

China Leadership Monitor

How China is Responding to Escalating Strategic Competition with the U.S.

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There seems to be a growing consensus in Beijing that U.S.-China relations will remain rocky for the foreseeable future. Even so, President Xi Jinping and others have been touting that time and momentum are on China's side in its quest to move closer to the center of the world stage. Chinese officials recognize that they will need to overcome obstacles in their country's pursuit of its national goals. To do so, China appears to be pursuing a three-pronged medium-term strategy: maintaining a non-hostile external environment in order to focus on domestic priorities; reducing dependence on America while increasing the rest of the world's dependence on China; and expanding the reach of Chinese influence overseas. At the same time, China's actions are generating significant reactions, both at home and abroad. Whether China can learn from this feedback loop to address its own vulnerabilities remains an open question, one that only China will be capable of answering.

Understanding China's evaluation of – and response to – sharp shifts in U.S.-China relations and its international environment have rarely been more important. Given its expanding economic reach and growing strategic weight, China's actions now directly impact lives in the United States and around the world. Yet, in some respects, it has become more difficult to see clearly what assumptions and decisions are guiding China's changing approach to America and the world. There has been more heat than light in many recent American debates about China's ambitions. Travel restrictions due to COVID-19 have eliminated opportunities for both informal in-person exchanges with Chinese officials and first-hand observation of Chinese society, which often have served as one of the richest sources of insight into the policy zeitgeist in Beijing. And into this vacuum, many American scholars have come to rely more on interpreting official and semi-official Chinese texts to develop conclusions on China's strategic direction.

My previous government service at the U.S. Embassy in Beijing and in the White House National Security Council (NSC) has instilled me with humility about extrapolating China's strategic designs from its publicly available statements and reports. Nevertheless, drawing from over 50 hours of Zoom-based dialogues with Chinese officials and scholars, a review of Chinese officials' speeches and Chinese expert commentaries, and over a decade of interacting with senior Chinese officials on such questions, I do believe it is possible to draw some preliminary observations about China's evolving approach to its changing international environment.

The starting point of my analysis is to observe how far Chinese foreign policy has moved during the past two years. Writing for *China Leadership Monitor* in March 2019, former Obama

administration National Security Council (NSC) Senior Director for Asia Evan Medeiros observed that, “China’s reaction [to President Trump’s overtly hostile China strategy] was far more cautious – and even conciliatory at times – than confrontational. Beijing was primarily focused on limiting down-side risk and, to a limited extent, exploring opportunities for upside gains.”¹ Medeiros concluded, “A pattern became very clear in 2018: in the face of confrontational U.S. statements and actions, China maintained substantial engagement with a wide variety of Americans, made very careful public statements, and advocated negotiated solutions. Calibration and proportionality were driving China’s playbook far more than the tactics of opprobrium, isolation, and push-back.”²

This evaluation of China’s orientation toward the United States remained largely intact through January 2020, when both sides finalized negotiations on a “phase-1” trade deal. In the weeks that followed, the bilateral dynamic shifted sharply. Facing the humanitarian and financial losses resulting from the uncontrolled spread of COVID-19, President Trump shifted from touting Xi Jinping as his friend to branding China as his enemy and the source of the pain that many Americans were feeling. And China largely reciprocated, pointing its propaganda cannons at America’s response to the public health crisis and the cascade of social, economic, and political problems that flowed from it.

In subsequent months, a tit-for-tat pattern emerged, e.g., on treatment of each side’s journalists, on consulate closures, on recriminations over each side’s involvement in the origin of COVID-19, and on sanctions of high-level individuals in both countries. Beijing began mirror-imaging America’s economic pressure toolkit. Like the United States, China developed laws and regulations for export controls, national security investment screening, policy-related visa sanctions, and extraterritorial provisions in laws and administrative regulations.

Beijing also grew less restrained in its actions at home and abroad. Chinese authorities advanced a campaign of brutal suppression in Xinjiang, tightened control of Hong Kong, crushed dissent across the country, engaged in deadly clashes with Indian troops for the first time in 45 years, punished countries and individuals that challenged China’s preferred narratives on sensitive issues, and pointedly criticized the performance of Western democracies. These actions represented a significant departure from the foreign policy focus on calibration and caution that HAD BEEN observable as recently as spring 2019.

China’s Evaluation of the United States

There appears to be broad agreement among officials and experts in China that America’s power in the international system is declining relative to China’s. Many Chinese experts diagnose America’s anxiety about its relative decline as driving its reflexive efforts to undermine China’s rise.

