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China Primer: U.S.-China Relations

Introduction

Congressional oversight and legislative activities related to the People's Republic of China (PRC or China) have expanded as Members' concerns about PRC policies, actions, and intentions have intensified. Upon his election as House Speaker in the 118th Congress, Kevin McCarthy identified the ruling Communist Party of China (CPC) as the second of two U.S. "long-term challenges" for the House to address, the first being the national debt. Members of the 118th Congress have so far introduced more than 400 bills and nearly 70 resolutions with provisions related to China. Enacted laws include S. 619 (P.L. 118-2), the COVID Origin Act of 2023, requiring the declassification of all information related to potential links between the PRC's Wuhan Institute of Virology and the COVID-19 pandemic. Other adopted measures include H.Res. 11, establishing a Select Committee on the Strategic Competition between the United States and the Chinese Communist Party.

The Joseph R. Biden, Jr. Administration describes the United States as engaged in competition with China over the shape of the future global order, part of a broader contest between democracies and autocracies. The Administration's October 2022 National Security Strategy describes China as "America's most consequential geopolitical challenge," and outlines a three-part strategy for "out-competing" China. That strategy calls for the United States to (1) invest in competitiveness, innovation, resilience, and democracy at home; (2) align U.S. efforts with those of allies and partners; and (3) "compete responsibly with the PRC to defend our interests and build our vision for the future." The document states that the Administration also seeks to "engage constructively with the PRC wherever we can."

Senior PRC officials have publicly objected to the U.S. framing of relations as driven by geopolitical competition. In downplaying the competitive dynamics of the relationship, the PRC may seek to sustain access to the U.S. market and to complicate U.S. efforts to build international coalitions to address certain PRC actions. Meeting with Secretary of State Antony J. Blinken in Beijing in June 2023, the PRC's top leader, CPC General Secretary and PRC President Xi Jinping called for the United States and China to "find the right way to get along based on mutual respect, peaceful coexistence and win-win cooperation."

When PRC leaders acknowledge the deterioration in China's relations with other countries, they often portray China as a victim. Speaking to members of a PRC political advisory body in March 2023, Xi alleged that since 2017, "Western countries led by the United States have implemented all-around containment, encirclement and

suppression of China, which has brought unprecedented severe challenges to our country's development."

Bilateral Engagement

For the first two years of the Biden Administration, publicly-reported in-person interactions between U.S. and PRC officials at all levels were limited. That situation was related, in part, to the PRC government's decision to keep China's borders mostly closed for nearly three years to enforce a "zero-COVID" approach to the COVID-19 pandemic. No Members of Congress have visited China since 2019. When Presidents Biden and Xi met in November 2022 on the sidelines of a gathering of the G-20 nations in Bali, Indonesia, it was their first, and so-far only, in-person meeting in their current positions.

Both governments appeared to see the 2022 Biden-Xi meeting as an opportunity to reduce volatility in the bilateral relationship. Biden stated at the time, "We're going to compete vigorously. But I'm not looking for conflict, I'm looking to manage this competition responsibly." Biden and Xi agreed that Secretary Blinken would travel to the PRC for further discussions. Public reports of a PRC surveillance balloon flying over the continental United States led Blinken to call off a planned February 2023 trip. Blinken ultimately visited the PRC in June 2023. Two other Biden Administration cabinet members followed him: Secretary of the Treasury Janet Yellen (July 2023) and Secretary of Commerce Gina Raimondo (August 2023). Other senior Administration visitors to the PRC have included Central Intelligence Agency Director William Burns (May 2023) and Special Presidential Envoy for Climate John Kerry (April and September 2021 and July 2023). High-level engagement may be building toward a second in-person meeting between Biden and Xi on the sidelines of a meeting of the Asia-Pacific Economic Cooperation (APEC) grouping's leaders in San Francisco in mid-November 2023. Xi has not so far confirmed his attendance.

Critics, including some Members of Congress, have questioned the Biden Administration's focus on re-starting high-level dialogue. They suggest that the effort may constrain the Administration's inclination or ability to address U.S. concerns about such matters as PRC surveillance operations directed at the United States, intelligence operations in Cuba, and cyber hacking of U.S. agency networks. Critics also suggest that Washington may make concessions to secure meetings, such as holding off on using its authorities to address PRC actions of concern.

In May 2023, Blinken defended the value of dialogue, arguing, "while we have a real competition with China, we also want to make sure that doesn't veer into conflict. And the most important starting point for that are [sic] regular

lines of communication.” So far, the main outcomes from 2023’s U.S. cabinet-level visits to China appear to be new working groups and other dialogue mechanisms under the Secretaries of State, Commerce, and the Treasury.

Senior PRC Personnel Issues

A challenge for high-level U.S.-China diplomacy is the currently depleted ranks of PRC interlocutors.

