

# INTERNATIONAL AND STRATEGIC STUDIES REPORT



DEC 10, 2020

ISSUE. 105

Institute of International and Strategic Studies, Peking University

## **A Summary of The Seventh North Pavilion Dialogue**

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Peking University's Institute of International and Strategic Studies held the Seventh North Pavilion Dialogue on November 9th and 10th, 2020. This year's theme was "Global Trends after U.S. Elections 2020 and China-U.S. Strategic Relations," and the event consisted of six sessions with various sub-topics. More than 20 distinguished former government officials and international affairs experts from 13 countries attended the Dialogue and presented their perspectives.

### **I. Global Trends after U.S. Elections 2020**

To describe the global trends around the 2020 U.S. elections, Dialogue participants conducted constructive discussions. The majority of participants maintained an open attitude towards the future and were waiting for the potential opportunities that a Biden administration might bring to world order and the China-U.S. bilateral relations. One expert concluded that, the liberal

international order over the past few years was greatly damaged. There are two essential reasons behind. The first is the rise of China as a major power and the second is the spread of populism in Western democracies. The major global trend will be the strategic competition between China and the U.S.; with proper management, the two great powers can reduce risks and find a sound approach to dealing with each other. Most participants offered their insights through three angles: a Biden administration's possible China strategy, China's possible reaction, and the evolving China-U.S. relations' impact on third countries. Here are some consensuses that participants reached in this session:

1. In recent years, the world has become more turbulent, fragmented, and chaotic. Some participants referred to the current international order as "disorder." The COVID-19 crisis further exacerbates the trend of division. It is disappointing for most participants to see that the international community as a whole has failed to seize the opportunity of the crisis to build more effective international cooperation mechanisms and carry out joint actions.

2. The future of global order is not clear and hard to predict at this moment. The dominant tone of the China-U.S. relations will probably be strategic competition. With a Biden administration, however, some positive changes can be expected based on Biden's foreign policy team's expertise and professionalism, his preference of engaging actively in global affairs, and the Democrats' willingness to start negotiations on different fronts. It is still too early to make conclusions of the policy preferences and approaches on the two sides. Nevertheless, one thing is clear: the future will be neither a "bipolar" world nor a "Cold War 2.0."

3. It is in neither China's nor the U.S.'s interest to provoke acute

crises during the transition period of the American presidency and beyond. Both sides should act with extra scrutiny and caution in the coming half to one year to prevent serious accidents. Military-to-military communications should be strengthened.

4. One critical problem in the China-U.S. relationship is the misperception of each other's strategic intentions accompanied with the lack of effective communication mechanisms. From the American perspective, the balance of power is steadily and rapidly tilting towards China, and China seeks to become the dominant power in the world. In comparison, China perceives American actions as blocking China's development. As a result, both sides have growing resentment towards the other.

When it came to the impact of evolving global trends, especially the changing China-U.S. relationship, on third countries, the dialogue participants held various perspectives. One participant claimed that the China-U.S. competition would leave more opportunities and policy space for other countries to pursue their international and domestic agendas. By contrast, a few other participants believed that increasing tension between China and the U.S. may pressure third countries to choose one side to align with. It is a critical question as to whether the U.S. and China will leave some policy space for these countries.

To bridge the discrepancy between the two great powers, one expert proposed that China and the U.S. should join the TPP or CPTPP together. This proposal stirred up discussions on its feasibility and potential challenges that whether exiting member countries (of TPP) would show willingness to lower free trade requirements to welcome the two countries.

One speaker noted another alternative for improving U.S.-China relations, that is, to fundamentally improve the relationship, China could consider promoting denuclearization of the Korean Peninsula, while the U.S. should stop trying to change China's political system.

The future of globalization was another focus. Although globalization is still an inevitable and ongoing global trend, it faces two serious challenges. The first is the political dimension of globalization, particularly some unrealistic political expectations. The second is that some countries blamed China for taking unfair advantages of globalization.

Speakers agreed that, even though the world might face increasing uncertainties due to the tension between China and the U.S., there existed space for all actors to manage the relationship by acknowledging differences, finding common interests, and crafting practical solutions. Cooperation in response to the COVID-19 crisis may be a good start.

