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China Primer: U.S.-China Relations

Overview

In its early statements, the Joseph R. Biden Administration has signaled significant continuity with the Donald J. Trump Administration in its characterization of the challenge the People's Republic of China (PRC or China) poses to U.S. interests. President Biden has referred to China as "our most serious competitor," stated that China is challenging "our prosperity, security, and democratic values," and called on allies and partners to "prepare together for long-term strategic competition with China." In written responses to questions from Senators, then-Secretary of State-nominee Antony J. Blinken described China as "engaged in conduct that blunts our technological edge, threatens our alliances and our influence in international organizations, and is designed to make America and its allies more dependent on China, and China less dependent on America and our allies." Secretary of Defense Lloyd Austin, at his own confirmation hearing, called China "the most significant threat going forward." China is "already a regional hegemon," he said, and it seeks to become "the preeminent power in the world in the not-too-distant future."

As it reviews the Trump Administration's China actions, the Biden Administration has pledged to meet the challenge from China by working closely with U.S. allies and partners; re-engaging with the United Nations; ensuring the U.S. military's ability to present a credible deterrence to China; putting democratic values at the center of foreign policy; and making investments at home in American workers, infrastructure, education, and innovation. National Security Advisor Jake Sullivan has acknowledged that forging a common position on China with European allies will be challenging "because we don't have entirely aligned perspectives." Forging a common position with Asian allies could be more challenging still, given their competing strategic aims and their geographic proximity and close economic ties to China.

In their overtures to the Biden Administration, China's top leader and other senior officials have called for dialogue and cooperation, while also warning the United States to keep out of China's "internal affairs." In February 2, 2021, remarks, China's top diplomat advised the United States to "respect China's positions and concerns" on Taiwan, "stop interference" in Hong Kong, Tibet, and Xinjiang affairs, and "stop attempts to hold back China's development," calling those issues "a red line that must not be crossed."

Select Issues in U.S.-China Relations

Trade and Investment

China was the United States' largest goods trading partner in 2020, even as U.S. imports from China fell by \$100

billion between 2018 and 2020. Foreign direct investment (FDI) flows have slowed since 2017, while other ties not captured in trade and FDI data have expanded, including financial investments and China's use of U.S. open source technology platforms. U.S. concerns about China's trade practices center on the expansive role of the state in China's economy, China's domestic restrictions in sectors in which China is expanding overseas, and China's efforts to export its rules and standards globally. China has been largely unwilling to acknowledge and address U.S. concerns, which are now evolving into broader considerations about how China's actions may challenge U.S. competitiveness and national security. The Coronavirus Disease 2019 (COVID-19) pandemic exposed supply chain risks and prompted Congress to advance legislation, such as P.L. 116-136, to encourage diversification, transparency, and some on-shoring. A February 2021 Executive Order (E.O.) directs an assessment of critical U.S. supply chains, building on related Trump Administration E.O.s.

In 2018, the Trump Administration, acting under Section 301 of the Trade Act of 1974 (19 U.S.C. §2411), concluded that China engages in forced technology transfer, cyber-enabled theft of U.S. intellectual property (IP) and trade secrets, discriminatory and nonmarket licensing practices, and state-funded strategic acquisitions of U.S. assets. In response, it increased tariffs on approximately \$250 billion of imports from China. The PRC countered with tariffs on \$110 billion worth of U.S. products. Most tariffs remain in effect. The United States and China signed a phase one agreement in January 2020, in which China committed to strengthen IP enforcement and remove some barriers, but left most U.S. concerns unresolved. China committed to buy \$468 billion of U.S. goods, energy, agriculture, and services over two years, but its purchases fell short in 2020.

Technology

To address China's industrial policies that seek civilian and military technology leadership, the Trump Administration sought to curtail U.S. technology transfer to China. It increased scrutiny of academic ties, strengthened investment review authorities, tightened export controls, and banned U.S. investment in firms tied to China's military. It banned PRC firms Huawei, China Mobile, and China Telecom from the U.S. market and encouraged other countries to follow suit. Then-Secretary of Commerce nominee Gina Raimondo declined to take a position on China technology issues during her confirmation hearing. The prominence of these issues has focused attention on possible nominees for Undersecretary of Commerce for Industry and Security and their approach to dual-use technology policy and licensing. The White House has said it will not let PRC vendors of concern into the U.S. market but has not addressed export controls and restrictions. It is

reviewing the Trump Administration's bans on U.S. investment in Chinese military firms and on Russian and Chinese equipment in the U.S. power grid.

Overseas Infrastructure

Responding to China's "One Belt, One Road" program, which seeks to expand China's global commercial ties and influence, mostly through infrastructure projects, Congress passed the Better Utilization of Investments Leading to Development (BUILD) Act of 2018 (P.L. 115-254) and reauthorized the U.S.-Export Import Bank. The Trump Administration developed the Infrastructure Technology Assistance Network, the Transaction Advisory Fund, and the Blue Dot Network to promote competitive projects.