¹ Evan Medeiros, “China Reacts: Assessing Beijing’s Response to Trump’s New China Strategy,” *China Leadership Monitor*, No. 59 (Spring 2019), <https://www.prcleader.org/medeiros>

² *Ibid.*

Chinese State Councilor and Foreign Minister Wang Yi gave expression to this viewpoint, for example, in his end-of-year interview with Xinhua on January 2, 2021. Reflecting on U.S.-China relations over the previous year, Wang concluded:

In recent years, China-US relations have run into unprecedented difficulties. Fundamentally, it comes down to serious misconceptions of U.S. policymakers about China. Some see China as the so-called biggest threat and their China policy based on this misperception is simply wrong. What has happened proves that the U.S. attempt to suppress China and start a new Cold War has not just seriously harmed the interests of the two peoples, but also caused severe disruptions to the world. ...China policy toward the United States is consistent and stable.³

In other words, Wang put forward Beijing's boilerplate explanation for the downturn in relations – it's America's fault.

There are a diminishing number of Chinese officials or experts who remain willing, at least visibly, to question this explanation of the downturn in U.S.-China relations. One of the few to do so, albeit subtly, is Wang Jisi, president of the Institute of International and Strategic Studies at Peking University. In a January 2021 op-ed, Wang observed, "Our actions at home and in the world determine to a large extent the attitude of the U.S. toward us. I believe that China, not the United States, can turn the tide of U.S.-China relations at historical junctures, although this position may be debatable."⁴

One issue where there does appear to be convergence of views inside China, though, is the expectation that there will be continuity in America's strategic orientation toward China from Trump to Biden. Even as Chinese experts acknowledge that the Biden administration likely will adopt a more nuanced tone and professional approach for dealing with problems, they expect the root causes of American antagonism toward China will remain unchanged.

Reflecting this view, Yuan Peng, an advisor to China's top leaders and president of the China Institute of Contemporary International Relations (CICIR), assesses, "A divided United States and polarized politics will limit Biden's room to maneuver and force him to focus more energy on domestic challenges. ...Biden's first priority is to reunite the United States. ...The U.S. will be consumed with dealing with its own structural challenges for many years."⁵ Peking University's Wang Jisi similarly has concluded, "American policy toward China will continue unchanged under Biden."⁶

³ "Interview with Chinese FM: Wang Yi Talks About China-U.S. Relations with CGTN," CGTN, January 2, 2021, <https://news.cgtn.com/news/3245444e77554464776c6d636a4e6e62684a4856/index.html>

⁴ Wang Jisi, "Even Under President Biden, China Faces Trumpism Without Trump," January 21, 2021, <https://www.caixinglobal.com/2021-01-21/wang-jisi-even-under-president-biden-china-faces-trumpism-without-trump-101653440.html>

⁵ "Sino-U.S. Relations Ahead," CGTN, January 20, 2021, <https://news.cgtn.com/news/2021-01-20/Sino-U-S-relations-ahead--X8nIH3Jpfi/index.html>

⁶ Wang Jisi, "China Faces Trumpism Without Trump."

Beijing appears to be preparing for a long-term struggle with a declining but still dangerous United States. Privately, according to a well-informed policy advisor, China's leadership has re-evaluated long-term trends and concluded that it no longer can base its national plans on expectations of generally stable relations with the United States.⁷ Partly as a result, Chinese leaders have pulled forward plans to promote a "dual circulation" economic strategy. In rolling out the strategy, President Xi Jinping explained, "Only by being self-reliant and developing the domestic market and smoothing out internal circulation can we achieve vibrant growth and development, regardless of the hostility in the outside world."⁸

China's spokespeople and official Chinese state media have sought to set public expectations for a long-term struggle with the United States. Key security officials, such as Politburo member and domestic security chief Guo Shengkun, have warned of the likelihood of a long-term struggle with the United States.⁹

China's Evaluation of the International System

China's leaders now often refer to "profound changes unseen in a century" to describe their evaluation of the current fluidity IN the international system. These changes often are presented as a paradox, presenting both risks and opportunities for China.

On one side of the coin, "profound changes unseen in a century" portend dangerous challenges to China. Politburo member and top diplomat Yang Jiechi framed the challenges by noting, "The world economy has been hit hard. ... The pandemic has had a tremendous impact on international trade, investment, consumption, and other economic activities. ... The pandemic [also] has exacerbated social cleavages, ethnic conflicts, and political confrontations. ... The number of international security risks has increased."¹⁰ On the other side of the coin, Yang observed, "Reform of the international order has sped up. The PRC has taken the lead in controlling the epidemic on a global scale, and in achieving full resumption of work and production, all parties have increased their expectation and reliance on China."¹¹

⁷ Views conveyed by a Chinese policy advisor during a private Track II meeting on the future of US-China relations, November 30, 2020.

