

Competition, Cold War, or Conflict?

Navigating U.S.-China Relations in Tense Times

by Thomas J. Christensen



Chinese President Xi Jinping (on stage) delivers a keynote speech during an international forum centered on the Belt and Road global infrastructure initiative at the Great Hall of the People in Beijing on October 18, 2023. KYODO NEWS/GETTY IMAGES

There is one thing that people can actually agree on across the aisle in Washington, DC: The United States is in a strategic competition with a rising China that poses a range of economic, political, and military security challenges. Officials, scholars, and pundits disagree, however, on how the United States should compete with China and what the end goal of Washington's China strategy should be. Should the United States pursue broad economic decoupling from China? Should the United States upgrade its unofficial relationship with Taiwan and end the "strategic ambiguity" regarding its commitment to the island's security? Should the United States work to influence the policy orientation of the Chinese Communist Party (CCP) regime in Beijing through diplomatic engagement or resign itself to confrontation until fundamental political change occurs in China?

This essay reviews the downward spiral in U.S.-China relations since the 2008 financial crisis and assesses the Biden

administration's strategy of strategic competition and outsiders' critiques of that approach. The essay will conclude with the challenges facing a new administration in 2025 and offer both prescriptions and proscriptions regarding future U.S.-China policy.

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After the financial crisis: China's assertiveness and Obama's response

Since the 2008 financial crisis, U.S.-China relations have become increasingly tense and combative. In its first term, the Obama administration declared a “pivot” or “rebalance” to Asia that was viewed by Chinese security analysts as harkening the end of the post-9/11 focus on counterterrorism and the beginning of a new U.S. containment strategy toward China. Initially, many in China remained confident. They exaggerated the degree to which U.S. power declined and Chinese power rose during the financial crisis. That overconfidence fed an abrasive assertiveness toward China's neighbors during President Hu Jintao's last years in office, a trend that deepened when his confident and nationalist successor, Xi Jinping, took office in 2012–2013. The result was tense standoffs in the South China Sea and East China Sea, where China has long-standing maritime sovereignty disputes with its neighbors, including two U.S. treaty allies, the Philippines and Japan. In the 2010s, China challenged Japanese claims in the disputed islands known as Senkaku in Japan and Diaoyu in China, coercively asserted Chinese sovereignty over shoals claimed by the Philippines, and built monstrous artificial islands with military-capable infrastructure in the disputed South China Sea.

President Obama and U.S. allies pushed back. Obama reiterated in Tokyo in 2014 that while the United States takes no position on the sovereignty of the Senkaku Islands, it recognizes Japanese administrative control, and therefore the U.S.-Japan security treaty applies there. The following year, Japan's Prime Minister Shinzo Abe reinterpreted Article IX in the 1947 Japanese Constitution to include “collective self-defense,” which allows direct Japanese assistance to U.S. forces operating outside of Japan.

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The Nine-Dash Line

The Nine-Dash Line represents China's territorial claims in the South China Sea, overlapping with the Exclusive Economic Zones (EEZ) of Vietnam, the Philippines, Malaysia, Brunei, and Indonesia. These claims have sparked geopolitical tensions, particularly with the Philippines, which sued China under the United Nations Convention on the Law of the Sea (UNCLOS). Despite UNCLOS ruling in favor of the Philippines, China rejected the decision, asserting its historical rights. The South China Sea's rich resources and strategic shipping lanes make this dispute critical, especially as China's military presence in the region grows, impacting U.S.-China relations.

The Belt and Road Initiative

The Belt and Road Initiative was originally adopted by China in 2013 as a global infrastructure development strategy. It included the Silk Road Economic Belt and the Maritime Silk Road. The purpose of the Belt and Road Initiative was to grow China's international cooperation through new metaphorical Silk Roads that connect Asia with Africa and Europe, leading to increasing trade and economic growth. After being proposed by Chinese President Xi Jinping in 2013, it became part of the new revised Charter of the Chinese Communist Party in 2017. Currently, China's Belt and Road Initiative has expanded to about 150 countries in the regions of South America, Latin America, Africa, Asia, Oceania, Europe, and the Middle East. These countries make up two-thirds of the world's population and 40% of global GDP. Overall, the Belt and Road Initiative has accomplished its goal of creating more global interdependence and expanding economic growth.

However, many countries, especially the U.S., are skeptical of the Belt and Road Initiative. They argue that the initiative is a cover for China to strategically expand across the region economically while also widening their military. It has the potential to put China at the center of trade, which would threaten U.S. economic dominance. Moreover, it was found that much of China's debt financing contracts contain clauses that prohibit those countries from receiving reconstruction aid from any members of the Paris Club, providing skeptics with further proof that China is trying to drive out Westernized and powerful nations.

For its part, South Korea accepted the Obama administration's request to deploy Terminal High Altitude Air Defense (THAAD) missile defense systems on the peninsula given the increased threat from North Korea. Beijing's coercive response, including unannounced but large-scale economic sanctions on South Korea, alienated South Korea and strengthened the U.S.-Republic of Korea (US-ROK) alliance.

The Obama administration penned the Enhanced Defense Cooperation Agreement (EDCA) with the Philippines, gaining U.S. forces new points of access there. And the United States backed the 2016 ruling favoring Manila

by a tribunal at the Permanent Court of Arbitration based at The Hague, which states that China's expansive claims in the South China Sea—the notorious Nine-Dash Line—has no basis in international maritime law, and that certain Chinese behaviors in the Filipino Exclusive Economic Zone are clearly illegal.

The economic fallout from the financial crisis for U.S.-China relations

U.S.-China economic relations worsened after the 2008 financial crisis. China's stimulus package placed increasing emphasis on the state sector and, under President Xi, Beijing

launched large-scale international economic programs, like the Belt and Road Initiative and the Asian Infrastructure Investment Bank. U.S. officials worried that the programs fell outside the established international institutions that Washington helped create. In bilateral talks, the Obama administration continued to pressure Beijing on perennial problems that seemed to be getting worse: restricted market access for U.S. firms, subsidies to Chinese state-owned enterprises, forced transfer of technology to Chinese joint venture partners, and intellectual property theft.

As in the security realm, the Obama administration responded in ways unwelcome in Beijing. The administration continued negotiations begun in the George W. Bush administration with 11 Asia-Pacific nations to create a Trans-Pacific Partnership (TPP), a high-level trade and investment treaty. The grouping did not include China. Although the TPP was not initially conceived as a counter to China, the Obama administration emphasized competition with China to rally domestic support for the TPP. Secretary of Defense Ash Carter even compared it to an additional U.S. aircraft carrier. The administration also unsuccessfully cautioned allies against hastily joining Beijing's new Asian Infrastructure Investment Bank.

