project designed to change the global rules of the game and standards in favour of the PRC. From the US perspective, instead of promoting development, this project leads to corruption, environmental pollution, non-transparent loans and financial transactions and increases other countries' dependence on China. Experts also note a threat emanating from its increased use of economic instruments for political ends (de facto in the form of sanctions).

Yet another group of grievances consists in a challenge to American values. The Americans believe that China is striving for global leadership, in part, by promoting its own model that the authors of the document see as a mixture of a special interpretation of Marxism-Leninism, nationalism, one-party dictatorship, top-down economy, suppression of human rights and the state's control over science and technology. They reinforce their arguments with references to the suppression of the opposition, the existence of censorship and encroachments on the rights of minorities in China.

The third group addresses security challenges. China has turned into a large military power with a growing nuclear potential. In addition, China has become a powerful player in the digital and information space.

All these challenges require resolute action. In addition to military deterrence, it is necessary to impose on China tough, clear-cut and verifiable agreements with due account of the many commitments that Beijing violated in the past. Security agencies must actively curb cyber espionage and intellectual property leaks. They must counter information campaigns and attempts to use roundabout ways of exerting influence on the United States (for example, via universities and research centres). According to the strategy, it is necessary to change drastically the balance of economic relations between the United States and the PRC. The document sets the task of expanding US influence and strengthening relations with allies and partners in the Indo-Pacific region. Indicatively, its authors note that

the United States is not going to impose democracy on China, interfere in its affairs or escalate the level of tensions to confrontation. It is necessary to cooperate with China where this meets US interests.

In practical terms, the Trump administration considerably increased pressure on China and its policy generally enjoyed the support of Congress. The United States introduced sanctions and took trade, ideological and military-political measures.

It set itself the aim of reducing the substantial trade deficit with China. It amounted to \$378.6 billion in 2018, having increased by \$43.6 billion over 2017¹¹. By 2019, it already went down to \$345.2 billion.¹² To some extent, this is why the Americans increased their duties. They consistently raised them in 2018 (on solar batteries, electronics and medical goods). Although Beijing introduced response duties and filed a suit with the WTO, the US administration still managed to draw it into trade talks. On January 15, 2020, the two countries signed an agreement on the first stage of the trade deal. China committed to changing considerably its trade regime on intellectual property, technology transfer, agriculture, financial services and currency exchange and pledged to expand imports from the United States. In exchange, the United States was supposed to reduce a number of its tariffs¹³. However, Donald Trump suspended the implementation of the agreements due to the outbreak of the *COVID-19* pandemic, which he blamed on the PRC.

In addition to its tough tariff policy, the United States introduced aggressive restrictions by imposing sanctions on China. The authors of the last year's report on the sanctions war between Beijing and Washington noted an increase in the range of US measures¹⁴. In addition to higher tariffs, the United States expanded its export control, restricted Chinese investment, imposed financial sanctions and limited the imports of Chinese products.

¹¹ Office of the U.S. Trade Representative, 2020. The People's Republic of China. URL: <https://ustr.gov/countries-regions/china-mongolia-taiwan/peoples-republic-china>

¹² U.S. Trade Deficit With China and Why It's So High. The Balance. URL: <https://www.thebalance.com/u-s-china-trade-deficit-causes-effects-and-solutions-3306277>

¹³ Office of the U.S. Trade Representative, 2020. Economic and Trade Agreement Between the United States of America and The Peoples Republic of China. URL: https://ustr.gov/sites/default/files/files/agreements/phase%20one%20agreement/US_China_Agreement_Fact_Sheet.pdf

¹⁴ Rosenberg, E., Harrell, P., Feng, A., 2020. A New Arsenal for Competition. Coercive Economic Measures in the U.S.-China Relationship. The Center for New American Security Report. URL: <https://www.cnas.org/publications/reports/a-new-arsenal-for-competition>

The telecommunications sector was the hardest hit by the anti-China sanctions. On May 15, 2019, President Trump signed Executive Order 13873, Securing the Information and Communications Technology Services and Supply Chain.¹⁵ He announced a state of emergency because this sector was threatened by foreign states. A state of emergency allows the president to introduce sanctions to resolve the problem. On that very day, the Department of Commerce included *Huawei* in its Entity List. This company is China's largest telecommunications equipment producer. These sanctions largely restricted US companies' supplies of spare parts and technology to Huawei. On the same day, the Department of Commerce issued a general license that allowed some exceptions for the continuation of deals. However, Huawei's partnership with US companies was still up in the air. Later on, more pressure was brought to bear on Huawei. The department announced new restrictions a year after blacklisting the company. This time, they concerned semi-conductors produced for *Huawei* abroad with the use of US technology and software¹⁶. New restrictions on foreign suppliers followed in August 2020. The range of *Huawei* subsidiaries subject to restrictions was broadening¹⁷. In other words, the company was deprived of the possibility to buy spare parts, for instance, in Taiwan if US technology and software were used in their production.

However, *Huawei* started having problems even earlier. Its Chief Financial Officer Meng Wanzhou was arrested in Canada on December 1, 2018 at the US request. She was accused of fraud as regards the HSBC Bank with a view to obviating US sanctions against Iran. The Canadian authorities have not yet decided to extradite her to the United States and released her on bail but her movement is restricted pending a decision of the Canadian court. *Huawei* considers the prosecution of its Chief Financial Officer to be a politically motivated instrument of dishonest competition¹⁸. In addition, *Huawei* was restricted in supplying equipment for the US defence and government agencies. These restrictions were

¹⁵ U.S. President, 2019. Executive Order 13873 on Securing the Information and Communications Technology and Services Supply Chain. URL: <https://www.whitehouse.gov/presidential-actions/executive-order-securing-information-communications-technology-services-supply-chain/>

¹⁶ U.S. Department of Commerce, 2020. Commerce Addresses Huawei's Efforts to Undermine Entity List, Restricts Products Designed and Produced with U.S. Technologies. URL: <https://www.commerce.gov/news/press-releases/2020/05/commerce-addresses-huaweis-efforts-undermine-entity-list-restricts>

¹⁷ U.S. Department of Commerce, 2020. Commerce Department Further Restricts Huawei Access to U.S. Technology and Adds Another 38 Affiliates to the Entity List. URL: <https://www.commerce.gov/news/press-releases/2020/08/commerce-department-further-restricts-huawei-access-us-technology-and>

¹⁸ The United States District Court for the District of Columbia, 2020. Huawei Technologies Co., LTD et al. vs. U.S. Department of Justice, Office of the Deputy Attorney General et al. URL: <https://www.courtlistener.com/docket/18594075/1/huawei-technologies-co-ltd-v-us-immigration-and-customs-enforcement/>

reflected in the National Defence Authorisation Acts of 2018 and 2019¹⁹. Another Chinese telecommunications company – *ZTE* – also fell victim to restrictions. Earlier the Department of the Treasury and the Department of Commerce inquired into its activities because of the suspected violation of sanctions against Iran.

The company agreed to pay a fine of \$100.82 million to the Department of the Treasury²⁰, and \$1.4 billion to the Department of Commerce²¹.

Huawei and *ZTE* became “icons” of US attacks at China’s telecommunications sector. In August they were joined by the Chinese *WeChat* messenger and *TikTok* video service. Donald Trump prohibited their use in the United States by separate executive orders²². They noted that both services make it possible to collect information on users, their location and online activities. This information may be used for blackmail, spying and disinformation. However, the White House did not cite any examples of such activities by the Chinese companies. Interestingly, a month and a half after Trump’s decision, the US *WeChat* Users Alliance won a lawsuit in the US District Court in the Northern District of California and the ban on the use of *WeChat* was lifted²³. In October 2020, the District Court of the Eastern District of Pennsylvania suspended the implementation of the executive order on *TikTok*²⁴.

