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U.S.-China Relations

Overview

The Joseph R. Biden Administration has signaled significant continuity with the Donald J. Trump Administration in its view of the challenge the People's Republic of China (PRC or China) poses to U.S. interests. In written responses to questions from Senators, then-Secretary of State-nominee Antony J. Blinken described China as “engaged in conduct that blunts our technological edge, threatens our alliances and our influence in international organizations, and is designed to make America and its allies more dependent on China, and China less dependent on America and our allies.” Blinken has also stated that he believes China’s treatment of its Uyghur ethnic minority constitutes genocide. Secretary of Defense Lloyd Austin, at his own confirmation hearing, called China “the most significant threat going forward.” China is “already a regional hegemon,” he said, and seeks to become “the preeminent power in the world in the not-too-distant future.” Biden did not immediately schedule a call with China’s top leader, Xi Jinping, instead prioritizing calls to allies and partners and Russian President Vladimir Putin.

The Biden Administration is reviewing the Trump Administration’s China actions. It has pledged to work closely with U.S. allies and partners; re-engage with the United Nations; ensure the U.S. military’s competitive edge over China’s; put democratic values at the center of foreign policy; and make investments at home in American workers, infrastructure, education, and innovation. National Security Advisor Jake Sullivan has acknowledged that forging a common position on China with European allies will be challenging “because we don’t have entirely aligned perspectives.” Forging a common position with Asian allies could be more challenging still, given their proximity to China, competing strategic aims and close economic ties.

The Administration has expressed interest in cooperating with China on such issues as climate change, global health, and non-proliferation. Observers note prior U.S. efforts to cooperate with China at times complicated efforts to address or counter PRC actions that undermined U.S. interests. China’s top diplomat, Yang Jiechi, has called for cooperation. He also warned the United States to “respect China’s positions and concerns” on Taiwan, “stop interference” in Hong Kong, Tibet, and Xinjiang affairs, and “stop attempts to hold back China’s development,” calling those issues “a red line that must not be crossed.”

Select Issues in U.S.-China Relations

Trade and Investment

China was the United States’ largest merchandise trading partner in 2020, even as U.S. goods imports from China fell by \$100 billion between 2018 and 2020. Foreign direct

investment (FDI) flows have slowed since 2017, while other ties not captured in trade and FDI data have expanded, including financial investments and China’s use of U.S. open source technology platforms. U.S. concerns about China’s trade practices and barriers center on the expansive role of the state in China’s economy, China’s domestic market restrictions in sectors in which China is expanding overseas, and China’s efforts to export rules and standards globally. China has been largely unwilling to acknowledge and address U.S. concerns, which are now evolving into broader considerations about how China’s actions may challenge U.S. economic competitiveness and national security. U.S. supply chain vulnerabilities exposed during the Coronavirus Disease 2019 (COVID-19) pandemic prompted Congress to advance legislation, such as P.L. 116-136, to encourage diversification, supply chain transparency, and some on-shoring of selected production.

In 2018, the Trump Administration’s U.S. Trade Representative (USTR), acting under Section 301 of the Trade Act of 1974 (19 U.S.C. §2411), concluded that China engages in forced technology transfer, cyber-enabled theft of U.S. intellectual property (IP) and trade secrets, discriminatory and nonmarket licensing practices, and state-funded strategic acquisitions of U.S. assets. The Trump Administration then increased tariffs on approximately \$250 billion of imports from China. The PRC countered and raised tariffs on \$110 billion worth of U.S. products. Most tariffs remain in effect. The United States and China signed a phase one agreement in January 2020, in which China committed to strengthen IP enforcement and remove some market barriers, but left most U.S. concerns unresolved. China committed to buy \$468 billion of U.S. goods, energy, agriculture, and services over two years. In the first year (2020), its purchases fell short.

Technology

To address China’s industrial policies that seek global civilian and military leadership in emerging technologies, the Trump Administration sought to tighten oversight over technology transfer to China. It increased scrutiny of academic ties, strengthened investment review authorities, tightened export controls, and banned U.S. investment in firms tied to China’s military. It also banned Huawei, China Mobile, and China Telecom from the U.S. market and encouraged other countries to follow suit. At her confirmation hearing, Biden Administration Secretary of Commerce Gina Raimondo declined to take a position on China technology concerns. The White House stated that it will not let vendors of concern into the U.S. market, but it has not addressed export controls and other restrictions. The Treasury Department has stated that it will take six months to clarify which Chinese military-tied firms fall under the Trump Administration’s ban. The Biden Administration has

also delayed by 90 days a Trump Administration ban on Russian and Chinese equipment in the U.S. power grid.