## **II. European Politics and EU-U.S. Relations**

Participants conducted stimulating discussions on the future of European politics and EU-U.S. relations. Most participants agreed that, to consider the future trends in Europe, one should put the region under broad global structures and a long-term perspective. In general, experts expressed a relatively optimistic attitude towards the impact of a Biden administration on Europe.

One speaker pointed out that, during the period of rapid globalization in the early 2000s, both China and the U.S. benefited profoundly, and that China was on a trajectory to be the most powerful country in the world. Europe, however, is left relatively

weaker than it once was and subject to the extraterritorial power of the U.S. The new U.S. administration is expected to strengthen NATO to ensure that Europe will stand in line with it and distance China. Henceforth, a fundamental tension that Europe has to face is whether Europe should accept the U.S. umbrella against China while China is going to become stronger than ever. Europe is believed to be one of the major platforms of China-U.S. strategic competition.

One participant echoed the above observations and argued that Europe was dividing and unifying at the same time. The Brexit and obvious divisions on liberal democratic values between Eastern and Western Europe are typical demonstrations of Europe's dividing trend. Simultaneously, Europe is remedying wounds and unifying. During the COVID-19 crisis, substantial European economic remedy packages with mutualized debt commitments were offered to member countries. Europe also reached agreements on decarbonization in the next 30 years. For Europe, a Biden administration will bring extensive opportunities and a chance to save the multilateral order endangered by the Trump administration. Simultaneously, the potential strengthening of transatlantic relations should not be regarded as Europe's action to confront China. From the perspective of Europe, competition and cooperation with China coexist.

The speaker expressed confidence in the unity of Europe in the future for four reasons: (1) there are many areas where European countries can promote integration, including economics, politics, and public health; (2) most European countries have realized that they gain more from cooperation rather than from isolation; (3) having experienced the threats imposed by authoritarian populism, the Europeans reaffirm their commitments to unity; (4)

the European countries are facing similar external geopolitical challenges.

Regarding the future EU-U.S. relations, one expert put forward a less optimistic forecast. First, it is uncertain whether the U.S. still possesses the willingness and capacity to restore its ally system and a U.S.-led world order. The contradictions between the U.S. and Europe may surge. For example, the negotiation process of TTIP may take a long time since each side sticks to their own interests and the two sides are struggling to reach a consensus. Second, for Europe, the pressure of taking side between the two great powers – the U.S. and China - may ease under a Biden administration; however, there exist substantial internal conflicts. Europe can only choose between autonomy and dependency according to specific issues, making it difficult to establish a consistent posture and strategy. Nonetheless, Europe has no better choice but to unify. It can still play an important role in forming the future international norms and rules with its expertise of negotiations and rich history of creating new moral concepts and rhetoric.

Some participants provided a closer look into the Russia-U.S. relationship. During the Trump administration, major pillars of the bilateral relationship, including regular summit meetings, arms control framework, and diplomatic networks, have been dramatically hampered.

One participant predicted that a Biden administration will probably bring new opportunities: (1) The U.S. and Russia may restore arms control mechanisms, including extending the New START agreement, improving strategic stability, and renovating the INF agreement. The participant claimed that the above agreements were respected in practice; (2) The two countries may

progress regarding regional issues, the Middle East in particular. It is expected that a new East Peace Process and JCPOA may come into reality. The bilateral relationship also faces challenges. Human rights issues will be an obstacle for the two sides. Besides, the U.S. will be more interested in interacting actively with Russia's neighboring countries, including Ukraine and Belarus. A Biden administration's policy will also be more consistent and strategic, leaving less room for Russia to take advantage of America's mistakes. Finally, the negotiation process of arm control agreements between Russia and the U.S. will not be smooth. Even though the INF will not be a major threat since a new generation of long- to medium-range missiles is yet to be developed, utilized, and deployed, the New START agreement and JCPOA will meet challenges. For the New START agreement, the U.S. wants China to be on the table while Russia wants the U.K. and France to join. The gradual multilateralization of nuclear arms control will be extremely difficult despite strong political wills. And for JCPOA, a Biden administration will face strong opposition in the Congress if it craves for any progress. The expert thus, proposed that Russia, China, and the E.U. should establish a mutually anticipatable regional security system involving Iran to make real changes happen.