Chinese telecoms and other companies also face difficulties when trying to absorb US technological firms and services. The Committee on Foreign Investment in the United States (*CFIUS*) is on guard in this

¹⁹ U.S. Congress, 2018. National Defense Authorization Act. URL: <https://www.congress.gov/bill/115th-congress/house-bill/2810/text>; <https://www.congress.gov/bill/115th-congress/house-bill/5515/text>

²⁰ U.S. Department of Treasury. Enforcement Information for March 7, 2017. URL: https://home.treasury.gov/system/files/126/20170307_zte.pdf

²¹ Kirill Sarkhanyants. ZTE will pay a fine of \$1 billion to the US authorities in exchange for the resumption of work in the country, 2018. URL: <https://www.kommersant.ru/doc/3652021>

²² U.S. President, 2020. Executive Order on Addressing the Threat Posed by WeChat. URL: <https://www.whitehouse.gov/presidential-actions/executive-order-addressing-threat-posed-wechat/>

U.S. President, 2020. Executive Order on Addressing the Threat Posed by TikTok. URL: <https://www.whitehouse.gov/presidential-actions/executive-order-addressing-threat-posed-tiktok/>

²³ The United States District Court for the District Northern District of California, 2020. U.S. WeChat Users Alliance et al. vs. Donald J. Trump. URL: <https://www.courtlistener.com/recap/gov.uscourts.cand.364733/gov.uscourts.cand.364733.59.0.pdf>

²⁴ Identification of Prohibited Transactions to Implement Executive Order 13942 and Address the Threat Posed by TikTok and the National Emergency with Respect to the Information and Communications Technology and Services Supply Chain. Preliminary Injunction Order by a Federal District Court. URL: <https://public-inspection.federalregister.gov/2020-25360.pdf>

respect. From 2015 to 2017, it reviewed 143 transactions and blocked four of them. One of them was an attempt of Singapore's *Broadcom* to buy *Qualcomm*, an American semiconductor producer. The US authorities suspected that the planned transaction was linked with the PRC. In 2018, the Foreign Investment Risk Review Modernisation Act) expanded the committee's powers. The act allowed the committee to review minority foreign investment in US companies. At the same time, the US Department of Justice launched the China Initiative Programme to counter Chinese hackers, lobbyists, agents and the like²⁵.

A separate segment of US policy towards China is devoted to democracy and human rights. There are two key topics: the problem of Hong Kong and the situation in the Xinjiang Uygur Autonomous Region (XUAR). In US opinion, China is consistently violating the letter and spirit of the 1984 Joint Sino-British Declaration on the Question of Hong Kong.²⁶ The declaration implied that after the restoration of China's sovereignty over Hong Kong, the latter would keep broad autonomy in its domestic affairs. It was based on the "one country, two systems" concept according to which Hong Kong was supposed to preserve its own systems of power and economy that would be different from those of China. In 1992, the United State adopted the Hong Kong Policy Act.²⁷ In part, it allowed bilateral economic agreements between Hong Kong and the United States, as well as a special tariff regime and many other benefits. However, at least from the early 2000s, the United States has been increasingly critical of China's efforts to achieve closer political and economic integration of Hong Kong. Washington considered these efforts a direct violation of the 1984 Joint Declaration. A series of protests by the residents of Hong Kong in 2019-2020 became a turning point. They were triggered by the so-called Law on Extradition but reflected a broader range of problems of the political and economic autonomy. The United States announced its unreserved support for the protestors and lashed out against China. In 2019, Congress adopted and the US President signed the Hong Kong Human Rights and Democracy Act²⁸. The law required that the president introduced financial (asset blocking) and visa sanctions against those involved in violating human rights and undermining democracy in Hong

²⁵ Rosenberg, E., Harrell, P., Feng, A., 2020. A New Arsenal for Competition. Coercive Economic Measures in the U.S.-China Relationship; The Center for New American Security Report. URL: <https://www.cnas.org/publications/reports/a-new-arsenal-for-competition>

²⁶ The Joint Declaration of the Government of the United Kingdom and the Government of the People's Republic of China on the Question of Hong Kong. URL: <https://www.cmab.gov.hk/en/issues/joint3.htm>

²⁷ U.S. Congress, 1992. United States – Hong Kong Policy Act of 1992. URL: <https://www.congress.gov/bill/102nd-congress/senate-bill/1731/text>

²⁸ Public Law 116-76, 2019. Hong Kong Human Rights and Democracy Act of 2019. URL: <https://www.congress.gov/116/plaws/publ76/PLAW-116publ76.pdf>

Kong. It also advised the administration to make appropriate adjustments to the current US export controls with respect to Hong Kong to prevent the supply of crowd control and surveillance equipment. The United States expanded the range of sanctions after China adopted a new Law on the Autonomy of Hong Kong in 2020. Article 7 envisaged sanctions against foreign financial institutions servicing the transactions of persons that violate the provisions of the 1984 Joint Declaration. This was a serious addition because it created a threat of blocking or other sanctions for large Hong Kong banks. Considering their high integration in the global financial system, these sanctions could spell enormous losses. In response to the protests and the West's overt support, Beijing toughened national legislation on Hong Kong. In turn, the US President abolished Hong Kong's status as its special partner and employed his powers under the International Emergency Economic Powers Act (*IEEPA*, 1977)²⁹. In other words, he gave the green light to the use of sanctions due to the situation in Hong Kong at the executive government level. Throughout 2020, the US Department of Treasury introduced blocking sanctions against a number of Chinese officials whom Washington believes to be involved in suppressing protests, changing legislation and so on.³⁰ They include top officials of the Hong Kong administration, including its Chief Executive Carrie Lam³¹.

As for the Xinjiang Uygur Autonomous Region (XUAR), Washington accuses the Chinese authorities of isolating representatives of the Islamic ethnic minorities in "labour camps" on a mass scale. The Americans believe that in such camps they are subjected to forced labour, torture, political propaganda and human rights violations. US Congress repeatedly emphasised the need to update US legislation on protecting ethnic minorities' rights in China, primarily in the XUAR. Congress members suggested restricting or banning the imports of goods produced by forced labour, exerting influence on US allies and partners to persuade them to limit such imports, and imposing sanctions on Chinese officials, to name a few.³² On June 17, 2020, President Trump

²⁹ U.S. President, 2020. Executive Order on Hong Kong Normalization. URL: <https://www.whitehouse.gov/presidential-actions/presidents-executive-order-hong-kong-normalization/>

³⁰ For example, U.S. Department of State, 2020. Designation of Four PRC and Hong Kong Officials. URL: <https://www.state.gov/designations-of-four-prc-and-hong-kong-officials-threatening-the-peace-security-and-autonomy-of-hong-kong/>

³¹ U.S. Department of Treasury, 2020. Treasury Sanctions Individuals for Undermining Hong Kong's Autonomy. URL: <https://home.treasury.gov/news/press-releases/sm1088>

³² For example, U.S. Congress, 2020. Uygur Forced Labor Prevention Act (a Bill). URL: https://www.rubio.senate.gov/public/_cache/files/6753dc08-7217-4f24-9c27-911120f35a4e/2DFEF506AAAC84B14B6E504B6A1515DD.uflp.pdf

signed the Congress-approved Uygur Human Rights Policy Act³³. It requires that the President submit, at least once a year, a report on the individuals involved in violating human rights in the XUAR, and impose financial (asset blocking) and visa sanctions on them. Shortly after, the US Department of Treasury published an advisory for businesses on preventing the risks linked to potential exposure to entities engaged in human rights abuses in the XUAR.³⁴ In addition, it imposed financial sanctions on four Chinese officials and the XUAR People's Government Public Security Bureau. Indicatively, these sanctions were based on the Global Magnitsky Designations rather than the previous act on human rights in the XUAR³⁵. The US Department of Treasury included 11 XUAR companies on the Entity List³⁶. The PRC could suffer minimal economic damage from these actions but they have an impact on political relations between Beijing and Washington.

