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The Covid-19 Pandemic and the Intensification of US-China Strategic Competition

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Recently, the US has experienced another spike in COVID-19 cases and stalls in reopening the economy, leaving the White House with increasing political pressure and President Trump's prospects for reelection in doubt. Under such circumstances, the Trump administration looks to divert public attention towards external conflicts and aggressively points fingers to China and the Chinese Communist Party (CCP). The extremeness and dangerousness of the administration's China policy shall not be underestimated. In the current and next stage, several trends in the US's further suppression of China warrant heightened alert.

I. Economic “Decoupling”

Seeing an opportunity in the pandemic, the Trump administration is acceleratingly build the Economic Prosperity Network, attempting to form an economic and trade bloc to alienate and antagonize China.

In recent years, America's China hawks like Peter Navarro have been constantly pushing for the economic "decoupling" with China. Since the COVID-19 outbreak, we have witnessed not only more supporting voices for "decoupling" within the US but also growing skepticism in Europe and Japan over the reliance on China in their supply chains.

The Trump administration hopes to take advantage of the current situations and coordinate different sides to realize the "decoupling." On the one hand, senior US government officials and lawmakers have been advocating for bringing key supply chain, such as the pharmaceutical industry, back to the US from China. Potential policy measures under discussions include investment subsidies, tax breaks, and increasing taxes to US companies in China. More notably, a \$25 billion "reshoring fund" has been proposed to fund American companies to pull the manufacturing industry back to the US.

On the other hand, the US attempts to form an economic and trade bloc to alienate and antagonize China, with the Economic Prosperity Network as a tool, "free trade among free nations" as a pretext, and a complete decoupling of China from the global trade system as the ultimate goal. The Trump administration has been pressing the UK, Australia, India, Korea, Israel, and Taiwan to join the Economic Prosperity Network, covering governments, businesses, and NGOs. Fundamentally, the US aims to promote US-West dominated standards in the industries of digital economy, energy, infrastructure, trade, finance, education, and others. Senior US officials claim that the Economic Prosperity Network upholds "Western" values such as transparency, accountability, the rule of law, and reciprocity, and hence its member countries should gradually decrease their economic and trade connections with China. The Trump administration hopes that the Network could accelerate the reshuffling of the global supply chain, pushing companies that are not ready to return to the US to relocate to members of the Network. More likely, the US is constructing the

Network to prepare for further sanctions on China in trade, finance, and more.

II. A “Tech Cold War”

The US is increasing domestic investment in technology R&D and forging an Alliance Innovation Base against China.

The Trump administration has been increasingly pressuring China on technologies. It enacted stricter export regulations, expanded the “entity list,” and targeted Chinese companies involved in the Civil-Military Fusion strategy. In order to compete with Chinese technologies, Senate Minority Leader Chuck Schumer (D-NY) and Representative Mike Gallagher (R-WIS) introduced the Endless Frontier Act to invest \$100 billion in 5G, Artificial Intelligence, and advanced manufactures over five years. Moreover, the Act also proposes to rename the National Science Foundation as the National Science and Technology Foundation, strengthening its ties with the US Commerce Department, State Department, federal intelligence agencies, universities, and companies. This Act’s main feature is to connect the industrial “decoupling” from China with technological competitions, and to combine governmental and societal measures to suppress China. As the bill has already gained support from the Trump administration and numerous members of Congress, if passed, it will bring about significant changes to US national technology strategy, and the future suppression of Chinese tech industry will be even grimmer.

Furthermore, the Trump administration uses Multilateral Action on Sensitive Technologies (MAST) and other mechanisms to forge an even tighter network of a technological blockade against China and provide alternatives to Chinese technological products. By focusing on information sharing, cooperative research on emerging technologies, managing key critical supply chain components, and oversight on technological mergers and acquisitions, the US aims to build up an

“Alliance Innovation Base” and drag its allies and partner countries into a “Tech Cold War” against China. Notably, based on the Trump administration’s restrictions on Huawei employees’ visas on human rights grounds and other similar moves, the US is lumping together human rights, ideological, and technological issues. By doing so, the US is labeling China with “high-tech authoritarianism,” hyping up narratives such as “Chinese companies are the CCP’s policy tools,” and essentially, boosting technological competition through the ostensible competition of political systems.

III. Geopolitical Maneuvering

Concerned with the geopolitical repercussions of the pandemic, the US is forging an “allied front” against China by cozying up to India, Europe, and others.

Some senior officials in the Trump administration and strategists have recently criticized China for seeking geopolitical leverage through the pandemic. They claim that China not only acts more frequently at hot spots including the South China Sea and Taiwan Strait but also attempts to win over Europe and other countries through “face-mask diplomacy” and “the politics of generosity.” James Jay Carafano, Vice President of the Institute for National Security and Foreign Policy at the Heritage Foundation, suggests that the US should strengthen the Quad Plus group (the US, Japan, India, Australia, plus other relevant countries) and contain China in the Indo-Pacific region. In policy implementations, the Trump administration has used the Pacific Deterrence Initiative and other measures to boost the military pressure on China, realize the Indo-Pacific strategy, and shift its South China Sea policies.

Amid the COVID-era geopolitical competition against China, Europe has become a vital focus of the American policy circle. The Trump administration tries to utilize the pandemic to further provoke Europe’s dissatisfaction with China and press European countries to take sides

in the Sino-US strategic competition, in an attempt to form deeper US-European coordination to cope with the so-called “China challenge.” For example, some strategists have proposed that American and European governments and companies can establish a “Trans-Atlantic 5G Alliance,” developing 5G technologies and equipment that can replace the Chinese ones; moreover, the US and Europe should unite against “untrustworthy companies” from China, setting up surveillance over Chinese companies and personnel with NATO and other agencies, and jointly design collective economic security strategy.