⁸ Kinling Lo and Kristin Huang, "Xi Jinping Says 'Time and Momentum on China's Side' as He Sets out Communist Party Vision," *South China Morning Post*, January 12, 2021, <https://www.scmp.com/news/china/politics/article/3117314/xi-jinping-says-time-and-momentum-chinas-side-he-sets-out>

⁹ Jun Mai, "Our Tense Rivalry With US Will Foster Political Volatility in China, Warns Domestic Security Chief," *South China Morning Post*, November 13, 2020, <https://www.scmp.com/news/china/diplomacy/article/3109762/our-tense-rivalry-us-will-foster-political-volatility-china>

¹⁰ Yang Jiechi, "Actively Create a Favorable External Environment," *People's Daily*, November 30, 2020, http://paper.people.com.cn/rmrb/html/2020-11/30/nw.D110000renmrb_20201130_1-06.htm?mc_cid=a7a519ea3d&mc_eid=f7f4a56338

¹¹ Ibid.

Thus, despite expectations of a protracted struggle with the United States, a view of China as an ever more central actor in the international system appears to be gaining traction inside China. At least outwardly, China's leaders have grown self-congratulatory in their assessment of global trends working in China's favor. In October, Xi Jinping told cadres at the 5th Plenum that "time and momentum are on our side."¹² Similarly, Chen Yixin, secretary general of the Central Political and Legal Affairs Commission – the top oversight body for China's domestic security – told a study session on January 15, "The rise of China is a major variable [in the world today]...the rise of the East and decline of the West has become a trend; changes of the international landscape are in our favor."¹³

China's Strategic Goals

Discerning Beijing's medium- and long-term strategic objectives has become one of the most heated debates in Western discourse on China. Proponents of viewing China as a malevolent power that seeks to impose its vision and its values on the rest of the world have been emboldened in recent years, largely as a result of China's brutish behavior at home and abroad. China's trampling of its citizens' rights in Xinjiang and Hong Kong has undermined arguments outside of China that the country will pursue its national ambitions in a benign manner.

From my vantage, Beijing sees itself as progressing along a continuum leading to China's restoration as a central actor in Asia and a leading power on the world stage, a country with greater ability to shape rules, norms, and institutions toward its preferences. China's leaders have consistently made clear their desire to have their political and economic models respected.¹⁴ It also has been a consistent feature of Chinese foreign policy to push for deference to its "core interests."¹⁵

China's foreign policy practitioners have explained that the country's external relations should support its national goals, particularly its sustainable development.¹⁶ These goals include realization of the country's 14th five-year plan, its 2035 plan, and its second centenary goal of

¹² Lo and Huang, "Xi Jinping Says 'Time and Momentum on China's Side.'"

¹³ William Zheng, "The Time For China's Rise Has Come, Security Chief Tells Law Enforcers," *South China Morning Post*, January 15, 2021, <https://www.scmp.com/news/china/politics/article/3117973/time-chinas-rise-has-come-security-chief-tells-law-enforcers>

¹⁴ See, for example, Xi Jinping, "Remarks at the 12th BRICS Summit: Fighting COVID-19 in Solidarity and Advancing BRICS Cooperation Through Concerted Efforts," Speech, Beijing, BRICS Summit, November 17, 2020, https://www.fmprc.gov.cn/mfa_eng/wjdt_665385/zyjh_665391/t1833112.shtml

¹⁵ See, for example, Dai Bingguo, "Adhere to the Path of Peaceful Development," US-China Institute, December 6, 2010, <https://china.usc.edu/dai-bingguo-%E2%80%9CAdhere-path-peaceful-development%E2%80%9D-dec-6-2010>

¹⁶ See, for example, Wang Yi, "Reorient and Steer Clear of Disruptions for a Smooth Sailing of China-U.S. Relations," Speech, Beijing, The Asia Society, December 18, 2020, https://www.fmprc.gov.cn/mfa_eng/zxxx_662805/t1841380.shtml

becoming a prosperous, strong, advanced country by the 100th anniversary of the founding of the People's Republic of China in 2049.¹⁷

In recent years, key Chinese voices also have become more willing to articulate China's global ambitions. For example, Politburo member Yang Jiechi has written about the need for China's foreign policy to lay a foundation “for national rejuvenation and provide an important guarantee for us to *lead the world's great changes and shape the external environment*” (emphasis added).¹⁸

To reach its long-term goals, Beijing recognizes it must first overcome near-term obstacles. One such potential obstacle is the formation of allied blocs to oppose Chinese initiatives and to obstruct China's rise. Such concerns have taken on added urgency with Joe Biden's election as President given Biden's sustained emphasis on coordinating with allies and partners to push back against Chinese behaviors of concern.

