

Advancing Effective U.S. Policy for Strategic Competition with China in the Twenty-First Century

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Introduction

Chairman Menendez, Ranking Member Risch, and other distinguished members of the committee, thank you for the opportunity to testify today on this important topic of U.S. strategy in an era of great power competition. My remarks will focus primarily on the political elements of this competition.

China's leaders seek to reclaim Chinese centrality on the global stage by asserting sovereignty over contested territory, replacing the United States as the preeminent power in the Indo Pacific, embedding Chinese economic, security, technological, and political preferences throughout the rest of the world, and shaping norms, values, and standards in international institutions to reflect Chinese preferences. In such a world, political and economic choice globally will be constrained, and U.S. economic and security interests will be compromised.

For almost a decade, Chinese leaders have made substantial progress toward achieving their objectives. Their success is a function of the leverage of the Chinese market, growing military prowess, long-term strategic planning, strong state capacity, and a multi-actor, multi-domain strategy. At the same time, Beijing's pursuit of narrow self-interest and reliance on coercive tactics have engendered popular backlashes in many countries and rendered it incapable of exerting true global leadership. These vulnerabilities afford the United States a new opportunity to present and gain broad support for an alternative vision of the 21st century world order.

The United States should begin by reframing the U.S.-China competition away from the narrative of a bilateral rivalry to one rooted in values. It should also reassert its presence in global and regional institutions, coordinate with allies and partners, pursue its own multi-actor, multi-domain strategy, and develop a national consensus around American political and economic renewal. These are the building blocks of U.S. competitiveness. Beyond these steps, however, Washington needs a bold strategic initiative that engages the larger international community, is rooted in U.S. values, and gives life to its strategic vision.

China's Strategic Vision

Chinese leaders offer a new vision of world order rooted in concepts such as "the rejuvenation of the great Chinese nation," a "community of shared destiny," a "new relationship among major powers" and a "China model." Once the rhetoric is stripped away, their vision translates into a significantly transformed international system. The United States is no longer the global hegemon with a powerful network of alliances that reinforces much of the current rules-based order. Instead, a reunified and resurgent China is on par with, or even more powerful than, the United States. And the international community and institutions reflect Chinese values and policy preferences.

At the heart of the Chinese leadership's vision is the reunification of China itself. Chinese leaders are particularly focused on maintaining control within their own border regions, including Xinjiang, Tibet, Inner Mongolia, and Hong Kong and asserting control over areas they consider core interests, such as Taiwan and a vast swath of the South China Sea. China also has outstanding territorial disputes with its

neighbors, including India, Japan, Nepal, Bhutan, and South Korea, that it wants resolved in its favor, Several of these disputes flared up over the course of the COVID-19 pandemic, as China sought to gain advantage while the rest of the world was distracted.

Chinese President Xi Jinping also envisions China as the preeminent power in Asia. China is establishing a network of regional economic and security arrangements that exclude the United States (some by the choice of the United States, itself). It leads the Asian Infrastructure Investment Bank and the Shanghai Cooperation Organization. It concluded the Regional Comprehensive Economic Partnership (RCEP) in November 2020, has expressed strong interest in joining the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), and is advancing a free trade agreement with Korea and Japan. It also calls for a future Asia-Pacific Free Trade Agreement. In addition, China is rapidly developing the military capabilities necessary to realize its sovereignty objectives with regard to the South China Sea and Taiwan.

Beyond its own backyard, China is embedding its technologies, goods, and values throughout the world via the Belt and Road, and its offshoot, the Digital Silk Road (DSR). The DSR is the infrastructure of the 21st century: the BeiDou satellite system, Huawei Marine fiber optic cables, e-commerce, and, on the horizon, China's digital currency and electronic payment system, which is currently being piloted domestically in preparation for a fuller rollout by the 2022 Olympics. China's Health Silk Road (HSR) includes the provision of Chinese-constructed hospitals, tracking systems, doctors, medical devices (one of China's Made in China 2025 sectors), and traditional Chinese medicine. China's vaccine diplomacy has also become a central element of its HSR. Finally, Beijing maintains an extensive, well-funded program of student, journalist, and military officer education and training opportunities in China for citizens from Asia, Latin America, Africa, and the Middle East—including 10,000 full-ride scholarships for students from BRI countries.