One traditional source of U.S.-China tensions was largely sidelined during Obama's presidency: the prospect of a U.S.-China conflict over Taiwan. Only a year before President Obama took office, conflict seemed a real possibility largely because of Beijing's reactions to pro-independence initiatives by then Taiwanese President Chen Shui-bian, especially a March 2008 referendum on applying to join the UN under the name of Taiwan, rather than the official government moniker in Taipei: the Republic of China. After a public U.S. government campaign against it, the referendum failed during Taiwan's March 2008 presidential election, which also saw Ma Ying-jeou, a leader much more accommodating to the mainland, elected. Problems with Beijing over Washington's Taiwan policy largely stayed out of the Obama administration's inbox.

The Trump years: trade wars, Covid-19, and talk of a new cold war

Donald Trump's successful 2016 election campaign often focused on the negative impact of open trade with China for national security and the U.S. economy. Trump had long bemoaned free trade deals and had advocated raising tariffs, or taxes on imports, even against close allies. Once in office he immediately withdrew from the TPP. He placed steel and aluminum tariffs on friends and potential adversaries alike, and, most important for our purposes, he began leveling sweeping tariffs on imports from China that were clearly in violation of Washington's commitments to the World Trade Organization. The Trump administration also placed significant new restrictions on technology transfers to China and Chinese investments in the United States and urged allies and partners to boycott the Chinese telecommunication firm Huawei. More abstractly, the Trump administration proclaimed publicly what U.S. national security officials long recognized privately: The United States was in a strategic competition with a rising China.

There was a very brief thaw in the icy bilateral relations with Beijing in early 2020 when the two sides reached a "Phase One" trade agreement. China

agreed to purchase an additional \$200 billion in U.S. exports, especially agricultural exports. This was very far from a free trade treaty because of its reliance on fixed quotas, and many expert observers doubted that China could fulfill its commitments. Even partial implementation might have reduced overall U.S.-China tensions in an election year. But we will never know. Any positive momentum in the bilateral relationship ended with the concurrent outbreak of the Covid-19 pandemic, mutual accusations across the Pacific about the origins of the pandemic, and President Trump's racially charged phrases like "China Virus" and "Kung Flu" to describe the disease.

The Trump administration did not share its predecessor's luxury of positive and cooperative relations between Taiwan and the People's Republic of China (PRC). In 2016, Tsai Ing-wen from the traditionally pro-independence Democratic Progressive Party (DPP) succeeded Ma Ying-jeou as Taiwan's president. Relations across the Taiwan Strait became immediately frosty, though not conflictual. President Tsai remained moderate in her posture toward the PRC compared to the previous DPP president, Chen Shui-bian, but she was still mistrusted in Beijing. President Tsai refused to capitulate to PRC demands that she



An airfield and structures on October 25, 2022, on the artificial island built by China on Subi Reef in the Spratly Islands in the South China Sea. China has progressively asserted its claim of ownership over disputed islands in the South China Sea by artificially increasing the size of islands, creating new islands, and building ports, military outposts, and airstrips. The South China Sea is an important trade route, and geopolitical tensions remain high in the region. EZRA ACAYAN/GETTY IMAGES

parrot President Ma's phrases about Taiwan and mainland China being part of one country. Beijing then severed most ties between official organizations on both sides of the Strait during her two terms in office.

Under Tsai, ongoing U.S. cooperation with Taiwan became much more sensitive in Beijing. And during Trump's presidency, enhancing Taiwan's security seemed all the more important. The mainland was putting more pressure on the island, and under the organizing theme of "strategic competition" with China, some U.S. strategists increasingly viewed Taiwan not just as a former ally or a fellow democracy, but as a strategic asset.

It is difficult to say what Donald Trump himself actually thinks about Taiwan's importance. Former National Security Advisor John Bolton reports that the president barely cared about Taiwan, comparing the island's importance in relation to that of China with the tip of a Sharpie pen in comparison to the Oval Office's giant Resolute desk. And Trump seemed very comfortable, almost envious, in praising authoritarian dictators like Xi Jinping. So he lacked many of the ideological affinities that have bound U.S. leaders more tightly to a democratic Taiwan. But Trump's advisors, including Bolton himself, Secretary of State Michael Pompeo, and Deputy National

Security Advisor Matthew Pottinger, were a different story altogether. For a range of strategic and ideological reasons, they cared deeply about enhanced cooperation with Taiwan. And once the very brief honeymoon over the January 2020 Phase One trade agreement ended with the outbreak of the Covid-19 pandemic, these advisors had much free rein on Taiwan policy. For example, Secretary Pompeo lifted the self-imposed diplomatic restraints that the United States had traditionally observed to preserve the unofficial status of U.S. relations with Taiwan since 1979, when the United States shifted diplomatic recognition from Taipei to Beijing.

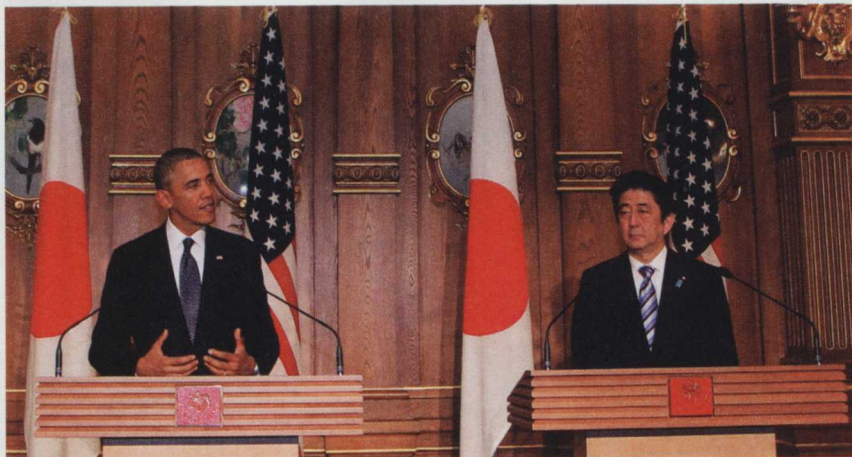
Meanwhile, Beijing's policies toward Taiwan and the crackdown on Hong Kong pro-democracy protests in 2019 had strengthened the hands of pro-independence politicians in Taiwan heading into Taiwan's January 2020 presidential elections. President Xi's high-profile speech on cross-strait relations in January 2019 seemed to set unification with Taiwan as a prerequisite for his favorite nationalist goal, the "Great Rejuvenation of the Chinese Nation." The speech also seemed to link Beijing's notion of a future "one China," with the concept of "one country, two systems," originally created by Beijing to prepare for the 1997 recovery of Hong Kong from the United Kingdom. Long rejected in

Taiwan across the political spectrum, the concept fell into worse odor later that year when Beijing cracked down on pro-democracy protestors in Hong Kong. Xi's early 2019 speech and the crackdown in Hong Kong boosted Tsai's popularity and secured her reelection in early 2020.