Strategies for Achieving Goals

Although the absence of any publicly available definitive government strategy document makes it difficult to assert what strategies China will employ to advance its objectives, a few preliminary judgments can be reasonably made based on behavioral pattern recognition, statements by senior officials, and commentary by Chinese experts and policy advisors. In recent years, three strategic lines of effort have become visible.

1. Maintain a Non-hostile External Environment

Key features of Beijing's medium-term strategy appear to be seeking to lower the temperature of tensions with the United States, strengthening ties with its neighbors, deepening relations with Russia, and encouraging the European Union's continued movement toward strategic autonomy. Beijing sees such efforts as critical to breaking what it perceives as Washington's encirclement strategy of China. China's leaders also view it as important to keep external problems at bay in order to maintain the primary focus on addressing domestic concerns – including its anti-poverty, anti-pollution, and anti-corruption campaigns – upon which public perceptions of its performance ultimately will be most heavily based.

On U.S.-China relations, China's Foreign Ministry spokesperson has been appealing to the “better angels” of U.S.-China relations to lead the relationship away from adversarial antagonism.¹⁹ State Councilor and Foreign Minister Wang Yi has been promoting “peaceful coexistence and win-win cooperation” with the United States.²⁰ At the same time, Beijing has

¹⁷ Yuan Peng, “Sino-U.S. Relations Ahead,” CGTN, January 20, 2021, www.news.cgtn.com/news/2021-01-20/Sino-U-S-relations-ahead--X8nIH3Jpfi/index.html

¹⁸ Yang Jiechi, “Actively Create a Favorable External Environment.”

¹⁹ “Foreign Ministry Spokesperson Hua Chunying's Regular Press Conference on January 21, 2021,” Chinese Ministry of Foreign Affairs, January 21, 2021, <http://www.fmccprc.gov.hk/eng/Topics/fyrbt/t1847711.htm>.

²⁰ Wang Yi, “Reorient and Steer Clear of Disruptions.”

signaled no willingness to moderate its approach to Xinjiang, Hong Kong, Tibet, human rights, or Taiwan. Beijing's unwillingness to recalibrate its approach to issues that are most inflaming U.S.-China tensions effectively forecloses any broad improvement in overall relations. At best, the U.S. and China will be able to manage tensions and lower the temperature on recent mutual recriminations.

On regional affairs, China's completion of the Regional Comprehensive Economic Partnership (RCEP) marked a significant step in its efforts to strengthen relations with its neighbors. The trade bloc accounts for nearly 30 percent of global GDP and global population.²¹ RCEP has positioned China at the heart of the world's largest trade grouping in the most dynamic region of the global economy, thus ensuring China will remain central to regional value chains, not isolated from them.

Even beyond trade, China has tailored a regional strategy that speaks to the top interests and concerns of leaders in the region. Foreign Minister Wang has laid out a China-ASEAN agenda for 2021 that is focused on defeating COVID-19; bolstering economic recovery; and pushing forward poverty reduction, disaster prevention and relief, climate change, and environmental protection.²² In so doing, Wang appears to be acting on a recognition that many leaders in Asia prioritize economic development and improvement of social conditions. Regional leaders are not indifferent to security concerns, but they recognize that economic instability poses a more proximate threat to their hold on power than the risk of armed conflict.

On Russia, China has shown sustained interest in steepening the upward trajectory in overall relations. In recent years, Beijing and Moscow have grown closer across the full range of relations, including technological and military cooperation. Foreign Minister Wang Yi now touts both countries as standing "side by side against power politics," supporting each other's core interests, and serving as each other's "strategic anchor" and "global partner."²³

Beijing also has been encouraging the European Union to pursue strategic autonomy, including by resisting Washington's entreaties for Brussels to join a trans-Atlantic front in opposition to China. Such encouragement by Beijing for Brussels to chart its own path on the world stage has been a mainstay of leader-level communications for years. Foreign Minister Wang Yi put a fine point on such messaging in his end-of-year press interview on January 2, 2021, when he

²¹ Peter A. Petri and Michael Plummer, "RCEP: A New Trade Agreement That Will Shape Global Economics and Politics" (Washington, DC: The Brookings Institution, November 30, 2020), www.brookings.edu/blog/order-from-chaos/2020/11/16/rcep-a-new-trade-agreement-that-will-shape-global-economics-and-politics/

²² Ibid.