In addition to Hong Kong and the XUAR, the United States is lashing out at China for human rights violations in the Tibet Autonomous Region of the PRC. However, this problem does not receive as much attention as the others. In 2020, Beijing restricted access to Tibet for American diplomats, tourists and journalists and in response, Washington imposed visa restrictions for Chinese officials and party functionaries who were involved in drafting and implementing the policy of foreign access to Tibet³⁷.

The *COVID-19* pandemic poured more oil on the flames of the growing US-China confrontation. President Trump repeatedly criticised China for starting the pandemic. A number of lawsuits were filed in US courts in this context, including the most impressive one by the State of Missouri³⁸. US Congress, especially its Republican wing, also occupied

³³ Public Law 116-145, 2020. Uygur Human Rights Policy Act. URL: <https://www.congress.gov/116/plaws/publ145/PLAW-116publ145.pdf>

³⁴ U.S. Treasury, 2020. Xinjiang Supply Chain Business Advisory. URL: <https://home.treasury.gov/policy-issues/financial-sanctions/recent-actions/20200701>

³⁵ U.S. Treasury, 2020. Global Magnitsky Designations of 09.07.2020. URL: <https://home.treasury.gov/policy-issues/financial-sanctions/recent-actions/20200709>

³⁶ Lester, M., 2020. U.S. Adds 11 Chinese Companies to Entity List. URL: <https://www.europeansanctions.com/2020/07/us-adds-11-chinese-companies-to-entity-list/>

³⁷ U.S. Department of State, 2020. Implementing Visa Restrictions Under Reciprocal Access to Tibet Act. URL: <https://www.state.gov/implementing-visa-restrictions-under-the-reciprocal-access-to-tibet-act/>

³⁸ The United States District Court for the Eastern District of Missouri Southeastern Division, 2020. The State of Missouri vs The People's Republic of China et al. URL: https://www.courtlistener.com/recap/gov.uscourts.moed.179929/gov.uscourts.moed.179929.1.0_1.pdf?fbclid=IwAR1QXlx-9okdZDq_T-tbnzQtnAG_WkYSIPXGYbQEoU0rRcLx6viup8mKQdo

a critical position. Many resolutions denouncing China were submitted for discussion. One of the first ones appeared in the Senate in February (No. 497 of February 11, 2020). It gave credit to Chinese doctor Li Wenliang, who was one of the first doctors to warn about the danger of the novel virus and died of *COVID-19*. In US opinion, he was a victim of the Chinese authorities' censorship. The resolution was moderate, urging China to engage in transparent cooperation with the United States. At the same time, it contained strictly political statements by emphasising, for instance, that it "strongly supports the people of China in their demand for freedom of speech."³⁹

Subsequent documents were more critical. Resolution of the House of Representatives No. 907 of March 24, 2020, denounced the PRC for censoring reports about the virus during the early stages of its spread, its refusal to cooperate with scientists from the Centre for Disease Control to assist its response to *COVID-19* for over a month after cooperation was offered, and denial of the person-to-person transmissibility of *COVID-19*. The resolution also contained appeals that were not directly related to *COVID-19*, such as to end the detainment of Uyghur Muslims and end all forced labour programmes⁴⁰. This mixture of *COVID-19* with other sensitive problems only further politicised the issue. The Senate adopted a similar resolution (No. 552 of March 24, 2020). It directly blamed the Chinese government for the epidemic and urged an international inquiry headed by the medical authorities of the United States and other affected countries. An important element of the resolution was an appeal to the international community to calculate the damage and outline mechanisms of its compensation by the PRC.⁴¹ The House of Representatives supported these demands before long⁴².

The narrative took an interesting turn by late April 2020. House Resolution No. 944 (of April 28, 2020) directly linked the *COVID-19* pandemic with the suppression of human rights in China. Even more

³⁹ U.S. Congress, 2020. Senate Resolution 497. URL: <https://www.congress.gov/bill/116th-congress/senate-resolution/497/text?q=%7B%22search%22%3A%5B%22china+COVID-19%22%5D%7D&r=17&s=2>

⁴⁰ U.S. Congress, 2020. House of Representatives Resolution 907. URL: <https://www.congress.gov/bill/116th-congress/house-resolution/907/text?q=%7B%22search%22%3A%5B%22china+COVID-19%22%5D%7D&r=1&s=1>

⁴¹ U.S. Congress, 2020. Senate Resolution 552. URL: <https://www.congress.gov/bill/116th-congress/senate-resolution/552/text?q=%7B%22search%22%3A%5B%22china+COVID-19%22%5D%7D&r=2&s=2>

⁴² U.S. Congress, 2020. House of Representatives Resolution 909. URL: <https://www.congress.gov/bill/116th-congress/house-resolution/909/text?q=%7B%22search%22%3A%5B%22china+COVID-19%22%5D%7D&r=5&s=2>

indicative is the appeal to the United States and other affected countries to suspend payments on debts to China for the damage inflicted on them by *COVID-19*. This proposal sounds particularly engaging coming from the lawmakers of a country that borrows huge funds from China⁴³.

In addition to resolutions, Congress adopted a series of bills. On March 26, the House received a bill on the need to draft a strategy on getting compensation from China⁴⁴. On April 7, the House received a bill on posthumously awarding a Congressional Gold Medal, the highest US civilian distinction, to Dr Li Wenliang⁴⁵. On May 4, the extensive Justice for Victims of Coronavirus Act was presented in the Senate⁴⁶.

As expected, there also appeared a series of bills the adoption of which would amount to the introduction of anti-China sanctions. There are three such bills for the time being. Each new bill is tougher than the previous one. Republican Senator Ted Cruz submitted the first bill entitled Ending Medical Censorship and Cover Ups in China Act of 2020⁴⁷. It envisages blocking (asset freezing) and visa sanctions against Chinese officials responsible for censorship and restriction of information, including epidemiological updates. If the bill is adopted, the president will be required to compile a list of such individuals at least once a year.