After the Covid-19 pandemic wrought havoc during a U.S. election year, the Trump administration had strong domestic and international reasons to blame China for that havoc. China was an easy target: The pandemic originated there; and the CCP had covered up initial evidence that a pandemic was underway. From Beijing's perspective, the Trump administration in its last year in office was more hostile than any since the Nixon-Kissinger rapprochement with China in 1971–1972. Perhaps most importantly, in 2020 the Trump administration adopted strong, direct, and frequent attacks on the CCP's legitimacy as the rulers of China. In a May 2020 speech in fluent Mandarin Chinese, Deputy National Security Advisor Pottinger drew distinctions between the CCP regime and the Chinese people and praised Chinese citizens who had historically protested against their government. In July, Secretary Pompeo portrayed the strategic competition with China in stark, cold war terms as the struggle to save democracy around the world. That summer, the Trump administration terminated the U.S. Fulbright and Peace Corps programs in China, and in early 2021 Pompeo designated Beijing's massive human rights abuses in China's northwest autonomous territory of Xinjiang a "genocide," the strongest condemnation in the U.S. lexicon.

The Biden years: intense strategic competition and the search for guardrails

The Biden administration inherited fraught U.S.-China relations and sparse diplomatic contacts with Beijing. The pandemic had shattered people-to-people ties, and political tensions limited high-level (or working-level)

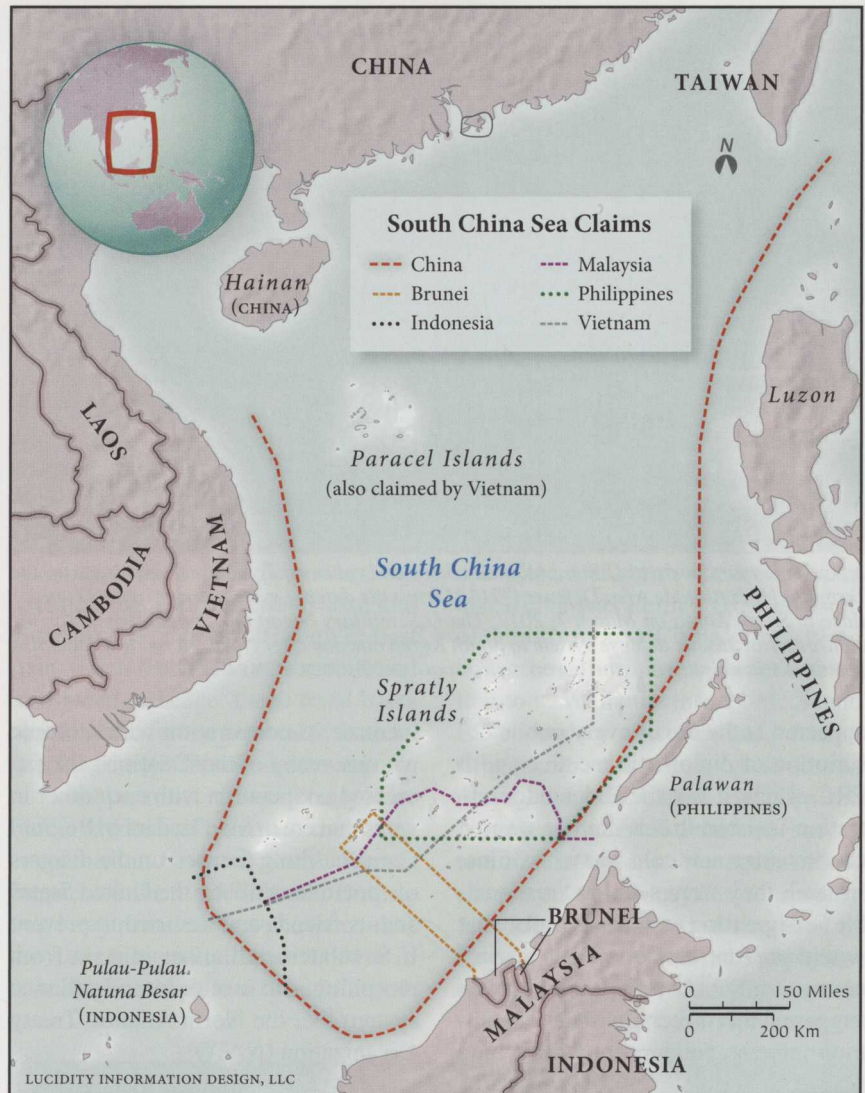


U.S. President Barack Obama, left, speaks alongside Japanese Prime Minister Shinzo Abe during a joint news conference at the State Guest House in Tokyo, Japan, on April 24, 2014. Obama said the U.S. and its allies have additional sanctions against Russia ready to go as the crisis in Ukraine escalated with Ukrainian security forces moving against pro-Russian separatists. JUNKO KIMURA-MATSUMOTO/POOL/BLOOMBERG

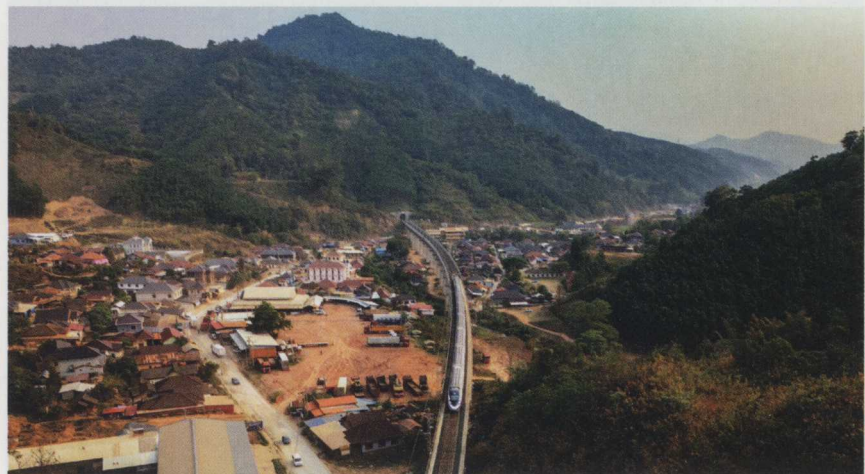
contact between the two governments and militaries. The Biden team included seasoned veterans from the Obama administration, including senior National Security Council official Kurt Campbell, widely seen as the architect of Obama’s “pivot to Asia.” But Chinese elites took comfort in how Joe Biden was well known to them, especially to President Xi Jinping. Biden’s campaign had generally adopted a tough posture toward China and ridiculed Trump for initially praising Xi Jinping’s response to Covid; but candidate Biden also criticized Trump’s sweeping tariffs on China as costly to U.S. manufacturers, farmers, and consumers, a position supported by most economists.