As U.S. and other international actors have experienced, China increasingly uses the leverage of its market to coerce international actors to align their views with those of China. While traditionally this coercion has been reserved for issues China deems “core” interests, such as Taiwan, Hong Kong, and the South China Sea, Chinese red lines have proliferated over the past year. Beijing expelled *Wall Street Journal* reporters in retaliation for an op-ed entitled “China Is the Real Sick Man of Asia,” threatened countries' market access in China if they barred Huawei 5G technology, and launched a boycott against Australian goods after the country called for an inquiry into the origins of the COVID-19 pandemic. China's market leverage also provides it the wherewithal to pursue programs such as the Confucius Institutes and Thousand Talents Program—which it is rebooting in 2021 to accelerate the process of drawing foreign scientific talent to China—that take advantage of the openness of other countries to advance Beijing's economic interests and political narrative. And even as China pursues technological self-reliance, Xi Jinping seeks to use the country's market to deepen foreign companies' reliance on it, asserting: “We will enhance the global value chain's dependence on China and develop powerful retaliation and deterrence capabilities against supply cut-offs by foreign parties.”ⁱ

Finally, China's strategy involves transforming global governance institutions by reforming norms and values around human rights and Internet governance, setting technology standards, and weaving the BRI into the mission of more than two dozen UN agencies and programs. In the 14th Five Year Plan, Chinese officials signaled particular interest in shaping norms around the Arctic and Antarctica, maritime governance, and space.

Process and Progress

China pursues its vision with a strategy that is long-term, multi-actor, and multi-domain. Chinese leaders advance bold long-term initiatives with targets and timetables, such as the Belt and Road Initiative,

reunification with Taiwan, and China Standards 2035. They mobilize and coordinate significant human and financial resources from all sectors of the Chinese government, military, business, and society to realize those objectives. And they reinforce a single initiative in multiple domains.

For example, in their pursuit of becoming the world's leading innovation and technology power, Chinese leaders set targets and timetables for controlling domestic and then global market share in a wide range of technologies, rally both private and state-owned firms to realize the objectives, protect Chinese firms with programs such as Made in China 2025, subsidize the deployment of Chinese technology through the Digital Silk Road, place Chinese citizens at the head of international standard setting bodies such as the International Telecommunications Union, and flood those bodies with large Chinese delegations and scores of proposals. The Chinese government is also highly opportunistic: for example, when China headed Interpol, it proposed that China upgrade the organization's telecommunications infrastructure; it linked a free trade deal with the Faroe Islands with acceptance of Huawei 5G technology; and it implicitly threatened to ban German cars if Germany banned Huawei.

Over the past several years, Beijing has made progress on a number of its strategic objectives:

- It has realized its sovereignty claim over Hong Kong through the imposition of the National Security Law and expanded its military capabilities and presence in the South China Sea.
- It also has withstood international opprobrium and targeted economic sanctions for its violations of human rights in Xinjiang, and it has successfully mobilized developing economies, particularly from Africa and the Middle East, to support its stance on Hong Kong, Xinjiang, and the South China Sea.
- Its trade initiative, RCEP, elevates its economic position within the Indo-Pacific.
- The BRI has laid the foundation for Chinese technology to provide much of the world's next generation telecommunications, financial, and health infrastructure.
- Chinese dominance in UN technology standard-setting bodies and capacity-building on Internet governance are reinforcing acceptance of both Chinese technology and the more repressive norms and values it enables.

Yet China's actions have also created new challenges:

- China's assertiveness and coercive tactics have contributed to popular backlashes that threaten its larger strategic objectives. Polls in 2020 and 2021 suggest that citizens in many developed and developing economies do not trust Xi Jinping or China and favor Japanese, EU, or U.S. leadership over that of China.ⁱⁱ
- Rather than undermine the U.S.'s role in the Asia Pacific, Chinese actions have strengthened U.S. relations with members of the Quad and other Asian partners, such as Vietnam. And the EU has stepped up to enhance its political and security engagement in the Asia Pacific.
- Significant solidarity among advanced democracies has emerged to protest Chinese policies in Xinjiang and Hong Kong, to call for an investigation into the origins of COVID-19, and to ban or limit Huawei 5G technology. And countries are increasingly scrutinizing and defending against Chinese behavior that attempts to subvert the principles of international institutions.
- The absolute number of Confucius Institutes has declined over the past few years to just over 500—far short of Beijing's target of 1000 worldwide by 2020.ⁱⁱⁱ
- The Belt and Road has become increasingly bumpy. Approximately 60 percent of BRI projects have been “somewhat” or “seriously” affected by the pandemic; and several European members of China's 17+1 BRI construct are considering exiting the arrangement.