The second bill was submitted by Senator Tom Cotton (Rep.) and a number of his party associates under the title of Li Wenliang Global Public Health Accountability Act of 2020. It provides for similar financial and visa sanctions against Chinese officials whom the US president will consider to be involved in censoring medical information, including on *COVID-19*. A new element is that in compiling the lists of persons against whom sanctions will be imposed, the president will have to take into

⁴³ U.S. Congress, 2020. House of Representatives Resolution 944. URL: <https://www.congress.gov/bill/116th-congress/house-resolution/944/text?q=%7B%22search%22%3A%5B%22china+COVID-19%22%5D%7D&r=6&s=2>

⁴⁴ U.S. Congress, 2020. Chinese Government Accountability Act (a Bill). URL: <https://www.congress.gov/bill/116th-congress/house-bill/6405/text?q=%7B%22search%22%3A%5B%22china+COVID-19%22%5D%7D&r=4&s=2>

⁴⁵ U.S. Congress, 2020. Dr. Li Wenliang Congressional Golden Medal Act (a Bill). URL: <https://www.congress.gov/bill/116th-congress/house-bill/6471/text?q=%7B%22search%22%3A%5B%22china+COVID-19%22%5D%7D&r=10&s=2>

⁴⁶ U.S. Congress, 2020. Justice for Victims of Coronavirus Act (a Bill). URL: <https://www.congress.gov/bill/116th-congress/senate-bill/3588/text?q=%7B%22search%22%3A%5B%22china+COVID-19%22%5D%7D&r=11&s=2>

⁴⁷ U.S. Congress, 2020. Ending Medical Censorship and Cover Ups in China Act of 2020 (a Bill). URL: <https://www.cruz.senate.gov/files/documents/Letters/ROS20262.pdf>

account the opinion of Congress, as well as “credible information obtained by other countries and nongovernmental organisations that monitor violations of human rights and global health issues.”⁴⁸

Finally, the third act was presented to Congress by Senator Lindsey Graham, who is well known in Russia, and a number of other Republicans⁴⁹. It also mixes up COVID-19 with human rights. The legislation requires the president to make a certification to Congress within 60 days of enactment that the People’s Republic of China has provided a full and complete accounting to any COVID-19 related investigation led by the United States, its allies, or UN affiliate; closed all operating wet markets that have a potential to expose humans to health risks through the introduction of disease into the human population; and released all pro-democracy advocates in Hong Kong that were arrested in the post *COVID-19* crackdowns.

Obviously, it is impossible to comply with these requirements either technically or politically. If that certification is not made, the bill authorises the president to impose at least two of the six sanctions immediately. The blocking and visa restrictions are supplemented with the bans on the issuance of student visas to Chinese nationals; prohibition on any US financial institutions from making loans to Chinese entities; opposition to any loan from the international financial institution for Chinese entities. The act also prohibits entities with Chinese majority joint ownership or control from listing securities on a national securities exchange.

To sum up, this bill suggests much more radical measures than the previous ones. The US executive government is unlikely to support its current version. If the administration decides to apply sanctions, it will sooner use the first two bills. Mr Graham’s draconic measures are fraught with huge damage to the Americans themselves. The Biden administration is unlikely to change the policy towards the PRC. Joe Biden may return to implementing the commitments on the first phase of a trade deal (Trump refused to carry it out under the pretext of *COVID-19*). That said, the United States is unlikely to drastically change its policy towards China. It has taken a course towards technological deterrence of the PRC and will not renounce it.

⁴⁸ U.S. Congress, 2020. Li Wenliang Global Public Health Accountability Act of 2020 (a Bill). URL: <https://www.govinfo.gov/content/pkg/BILLS-116s3600is/pdf/BILLS-116s3600is.pdf>

⁴⁹ U.S. Congress, 2020. The Covid-19 Accountability Act (a Bill). URL: <https://www.hydesmith.senate.gov/sites/default/files/2020-05/COVID-19%20Accountability%20Act%20-%20Summary.pdf>

US-China Military-Political Rivalry

China-US relations had a peculiar feature. For a long time, their dynamics in the military area was very different from their political and economic development. The growth of military tensions between them was a long, gradual and implacable process that could be traced back to at least the late 1990s. For a long time, it was developing against the backdrop of rapid progress in bilateral economic ties and the relative stability of the political cooperation between the two countries.

Thus, their relationship in the defence and intelligence areas was a harbinger of the would-be degradation of their relations in general. Unfortunately, with rare exceptions, these harbingers did not receive sufficient attention in the world until recently. The military-political aspects of China-US relations were habitually considered secondary to economic factors and even “soft power.”

An episode of the NATO-Yugoslavia conflict over Kosovo, which has been largely forgotten, became the trigger of fundamental changes in bilateral security relations. On May 7, 1999, an American B-2 bomber attacked the Chinese Embassy in Belgrade with five guided bombs, killing three Chinese journalists and wounding 27 people.

The sides still interpret this incident in different ways. According to the official US version, it was a tragic mistake arising from the incorrect identification of the target coordinates. This version laid the blame on a CIA officer. The United States apologised for the incident the following day and paid compensation to the Chinese government and the families of the dead. Importantly, it refused to name and punish those responsible⁵⁰.

Despite agreeing to consider the incident settled after the payment of compensation and receipt of apologies, China did not accept the version about the wrong target. The opinion that the strike was deliberate still prevailed in China although it admitted that the attack was not necessarily ordered directly by the top US leadership. Beijing put forward both military and political arguments to this effect.⁵¹

⁵⁰ CRS Report for Congress, 2000. Chinese Embassy Bombing in Belgrade: Compensation Issues. URL: <http://congressionalresearch.com/RS20547/document.php>

⁵¹ Perry, J., 2012. Operation Allied Force: The View from Beijing. URL: <https://www.airuniversity.af.edu/Portals/10/ASPI/journals/Chronicles/Perry.pdf>

It is hardly possible to establish today the true reason for Incident 85, as it is referred to in China (named after May 8 when the attack took place, according to Beijing time). What really matters is that the Chinese assessment of the reason behind the attack triggered serious changes first in China's and later in US's military planning. These gradual changes provoked a debate in the Chinese leadership about the nature of the new relationship with the US.

Despite the seeming normalisation of relations with the US, the Politburo of the Chinese Communist Party (CCP) launched a large-scale and apparently expensive programme of military-technical modernisation known as Programme 995 (995 – May 99). The programme was aimed at speeding up many breakthrough military technology programmes and, in the opinion of the Chinese military themselves, played a big role in accelerating the military modernisation of the People's Liberation Army of China (PLA)⁵².

At practically the same time, obvious signs of change in the perception of security relations with the PRC appeared in the United States. The National Defence Authorisation Act for Fiscal Year 2000 of October 5, 1999, introduced the publication of the Pentagon's annual report on China's military might. In addition, it toughened the rules for the export of dual-purpose technology to China and demanded the formation of a special centre in the US National Defence University (NDU) to study Chinese armed forces. The President was also required to present annual reports on China's intelligence activities against the US⁵³.

The United States intensified its steps to strengthen its alliances in the Pacific and expand its presence. A change in the approach to military-technical cooperation with Taiwan was one of its first measures. The character of US-Taiwan discussions on rearmament issues changed in 2001, at the beginning of George W. Bush's first presidential term.

In the past, Taiwan had asked the United States to supply it with new arms systems but its requests were often turned down because of Washington's reluctance to provoke China. But now, US representatives were persuading Taiwan's leaders to invest more in defence.

⁵² Cheung, T.M., 2017. US-China Military Technological Competition and the Making of Chinese Weapons Development Strategies and Plans: Research Brief. URL: <https://escholarship.org/content/qt43m5m3gp/qt43m5m3gp.pdf>

⁵³ Public Law 106-65, 1999. National Defense Authorization Act For Fiscal Year 2000. URL: <https://www.govinfo.gov/content/pkg/PLAW-106publ65/html/PLAW-106publ65.htm>

A dangerous military incident took place between the US and China on April 1, 2001 – a US Navy radio-technical reconnaissance aircraft EP-3 Aries collided with a Chinese J-8II fighter in the South China Sea. The US aircraft approached the China-controlled Paracel Islands and was intercepted by the Chinese fighter. The two planes clashed and the Chinese fighter went down. Its pilot Wang Wei was killed. The US plane was heavily damaged and made an emergency landing on Hainan Island, where its 24-man crew was arrested.