Any relief in Beijing from Biden’s victory must have been short-lived. Four years later, all of the tariffs from Trump’s first administration remained. Given the U.S. domestic political climate, no politician wants to make a concession to China, particularly on trade. Following a four-year review, in 2024 the Biden administration blessed all of the existing Trump-era tariffs and then raised tariffs even higher on electric vehicles (EVs), EV batteries, and solar panels. Additional tariffs might have been wise to protect infant U.S. industries in green energy fields. Chinese manufacturers receive heavy subsidies and create overcapacity that has destabilized global markets, leading the European Union (EU) to impose tariff measures as well. But the Biden administration also deemed all of Trump’s preexisting tariffs as warranted on economic and strategic grounds. It is therefore hard to believe that domestic politics in an election year was not a major influence on the administration’s review. Similarly, the U.S. designation of genocide regarding the human rights violations in Xinjiang stuck. And under federal regulations, businesses have struggled to prove that none of the components of their imported products were made with slave labor in Xinjiang.

The Biden team fully embraced the Trump administration’s phrase “strategic competition.” In fact, especially early in the administration, the term



SOURCES: CENTRAL INTELLIGENCE AGENCY; PHILIPPINE CENTER FOR INVESTIGATIVE JOURNALISM



A China-Laos Railway train on April 10, 2024, in Boten, Laos. The China-Laos Railway, a key project of China’s Belt and Road Initiative, is a high-speed railway connecting Kunming, the capital of China’s Yunnan Province, to Vientiane, the capital of Laos. The railway is dedicated to both passenger and freight traffic services, creating a new link between Laos and China. The Laos section of the railway is part of a vision to build a Pan-Asia railway that will ultimately connect China, Laos, Thailand, Malaysia, and Singapore, opening up travel and extending China’s influence deep into Southeast Asia. LAUREN DECICCA/GETTY IMAGES



A truck carrying parts of U.S. missile launchers and other equipment needed to set up the Terminal High Altitude Area Defense (THAAD) missile defense system arrive at the Osan Air Base in South Korea on March 7, 2017. The U.S. military began moving equipment for the controversial missile defense system to South Korea one day after North Korea test-launched four ballistic missiles into the ocean near Japan. NURPHOTO/GETTY IMAGES

appeared at the top of every public description of diplomatic meetings with PRC officials. But the Biden administration insisted that it neither wanted conflict nor a new cold war with China. Instead, they were seeking “responsible” competition with “guardrails” that would prevent escalation into unnecessary conflict. And top officials even suggested that on certain issues of common interest, cooperation with China was still possible. But rather than trying to race to reestablish multiple high-level and working-level dialogues with Beijing, the Biden administration adopted a patient approach under a new slogan: “Invest, Align, and Compete.” The United States needed to strengthen its own domestic economy, rebuild alliances damaged in the Trump years, and build new security partnerships before engaging fully with the PRC from a position of strength.

The administration achieved much of what it initially sought. It secured bipartisan legislation to invest in targeted industries and greatly strengthened U.S. relations with allies and partners in Europe and in Asia, a process facilitated to a large degree by Putin’s invasion of Ukraine and China’s continued support for Russia despite its clear violation of Ukrainian sovereignty. Not only did the United States

increase its cooperation with multiple nations, many of those nations also increased cooperation with each other in ways that concerned leaders in Beijing. China has long focused on the dangers of “encirclement” by the United States and its friends and has tried to prevent U.S. bilateral alliances in Asia from morphing into a multilateral alliance system like the North Atlantic Treaty Organization (NATO).

Biden’s top advisors had a strong commitment to industrial policy as an alternative to reliance on market economics. The “invest” portion of Biden’s strategy toward China included stimulating the growth of key industries for future U.S. military and economic security. Hundreds of billions of dollars of investment were committed to both domestic semiconductor and green technology production through the 2022 Chips and Science Act and the 2022 Inflation Reduction Act. This “on-shoring” effort was accompanied by “friend-shoring” policies designed to reduce excessive import dependence on China for needed products, steering U.S. import markets toward friendlier and more reliable foreign producers.

The United States has a long tradition of denying militarily relevant technologies to the PRC, even in friendlier times. In this spirit, the Biden admin-

istration adopted new restrictions on the transfer of high-end semiconductors and semiconductor manufacturing equipment, critical to the next generation of automated weapons enabled by artificial intelligence. The administration then leveraged its improved relations with European and Asian allies to convince other leading producers of this technology to restrict their own sales to China. Top Biden administration officials insisted that they were not trying to “decouple” the two economies but rather building a “high fence around a small yard” of select technologies. Chinese observers instead saw an effort to slow China’s overall economic growth. Still, the administration’s distinction was important because some influential former Trump administration officials have publicly called for a conscious effort to decouple the economies.

It is far too soon to evaluate the effectiveness of the Biden administration’s industrial policy. Critics were skeptical about the wisdom of the government steering the U.S. economy, and concerns remain about the distorting effects of large subsidies and their potential for reducing, rather than sharpening, U.S. global competitiveness. Some worry that the United States was simply stimulating China’s self-reliant innovation, that U.S. technology firms would lose profits unnecessarily, and that China would end up strategically less dependent on peaceful trade relations with the United States.

The most dramatic Biden administration successes in its competitive China strategy fall under the label “align,” the effort to restore a strong network of alliances and security partnerships, the greatest strategic advantage over China that the United States holds. The first Trump administration damaged America’s general reputation abroad and in particular weakened U.S. alliance relationships in Europe and Asia to China’s strategic advantage. Trump not only pulled out of the TPP, he ended U.S. participation in the Paris Agreement on climate change, withdrew from the multilateral Iran nuclear deal (the Joint Comprehensive Plan of Action), and defunded the World

Health Organization during a global pandemic. By leveling trade tariffs on allies and partners on items like aluminum and steel, publicly excoriating allies for not contributing enough to their own defense operations, and criticizing venerable alliances like NATO, the Trump administration put real strain on long-standing security arrangements. For example, one anonymous former senior South Korean official privately called the Trump years the worst in the history of the U.S.-ROK alliance. But there was one saving grace for the United States. Under Xi Jinping's assertive policies and China's nationalistic "wolf warrior" diplomacy, in these same years Beijing did significant damage to China's own diplomatic portfolio, so the relative position of the United States in the diplomatic competition with China remained relatively strong.

The Biden administration had on board seasoned alliance builders from the Obama administration's "pivot to Asia" who hit the ground running. One of the early initiatives of the administration was an initially secret effort to bind the United States with Australia and the United Kingdom into long-term cooperation on the production of nuclear-powered submarines. Stealthy, quiet, and lethal, nuclear-powered submarines are arguably the crown jewel of the U.S. Navy, particularly in an era in which potential U.S. adversaries are developing more sophisticated methods to find and strike surface ships from great distances. The long-term agreement reached, dubbed AUKUS, a combination of initials of the three participants, calls for the United Kingdom and the United States, both of which have long produced nuclear powered submarines, to share technology and jointly manufacture the submarines with Australia.