### **III. The Middle East's Response to a Changing Power Equation**

In this session, the participants analyzed the impact of changes in international and domestic landscapes of the Middle East. They agreed that, following the changes of political structure in the U.S., political dynamics in the Middle East would also change considerably. With regard to the future status of the Middle East in

the U.S.'s strategic priorities, the participants had different opinions. Some argued that the Middle East and Europe were no longer central concerns to the U.S., and China-U.S. strategic competition would primarily be staged in the Asia-Pacific region. Some other experts thought that the Middle East would remain of great significance since it was central to the high tech and infrastructure markets for the two great powers.

The speakers gave an in-depth analysis of the geopolitical structure in the Middle East during recent years. One participant said that there were three camps in the region: (1) Iran and pro-Iran forces; (2) Turkey and pro-Turkey forces; (3) Israel, Saudi Arabia, and the UAE. The Obama administration attempted to balance all the three camps while Trump tilted obviously towards the last camp. The Trump administration has left voids and vacuums in the Middle East, which Turkey, Russia, and some European countries filled in. Other speakers came to the consensus that relations between the U.S. and the Middle East have fundamentally changed.

The participants looked into specific countries and their challenges and opportunities under a Biden administration. The U.S. Iran policy and the future of the JCPOA was a focal point. Most participants acknowledged that it would be extremely difficult for the new administration in Washington to return to the JCPOA, especially considering the potential Republican majority in the U.S. Senate. Nonetheless, most of them agreed that Biden would probably make some gestures or actions in trying to achieve this goal. However, the opportunity window for Biden to make substantial progress is small, given the likelihood of a more conservative Iranian administration after the upcoming Iranian presidential election in 2021. To promote negotiations and manage expectations (for example, eliminating Iran's unrealistic



compensation claims), the E3 (the UK, France, and Germany), other European countries, China, and Russia can step in and facilitate the process.

The Israeli–Palestinian peace process was another pivot. Some participants did not expect Biden to alter Trump's decisions concerning relocating the American Embassy to Jerusalem, territorial annexations by Israel in the Golan Heights, or expansions of settlements in the West Bank. One participant offered a different opinion that Biden might try to return to the two-state solution and opposed any annexation of the West Bank. With a new administration in the U.S., doors are open to the Palestinian people to seek more opportunities.

For the United Arab Emirates, Saudi Arabia, and Egypt, which were close to the Trump administration, the U.S.'s relationships with them are expected to be cold initially and will not be altered fundamentally. The leaders in these countries are pragmatic and sophisticated enough to adjust. Each of them will face specific regional challenges without sufficient U.S. support.

The normalization of relations between the UAE, Israel, Bahrain, and the Sudan and the motivations behind them caught the panel's attention. The experts agreed that the U.S. policies were influential. These countries, however, are primarily self-motivated to promote the normalization in terms of power balance against Iran and driven by economic interests for getting access to Israeli technology. For the UAE, in particular, the normalization indicates its change of mindset to become a regional leader and to invest more in building constructive relations.

All of the participants reached a consensus that all relevant

parties shall promote regional peace and progress and begin with a conversation towards establishing a broad regional security process and regional cooperation mechanisms.

#### **IV. Asia and China-U.S. Strategic Competition**

The participants discussed Asia's current situation and its future under the China-U.S. strategic competition. Asian countries can tangibly feel the tensions and risks imposed by the increasing competition between the two sides – in no way do they want to be forced to take side.

For Japan, as one participant stated, the U.S. is its only formal ally, and the bilateral relationship will remain the foundation of Japan's foreign policy. Japan expects that under a Biden administration the U.S. will put more emphasis on its allies and contribute to regional peace, security, and stability. At the same time, China is an essential neighbor and a vital economic partner for Japan. In the security domain, however, Japan is concerned about China's more assertive postures, not limited to the South China Sea and the East China Sea. Japan's public opinions about China also turned more negative recently. To mitigate tension and manage potential risks, the participant was convinced that solutions should be laid on multilateralism and Asian countries should build cooperative mechanisms in the region. The international order might be bipolar temporarily, but it will be multipolar in the long run.