The crew and the aircraft were returned to the US ten days later, after the Chinese studied the secret equipment and documents on board the EP-3 and received a so-called “letter of the two sorries” from the US Ambassador to China Joseph Prueher. He expressed regret over the loss of the Chinese pilot and the forced landing on Hainan Island without permission⁵⁴.

A trend towards escalating tensions emerged in bilateral relations but was interrupted by the 9/11 events and the subsequent shift of US attention first to the war against terror and later to the Iraqi military venture. China received a decade-long strategic respite.

Needless to say, the gradual deterioration of bilateral relations did not cease altogether. The Chinese military budget grew at a record rate during the 2000s. China launched this process in the late 1990s. Between 1999 and 2008, it was growing at the highest rate in PRC's history, averaging a rise of 16.2 percent a year⁵⁵. This growth took place against the backdrop of a rapid buildup of the Chinese economy, which was fueled by the expansion of exports after China's accession to the WTO. Nonetheless, its growth outstripped that of the GDP.

In turn, the United States continued strengthening its military alliances with Japan and the Republic of Korea under the pretext of the mounting North Korean threat. In 2004, Japan and the US recognised the need to somewhat reduce the presence of US forces in Japan by moving them to Guam. As a result, it was decided to build a large-scale

⁵⁴ CNN, 2001. The letter that led to release of U.S. crew. URL: <https://edition.cnn.com/2001/WORLD/asiapcf/east/04/11/prueher.letter.text/>

⁵⁵ Bitzinger, R., 2011. Modernizing China's Military 1997-2002. *China Perspectives*. No. 4. pp. 7-15.

US military infrastructure on Guam⁵⁶. Its construction was planned to take place over many years with a price tag of billions of dollars. This infrastructure was supposed to more than compensate for the future reduction of the presence in Japan.

In the 2000s, US officials and expert publications also paid growing attention to Chinese espionage. The published open data lead to the conclusion that there was a sharp escalation of China-US confrontation in technical and human intelligence over this period. Increasingly frequent instances of China cyber spying against the US was becoming one of the irritants in bilateral relations.

However, during its two terms, the George W. Bush administration did not pay priority attention to the military deterrence of China. Some of his administration's military planning measures ran directly counter to this task because they were aimed at enhancing US military potential in anti-rebel operations by reducing the programmes for the development and production of the latest weapons systems, such as the F-22 fighter.

In the 2000s, China was involved in the deep transformation of its military-industrial complex and the technical image of its People's Liberation Army. It was during this period that Chinese industry made a leap of one to two generations in many areas of arms and military equipment manufacture. For instance, it went over from the production of second-generation fighters directly to fourth-generation aircraft.

Decades of borrowing foreign military and dual-use technology in Europe, Israel and former Soviet republics began to produce results. By the late 2000s, China had turned into a new great military-industrial power, having reached high self-sufficiency in combat equipment and weapons.

In terms of developing its military concepts and strategy, the PLA had been patently and purposefully preparing for a potential clash with the United States since the late 1990s. Its experts thoroughly studied the experience of the US wars in Iraq and Yugoslavia and conducted large-scale work on generalising and analysing US military concepts.

⁵⁶ United States Government Accountability Office, 2011. Military Buildup on Guam: Costs and Challenges in Meeting Construction Timelines. URL: <https://www.gao.gov/new.items/d11459r.pdf>

They came up with original strategic concepts in the late 1990s – early 2000s, trying to find ways of overcoming the US military superiority.

One of them was the concept of Integrated Network-Electronic Warfare by Major General Dai Qingmin. It was aimed at destroying the information infrastructure of the US armed forces with a view to depriving the adversary of its key advantages.

A landmark book “Unrestricted Warfare” (超限战) by colonels of the PLA Air Force Qiao Liang and Wang Xiangsui was published in 1999. It came out before Incident 85 and became widely known after it. The authors identified a number of assumed US weaknesses in the military, political and economic areas and urged a comprehensive approach to countering the opponent. They emphasised the need for the integrated use of military, legal, political and economic instruments for this purpose⁵⁷.

In the 2000s, the PRC launched rapid development of its ocean-going fleet. The development of the PLA involved further reducing the role of its ground forces and increasing its naval might.

The programmes on the development of new generation strategic weapons, which were launched in the 1980s, began to produce results in the second half of the 2000s. Since 2006, the PLA’s Second Artillery (strategic missile forces) received China’s first mobile solid-fuel DF-31 ICBMs. The PRC finally had a relatively reliable nuclear system for deterring the US. In the middle 2000s, it started testing various types of anti-satellite weapons.

At that time, China continued to place its bets on using different asymmetrical means of deterring the US, in part, its substantial arsenal of non-nuclear medium- and shorter-range missiles, cyber weapons and ground-based air defence systems. However, with the growth of available resources, the PRC launched an increasingly obvious transition to full-scale rivalry with the US in its military development and started creating a powerful Navy and Air Force.

⁵⁷ Qiao Liang and Wang Xiangsui. Unrestricted War (in Mandarin Chinese 超限战), 1999. URL: <https://v1.xiaohx.org/227943>

A big parade of the Chinese armed forces on October 1, 2009, celebrating the 60th anniversary of the founding of the PCR, was a landmark event that clearly demonstrated its new potentialities. China changed its rhetoric after the parade. It acknowledged for the first time that it was approaching the military production level of the leading military-industrial powers.

It was during this period, at the beginning of Barack Obama's first presidential term that the United States opened a new stage in its military planning regarding the PRC. It seemed that at that time the US achieved a decisive turn in the war in Iraq and was ready to withdraw its forces from that country. It was also successful in its war against terror (on May 2, 2011, Osama bin Laden was killed in Abbottabad in Pakistan).

The reorientation of the US military thinking to the new task of deterring the PRC was manifest in the appearance of the first specialised concept for the conduct of hostilities, entitled AirSea Battle by analogy with the old Cold War anti-Soviet concept of AirLand Battle. Air Force Chief of Staff General Norton Schwartz and Chief of Naval Operations Admiral Gary Roughead signed a memorandum on the drafting of a new operations concept⁵⁸.

The concept and publications about it were largely based on the US assessments of the possibilities of reducing the freedom of manoeuvre (anti access/area denial, A2/AD). Less attention was paid to Iran's potentialities. Typically, in early publications Russia was mentioned for the most part as a supplier of arms and combat hardware to China.

The concept was aimed at destroying Chinese forces by attacking their control system, radar stations and other critical elements of the military infrastructure. The Barack Obama administration confirmed this turn in military planning with some of its subsequent actions as part of the proclaimed course towards a shift to Asia in 2012. This course implied the deployment of additional forces and the expansion of the US naval presence in the region. The United States continued its policy towards strengthening its allied relations with Japan and South Korea and increasing its support for Taiwan.

⁵⁸ Andrew F. Krepinevich, 2010. Why AirSea Battle? CSBA. URL: <https://csbaonline.org/research/publications/why-airsea-battle>

At the same time, the implementation of measures on China's military deterrence in the Pacific left much to be desired. To some extent, this was related to the exacerbation of US military-political problems in other parts of the world. The prolonged conflict in Syria, the offensive by ISIS (banned in Russia) in Iraq, and the protracted crisis in relations with Russia since 2014 prevented the US from implementing the desired redistribution of its power capacity in favour of the Pacific.