Japan has been at the center of the U.S. security strategy in Asia since the mid-20th century. The Biden administration implemented a concept first raised by Japan's former Prime Minister Shinzo Abe: the Quad (or security diamond), a grouping of four like-minded, democratic nations: the United States, Japan, Australia, and India. Given

India's long tradition of nonalignment, the group falls far short of an alliance, but the enhanced coordination of these actors clearly responds to the common challenge posed by China. With U.S. encouragement, Japan became more active in the region in security affairs. Japan cooperated in a technology-sharing arrangement with AUKUS and has been working to bolster maritime situational awareness and maritime security of the Philippines and Vietnam, both of which are involved in sovereignty disputes at sea with China.

The Biden administration and Philippine President "Bongbong" Marcos negotiated an increase in the number of sites from which the U.S. military can operate. This added access is essential to future U.S. military strategy in East Asia, which requires a more mobile and distributed presence. Large fixed bases have become far too vulnerable to accurate, long-range Chinese strike weapons.

Perhaps most dramatically, the Biden administration fostered security coordination between South Korea, Japan, and the United States. Beijing has long dreaded the prospect that the U.S. bilateral alliance system in Asia might morph into a multilateral,

cooperative framework. Animosities between Japan and South Korea regarding Japan's historical imperialism on the Korean Peninsula had always prevented robust coordination between the two. The 2023 Camp David summit between Prime Minister Fumio Kishida of Japan, President Yoon Suk Yeol of the ROK, and President Biden was therefore a breakthrough moment in U.S. diplomacy in the region. Yoon has also been particularly bold in warning China that any military conflict in the Taiwan Strait would be a great security concern to Korea, the region, and the world.

One major reason that the Biden administration was able to create cooperation and comity between Japan and Korea was Putin's 2022 invasion of Ukraine, and China's uncritical and generally quite supportive reaction to it. While the threat of U.S. and EU secondary sanctions has deterred China from selling weapons to Russia during the war, China has been the biggest provider of economic succor to a Russia under heavy international economic sanctions, has reportedly provided much-needed supplies to Russia's military-related industries, and has even performed provocative



Supporters cheer during a campaign event for Taiwanese President Tsai Ing-wen ahead of the presidential election on January 10, 2020, in Taipei, Taiwan. The election came after a campaign in which fake news and the looming shadow of China and its repeated threats of invasion played a prominent role in shaping debate. Ensuring Taiwan's democratic way of life dominated the election, which was closely fought between Tsai, the anti-China incumbent, and the more pro-Beijing challenger, Han Kuo-yu. H.C. KWOK/GETTY IMAGES

joint military exercises with Russia near South Korea and Japan. Moreover, North Korea has been increasingly hostile to South Korea since Yoon took office in 2022, and North Korea has been cooperating with Russia in the military sphere, again with no public criticism from China, despite the clear violation of UN Security Council resolutions to which China acceded. In this context, the U.S. and South Korea made the “Washington Declaration,” an agreement to enhance cooperation on nuclear deterrence.

Russia’s invasion of Ukraine, of course, also bolstered NATO solidarity. Most of China’s military security challenges lie in East Asia, and NATO countries do not have a major military presence there. But Biden’s rallying of NATO against Russia around the theme of “democracy” versus “authoritarianism” had to trouble Beijing, which still relies heavily on Europe and the U.S. for export markets and technology. And the Biden administration used Russia’s invasion of Ukraine to heighten European countries’ concerns about East Asian security. Both President Yoon and Prime Minister Kishida attended NATO summits as observers. NATO called out China for enabling Russian aggression through its material support for Russia’s military industrial complex, and European

countries expressed concern about the costs to the global economy of any conflict across the Taiwan Strait. While it is almost impossible to imagine any European forces joining the U.S. in Taiwan’s defense, Beijing must wonder whether it might come under serious European economic sanctions if it were to attempt to change the status quo across the Taiwan Strait by force. After all, some European countries, especially Germany, were willing to pay a substantial cost to sanction Russia over the invasion of Ukraine, and the multilateral sanctions regime against Russia has been surprisingly cohesive.

A weakness in U.S. management of relations with Asian allies and partners emerged in the economic domain. Under the Biden administration, the U.S. remained absent in multilateral trade negotiations, which concerns key trade-dependent allies like Korea and Japan. The U.S. remains outside two major trade initiatives in East Asia, the 2018 Comprehensive and Progressive Agreement for a Trans Pacific Partnership (CPTPP), the successor to the TPP agreement, which was signed in 2016 but never came into force, and the Regional Cooperative Economic Partnership (RCEP), which involves all of the other major East Asian economies, including U.S. allies Australia, Japan, and South Korea. China is a

founding member of RCEP and has applied to join the CPTPP. The Biden administration’s alternative approach, the Indo-Pacific Economic Framework (IPEF), focuses mostly on transparency and good governance and is considered in regional capitals to be a weak alternative to free trade agreements.

Despite this weakness, the Biden administration’s economic and alliance policies were generally consistent with the administration’s initially stated goals. So was the phasing of diplomatic engagement with China. High-level and working-level diplomatic engagement with China remained relatively sparse in 2021–2022. But later, the administration felt that it was in a stronger negotiating position with Chinese counterparts. The pace of U.S.-Chinese diplomatic interactions increased sharply in 2023 and 2024 to include a Biden-Xi summit on the sidelines of the November 2023 San Francisco Asia-Pacific Economic Cooperation (APEC) Conference and meetings with their Chinese counterparts by Secretary of State Antony Blinken, National Security Advisor Jake Sullivan, Secretary of Defense Lloyd Austin, Secretary of Treasury Janet Yellen, and Secretary of Commerce Gina Raimondo.

As for “guardrails” on competition, the prospect of near-term conflict in late 2024 seemed low. At a conference in Beijing in July 2024, Chinese experts privately said Beijing wanted to prevent U.S.-PRC tensions from becoming an overheated issue in the United States during an election year. As for the United States, Washington’s plate was full addressing wars in Ukraine and the Middle East.

There was also some movement in the direction of limited cooperation. The two sides began initial arms control discussions and committed to restore meetings of the 1998 Military Maritime Consultative Agreement, designed to reduce the likelihood of accidental collisions during surveillance and tracking missions. Beijing agreed to put heavier restrictions on Chinese producers of precursors for fentanyl, which are sold to Mexican drug gangs



Pro-democracy demonstrators fill the streets of Hong Kong shortly before the official handover from Britain to China in June 1997. BILL ROWNTREE/MIRRORPIX/GETTY IMAGES

who supply the U.S. market. Synthetic opioids like fentanyl and fentanyl-related substances are primary contributors to the current drug overdose crisis in the United States. Finally, the Treasury Department began much needed talks with Chinese counterparts about how to better manage crushing debt in the developing world. China has become a leading lender to the developing world but is not a member of the Paris Club, a consortium of the world's other major lenders, which restructure loans for debtor nations in a way that is equitable for members of that club. Coordination between Paris Club members and China will be essential to addressing the global debt crisis and the related food security crisis.