Realizing the U.S. Competitive Advantage

The Biden administration's *Interim National Security Strategic Guidance* established a useful set of basic parameters for U.S. strategy in the 21st century: protecting the underlying political and economic strengths of the United States, promoting a favorable distribution of power, and leading and sustaining a stable and open international system underwritten by our allies, partners, and multilateral institutions that is capable of meeting the challenges of this century—cyber, climate, corruption and digital authoritarianism. To realize this future, however, will require the United States not only to lead with a strong vision but also to operate with a new degree of humility and partnership.

First, the United States must account for shifting structural realities. By 2030, or perhaps earlier, the size of China's economy will likely surpass that of the United States. China's population already exceeds that of the United States by more than four times, providing it a distinct advantage in human capital, whether for advancing innovation, growing a domestic market, or enhancing global political outreach. And within the Asia Pacific region, China claims a distinct military advantage simply by virtue of geography. These factors will require greater reliance on allies and partners.

Second, the United States needs to integrate American values and ambitions at home with its leadership abroad, while acknowledging that some of these values are still aspirational. These values include a commitment to inclusion and equality, free trade and economic opportunity, innovation and sustainability, openness, human dignity, and the rule of law. Many of these aims are already embedded but not fully realized in the current rules-based order. Operating from such a framework enables the United States to assert a positive and proactive message of leadership that resonates both domestically and internationally.

Third, and related, the United States should make clear that the central challenge China poses is a value and norm-based one and not, as is often asserted, one defined by a rising power versus an established power. When competition is framed in a bilateral U.S.-China context, China gains an important advantage. Every issue is elevated into a signal of relative power and influence; and as the rising power, any relative Chinese gain becomes a win. A framework that embraces values and norms also is more likely to engage U.S. allies and partners. Conflict in the South China Sea becomes a normative challenge by China to freedom of navigation and international law rather than a competition for military dominance between the United States and China in the Asia Pacific. It is a challenge that speaks not only to the United States but also to the 168 nations who are already party to UNCLOS.

Fourth, as many in the U.S. policymaking community have acknowledged, the United States needs to retool at home. The polarized American polity and chaotic response of the U.S. government to the pandemic tarnished the United States' image and contributed to the impression of US decline.^{iv} Before taking office, Biden administration National Security Council officials Kurt Campbell and Rush Doshi argued that the United States would need to rebuild and rethink the relationship between the state and the market in ways that addressed inequality, sustained growth, and ensured competitiveness with China.^v The United States needs the same clear objectives and targets for realizing these goals that it adopts for ensuring military preparedness.

Fifth, the United States must re-engage broadly and deeply in regional and global organizations. These organizations are a central battleground in ensuring a "stable and open" international system that reflects U.S. interests and priorities. The Biden administration has already rejoined a number of multilateral agreements and organizations and made clear its intention to seize back the initiative in areas such as human rights, climate change, and technology. However, it must also remain attuned to new Chinese priorities. China's recently released 14th Five Year Plan (2021-2025), for example, highlighted several priority areas for deeper Chinese engagement in regional and global governance: the Arctic and Antarctica, maritime governance, regional free trade, and space. The United States should be prepared for

significant new Chinese initiatives in these arenas and should ensure that it can operate from a position of relative strength, for example, by acceding to UNCLOS and the CPTPP, and developing a tightly coordinated strategy with allies around Arctic and space governance.

Sixth, the United States and its allies and partners should create informal working groups, perhaps within the context of the OECD, to coordinate and advance shared norms and values as well as to defend against Chinese coercion. In particular, many U.S. analysts have underscored the need for such cooperation in setting joint technology standards. Developing consensus candidates for leadership positions in international institutions, ensuring strong representation by democracies in bodies such as the UNHRC and ITU, and addressing larger issues of institutional reform, for example, in the WHO and WTO, should also be priority areas for policy coordination. And, aligning a policy approach to address ongoing Chinese human rights abuses particularly in Xinjiang, Tibet, and Hong Kong is essential.

A democratic alliance could also cooperate to combat China's coercive economic policies. While campaigns to buy Taiwanese pineapples and Australian wine in the face of Chinese boycotts are important signals of allied cohesion, stronger steps are necessary. In cases where China boycotts goods from countries on political grounds, an alliance network could simultaneously boycott or impose tariffs on Chinese goods. Similarly, when China threatens loss of market access for industries, such as hotels and airlines, other countries should respond by threatening to take away Chinese airlines' or hotel access to their markets. Reciprocity signals to China that other countries are prepared to respond with more than rhetorical condemnation and levels the playing field for future negotiation.