The Obama administration successfully deterred the PRC through methods of economic diplomacy (the advance of the Trans-Pacific Partnership) but obviously failed to match it militarily. The US was gradually building up its naval activities in the South China Sea and restoring its military ties with Southeast Asian countries but it did not substantially expand its presence in the region.

In the meantime, China was rapidly increasing its military might, primarily its naval forces and strategic arms, in the first half of the 2010s.

Many of its strategic arms programmes launched years ago have begun to bear fruit. In 2015, China conducted the first combat patrol of its nuclear-powered submarine. It supplied its forces with the first MIRVed and solid-fuel ICBMs at an accelerated pace and rapidly increased the number of cruise and medium-range ballistic missiles. China embarked on the steady buildup of its nuclear arsenal.

By the middle of the 2010s, the PRC's total displacement of the main classes of warships put into operation every year was twice as high as that of the US⁵⁹. China was rapidly increasing the technical potentialities of its armed forces in all areas.

In 2015, China launched large-scale military reform that allowed it to upgrade the PLA's command and control system by increasing the level of its cross-branch cooperation. It continued developing nuclear and general-purpose forces. In the years that followed, China occupied advanced positions in terms of the development of combat hardware and weapons in a number of areas.

⁵⁹Lague D., Lim, B.K., 2019. China's vast fleet is tipping the balance in the Pacific. URL: <https://www.reuters.com/investigates/special-report/china-army-navy/>

Thus, the DF-17 missile system shown by the Chinese in a parade on October 1, 2019 is the world's first system with a medium-range ballistic missile mounted on a hypersonic glide combat vehicle. The United States hopes to produce the first battery of such missiles no sooner than in 2023.

China also uses unique versions of the DF-21D and DF-26D anti-ship ballistic missiles, and the DF-100 missile system fitted with a supersonic medium-range cruise missile. China was the world's second country to produce fifth-generation fighters. Since 2014, China is second to the United States in the number of satellites. It is strong in developing various types of anti-satellite system technology as well.

A full-scale arms race, in which US advantages are looking less clear, has become a real possibility. At first glance, the United States still has more than four times the nominal military budget that China has: \$721.5 billion versus \$178 billion in 2020. Even considering the estimated concealed items in the Chinese war budget, the US would still be spending at least three times more. SIPRI estimated China's covert military spending (including research, mobilisation preparations and some paramilitary units that may be involved in defence) at \$261 billion⁶⁰. However, if China's official military budget is recalculated in terms of PPP, it goes up to \$299 billion. Including the estimated covert expenditures, it is possible to assume that its real military spending is well over \$400 billion.

That said, the United States and China have different military spending structures. Current operations and the maintenance of equipment, bases and other facilities make up the bulk of US military spending. It allocated about \$300 billion for these purposes in 2020. Series-produced weapons and equipment procurements total less than \$150 billion or 20 percent of military spending⁶¹. In the Chinese armed forces, weapons and equipment procurement are about 40 percent of the budget⁶². Thus, the two countries have comparable expenses on the purchase of production arms and equipment in real terms.

⁶⁰ SIPRI Military Expenditure Database. URL: <https://www.sipri.org/databases/milex>

⁶¹ Harrison, T., Daniels, S., 2020. Analysis of the FY 2021 Defense Budget. URL: <http://defense360.csis.org/wp-content/uploads/2020/08/Analysis-of-the-FY-2021-Defense-Budget.pdf>

⁶² Global Times, 2020. China's defense budget stays moderate and restrained: NPC spokesperson. URL: <https://www.globaltimes.cn/content/1189133.shtml>

Considering the current trend towards China's economic prevalence over the United States, it is likely to reach general military resource superiority over the latter, especially considering its success in overcoming the technical lag. In its current military planning, China wants to achieve the technical modernisation of its armed forces and match cutting-edge levels in major areas by 2035. This was clear during the Obama presidency, and the Americans had likely hoped to resolve their problems by combining the following measures:

- Invest in breakthrough technology, where the Americans are firmly in the lead, with a view to gaining military supremacy in decisive brands of modern combat hardware. These goals are expressed in the Third Compensation Strategy – a large-scale technological initiative on integrating civilian and defence resources for breakthroughs in major areas.
- Strengthen the US system of alliances in Asia with a special expansion of Japan's military role. Involve as many allies and partners as possible in deterring the PRC.
- Curtail participation in conflicts in other parts of the world, stabilise relations with Russia (reset policy) and concentrate available military forces in Asia.

Some aspects of this strategy failed during the Obama presidency. The new course of the Donald Trump administration made serious adjustments in the implementation of other aspects. This strategy has also been influenced by the never-ending domestic political turmoil in the US throughout his rule.

In 2017, the US government's focus in Asian security was on resolving the nuclear problem of the Korean Peninsula. Trump pursued an unsuccessful strategy of exerting military-political and economic pressure on North Korea. The buildup of sanctions pressure on Pyongyang with Beijing's aid was a major part of this campaign. The PRC was trying to exploit this US interest as well as large-scale bilateral economic ties for delaying a crisis in their relations.

Yet, the crisis began unfolding anyway in late 2017 against the backdrop of the trend towards stabilisation in US-North Korea relations. The protracted domestic political crisis in the United States and its

unpredictable foreign policy weakened US ties with key military allies in the region. Having agreed to the deployment of US *THAAD* missile defence systems in 2016 and accepted the first battery, South Korea fell victim to China's economic and political pressure. As a result, in October 2017, Seoul adopted a number of unilateral commitments: to not host new *THAAD* systems; to allow only restricted use of the currently deployed system; to not become part of the US global missile defence strategy, and to not become a member of a tripartite military alliance with Japan and the US.

In September 2020, Japan renounced the construction of *AEGIS* Ashore missile defence systems, which irritated China, on its territory and replaced them with less politically sensitive sea-based systems. In general, both South Korea and Japan followed a more reserved and balanced policy in their relations with China and the US. They maintained their partnership with Washington but refrained from steps that could antagonise China.

During the Trump presidency, there was a sharp escalation in tensions over Taiwan. The United States "normalised" its military-technical cooperation with Taiwan, which meant that deals on arms supplies to the island were approved routinely, as with internationally recognised countries friendly to the US, but without consideration for China's opinion. The United States intensified its political ties with Taiwan. Its warships and aircraft began to cross the Taiwan Strait more frequently. At the same time, the United States began increasing the operational compatibility of US and Taiwanese forces. Thus, domestic political trends on the island took a negative turn from China's standpoint. Considering all these factors, Taiwan is becoming the most dangerous hotspot in the region, with the greatest potential for a US-Chinese conflict flaring up.

The US withdrawal from the INF Treaty in 2019 opened the possibility of deploying ballistic and cruise short-range ground-based missiles in the Pacific. The Americans view these weapons as a necessary tool in opposing China's powerful missile arsenal. The United States is trying hard to persuade the region's countries to host its missiles, while China's main approach is to prevent this.

In general, US efforts to deter the PRC militarily have not been successful so far. The United States has failed to adopt asymmetrical steps that would allow it to fully restore the supremacy of its armed forces over the Chinese PLA. Despite launching a full-scale sanctions war against China, the United States, unlike China, has not demonstrated its ability

to implement long-term comprehensive plans for developing advanced military technology. Relations with its allies and partners have weakened and the prestige of US foreign policy in the Indo-Pacific Region has been undermined by its inconsistencies under Trump and American chronic domestic disarray. As before, the United States will have to reduce its involvement in conflicts outside the Indo-Pacific Region to concentrate its forces against China.