²³ Wang Yi, "State Councilor and Foreign Minister Wang Yi Gives Interview to Xinhua News Agency and China Media Group on International Situation and China's Diplomacy in 2020," Chinese Ministry of Foreign Affairs, January 2, 2021, https://www.fmprc.gov.cn/mfa_eng/zxxx_662805/t1844079.shtml

implored China and the EU to dedicate themselves to “unity and cooperation rather than group politics,” and to “transcend systemic differences rather than draw lines along ideology.”²⁴

Beijing’s desire to forestall trans-Atlantic policy convergence on China seems to have played a role in the December 30, 2020, closure of negotiations on a China-European Union Comprehensive Agreement on Investment. After seven years and 35 rounds of negotiations, the imminent inauguration of Joe Biden appears to have provided an impetus for Beijing to make fresh concessions that contributed to getting the agreement over the finish line.

In this contest between Washington’s efforts to form coalitions to confront China on specific issues and Beijing’s counter-bloc strategy, Beijing does not appear to be taking success for granted, at least in its messaging to foreign audiences. Xi Jinping used an address to the Davos World Economic Forum on January 25 to warn of the dangers of attempts to build an alliance of democracies to counter China. Xi warned, “Forming small groups or launching new cold wars on the world stage ... would only push the world toward division, if not confrontation.” He stressed, “Repeatedly, history and the reality remind us that, if we walk down the path of confrontation – be it a cold war, a hot war, a trade war or a tech war – all countries are going to suffer in terms of their interests and their people’s well-being.”²⁵

2. Reduce Dependence on America While Increasing the World’s Dependence on China

Faced with the prospect of being cut off or having curtailed access to American supply chains, Chinese leaders in recent years have intensified their push to diversify economic relationships and strengthen self-sufficiency. They also have pursued policies that have had the effect of encouraging other countries to become more dependent upon China for their own economic development.

China’s “dual circulation strategy” seeks to reduce dependence on foreign suppliers through a domestic cycle of production, distribution, and consumption, alongside a separate cycle of external trade of goods and services. The early results of this approach provide cause for optimism from Beijing’s perspective. In 2020, the world became more reliant on China for growth. China’s economy is expected to account for 16.8 percent of global gross domestic product, adjusted for inflation, the most of any country in the world, according to forecasts by Moody’s Analytics.²⁶ China is forecast to smash historical records in 2020 for the largest surplus in its current account for any country in history.²⁷ China also became the largest recipient of

²⁴ Ibid.

²⁵ Xi Jinping, “Special Address by Chinese President Xi Jinping at the World Economic Forum Virtual Event of the Davos Agenda,” Xinhua, January 25, 2021, http://www.xinhuanet.com/english/2021-01/25/c_139696610.htm

²⁶ Stella Yifan Xie, Eun-Young Jeong, and Mike Cherney, “China’s Economy Powers Ahead While the Rest of the World Reels,” *The Wall Street Journal*, January 13, 2021, <https://www.wsj.com/articles/chinas-economy-powers-ahead-while-the-rest-of-the-world-reels-11610552422>

²⁷ Ibid.

foreign direct investment in 2020, thereby displacing the United States from its customary role as the largest magnet for foreign capital.²⁸

Chinese economic growth and rising living standards have fueled external demand for commodities, as well as autos, luxury goods, and other sectors. This demand has made trading partners that specialize in these industries more dependent upon exports to China for future growth. This dynamic, combined with recently completed trade and investment agreements with ASEAN and the EU, respectively, have reordered China's trade patterns. In 2020, the ASEAN bloc became China's No. 1 trading partner, with the EU moving to No. 2 and the US falling to third place.

At the same time, China is embarking on an aggressive push to become more self-sufficient in the high technology sector. This directive, endorsed by Xi Jinping, has been embraced at every level of China's government and Party institutions. Jiang Jinqun, head of the Communist Party's influential Central Policy Research Office, recently framed technological self-reliance as being essential for overcoming America's efforts to impede China's scientific and technological development.²⁹

Beijing has been allocating eye-popping sums of money to push China down the path of technology independence. Whether on domestic semiconductor development,³⁰ next-generation technology infrastructure,³¹ artificial intelligence,³² biotechnology, aerospace, or a range of other advanced technology sectors, the Chinese government has laid out ambitious plans to become the global pacesetter. Across these sectors, China's technology incubation strategies have combined a closed domestic market, massive subsidies for domestic national champions, aggressive acquisitions of intellectual property, strategic investments in firms in Silicon Valley and elsewhere, and cyber and other means of relentless industrial espionage.