Another speaker presented the view that there were important cultural and philosophical elements behind the China-U.S. strategic competition. China is a symbol of Oriental culture, while the U.S. represents typical Western culture. During the trade war between

China and the U.S. and the COVID-19 crisis, the South Korean public's favorability towards both the U.S. and China declined. On the subject of decoupling, South Korea knows that the U.S. and China think they can take advantage of decoupling, leaving opportunities and risks for South Korean companies. Exports to China are hurt seriously, while some South Korean enterprises benefit greatly as the U.S. reduces its dependence on Chinese goods and imports from South Korea instead. For example, the telecommunication equipment industry has gained from U.S. sanctions against Huawei.

Southeast Asian countries, according to a speaker, share three consensuses: (1) they hope for a peaceful and stable regional order to concentrate on economic growth; (2) the China-U.S. competition will resume and become more multi-faceted; (3) they do not want to take side between China and the U.S.; (4) there are other unstable factors in this region, including China-Japan relations, China-India relations, and the dynamics in Southeast Asia. This region is closely tied with both China and the U.S.; China is an essential economic and political actor and has deep historical bonds with Southeast Asian countries. In view of the more assertive actions adopted by China, however, Southeast Asian countries also seek to diversify their options to reduce risks. Meanwhile, the U.S. was regarded as a model country and had a huge impact on this region. Under Trump, benign interactions with the U.S. were profoundly hampered, and Southeast Asian countries felt more pressed to choose a side amid the clash of the two great powers. Under such settings, Southeast Asia faces common challenges, including managing the increasing geopolitical changes and dealing with trust and leadership deficits.

Rather than staying silent in major power competitions, the speakers suggested that Southeast Asian countries must: (1) adopt

joint actions actively and earn their roles and status by themselves; (2) make good use of the existing multilateral mechanisms to promote trust-building between China and the U.S., ASEAN in particular, and include non-ASEAN countries as well; (3) try to resolve problems through diplomatic and peaceful approaches; (4) develop regional abilities to manage future crisis.

One speaker offered observations on U.S. politics and China-U.S. relations from a Chinese angle. First, the polarizing and fragmenting trends of the U.S. will not be terminated with the new administration automatically. Social disparities, immigration issues, racial conflicts, and social welfare reforms- elements that pushed Trump to his position four years ago - remain unsolved in the U.S. Four years ago, the election of Trump was merely a symptom rather than a cause. Second, the dominant tone of China-U.S. relations will remain strategic competition, while limited progress can be achieved with regard to international institutions, global governance issues, and regional security matters. Even in areas with common interests, it is not easy to achieve cooperation, given the structural factors and Democrats' inveterate policy preferences. And lastly, instead of direct military conflict, the primary battlefield for China-U.S. strategic competition will be rules, values, development models, and match for allies and partners.

Participants agreed that strategic competition was inevitable between the two great powers; however, opportunities were there. With a unified Asia and well-articulated cooperative mechanisms, risks and tensions could be well-managed.

## **V. Sustained China-U.S. Strategic Competition**

What kind of strategic competition between China and the U.S.

will it be, and what is its impact on the world? After discussions, participants concluded with a moderately positive attitude that, even though the strategic competition between China and the U.S. seemed inevitable and continuous, there existed opportunities to manage the competition within a reasonable threshold.

Under the broad framework of sustained China-U.S. strategic competition, one participant noted important features of the two countries' asymmetric powers in different domains. The two countries deal with each other differently in various aspects. Among all, technological competition will be the most complicated and contentious one. Structural and sovereignty issues seem to be zero-sum games for both countries, and thus it is extremely difficult for them to cooperate in these areas. For other "soft" aspects, such as economic linkages, climate change, and trade, these are positive-sum games, and efforts should be pursued to make benign adjustments. The second feature will be the increasing self-reliance among all countries based on domestic pre-occupations, politics, and the lack of international trust. The participant expressed a slightly pessimistic view on what third countries could do to adjust the central power balance between China and the U.S. It is a critical question as to what the impact of the escalating China-U.S. strategic competition on other relationships will be, which are closely related, such as the China-Russia partnership, U.S.-Russia relations, and India-China relations.