- The PRC removed its second-most-senior diplomat, Qin Gang, from his Foreign Minister post in July 2023, without explanation. Qin remains China’s State Councilor for foreign affairs, but has made no public appearances since June 2023. Top diplomat Wang Yi is filling in as Foreign Minister.
- PRC Defense Minister Li Shangfu has made no public appearances since late August 2023. Even before then, the PRC had insisted he could not meet his U.S. counterpart until the U.S. government lifted its designation of Li for sanctions pursuant to the Countering Russian Influence in Europe and Eurasia Act of 2017 (Title II, Subtitle B of P.L. 115-44).
- The PRC has yet to name a successor to its former Vice Foreign Minister with responsibility for North America, Xie Feng, who arrived in Washington, DC, as China’s Ambassador to the United States in May 2023.

Select Issues in U.S.-China Relations

Trade, Investment, and Technology

China is a large market for some U.S. firms but is characterized by significant trade barriers, unfair trade practices, and a lack of reciprocity, particularly in sectors in which PRC firms are expanding overseas. Some Members of Congress have expressed concern about China’s state-driven economic, trade, investment, and technology practices and the challenges they pose to U.S. economic and technology leadership. Beijing still requires technology transfer as a condition to operate in strategic sectors in China. Experts also assess it to be distorting the traditional use of economic tools (e.g., antidumping, procurement, and antitrust policies) and using economic coercion and intellectual property theft to advance industrial policies.

In addressing PRC economic practices of concern, the 118th Congress has focused on risks related to PRC digital platforms operating in the United States, such as TikTok, and exercised oversight of executive branch decisions on export control licensing and foreign investment reviews. Congress has also promoted national investment in U.S. strategic technologies, such as semiconductors, and in emerging technologies, such as electric vehicles. It has also considered imposing guardrails on some U.S. commercial and research ties with China and restrictions on China’s ability to buy U.S. farmland.

Between August and October 2022, the U.S. Department of Commerce issued controls on design software for advanced logic chips and semiconductor equipment, as well as services by U.S. persons used to produce advanced logic and memory chips. The Department also restricted the export to China of certain advanced chips used in

supercomputing and artificial intelligence (AI) applications. The Department of Commerce retains licensing discretion. The firms Nvidia, AMD, and Intel have announced plans to produce advanced chips for the China market that may not be subject to the new controls.

In response to legislation that would review and restrict certain U.S. investment in China, in August 2023, the Biden Administration issued an Executive Order (E.O.) to establish a process to review certain U.S. investments to China in advanced chips, quantum technologies, and AI. The Department of the Treasury’s proposed notice on rulemaking indicates the Department may not restrict financial flows, even though the E.O. suggests that venture capital and private equity investments can involve the transfer of knowhow and fund the development of PRC capabilities. See CRS In Focus IF11284, *U.S.-China Trade Relations*, and CRS In Focus IF10964, *“Made in China 2025” Industrial Policies: Issues for Congress*.

Taiwan

The PRC government claims sovereignty over self-ruled Taiwan. PRC leader Xi states that the PRC seeks to unify with Taiwan peacefully, but “will never promise to renounce the use of force.” The U.S. government maintains unofficial relations with Taiwan and supports Taiwan’s self-defense pursuant to the Taiwan Relations Act (P.L. 96-8). See CRS In Focus IF12503, *Taiwan: The Origins of the U.S. One-China Policy*.

Fentanyl and Other Synthetic Opioids

China reportedly ceased to be the primary source of illicit fentanyl entering the United States after the PRC imposed class-wide controls over all fentanyl-related substances in 2019. The U.S. government’s focus is now on addressing flows of uncontrolled PRC-produced precursor chemicals used to make fentanyl in third countries, primarily Mexico, and stemming illicit fentanyl-related financial flows linked to the PRC. See CRS In Focus IF10890, *China Primer: Illicit Fentanyl and China’s Role*.

Human Rights

The Biden Administration and many Members have criticized the PRC’s human rights record, particularly its treatment of ethnic and religious minorities in the western regions of Xinjiang and Tibet. The State Department assesses PRC actions in Xinjiang constitute genocide and crimes against humanity. Secretary Blinken has accused the PRC of a “crackdown on basic rights” in the PRC’s Hong Kong Special Administrative Region. See CRS In Focus IF12265, *China Primer: Human Rights*.

Relations with Russia

The United States has pressed China to help end Russian President Vladimir Putin’s war in Ukraine. The PRC’s Xi has expressed China’s opposition to the threatened or actual use of nuclear weapons in Ukraine, but has otherwise expressed solidarity with Putin. In 2022, China-Russia trade increased by 29% over 2021. China’s exports to Russia in the first 8 months of 2023 were up 64% over the same period in 2022. Xi and Putin are to meet in Beijing in October 2023. See CRS In Focus IF12100, *China-Russia*

Relations and CRS In Focus IF12120, China's Economic and Trade Ties with Russia.

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