3. *Expand the Reach of Chinese Influence Overseas*

In recent years, Chinese authorities have become more proactive in seeking to extend their reach into other countries. Chinese entities have made significant investments in overseas media

²⁸ "China was Largest Recipient of FDI in 2020: Report," Reuters, January 24, 2021, <https://www.reuters.com/article/us-china-economy-fdi/china-was-largest-recipient-of-fdi-in-2020-report-idUSKBN29T0TC>

²⁹ Che Pan, "US-China Tech War: Beijing's Top Policy Official Lays Out Strategy to Address Washington's 'Stranglehold' Over China," *South China Morning Post*, January 26, 2021, <https://www.scmp.com/tech/policy/article/3119294/us-china-tech-war-beijings-top-policy-official-lays-out-strategy>

³⁰ Saif M. Khan and Carrick Flynn, "Maintaining China's Dependence on Democracies For Advanced Computer Chips" (Washington, DC: The Brookings Institution, April 2020), https://www.brookings.edu/wpcontent/uploads/2020/04/FP_20200427_computer_chips_khan_flynn.pdf

³¹ Takashi Kawakami, "China to Pump \$1.6tn into Tech Infrastructure Through 2025," *Nikkei Asia*, January 21, 2021, <https://asia.nikkei.com/Business/China-tech/China-to-pump-1.6tn-into-tech-infrastructure-through-2025>

³² <http://fi.china-embassy.org/eng/kxjs/P020171025789108009001.pdf>

platforms as part of the central government's mandate to strengthen China's discourse power.³³ Beijing has sought to present itself abroad as a non-revolutionary power, a contributor of global public goods, an opponent of geopolitical bullying, and an upholder of regional and global stability.³⁴ In Beijing's preferred telling, China is a benevolent rising power, standing on the side of science and reason to lead global efforts to beat back the spread of COVID-19 and to counter the effects of climate change. As part of such efforts, Chinese media outlets also have been generating a wave of commentaries extolling the virtues of China's governance model and the shortcomings of Western democratic governments, e.g., in containing the spread of COVID-19, delivering economic growth, maintaining social stability, etc.

Chinese officials and Chinese media outlets have employed an increasingly sharp tongue in responding to perceived slights to China's international image. China's Executive Vice Foreign Minister, Le Yucheng, has justified this approach by explaining that China "cannot submit to the unscrupulous suppression by hostile anti-China forces but naturally fights back. The criticism about 'wolf warrior diplomacy' is another version of 'China threat theory' and another 'speech trap,' which aims to make China give up and never fight back. China's diplomacy has always been free from all cowardice or obsequiousness and firmly determined to defend national interests and dignity."³⁵

Reports of China's use of coercive, corrupt, or covert tools to interfere in other country's domestic political decisions also have become more common.³⁶ China also has sought to leverage its expertise in infrastructure construction to push forward the Belt and Road Initiative (BRI), which, at its core, seeks to increase China's influence in many countries across the globe.

Beijing also has been punishing countries and foreign individuals that have promoted viewpoints that have challenged China's preferences. Beijing's justification of its economic penalties on Australia, for example, was based in part on the Australian government's call for an independent assessment of the origins of COVID-19, and on reports issued by an Australian think tank on Xinjiang that Beijing found objectionable. A similar story applied to China's announcement of sanctions on twenty-eight former Trump administration officials for advocating or implementing policies that Beijing opposed.³⁷

³³ Amy Gunia, "China's Media Interference Is Going Global, Report Says," *Time*, March 25, 2019, <https://time.com/5557951/china-interference-global-media/>

³⁴ See, for example, Xi Jinping, "Special Address by Chinese President Xi Jinping at the World Economic Forum."