The China-U.S. strategic competition is multi-faceted, including economic, political, technological, cultural, and military aspects. One speaker argued that the reasons behind current situations were that the two countries failed to communicate, manage, and deal with critical political and economic disagreements in the past. With the entry of a Biden administration, several scenarios are anticipated to

happen: (1) concerning China, Biden will move more deliberately. And the relationship with China will probably not be on its top priorities when he comes into the White House; (2) tough questions for the bilateral relationship will not disappear automatically and will likely persist; (3) there will be adjustments in tone and style. Biden will likely adopt softer rhetoric, and the possibilities of dialogues are increasing. At the same time, the two countries must scrutinize the risks of conflict closely and cautiously.

Another speaker's remarks echoed the above comments about potential changes that a Biden administration may bring to the China-U.S. relations. For China, President Biden represents an opportunity or the last opportunity to halt or reverse the current trends toward confrontations. Simultaneously, he also represents a challenge to China. From the positive side, the Biden administration's potential multilateral preference will bring about a larger space for cooperation. No matter when it comes to the so-called soft issues or tough issues, there are more opportunities for frequent interactions between the two countries. Also, on hard national security issues, such as Taiwan and the South China Sea, Biden's team will at least be more knowledgeable and sophisticated. In terms of challenges, there are two major concerns for China. The first is that Biden will rebuild America's ally system and regain global leadership; China will likely be confronted with a united front against it. Another concern is that the Biden administration may target more on ideological and human rights issues and put more pressure on China's political system and the CCP's leadership.

What should China, the U.S., and other international actors do to promote negotiations and manage risks well? From a micro perspective, the participants put forward two points that were worth attention. First, both China and the U.S. should stop creating the

narratives and portrayals of victimhood and start reflecting on their own mistakes. Second, on ideological issues, the two countries have dealt with this kind of conflict for several decades; thus, the U.S. must stop implying “regime change” in China, and both sides should not let the difference in ideologies hinder practical collaborations. From a broader perspective, there are several steps that international actors, especially China and the U.S., can do to halt or reverse the freefalling of China-U.S. relations: (1) initiating dialogues between the two countries at every possible level; (2) searching for ways to start cooperation. Many participants believed that countering the COVID-19 crisis and climate change would be two good starting points; (3) establishing effective crisis management mechanisms, especially between the two militaries. It is vital to form regular communication channels to prevent crisis and establish post-crisis assessment mechanisms; (4) creating a new powerful rationale for the two great powers to articulate a new form of relationship. It is in the strategic interests of both countries to start working together; (5) for tougher questions, such as national security, technology, and trades, it is difficult to mitigate rivalry completely. It is possible, however, to manage such competitions with restraints and cautiousness. There is an opportunity under Biden to put in place a framework for long-term management of cooperative rivalry. It is the top responsibility of the international community, China and the U.S. in particular, to diminish the possibilities of conflict.

## **VI. Policy Recommendations and Conclusions**

In the closing remarks, one speaker offered six substantive observations with regard to the China-U.S. strategic competition and the global future. (1) The two great powers, China and the

United States, should wish each other well. Unfortunately, such positive sentiments are missing in both countries; (2) China and the United States can and should raise a common understanding of what shape of bilateral relationship is acceptable, achievable, and sustainable. The two sides should encourage a benign competition. Europe, Australia, India, ASEAN, Korea, Japan, and other countries and regions should join the benign competition and serve as a bridge between the two great powers; (3) In the long run, India may rise up. For many reasons, China should welcome a more powerful India; (4) With a Biden administration, China may face seemingly softer but essentially more difficult challenges. In industrial, trade, technological, and financial aspects, China should accelerate domestic reforms to meet these challenges effectively; (5) It is possible and desirable for China and the United States to reach a short-term modus vivendi and then discuss practical long-term solutions to tough issues, especially Taiwan and the South China Sea; (6) Considering broader global nontraditional security issues, China and the United States should see more elements of shared interests than competition. Practical ideas and efforts should be encouraged to arrest the downward spiral of China-U.S. relations and build up a stable world order.

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