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U.S.-China Relations

The United States and the People's Republic of China (PRC or China) lead the world in the size of their economies, their defense budgets, and their global greenhouse gas emissions. Both nations are permanent members of the United Nations Security Council. In 2017, they were each other's largest trading partners. Many observers consider their bilateral relationship to be the world's most consequential.

Since late 2017, the Administration of President Donald J. Trump has framed its policy toward China in terms of "great power competition," even as it has sought China's cooperation in reining in North Korea's nuclear and missile programs and curbing the flow of a class of deadly synthetic opioids, fentanyl, from China to the United States. The administration's National Security Strategy (NSS), released in December 2017, describes both China and Russia as seeking to "challenge American power, influence, and interests, attempting to erode American security and prosperity." A summary of the U.S. National Defense Strategy released in January 2018 describes China as a "strategic competitor" and charges that it is pursuing a military modernization program that "seeks Indo-Pacific regional hegemony in the near-term and displacement of the United States to achieve global preeminence in the future." Responding to the NSS, China's Foreign Ministry urged the United States "to stop deliberately distorting China's strategic intentions, and abandon such outdated concepts as the Cold War mentality and the zero-sum game...."

The Trump Administration has leveled its strongest criticism at China's economic practices, and imposed several rounds of tariffs on imports from China to pressure China to change those practices. In a major October 4, 2018, address on China policy, Vice President Mike Pence charged that China has used "an arsenal of policies inconsistent with free and fair trade" to build its manufacturing base, "at the expense of its competitors—especially America." He asserted that China's security agencies had "masterminded the wholesale theft of American technology—including cutting edge military blueprints" and that "using that stolen technology, the Chinese Communist Party is turning plowshares into swords on a massive scale...." China's Foreign Ministry responded, "China's development is mainly owed to Chinese people's hard work and its mutually beneficial cooperation with countries around the world...." It added that China remains "committed to joining hands with the U.S. to work for non-conflict, non-confrontation, mutual respect and win-win cooperation."

On November 9, 2018, senior officials from the two countries convened a second meeting of the Diplomatic and Security Dialogue (D&SD), one of four high-level dialogues established in April 2017 to replace dialogues

that operated during the Obama Administration. (All the dialogues met once in 2017, but only the D&SD has so far convened for a second time.) At the D&SD, both sides appeared to seek to lower the temperature of the relationship. Stating that "the United States seeks a constructive, results-oriented relationship with China grounded in fairness, reciprocity, and respect," Secretary of State Mike Pompeo said U.S.-China cooperation "remains essential on many, many central issues." He offered North Korea and Iran as examples. Pompeo also sought to reassure China that, "The United States is not pursuing a Cold War or containment policy with China." Secretary of Defense Jim Mattis added that, "competition does not mean hostility, nor must it lead to conflict."

Those interactions paved the way for a December 1, 2018, dinner between President Trump and China's President Xi Jinping on the sidelines of the G-20 summit in Buenos Aires, the two leaders' first meeting in more than a year. The dinner produced commitments on trade and fentanyl, among other subjects. On December 5, 2018, the bilateral relationship was roiled again, however, by the disclosure that, on the same day as the Trump-Xi dinner, Canadian authorities arrested a top executive of the Chinese technology giant Huawei at the request of the United States. The executive, who is also the daughter of Huawei's founder, reportedly faces charges of involvement in violations of U.S. Iran sanctions.

Select Issues in the Relationship

Mass Internment of Muslim Minorities

In the name of preventing terrorism, extremism, and separatism, authorities in China's Xinjiang region have undertaken the mass internment of as many as a million predominantly Muslim ethnic minorities, including Uyghurs (also spelt Uighurs). In August 2018, a U.N. panel said it was "alarmed" by reports of mass detentions and mass surveillance in Xinjiang. It recommended an end to extralegal detentions and the immediate release of detainees. In his October 2018 speech, Vice President Pence asserted that Uyghurs were being subjected to "around-the-clock brainwashing" and that survivors see the camps as an effort to "stamp out the Muslim faith." Chinese authorities describe the camps as "vocational education institutions" in which "trainees" learn the Chinese language and job skills and undergo "de-extremization."

Trade

Trade issues have dominated the Trump Administration's China policy, with the White House accusing China of having "consistently taken advantage of the American economy with practices that undermine fair and reciprocal trade." In March 2018, the U.S. Trade Representative

(USTR) released the findings of an investigation into PRC policies related to technology transfer, intellectual property, and innovation under Section 301 of the Trade Act of 1974 (P.L. 93-618). The investigation identified four PRC practices of particular concern: forced technology transfer requirements, discriminatory licensing requirements, state-directed investments in and acquisitions of U.S. companies to obtain cutting-edge technologies and intellectual property, and state-directed cyber-theft of U.S. trade secrets. To pressure China to address those issues, the United States imposed three rounds of Section 301 tariffs on imports from the PRC, as shown in **Table 1**. China's retaliatory tariffs hit U.S. farmers particularly hard.