Climate Change

On March 2, 2021, Special Presidential Envoy for Climate John Kerry called for climate change to be treated as "a compartmentalized issue" in U.S.-China relations, but acknowledged that it may be hard to "disentangle" it from other issues in the relationship. He previously pledged not to trade issues on which the two countries have differences for climate goals. Kerry has called China's financing of coal-fired power plants under its One Belt, One Road initiative "a bone of contention." The White House is to host a Leaders' Climate Summit on April 22, 2021.

The COVID-19 Pandemic

COVID-19 was first identified in China in late 2019. In 2020, the Trump Administration announced a decision to withdraw the United States from the World Health Organization (WHO) over concerns about WHO's interactions with China in the early months of the pandemic. The Biden Administration reversed that decision. In a February 13, 2021, statement, the White House stated that "re-engaging the WHO also means holding it to the highest standards." The statement raised "deep concerns" about a WHO team's investigation into the origins of the pandemic and insisted that its final report include "expert findings free from intervention or alteration by the Chinese government." The Biden Administration has separately pledged to send U.S. public health experts back to China.

China's Treatment of Muslim Minorities

On its last full day in office, the Trump Administration issued a determination that China had committed crimes against humanity and genocide "against the predominantly Muslim Uyghurs and other ethnic and religious minority groups" in China's Xinjiang region. Earlier U.S. actions on Xinjiang included adding PRC entities to the Department of Commerce's Entity List; imposing sanctions on certain PRC officials and entities; and blocking imports from China tied to forced labor. Blinken has said he concurs with the "genocide" determination. He has emphasized the need to prevent the import of goods made with forced labor and the export of technologies used for repression.

Hong Kong

Hong Kong, a former British colony, reverted to PRC sovereignty in 1997 under the provisions of a 1984 treaty in which China promised the city a "high degree of autonomy" and stated that Hong Kong's social and economic systems would remain unchanged for at least 50 years. In June 2020, China imposed a sweeping National

Security Law on Hong Kong that many see as breaking those promises. The Trump Administration ended Hong Kong's separate trade treatment and sanctioned certain officials. In February 2021, after Hong Kong charged pro-democracy politicians and activists with subversion under the new law, Secretary of State Blinken called for their immediate release, tweeting, "Political participation and freedom of expression should not be crimes."

Taiwan

Since switching diplomatic recognition from Taipei to Beijing in 1979, the United States has maintained unofficial relations with self-ruled Taiwan, over which China claims sovereignty and with which China has vowed to unify. The Biden Administration State Department has urged Beijing "to cease its military, diplomatic, and economic pressure against Taiwan and instead engage in meaningful dialogue with Taiwan's democratically elected representatives" and referred to the U.S. commitment to Taiwan as "rock-solid." In his written responses to Senators, Blinken indicated that he would keep in place his predecessor's revocation of all State Department-issued guidelines on contacts with Taiwan until the department completes a review and finalizes "updated guidance to reflect our commitment to deepening ties with Taiwan."

East and South China Seas

In a call with Japan's Prime Minister, President Biden reaffirmed that the U.S.-Japan Treaty of Mutual Cooperation and Security covers the Senkaku Islands, uninhabited East China Sea rocks administered by Japan but also claimed by the PRC and Taiwan. Separately, Secretary Blinken told his Philippine counterpart that the U.S.-Philippine Mutual Defense Treaty applies to armed attacks against Philippine armed forces, public vessels, and aircraft in the Pacific, including the South China Sea (SCS). Referring to SCS sovereignty disputes, Blinken committed "to stand with Southeast Asian claimants in the face of PRC pressure."

Fentanyl and Other Synthetic Opioids

China has been a major source of the fentanyl and fentanyl-related compounds contributing to the U.S. opioid crisis. Under pressure from the United States, China in 2019 imposed domestic controls on the entire fentanyl class of synthetic opioids, including all known and potential future variations of fentanyl. Since then, U.S. law enforcement officials have reported an apparent shift in fentanyl production to include other countries, such as India and Mexico. The U.S. government continues to press China to control precursor chemicals used to manufacture fentanyl.

Select Legislation in the 116th and 117th Congresses

The first China-related legislation ordered to be reported in the 117th Congress is H.Res. 130, which would condemn the "continued violation of rights and freedoms of the people of Hong Kong." Acts related to China passed in the 116th Congress include those on Hong Kong (P.L. 116-76; P.L. 116-77; P.L. 116-149), Uyghurs (P.L. 116-145), Tibet (P.L. 116-260), Taiwan (P.L. 116-135; P.L. 116-260), fentanyl (P.L. 116-114), communications networks (P.L. 116-124), and foreign issuers of securities (P.L. 116-222).

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