³⁵ Le Yucheng, "Ravaging Pandemic and Unprecedented Changes Call for Great Solidarity and Endeavor," Chinese Ministry of Foreign Affairs, December 5, 2020, https://www.fmprc.gov.cn/mfa_eng/wjb_663304/zygy_663314/gyhd_663338/t1838524.shtml

³⁶ See, for example, John Garnaut, "How China Interferes in Australia and How Democracies Can Push Back," *Foreign Affairs*, March 9, 2018, <https://www.foreignaffairs.com/articles/china/2018-03-09/how-china-interferes-australia>

³⁷ Foreign Ministry of the People's Republic of China, "Foreign Ministry Spokesperson Announces Sanctions on Pompeo and Others," January 20, 2021, https://www.fmprc.gov.cn/mfa_eng/xwfw_665399/s2510_665401/t1847554.shtml

At the same time, Beijing has been expanding the overseas mandate of its domestic security agencies, including through extradition treaties, institutional partnerships between Chinese and foreign security agencies, new legal provisions,³⁸ as well as the export of high-technology tools of surveillance to foreign governments.³⁹ In so doing, Beijing appears to be seeking to advance three interlocking objectives. The first is to have a chilling effect on any individual, Chinese or foreign, who advocates views or policies that challenge Chinese interests, broadly defined. Beijing wants to build an impression, particularly among its expatriate community, that no individual is beyond the reach of Chinese law enforcement. Second, Beijing has a growing need to strengthen its capacity to protect Chinese citizens and commercial interests overseas. Third, Beijing would like to encourage more countries to emulate or to draw from its practices for addressing security challenges. The more that countries embrace Chinese practices and/or Chinese surveillance technology, the more likely it will be for Beijing to gain legitimation overseas for its own domestic security model.⁴⁰

Will China's Strategy Work?

It remains an open question as to whether China's medium-term strategy will enable China to overcome hurdles that stand in the way of achieving its national ambitions. China's strategic choices are not made in a vacuum. Chinese actions often generate reactions, whether at home or abroad.

For example, China's tightening grip on the corporate sector appears to elevate control over innovation. This raises a fundamental question about whether a system that presses for conformity and adherence to plans is capable of allowing the unorthodox and boundary-testing thinking that is the lifeblood of next-generation innovations. Such constraints may partly explain why some of China's most creative minds, such as the founders of the video-conferencing

³⁸ Article 38 of the new Hong Kong National Security Law takes China's extraterritorial reach one step farther, arguing the law's provisions can be applied to offenses committed "from outside the Region by a person who is not a permanent resident of the Region," a statement that provides the Chinese state with an almost unlimited ability to justify the detainment of foreign citizens as well as Chinese nationals. See Jessie Yeung, "China Has Passed a Controversial National Security Law in Hong Kong. Here's What You Need to Know," CNN, June 25, 2020, <https://www.cnn.com/2020/06/25/asia/hong-kong-national-security-law-explainer-intl-hnk-scli/index.html>

³⁹ Recent analysis by Brookings non-resident senior fellow Sheena Greitens shows that China's domestic surveillance tools have already been adopted by over 80 countries since 2008, a trend that is likely to further expand the influence of China's norms and practices over time. See "Dealing with Demand for China's Global Surveillance Exports" (Washington, DC: The Brookings Institution, April 2020), https://www.brookings.edu/wp-content/uploads/2020/04/FP_20200428_china_surveillance_greitens_v3.pdf.

⁴⁰ Lindsey W. Ford, "Extending the Long Arm of the Law: China's International Law Enforcement Drive" (Washington, DC: The Brookings Institution, January 15, 2021), <https://www.brookings.edu/blog/order-from-chaos/2021/01/15/extending-the-long-arm-of-the-law-chinas-international-law-enforcement-drive/>

service Zoom and chipmaker Nvidia, along with many of the world's leading AI researchers, have chosen to pursue their goals outside of China.

Beneath China's flashy economic growth numbers, there also are flashing warning signs about the long-term health of the economy. One such indicator is the declining growth in productivity – or output per worker and unit of capital. China's economy is only 30 percent as productive as the world's best-performing economies, such as the U.S., Japan, or Germany, according to the IMF.⁴¹ And as China's aging population demands more resources for social services, this will place stress on the government's ability to continue propping up growth with government expenditures and state-sector investments.

China also confronts questions about whether its pursuit of technological self-sufficiency is achievable or practical as a policy goal. Without access to advanced lithography and other critical external inputs for semiconductor manufacturing, it will be very difficult for China to produce cutting-edge chips that are necessary inputs for China to achieve its technological ambitions. The more adversarial Beijing's relationship with other advanced powers becomes, the more longshot will its attempts be to achieve technological self-reliance.