Table 1. Section 301 Tariffs on Imports from the PRC

Date	Volume of imports affected	Additional tariff rate
July 6, 2018	\$34 billion	25%
August 23, 2018	\$16 billion	25%
September 24, 2018	\$200 billion	10%

Source: USTR

The 10% rate on the third tranche of PRC imports was slated to rise to 25% on January 1, 2018. When the two presidents met in Buenos Aires, however, the White House said President Trump agreed to suspend that tariff increase for 90 days, to allow for negotiations on “structural changes” with respect to the issues at the heart of the Section 301 investigation, as well as services and agriculture. The White House also said China agreed to make “very substantial” purchases of U.S. agricultural, energy, and industrial products. China's readout of the dinner did not mention negotiations on “structural changes,” saying only that Chinese economic reforms would “gradually resolve” U.S. concerns.

North Korea

The United States and China agree on the goal of denuclearization of North Korea, but have sometimes disagreed on the best path to that goal. Between 2006 and 2017, China voted for U.N. Security Council resolutions imposing ever-stricter sanctions on North Korea over its nuclear weapons and missile programs, though it often sought to weaken the resolutions first. The U.S. government has broadly credited China with enforcing the resolutions, and seeks to persuade China to maintain “maximum pressure” on North Korea. At the D&SD meeting, Politburo Member Yang Jiechi pledged China would continue to enforce the relevant U.N. resolutions “strictly.”

Fentanyl and Other Synthetic Drugs

According to the U.S. Centers for Disease Control and Prevention, synthetic opioids, primarily fentanyl, accounted for more than 28,000 U.S. drug overdose deaths in 2017. The Drug Enforcement Administration states that illicit fentanyl and other synthetic opioids are “primarily sourced from China and Mexico.” At the urging of foreign governments, China has imposed domestic controls on 25 fentanyl analogues and two fentanyl precursor chemicals.

After the December 2018 Trump-Xi dinner, China said it had “decided to undertake scheduling of the entire class of fentanyl-class substances, and launch the relevant legislative and regulatory adjustment procedures.”

Taiwan and the U.S. “One-China” Policy

Under the U.S. “one-China” policy, the United States maintains only unofficial relations with Taiwan, while upholding the 1979 Taiwan Relations Act (P.L. 96-8), including provisions requiring U.S. arms sales to Taiwan. In his October 2018 speech, Vice President Pence criticized the PRC and several Latin American countries for those countries' decisions to switch diplomatic recognition from Taiwan to the PRC, and lauded Taiwan's democracy. The PRC, which claims sovereignty over Taiwan, has long been wary of U.S. moves that the PRC sees as introducing “officiality” into the U.S.-Taiwan relationship. Beijing decried the March 2018 enactment of the Taiwan Travel Act (P.L. 115-135), urging the United States to “stop pursuing any official ties with Taiwan or improving its current relations with Taiwan in any substantive way....”

South China Sea

Since 2013, the PRC has built and fortified artificial islands on seven sites in the Spratly Island chain in the South China Sea. In May 2018, the United States disinvited the PRC from the 2018 edition of the U.S.-hosted Rim of the Pacific (RIMPAC) maritime exercise over the PRC's “continued militarization” of the sites. To challenge what the United States considers excessive maritime claims and to assert the U.S. right to fly, sail, and operate wherever international law allows, the U.S. military undertakes both freedom of navigation operations (FONOPs) and presence operations in the sea. China argues that such operations infringe on its sovereignty and undermine “peace, security, and order.”

Climate Change

China is the world's largest emitter of greenhouse gases. In November 2018, it reported that it was on track to meet several pledges it made before joining the Paris Agreement in 2015, though questions persist about the accuracy of PRC data. Outside its own borders, China may be contributing to rising emissions. Through its Belt and Road Initiative, China finances or is otherwise involved in the development of energy and infrastructure projects across the globe, often in carbon-intensive sectors.

Select Legislation in the 115th Congress

The John S. McCain National Defense Authorization Act for FY2019 (P.L. 115-232) contains multiple provisions related to China. The Better Utilization of Investments Leading to Development (BUILD) Act of 2018 (P.L. 115-254), aims to help the United States “compete with Chinese influence in the developing world,” according to a co-sponsor. The House-passed Reciprocal Access to Tibet Act of 2018 (H.R. 1872) would make certain PRC officials ineligible for U.S. visas if restrictions on foreign travelers entering Tibetan areas remain in effect.

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