In turn, China is placing its bets on the gradual consolidation of its superiority over the armed forces of the United States and its allies, which are being permanently deployed in the western part of the Pacific. At the same time, China is rapidly building up its strategic nuclear forces while strengthening its traditional military ties with Russia and Pakistan and its cooperation with new partners in the region. China's military-technical programmes are long-term. They are controlled by the top leadership and are reliably supported by China's resources.

To sum up, continuing competition in the military and military-technical area is likely to be long-term and the outcome unclear. It is important to realise that this is the logical result of the development of US-China ties in defence and security over more than two decades and, with the exception of tactical nuances, does not depend on the personalities at the top in either country.

China's Political and Economic Strategy in Confrontation with the United States

To a certain extent, the US transition to a tough deterrence of China in 2018 came as a shock to the Chinese foreign policy community – to both officials and experts. China's foreign policy and its personnel had been developing for more than 30 years (since the final normalisation of relations with the USSR in 1989) of peaceful development in very favourable external conditions that allowed Beijing to focus fully on modernisation and economic growth.

Over this period, China adopted a peculiar foreign policy style – very careful and aimed at gradually strengthening its position while avoiding overt leadership. In general, China conducted a passive foreign policy in all areas that did not concern its so-called “vital interests” – independence, territorial integrity and the domestic political system, as well as the vital goals of its economic progress.⁶³

A clash with the United States has been viewed as an increasingly probable outcome of developments since the late 1990s but the start of the confrontation caught Chinese politicians off guard. China drafted its strategy of response actions in 2018. It completed a general outline in 2020 when the PRC was subjected to unprecedented sanctions pressure by the United States against the backdrop of the new exacerbation of bilateral relations, which was provoked by the coronavirus crisis. In effect, the United States launched a full-scale economic war that was aimed not at changing some aspects of China’s conduct in the world arena but at radically weakening China or even replacing its regime.

Over the past two years it has been the United States that has invariably initiated the exacerbation of bilateral relations. Chinese officials only made political statements on toughening the political course in the wake of Washington’s steps towards confrontation. Chinese leader Xi Jinping described in detail China’s political course during the conflict with the United States in his speech on the 75th anniversary of victory over Japan, made on September 3, 2020.

It may be considered a reply to a series of policy statements by top US officials, including Vice President Michael Pence and Secretary of State Michael Pompeo. It seems Mr Pompeo’s speech in the Nixon Library on July 23, 2020 produced a particularly strong impression on the Chinese.

According to Mr Pompeo, the reason for the problems in bilateral relations lies in the character of the Chinese political system that represents a Marxist-Leninist regime headed by the Chinese Communist Party (CCP). In his view, the character of the Chinese regime determines China’s striving for global hegemony and interference in the domestic affairs of other countries, turning China into a threat to American

⁶³ Embassy of the People’s Republic of China in the Republic of India. White Paper: China’s Peaceful Development. URL: <http://in.chineseembassy.org/eng/zt/peaceful/t855717.htm>

“freedoms”⁶⁴. Thus, this view implies replacing the current Chinese regime, something that makes compromise difficult.

A US National Security Council document on American strategy in the Indo-Pacific Region⁶⁵, which was declassified in the final weeks of the Trump administration, shows that public anti-China statements by American leaders reflected real strategic priorities. The United States carried out a comprehensive strategy to achieve an isolation of China in foreign policy and in the economy, undermine its industrial potential and exert military and propagandist pressure on it.

Despite the scandalous departure of the Donald Trump administration and the severe political crisis that hit the United States during the 2020 presidential election, a policy of deterring the PRC enjoys broad bipartisan consensus in the United States. It is likely that the general outline will remain the same during Joseph Biden’s time in office⁶⁶.

Judging by all of the above, China did not and does not expect any serious positive changes in bilateral relations with the advent of a new president.

President Xi Jinping’s speech on September 3, 2020, received broad coverage in the Chinese media and, according to Chinese political tradition, may be expressed as a succinct formula – five “never agree” points⁶⁷:

- The Chinese people will never agree with the attempts of any forces or persons to smear the history of the CPC and distort its essence and goals.

⁶⁴Speech of Michael Pompeo, 2020. Communist China and the Free World’s Future. URL: <https://china.usembassy-china.org.cn/communist-china-and-the-free-worlds-future/>

⁶⁵U.S. Strategic Framework for the Indo-Pacific. URL: <https://trumpwhitehouse.archives.gov/wp-content/uploads/2021/01/IPS-Final-Declass.pdf>

⁶⁶Washington Post, 2021. Opinion: Matthew Pottinger exits, but his China strategy is here to stay. URL: https://www.washingtonpost.com/opinions/global-opinions/matthew-pottinger-exits-but-his-china-strategy-is-here-to-stay/2021/01/07/0a54df32-512e-11eb-83e3-322644d82356_story.html

⁶⁷S. Kung. Five “Never Agree” Points – Strong Voices of the Epoch of Peace and Justice (in Mandarin Chinese 五个“绝不答应”是和平正义的时代强音). URL: <http://www.dswxyjy.org.cn/n1/2020/0922/c427152-31870465.html>

- The Chinese people will never agree with the attempts of any forces or persons to distort or change the approach to building socialism with Chinese peculiarities, or to deny or tarnish the great achievements of the Chinese in building socialism.
- The Chinese people will never agree with the attempts of any forces or persons to split or oppose the people and the CPC.
- The Chinese people will never agree with the attempts of any forces or persons to intimidate China or impose their will on it, to change the direction of its development or prevent the efforts of the Chinese to improve life.
- The Chinese people will never agree with the attempts of any forces or persons to undermine the interests of peaceful life or the progress of the Chinese, or the efforts to disrupt contacts and cooperation between the Chinese and the peoples of other countries or to inflict damage on the noble cause of peace and development of humanity.

Thus, in this statement, the Chinese president responded to the new US political line and identified the main reasons for the break between the two countries. The CPC sees US actions as a systematic policy to weaken China and subvert the prospects for its development, to undermine the power of the CPC itself. Thus, the CPC intends to counter this policy. This struggle is becoming one of the priorities of Chinese government policy in various areas and is leading to a restructuring.

A new economic policy was outlined before Xi Jinping's speech on "five non-agreements" in a series of statements and decisions on the so-called "policy of dual circulation." The Politburo of the CPC Central Committee endorsed this policy in May 2020 and included it in the five-year plan (2021-2025) that was approved by the fifth Plenum of the CPC Central Committee of the 19th convocation in October 2020.

The "dual circulation" strategy (双循环相) provides for reliance on domestic demand and import substitution (internal circulation) with an auxiliary, albeit important, role of "external circulation," that is, participation in the international system of economic ties. These "internal"

and “external” circulations are supposed to support each other⁶⁸. The current course is aimed at ensuring socio-political sustainability in today’s conditions. China plans to maintain the quality and pace of its economic growth by conducting an active industrial and innovation policy. Incidentally, China’s ambitious industrial policy was one of the main triggers in the China-US confrontation.

As far as we can tell, inside the country, the economic strategy will be aimed at improving the investment climate by conducting reforms and encouraging domestic consumption, in part, by developing the social security system. It will also be based on an active import substitution system aimed at reducing the country’s vulnerability to the US’s economic war. China’s major priorities are to ensure quality economic growth, reducing inequality, counter poverty, and continue the urbanisation and modernisation of its economy. These priorities are relegating GDP growth to the background.