Similarly, China's domestic policies are failing to win over the Chinese who live along the country's borders. There are growing numbers of examples of ethnic Mongols, Uyghurs, Tibetans, and others chafing at Beijing's intrusive involvement in their lives and its attempts to impose cultural conformity.⁴² Ditto for Hong Kong.⁴³ The tighter Beijing squeezes, the more that negative attitudes toward China appear to be hardening along the country's inner periphery and

⁴¹ "People's Republic of China: 2020 Article IV Consultation-Press Release; Staff Report; and Statement by the Executive Director for the People's Republic of China," International Monetary Fund, January 8, 2021, <https://www.imf.org/en/Publications/CR/Issues/2021/01/06/Peoples-Republic-of-China-2020-Article-IV-Consultation-Press-Release-Staff-Report-and-49992>

⁴² "China: Mongolian Mother-Tongue Classes Curtailed," Human Rights Watch, September 4, 2020, www.hrw.org/news/2020/09/04/china-mongolian-mother-tongue-classes-curtailed#; Josh Rogin, "China's Atrocities in Tibet Are Growing Too Big To Ignore," *Washington Post*, December 24, 2020, www.washingtonpost.com/opinions/global-opinions/chinas-atrocities-in-tibet-are-growing-too-big-to-ignore/2020/12/24/ba9d5c4e-4624-11eb-b0e4-0f182923a025_story.html

⁴³ Max Fisher "One Country, Two Nationalisms': The Identity Crisis Behind Hong Kong's Turmoil," *The New York Times*, September 27, 2019, <https://www.nytimes.com/2019/09/27/world/asia/hong-kong-protests-identity.html>

in many parts of the world.⁴⁴ The United States government already has characterized China's conduct in Xinjiang as an act of genocide.⁴⁵

Furthermore, China's stated ambitions and determined efforts to become a world leader in an expanding number of high technology fields, and to push for rules and norms around those technologies that reflect Beijing's illiberal tendencies, have generated unease in many parts of the Western world. In response, London has proposed the establishment of a D-10 of leading powers (G-7+ Australia, South Korea, India) to pool resources and align policies to accelerate development of new technologies in democratic societies.

By a similar token, the more loudly nationalistic China's diplomacy becomes, the more alarmed many Western countries have become about China's domestic and foreign policy trend-lines. China's expanding interests overseas will demand a greater Chinese presence. Already, as the PLA Navy has become more active beyond its immediate periphery, so too has the level of coordination among other powers in response. This trend can be seen in the Indian Ocean, where there have been corresponding increases in Chinese naval activity alongside rising security coordination among like-minded powers (i.e., "The Quad," Australia, India, Japan, the United States).

Perhaps for some of these reasons, some Chinese experts have been urging sobriety in evaluations of China's position in the international system. For example, Renmin University scholar and government advisor Shi Yinhong recently cautioned:

China's chances of filling the vacuum created by the Trump administration's abandonment of America's original "global leadership role" are limited, and indeed smaller than many at home and abroad predicted. The appeal of China's "soft power" in the world, the resources and experiences available to China, are quite limited, and the domestic and international obstacles China will encounter, including the complexities created by the coronavirus pandemic, are considerable.⁴⁶

Experts such as Shi Yinhong appear to be warning against presupposing that China will continue to ascend on a linear trajectory indefinitely in the direction of its national ambitions. Analysts outside of China similarly would be well-served to preserve a healthy degree of modesty in forecasting China's future path. From Mao's upheavals to Deng's reform and opening, from the Tiananmen tragedy to double-digit economic growth, from low-profile foreign policy to brash

⁴⁴ Laura Silver, Kat Devlin, and Christine Huang, "Unfavorable Views of China Reach Historic Highs in Many Countries," Pew Research Center, October 6, 2020, www.pewresearch.org/global/2020/10/06/unfavorable-views-of-china-reach-historic-highs-in-many-countries/

⁴⁵ Michael Pompeo, "Determination of the Secretary of State on Atrocities in Xinjiang," U.S. Department of State, January 19, 2021, <https://2017-2021.state.gov/determination-of-the-secretary-of-state-on-atrocities-in-xinjiang/index.html>

⁴⁶ Shi Yinhong, "The U.S. and Other Major Countries' Policies Toward China and the Future World Configuration, Reading the China Dream," November 17, 2020, <https://www.readingthechinadream.com/shi-yinhong-future-world-configuration.html>

assertiveness on the world stage, China's path over recent decades has navigated a series of shifts. These shifts have been driven in large measure by a dynamic interaction between China's strategic goals, its evaluation of its external environment, and its domestic requirements. This dynamic interaction between external and internal forces has not ended under Xi Jinping. Going forward, continued study of the interplay of these forces on China's policy decisions will merit further in-depth evaluation.

About the Contributor

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