The recent stabilization of U.S.-PRC relations is all the more notable because relations across the Taiwan Strait have been tense since President Tsai was reelected in 2020. Beijing continued to stiff arm her administration, refusing almost all official engagement, and increased military pressure on the island significantly in those four years. The Biden administration's own policy statements about Taiwan, especially in the first two years after Biden's election, became a source of tension in U.S.-PRC relations. Beijing accused the administration of "hollowing out" key aspects of the traditional U.S. "One China policy" that harkens back to the Nixon visit to China in 1972 and became the foundation for normalizing the U.S.-PRC relationship in 1979. In the normalization process, Beijing insisted that U.S. relations with Taiwan be unofficial, the Cold War defense alliance with Taiwan be fully ended, and the United States eschew support for the permanent separation of Taiwan from the Chinese nation. Statements by top U.S. officials, including President Biden himself, suggested that the U.S. position might be shifting, that Taiwan was being treated as a U.S. ally again, and that Taiwan was seen as a strategic asset that could never be allowed to unify with mainland China. White House officials, however, quickly tried to correct any perception that the president's statements were intended to change the traditional U.S. One China



South Korean Foreign Minister Kim Sung Hwan (R) meets with Kurt Campbell, U.S. assistant secretary of state for East Asian and Pacific affairs, in Seoul on June 10, 2011. KYODO NEWS STILLS/GETTY IMAGES

policy. The problem may have been more a lack of discipline than a conscious decision to change course. But especially in the context of very tense and competitive relations between the United States and China, many in China found this hard to believe.

The biggest shock came from the legislative branch of the federal government. Speaker of the House Nancy Pelosi's visit to Taiwan in August 2022 was seen in Beijing as a major upgrade in the unofficial relationship between Washington and Taipei. Pelosi may not have been in the executive branch, but she was third in succession to the presidency and the highest-ranking federal government official to visit Taiwan since Speaker Newt Gingrich visited in 1997. President Biden publicly suggested he was uncomfortable with her impending visit but did not publicly oppose it. Beijing responded with a massive military exercise surrounding the main island of Taiwan and mimicking a full-scale blockade of the island. Military aircraft began to cross the median-line in the Taiwan Strait in record numbers, obliterating a tacit dividing line that had provided a modicum of stability in cross-strait military affairs.

Fortunately, in its last two years in office, the Biden administration returned to a more faithful and fulsome rhetorical adherence to the traditional U.S. One China policy. The president stated bluntly and clearly in January 2024 that the

United States "does not support Taiwan independence" when asked to react to the election of the DPP's Lai Ching-te to succeed President Tsai. Senior U.S. officials returned to earlier language emphasizing that the U.S. opposes unilateral changes to the status quo by either side of the Taiwan Strait, and that the U.S. could accept any resolution of cross-strait differences as long as that resolution is reached peacefully.

This disciplined diplomacy is all the more important when relations across the strait are tense. And the traditional One China policy has been effective. Despite "strategic ambiguity" regarding the conditions under which the United States would intervene in Taiwan's defense, U.S. resolve to do so if the mainland tries to force unification across the Taiwan Strait is not at all in doubt in Beijing. The One China policy includes the Taiwan Relations Act of 1979, a law that states that the United States would view with grave concern any PRC use of force to settle cross-strait difference, requires the executive branch to sell defensive arms to Taiwan, and mandates the maintenance of a deployable U.S. military capability to intervene in Taiwan's defense if the president were to choose so. In planning for cross-strait conflict, Beijing elites must assume a U.S. intervention.

What has been more in doubt in Beijing is whether the United States is actively supporting permanent



Flanked by House Democrats, Speaker of the House Nancy Pelosi (D-CA) signed the CHIPS and Science Act of 2022 during an enrollment ceremony on the West Terrace of the U.S. Capitol Building on July 29, 2022. The bill, which later passed both houses of Congress, aims to boost U.S. semiconductor manufacturing and science research to better compete with China. KENT NISHIMURA/LOS ANGELES TIMES/GETTY IMAGES

separation of Taiwan from the Chinese nation, which is anathema to Chinese nationalism and, thereby, to CCP legitimacy. After then Vice President Lai Ching-te, a strong advocate for Taiwan independence throughout his political life, was elected to Taiwan's presidency, his May 2024 inaugural speech seemed particularly provocative in Beijing. At an international conference, one prominent Chinese expert labeled it "a confession of Taiwan independence." Observers in Beijing accused the United States of being fully aware of and approving of the details of the speech, an accusation denied by U.S. officials. PRC officials and scholars noted that the U.S. government did not publicly criticize the speech in the way that it had criticized DPP President Chen Shui-bian's pro-independence initiatives in the 2000s. But the conditions are very different. Beijing has applied persistent military pressure against Taiwan since the Pelosi visit and, after Lai's inaugural speech, launched a new round of large-scale military exercises that included the unprecedented launching of ballistic missiles into the Pacific Ocean. Especially in that context, it would have been unwise for U.S. officials to publicly criticize Lai and thereby seem

to encourage or justify further PRC coercion.

For now, it appears that deterrence is still holding in the Taiwan Strait despite headwinds. Xi Jinping recently stated in Europe that he would not fall into a "U.S. trap" of conflict over Taiwan. This likely reflects a desire to avoid conflict, while appearing wise rather than irresolute, and while still criticizing the United States. In addition to greater U.S. discipline in diplomatic messaging, there are various forces that reduce the likelihood of conflict in the next few years, including the strengthening and geographical diversification of U.S. forces in East Asia and the efforts by President Tsai's administration, with U.S. support, to revise and strengthen Taiwan's preparations for defense of the island against invasion. Russia's failures in the drive on Ukraine's capital in February 2022, the demonstration effects example of strong multilateral sanctions leveled by the United States and its allies and partners on Russia, and persistent corruption cases involving the upper ranks of the Chinese military must also be sobering factors in President Xi's considerations regarding any use of force against Taiwan.

Great decisions for the next administration

The incoming Trump administration needs to make important decisions about its direct bilateral relationship with China, its relationships with allies and partners in both military and economic affairs, and its policies toward Taiwan. It is not entirely clear what a second Trump administration's China policy will entail on these scores, but since the Republicans won decisive victories in the presidential and Congressional elections it seems unlikely that the administration will be constrained by Capitol Hill in implementing whatever approach it chooses.

One important decision involves U.S. support for Ukraine. Russia's brutal aggression greatly facilitated the Biden administration's efforts to strengthen U.S. alliances. That achievement would be severely damaged if assistance for Ukraine were to be curtailed. And continued support is very far from certain. Many prominent Republicans have called for an end to aid to Ukraine, and some have portrayed military aid to Ukraine as weakening America's ability to counter China and protect Taiwan.