The United States should also encourage deeper European security engagement in Asia. NATO Secretary General Jens Stoltenberg has called for NATO to play a larger role in the Asia Pacific region, coordinating with Australia, Japan, New Zealand and South Korea to support global rules and set norms and standards in space and cyberspace in the face of destabilizing Chinese behavior.^{vi} Europe could take part in conversations the Quad is pursuing around supply chain resiliency, the pandemic, and disinformation campaigns as well.^{vii} Importantly, a stronger Europe-Asia security partnership could play an crucial role in bolstering Taiwan's security.

Seventh, for the United States to ensure a world order that reflects its values and normative preferences—and not those of China—and to meet the challenges of this century requires more than simply cooperation with its traditional allies and partners. It requires forging a new relationship with the world's developing economies that is rooted in new economic opportunities for those countries, is imbued with U.S. values, and is directed toward meeting the global challenges outlined in the administration's guidance.

The breadth and depth of China's engagement with the world's developing economies, particularly in Africa and the Middle East, but also Latin America and Southeast Asia, has provided China with fertile ground for its values, technologies, and policy preferences to take hold. And it is forging closer military ties with many of these countries as well. Yet, there is an opportunity in many cases to change this dynamic.

To begin with, the United States should adopt a more inclusive diplomatic framework and engage a broader range of countries in thinking through how best to advance a common strategy on cybersecurity and governance, climate, corruption and digital authoritarianism. China shouldn't achieve an advantage simply because it shows up and listens and the United States does not.

In consultation with the developing economies, the United States and other large market democracies, such as Germany, France, the UK, Japan, and Australia, should also pursue a significant new development initiative—for example, a sustainable and smart cities program in 25 to 30 developing countries. Such an initiative would leverage U.S. strengths and those of its democratic allies and address

the broader global imperatives identified by the Biden administration. It would involve political and economic capacity building around the rule of law, transparency, sustainability, and innovation and would engage not only governments but also the private sector, civil society, and international institutions.

While much of a new development effort would require new financial support, the United States and its partners could also leverage current initiatives, such as the U.S.-led Clean Network or Quad-based efforts to establish resilient supply chains. As multinationals diversify part of their supply chains away from China to develop regional manufacturing and distribution centers, for example, these new investment opportunities could become part of this new development initiative. Development agencies and NGOs, such as the Asia Foundation^{viii} and Bloomberg Philanthropy, that support grassroots programs on the rule of law, sustainability, and technological innovation could also play an important role. They are a force multiplier for democratic values and should be part of a considered U.S. and allied strategy. And at the same time, the United States and its allies could reinforce the political, environmental, and technological standards in UN agencies and standard setting bodies. Creating a new path forward to engage the developing world is essential to U.S. competitiveness with China, not to mention the future well-being of the international system.

Finally, even as the bilateral U.S.-China relationship remains overwhelmingly competitive, the United States should keep the door open to cooperation with China. There is legitimate space to elevate the world's capacity to respond to climate change, pandemics, and global disasters through U.S.-China cooperation. Reconstituting a bilateral dialogue that supports discussion and negotiation on singular, targeted issues of mutual concern, such as visas or maritime safety, would also be beneficial. And supporting civil society exchanges, such as the Fulbright program and Peace Corps, that offer the opportunity to share U.S. perspectives and values, have little downside for the United States and significant potential upside.

ⁱ Frank Tang, "China puts supply chain security at forefront to avoid being 'strangled' by sanctions, analysts say," South China Morning Post November 9, 2020.

ⁱⁱ "The State of Southeast Asia: 2021 Survey Report," ISEAS Yusof Ishak Institute, February 10, 2021.

ⁱⁱⁱ "Confucius Institute/Classroom, Hanban,

https://web.archive.org/web/20210101041525/http://english.hanban.org/node_10971.htm.

^{iv} Richard Wike, "The Trump era has seen a decline in America's global reputation," Pew Research Center, November 19, 2020.

^v Kurt Campbell and Rush Doshi, "The China Challenge Can Help America Avert Decline," *Foreign Affairs*, December 3, 2020.

^{vi} Sebastian Sprenger, "NATO chief seeks to forge deeper ties in China's neighborhood," *Defense News*, June 8, 2020.

^{vii} Garima Mohan, "Europe in the Indo-Pacific: A Case for More Coordination with Quad Countries," German Marshall Fund of the United States, January 14, 2020.

^{viii} The author is a current Trustee of the Asia Foundation.