IV. A War of Narratives

The Trump administration is coordinating with Congress to wage a “War of Narratives” against China, agitating ideological confrontation, and reinforcing the international community’s distrust of China.

Some in the US policy circle mischaracterized China as using the pandemic to launch “disinformation campaigns” to convince the world of China’s achievements in epidemic control and economic recovering, and thus, to demonstrate the advantage of China’s political system and shape the post-COVID world. In this context, Mike Pompeo and other senior officials in the Trump administration continuously attack the Chinese Communist Party and China’s political system, deepening the “war of narratives” against China. The goal is to escalate ideological confrontation and damage the trust between China and other countries. The US Department of State’s Global Engagement Center, in coordination with US intelligence agencies, produces and circulates hostile information unfavorable to China. Moreover, the State Department also instructed US embassies and consulates to analyze the behavior and strategy of China’s local expansion of influence, in order to decide on counter measures within this year.

In the meantime, a new “anti-China” wave has also emerged within the US Congress. Republican Senators Tom Cotton (R-AR),

Marco Rubio (R-FL), Josh Hawley (R-MO), and Rick Scott (R-FL), and Representative Mike Gallagher (R-Wis) are at its forefront. They assert that “communist China” – posing “existential threats” to the US - has become America’s “adversary,” and a new Cold War has already broken out. Most alarmingly, some Democrats are also aligning with the China hawks. For instance, the Blue Dog Coalition, a group of centrist Democratic members of Congress, has expressed interest in collaborating with the Republican Party to pursue bipartisan investigations into pandemic response accountability and China’s threats to the US, among other issues. Besides, Rubio even put together legislators from Britain, Japan, and other countries and formed the Inter-Parliamentary Alliance on China (IPAC). Therefore, we should pay close attention to the US’s effort in stirring legislatures and political parties around the world to pressure China.

V. Thoughts on Potential Responses

The increased use of sanctions, escalating ideological pressure, and the forming of international coalition have demonstrated the “Russification” of America’s China policy. Namely, the US is projecting its judgment and qualitative assessment of Russia onto China, and using the strategies and approaches of alienating and suppressing Russia against China. Facing such a severe challenge, China should anchor on the big picture of national development, maintain strategic determination, ruminates tactics of competition, and reinforce the control and guidance of US-China relations. Only continually seeking a balance between “dare to fight” and “good at fighting” would fit China’s long-term interests.

Firstly, we should be fully mentally prepared for Trump and Biden’s political fights around “China issues.” It is necessary to calmly discern the US’s emotional and irrational discourses on China. Understand the intention behind the US’s “war of narratives.” In a confrontation with the US, remain firm in our positions yet not to exaggerate. Remain vigilant

to the “confrontation trap” set by American hawks and not to play by their rules. Avoid being used as a tool for American politicians to divert tensions and influence elections. Stabilize the senior-level relations between the two countries and continue to let Trump step on the “brake” against China hawks. Increase the contact with Biden’s policy team through appropriate channels, and support thinktanks in both countries to research on managing US-China strategic competition and “reviving” US-China relations, among other issues.

Secondly, we should resolutely deepen China’s new round of “Reform and Opening-up,” fully release China’s comprehensive advantages in the market, technology, and labor. Make full use of China’s first-mover advantage in resuming production and business amidst the pandemic, and be prepared to stabilize foreign trade and investment. It is crucial to maintain the stability of industries and supply chains, effectively strengthen the overall coordination of work in various fields such as economy and trade, diplomacy, and finance, and continue to enhance the business entanglement between China and Western countries, especially Europe and Japan. Adopt vigorous “chain-guard diplomacy” and “coupling” efforts to counteract the US attempt to “decouple” developed countries from China. It is ideal to continue to implement the Phase 1 trade deal between China and the United States, timely disclose the progress of procurement and systematic reforms, and prevent American anti-China politicians from politicizing it.

Thirdly, we should properly handle sensitive issues and avoid the worst-case scenario of a simultaneous outbreak of multi-field crises in Sino-US relations before the US elections. Particularly, we should restrain the US’s impulse to cross the red line or even “showdown” on issues such as Taiwan. One should observe that the US is carefully watching China’s every move while demonstrating fearlessness to clash with China. Any head-on collisions between China and the United States in the Taiwan Strait, the South China Sea, or other regions will add

favorable factors to Trump's re-election, and will also allow the China hawks to set the US policy toward China on the track of "confrontation." China should prudently advance relevant measures to ensure the stability of the Sino-US military relations and jointly enhance crisis management mechanisms to avoid military conflicts. At the same time, adhere to bottom-line thinking and prepare to react to deliberate provocation from the United States.

Lastly, we should, to the best of our ability, hinder the US's efforts to forge an "anti-China" international coalition, and reduce the potential damage to our foreign relations as much as possible. Note that countries such as Germany, France, and Japan are unwilling to be tied to a chariot of containment and confrontation against China by the United States. Meanwhile, suspicions and rifts among Western countries are also surfacing during the pandemic. We could potentially utilize the US, Europe, and Japan's tensions and disagreements on issues such as digital tax, agricultural opening, and climate change to mobilize Europe and Japan to increase cooperation with China. Considering the trends of regionalized globalization, we should seize the opportunity to deepen East Asian regional cooperation. Furthermore, be acutely aware of developing countries' worsening debt problems and the accompanying risk that the United States could stir up anti-China sentiment in those countries, consume China's diplomatic and political resources, and damage China's international reputation. With a full estimate of the plot in advance, we should and must plan accordingly and play a good first move.

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