This logic is far too simplistic. Cutting off aid to Ukraine would arguably be among the worst things the United States could do to compete with China or support Taiwan. In 2024 influential interlocutors in South Korea and Japan privately discussed how U.S. abandonment of Ukraine would make the United States look irresolute and would greatly damage the progress made in building U.S. alliances in the past four years. Officials in Taipei have taken heart in how democracies around the world have rallied to support Ukraine's defense and worry that U.S. abandonment of Ukraine would crush public morale in Taiwan, creating huge advantages for Beijing's coercion campaigns against the island.

Another important decision is to what degree the United States should insulate its economy from exposure to China. The Biden administration's efforts to prevent the transfer of high-end semiconductors and semiconductor

manufacturing equipment makes sense, but so does the phrase “small yard, high fence.” U.S. National Security Advisor Jake Sullivan used the phrase to describe the Biden administration’s objective of permitting continuation of most trade and economic activities with China, with the exception of a relatively small group of strongly restricted products and technologies. And while the United States should not be overly reliant on China as a single source for needed items, broad decoupling of the two economies would simply be bad economics, and would likely damage alliances and partnerships since few, if any, other nations would follow along in such an endeavor.

Advocates for decoupling as a conscious policy include influential voices such as Robert O’Brien, President Trump’s former national security advisor. Trump himself has called for across-the-board 60% tariffs on imports from China and for retaining and perhaps even raising the steep Biden administration tariffs on Chinese electric vehicles. At the same time, candidate Trump in 2024 seemed to recall with pride the scuttled Phase One trade deal in early 2020, so we cannot be certain exactly what economic strategy he will choose over time. Still, significant new economic tensions between China and the United States in a second Trump term seem very likely and are fully expected in Beijing and by the U.S. business community.

Decoupling could occur more gradually and less intentionally if, over time, more aspects of economic interactions with China are labeled critical to U.S. security by the executive branch or by Congress. This could happen because of a sincere but excessively broad definition of national security. It could also happen because political forces in the United States may more cynically latch on to national security arguments to lobby for more standard protectionism.

Most economists believe Trump’s sweeping tariffs on China have been harmful to the U.S. economy and that, in the end, they did not even significantly reduce the dependence of U.S. consumers and businesses



Tugboats guide a nuclear-powered U.S. Navy submarine into the navy port at Port Canaveral in Florida on March 8, 2023. According to U.S. officials, Australia is expected to purchase as many as five Virginia-class nuclear-powered submarines from the U.S. to be delivered in pursuant to an agreement between the United States, Australia, and Great Britain. PAUL HENNESSY/SOPA IMAGES/LIGHTROCKET/GETTY IMAGES

on Chinese-made products. Much of China’s final production operations have been moved to third countries in the world’s complex transnational production chain. China now ships many intermediate products to factories in Vietnam and Mexico for final assembly, and Chinese trade surpluses with those countries have predictably skyrocketed just as U.S. trade deficits with them rose sharply. Truly protecting the U.S. market from Chinese products would require raising high tariffs on almost all trade, an approach that destroyed economic vitality during the Great Depression of the 1930s, or creating large federal bureaucracies to

assess and tax Chinese content in all imported products. Candidate Trump and his campaign advisors in 2024 said that he was considering punishing Vietnam and otherwise friendly countries like Mexico for just this purpose. Such an approach would harm relations with U.S. allies and partners, America’s greatest strategic advantage over China. Influential South Korean interlocutors have already expressed fear that Korean companies will be unable to market their electric vehicles in the United States because they rely heavily on Chinese components. One leading Korean manufacturer, Samsung, has moved most of its final



People walk past a billboard welcoming U.S. House Speaker Nancy Pelosi, in Taipei, Taiwan, on August 3, 2022. CHIANGYING-YING/AP IMAGES

cell phone production from China to Vietnam in recent years and thereby would be subject to any punitive U.S. tariffs on products made in Vietnam.

The complex economic relationships that China has with the United States and U.S. allies and partners are almost certainly reasons that China has not used large-scale military force in sovereignty disputes in the South China Sea, the East China Sea, and across the Taiwan Strait. A much sounder approach than decoupling, then, would be to enter into multilateral economic agreements that would prohibit and punish the kind of anti-market state subsidies that result in Chinese manufacturing overcapacity. But, sadly, one of the other points of bipartisan consensus in Washington is that multilateral economic negotiations are harmful to U.S. interests and Donald Trump has been among the most vocal critics of past multilateral deals.

In the military realm, given the fast-paced modernization and expansion of the PRC military, the United States needs to strengthen its position in East Asia and create a more nimble and flexible posture, less reliant on fixed bases that are highly vulnerable to Chinese long-range conventional strike weapons. In addition, the United States needs to encourage and assist in the strengthening of Taiwan's defenses against invasion from mainland China. Fortunately, invasion would be very hard for the PRC, and Taiwan and the

United States should be able to make invasion much less attractive still. Unfortunately, Beijing has many military options other than invasion for which there are no easy military answers, including an air and maritime blockade of the island. Taiwan needs to build up strategic reserves and prepare its population to hold out under such dire circumstances. Blockade would likely be an uncertain and lengthy proposition for the PRC, and the entire world economy would be severely damaged by loss of access to Taiwan's semiconductor fabrication plants alone, which produce the vast majority of the world's advanced chips. China's continued reliance on good economic relations with U.S. allies in Asia and Europe, combined with the precedent of multilateral sanctions on Russia for invading Ukraine, could help dissuade Beijing from launching a lengthy blockade of Taiwan.

All that being said, there are certain conditions under which Beijing would likely feel compelled to use force against Taiwan to prevent fundamental changes in the island's international status or in U.S.-Taiwan relations. This is why calls for changes in the U.S. One China policy, which are increasingly common, seem misguided. One such suggestion is that the United States scrap the strategy of strategic ambiguity regarding conditions under which Washington would intervene in a Taiwan conflict. Strategic ambiguity has served the United

States well, as Beijing continues to expect U.S. intervention if it seeks to force unification against Taiwan's will by military means, but Taiwan citizens and politicians know that it would be dangerous to ignore U.S. entreaties that oppose unilateral changes to the status quo by either side of the strait. Advocates of strategic clarity, an unconditional commitment to defend Taiwan, fail to recognize that the change is not necessary to demonstrate the prospect of U.S. intervention to Beijing, but it might produce two unwelcome outcomes: provoking the mainland by appearing to reestablish the U.S. defense alliance with Taiwan that was scrapped as a precondition for the normalization of relations with the PRC in 1979; and encouraging politicians and the public in Taiwan to push for expressions of permanent legal independence for the island that might themselves spark an otherwise avoidable conflict.