Overseas Infrastructure

Responding to China's "One Belt, One Road" program, which seeks to expand China's global commercial ties and influence, primarily through infrastructure, Congress passed the Better Utilization of Investments Leading to Development (BUILD) Act of 2018 (P.L. 115-254) and reauthorized the U.S.-Export Import Bank. Trump Administration efforts to enhance the U.S. ability to finance competitive projects overseas include the Infrastructure Technology Assistance Network, the Transaction Advisory Fund, and the Blue Dot Network with Japan and Australia.

Climate Change

Special Presidential Envoy for Climate John Kerry has termed climate change a "critical standalone issue" for work with China, while pledging that other issues on which the two countries have differences "will never be traded for anything that has to do with climate." In 2018, China's share of global carbon dioxide emissions from fossil fuel and cement was nearly double that of the United States. Carbon-intensive projects financed under the One Belt, One Road initiative also contribute to other countries' emissions.

The COVID-19 Pandemic

COVID-19 was first identified in China in late 2019. In 2020, the Trump Administration announced a decision to withdraw the United States from the World Health Organization (WHO) over concerns about WHO's interactions with China in the early months of the COVID-19 pandemic. The Biden Administration has reversed that decision, signaling that it will seek to address China concerns from within the organization. The White House says it is "imperative to get to the bottom of the early days of the pandemic in China," and that it will work with allies to evaluate a WHO investigation's findings on the matter. The Biden Administration has also pledged to send U.S. public health experts back to China.

China's Treatment of Muslim Minorities

On its last full day in office, the Trump Administration issued a determination that China had committed crimes against humanity and genocide "against the predominantly Muslim Uyghurs and other ethnic and religious minority groups" in China's Xinjiang region. Earlier U.S. actions on Xinjiang included adding PRC entities to the Department of Commerce's Entity List; imposing sanctions on certain PRC officials and entities; and blocking imports from China tied to forced labor. At his confirmation hearing, Blinken said he concurred with the "genocide" determination and would review tools available to respond, with a focus on ensuring the United States does not import goods made with forced labor or export technologies to China that could be used for repression.

Hong Kong

Hong Kong, a former British colony, reverted to PRC sovereignty in 1997 under the provisions of a 1984 treaty in which China promised the city a "high degree of autonomy" and stated that Hong Kong's "current social and economic systems" would remain unchanged for at least 50

years. At his confirmation hearing, Blinken said China's imposition of a new national security law on Hong Kong in June 2020, along with crackdowns on free speech and assembly, "put in tatters the notion of real freedom and autonomy in Hong Kong." Blinken voiced support for offering safe haven to those fleeing Hong Kong.

Taiwan

Since switching diplomatic recognition from Taipei to Beijing in 1979, the United States has maintained unofficial relations with self-ruled Taiwan, over which China claims sovereignty and with which China has vowed to unify. On the Biden Administration's third day in office, the State Department urged Beijing "to cease its military, diplomatic, and economic pressure against Taiwan and instead engage in meaningful dialogue with Taiwan's democratically elected representatives" and referred to the U.S. commitment to Taiwan as "rock-solid." In his written responses to Senators, Blinken indicated that he would keep in place his predecessor's revocation of all State Department-issued guidelines on contacts with Taiwan until the department completes a review of the most recent guidelines and finalizes "updated guidance to reflect our commitment to deepening ties with Taiwan."

East and South China Seas

In a call with Japan's Prime Minister, President Biden reaffirmed that the U.S.-Japan Treaty of Mutual Cooperation and Security covers the Senkaku Islands, uninhabited East China Sea rocks administered by Japan but also claimed by the PRC and Taiwan. Separately, Secretary Blinken told his Philippine counterpart that the U.S.-Philippine Mutual Defense Treaty applies to armed attacks against Philippine armed forces, public vessels, and aircraft in the Pacific, including the South China Sea (SCS). Referring to SCS sovereignty disputes, Blinken committed "to stand with Southeast Asian claimants in the face of PRC pressure."

Fentanyl and Other Synthetic Opioids

China has been a major source of the fentanyl and fentanyl-related compounds contributing to the U.S. opioid crisis. Under pressure from the United States, China in 2019 imposed domestic controls on the entire fentanyl class of synthetic opioids, including all known and potential future variations of fentanyl. Since then, U.S. law enforcement officials have reported an apparent shift in fentanyl production to include other countries, such as India and Mexico. The U.S. government continues to press China to control precursor chemicals used to manufacture fentanyl.

Select Legislation in the 116th Congress

The 116th Congress passed multiple laws related to China, including standalone legislation on Hong Kong (P.L. 116-76, P.L. 116-77, and P.L. 116-149), Uyghur human rights (P.L. 116-145), Taiwan (P.L. 116-135), communications networks (P.L. 116-124), and fentanyl (P.L. 116-114). Congress incorporated other major China-related legislation into authorization and appropriations acts. The Consolidated Appropriations Act, 2021 (P.L. 116-260) makes available \$300 million for a "Countering Chinese Influence Fund" to counter China's influence globally.

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