The “external circulation” side plays a secondary but important role in this strategy. The strong dependence of a number of Chinese industries on foreign markets and the reliance of the entire Chinese economy on foreign raw materials and technology (including 70 percent reliance on oil imports⁶⁹) are making any attempts to build a “fortress” futile. China’s success depends on complicated and multi-level economic diplomacy. Its instruments vary a lot as regards different groups of countries.

The main goal of China’s foreign policy on the United States is to slow the escalation of economic and military confrontation by relying on various interest groups inside the US, primarily, in the sectors of the US economy that depend on partnership with the PRC. During the Trump presidency, this policy was not particularly successful due to Trump’s inherently confrontational relations with a sizable part of the US global

⁶⁸ Communique of the Fifth Plenum of the 19th CPC Central Committee (in Mandarin Chinese 中国共产党第十九届中央委员会第五次全体会议公报). URL: http://www.gov.cn/xinwen/2020-10/29/content_5555877.htm

⁶⁹ China Daily, 2019. Nation’s reliance on crude oil imports set to continue. URL: https://www.chinadaily.com.cn/global/2019-06/05/content_37477320.htm#:~:text=China%2C%20the%20world's%20largest%20importer,dependency%20ratio%20reaching%2069.8%20percent.

business community. The situation could change during the Joseph Biden presidency, which might allow China to influence some steps of the administration on bilateral economic ties.

In its policy towards other industrialised Western countries, Beijing is trying to prevent the United States from forming a united front to isolate the PRC both technologically and economically. Under these conditions, China is striving to avoid political differences with Japan and the European Union. It is trying to encourage them to be independent from the United States in their economic ties with the PRC.

The signing of the comprehensive investment cooperation agreement between the PRC and the EU is an important symbolic success in this respect. The agreement was approved by Chinese and European leaders at a videoconference on December 30, 2020 (the formal signing of the agreement is expected later)⁷⁰. China and the EU reached this agreement despite US pressure on the EU by both the Trump administration and President Biden's new team. This agreement is indicative of the limits of US influence. Yielding to US pressure in some cases, the EU, Japan and South Korea still maintain their ability to conduct independent policy on economic ties with the PRC. The economic decline of other large economies compared to China after the coronavirus crisis only enhances its opportunities to influence its major economic partners.

In its policy in Asia, China is combining active economic integration efforts with the region's countries with increasing economic pressure on those states that pursue a hostile line towards Beijing. Indicatively, on the one hand, China signed an agreement on comprehensive regional economic partnership in November 2020 and announced its interest in the Comprehensive and Progressive Agreement for the Trans-Pacific Partnership (CPTPP). On the other hand, China's campaign of pressure on Australia is equally indicative. It included a number of painful trade and investment restrictions in combination with numerous political requirements.

⁷⁰European Commission, 2020. Key elements of the EU-China Comprehensive Agreement on Investment. URL: https://ec.europa.eu/commission/presscorner/detail/en/ip_20_2542

A similar combination of positive and negative economic impetuses will continue playing an important role in Chinese foreign policy. In 2020, China created its own instrument for conducting formalised sanctions policy – a list of unreliable organisations. It was compiled by a special department of the Chinese Ministry of Commerce and includes organisations that violated their commitments to Chinese contractors by implementing foreign economic sanctions or acting against Beijing's interests in other ways.

China is invigorating its economic and technological cooperation with the BRICS countries, including Russia. In 2019-2020, Chinese companies that were subjected to sanctions, like Huawei, became markedly more active in Russia. They increased the number of research units, expanded their partnership networks and invested in Russian high-tech companies. Apparently, China will strive to make the most of its industrial and scientific-technical cooperation with non-Western countries with a view to reducing the effectiveness of the US's economic war.

China continues its efforts to build up its global presence, in part, by building its massive Belt and Road Initiative (BRI). At the same time, it will have to make serious adjustments in its earlier practical projects when it becomes possible to fully evaluate the consequences of the coronavirus disaster for the global and regional economies.

Beijing's successes in overcoming the coronavirus pandemic coincided with the beginning of a very serious economic and political crisis in the United States. Starting in the spring of 2020, we could see the radicalisation of Chinese foreign policy rhetoric (the so-called warrior-wolf diplomacy). It was accompanied by the obsessive demonstration of its own successes and the ensuing advantages of the Chinese political system, headed by the CPC, over any foreign counterpart. Apparently, the change in Chinese diplomacy style both met domestic requirements and had negative consequences for China. The foreign ministries of many countries resorted to diplomatic action to express their displeasure over statements and actions by Chinese representatives on their territory. However, the worst consequence of the new Chinese style in the world arena was the bloody Indo-Chinese border clashes in the Galwan Valley in June. They resulted in India's shift towards partnership with the United States and undermined economic cooperation between China and India.

China toned down its rhetoric somewhat and improved its behaviour by the end of 2020. Nevertheless, the events of late 2020 – early 2021, which were destructive for US prestige, the discrediting of the US election system, the attack on the Capitol and the deepened split of American society are likely to consolidate the trend towards the PRC's more offensive efforts in the world arena. This trend holds the main risks for Chinese policy in the next few years.

Apparently, China will make additional adjustments to its American policy depending on the following factors: the parameters of the US's exit from the economic crisis caused by the coronavirus pandemic; the depth of the persisting political divide in US society; and the ability of the Biden administration to conduct a meaningful domestic and foreign policy and restore its influence on US allies in Europe and Asia. Depending on the US's success in these areas, China's strategy for a new superpower confrontation may acquire its final form by the end of this year.

Conclusions

The current competition between the United States and China is a graphic example of non-linear international relations. By the historical yardstick, the exacerbation of their rivalry took place at lightning speed: in 2019-2021, the number of reciprocal sanctions, restrictions and bans exceeded that of all similar measures over the entire post-Cold War period. Obviously, the conditions for this burst of activity had accumulated over a long time, but it was impossible to predict the beginning of this round. Such a sharp escalation came as a surprise to many experts. Its limits have not been reached yet, and there is no fundamental reason for a radical departure from this trend.

The change of president and administration in the United States is bound to bring about a change in style. The US approach will become more reserved, and less abrasive than during the Trump presidency. However, there is little evidence to suggest any fundamental change in US policy. China is one of US's key rivals. Its military, technological and political deterrence will remain a key foreign policy component of US diplomacy.

China's future policy towards the United States is much more intriguing. China is strengthening its defensive and industrial potential, expanding its economic sanctions and consistently pursuing its course. At the same time, the PRC is reluctant to get involved in an open Cold War. China is evidently not eager to assume the Soviet Union's role in the bipolar era of the 20th century. China has many advantages in terms of the global economy despite its growing politicisation. At the same time, few countries want to be faced with a choice between the United States and China. For many states, this would mean a loss of maneuverability and the possibility to pursue a multi-vectored policy. The demand for a new bipolarity has not yet come to the fore. Most countries will assume that they have to develop relations under hostile conditions, which will require them to prepare for worst-case scenarios.

A policy is often the result of expectations and perceptions. As distinct from the late 20th and early 21st centuries, these expectations are sooner pessimistic. US-China relations are unlikely to develop into an open conflict in the foreseeable future because the price would be too high for both sides. However, their rivalry will largely determine the pulse of global policy, exerting tangible influence on the strategies of other countries.

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