Critics of the traditional One China policy include former Secretary of State Michael Pompeo who, after leaving office in 2021, called for full U.S. diplomatic recognition of Taiwan in a speech in Taipei. It is notable that while they politely thanked Pompeo for his steadfast support of Taiwan, Tsai administration officials never repeated his recommendations, nor lobbied for them in Washington. Despite all of their understandable frustrations with Taiwan's constrained international status, they know that the biggest victim of radical changes in U.S.-Taiwan policy would likely be Taiwan itself because of the predicted violent reaction from the PRC. So, the incoming Trump administration would be wise to strengthen the U.S. and Taiwan military positions to deter conflict without adopting new political measures that would more likely provoke a conflict than help deter one.

It is also important for the United States to maintain robust diplomatic contact with Beijing. The lack of such contact in the latter years of the Trump administration and the early years of the Biden administration was dangerous. Frequent contact reduces misperceptions that could permit tensions to



Young soldiers march in the Forbidden City in Beijing, China. PING HAN/ALAMY

escalate into unintended conflicts. It is also possible that the two capitals can still find areas in which to cooperate: narcotics and disease control, global nuclear proliferation, and debt relief and food security in the developing world. It seems unlikely, however, that the incoming Trump administration will continue the Biden administration's efforts to find common ground with Beijing on limiting climate change. While reaching and sustaining agreements with strategic competitors is difficult, that does not mean the prospect should be rejected out of hand and, on some issues, millions of lives are potentially at stake.

This all relates to one final point. Competition is a state of being, not a strategic goal. It is open-ended. A nation does not know if it is winning except by simple measures of which country is more powerful at any given time or more influential in any given domain. By applying such a simple metric we could easily slide into a cold war zero-sum mindset in which anything good for the other side is bad for one's own side. And most U.S. allies and partners and many neutral countries do not share the view of some Americans that everything China does abroad is necessarily nefarious.

Long before the first Trump administration proclaimed strategic competition with China, the United States was competing with China, albeit less loudly. But Washington previously had strategic goals beyond competition itself. The Clinton administration sought to integrate China in the regional and global economies and in international institutional framework. This was largely successful. In the George W. Bush and Obama administrations, the goal was to "shape the choices of a rising China" by dissuading China from destabilizing behavior and encouraging China to contribute more robustly to enhancing global stability from which almost every country, including China, would benefit. In a 2005 speech, Deputy Secretary of State Robert Zoellick coined the phrase "responsible stakeholder" for what China could become if it were to choose to go down this



U.S. President Joe Biden escorts Chinese President Xi Jinping to his car to bid farewell after their talks at the Filoli Estate, a country house near San Francisco, California, on November 15, 2023. The two presidents had a candid exchange on strategic issues critical to the direction of U.S.-China relations and on major issues affecting world peace and development. LI XUEREN/XINHUA/GETTY IMAGES

path. The initiative was misunderstood by critics as being an overly optimistic description of the current reality. It was neither. It set out an aspirational vision for what China could become, with no probabilities placed on how closely China's future would resemble that vision. In the nearer term it was a hard-headed way of maximizing competitive multilateral and bilateral diplomatic pressure on China to influence Chinese behavior, in part because the gesture was appreciated by allies and partners as rejecting a zero-sum approach to China's rise.

At present, it is unclear that the United States has a clear vision of what winning the strategic competition would look like. For example, in 2024 the Biden administration completed its four-year review of Trump-era tariffs and decided, like the EU, to raise new protective tariffs on imports of Chinese products produced with state subsidies that are viewed as unfair. But in the review's roll out, U.S. officials expressed little sense that the goal of these tariffs was to create leverage with which to negotiate bilaterally or multilaterally with Beijing to change its objectionable behavior. It seems that China's role as a bad economic actor is seen as simply a function of the CCP regime, a system that the Biden administration has said that it grudgingly accepts and does not seek to change.

Critics of the Biden administration,

like former Trump Deputy National Security Advisor Matthew Pottinger, argue that the administration fails to recognize that success in the strategic competition will only come with regime change in China. However true this might be, it is an outcome that is almost certainly unachievable through Washington's own actions, so it seems a weak foundation for strategy. Moreover, active attempts by the United States to destabilize the regime in Beijing would likely remove any guardrails that the Biden administration put in place to prevent competition from escalating into a U.S.-China shooting war. Americans, like many Chinese, have long hoped for fundamental political reform in China. The United States should promote liberal political reform in China as it does in other authoritarian parts of the world. There is no reason not to do so. But, the CCP regime will likely be in power for a considerable period of time. And this version of China is already powerful enough to spoil our whole day. Decisions in Beijing already have global impact. So it seems both simplistic and dangerous to place so much weight on eventual regime change as the measure of success or failure in a competitive strategy. Lost would be opportunities to impact near-term Chinese behavior, even if only on the margins, and to prevent avoidable and potentially catastrophic conflicts.

Discussion questions

1. Is the United States in a new cold war with the People's Republic of China? In what ways does U.S.-China strategic competition resemble and differ from the U.S.-Soviet Cold War?
2. Should the United States be committed to Taiwan's security from attack from mainland China? If not, why not? If so, how should the United States manage relations with Taiwan? Should strategic ambiguity be scrapped for strategic clarity? Should the United States recognize Taiwan as a sovereign state independent from mainland China?
3. Should the United States do more than try to compete for regional and global influence with China by trying to change objectionable Chinese behaviors, moving them in a more positive direction? Is cooperation between China and the United States still possible despite competition and tensions? If so, in what areas?
4. Should the United States seek regime change in China? If so, should it do this through persuasion and advocacy of liberal values or by more active efforts to destabilize the regime in Beijing?
5. How should the United States manage economic relations with China? Have existing tariffs and technology restrictions gone too far or not far enough? Should the U.S. decouple entirely from the Chinese economy?
6. How likely do you think an armed conflict between China and the United States is? What issues are most likely to spark such a conflict, and how can they best be managed to prevent such a conflict?

Suggested readings

For an excellent review of how U.S.-China relations spiraled downward since 2008 see Susan Shirk's book, *Overreach*.

For a learned analysis of Xi Jinping's worldview and the challenges facing U.S.-China relations, see Kevin Rudd, *The Avoidable War*.

For a review of recent U.S.-China relations by a Chinese expert, see Wang Jisi's November 2023 *Foreign Affairs* article, "America and China Are Not Yet in a Cold War."

For a full description of the Biden administration's China policy, see the speech by National Security Advisor Jake Sullivan at the Council on Foreign Relations, Washington, DC, on January 30, 2024.

For a critique of that approach, see Matt Pottinger and Mike Gallagher's article "No Substitute for Victory," in the May-June 2024 issue of *Foreign Affairs* and the roundtable discussion that article stimulated in the June-July 2024 issue of *Foreign Affairs*, with participation by the authors, scholars, and former U.S. government officials Rush Doshi, Jessica Chen Weiss, James Steinberg, and Paul Heer.

For a learned review of the U.S. One China policy and U.S. policy toward Taiwan, see Ryan Hass, Bonnie Glaser, and Richard Bush, *U.S.-Taiwan Relations*.

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