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Key Issues and Recommendations on U.S.-China Relations
FY2022 U.S.-China Relations Study Group Report

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U.S.-China Relations Study Group

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Preface

Taking up the theme “U.S.-China Relations Viewed from Around the World,” the U.S.-China Study Relations Group has invited experts from Southeast Asia, Russia, India, Eastern Europe, Central Asia, Africa, South America, Taiwan, and the United States to examine and discuss how U.S.-China relations are viewed from each country and region, the world views these countries and regions hold, and how they seek to engage with the U.S., China, and other countries in a situation involving both “conflict” and “competition” between the two countries. During the past three years, the Novel Coronavirus pandemic and Russia’s invasion of Ukraine have triggered major changes in the international situation, threatening the very foundations of the international order. In FY2022, the final year of the project, the study group also examined how the United States, China, and other countries view the war in Ukraine and its impact on the international order, taking into account the domestic situations in the United States and China, including the mid-term elections and presidential election in the United States and the 20th Party Congress in China. The study group also considered the course that Japan should take.

Section 1. Tone of U.S. and China’s foreign policy and Japan

With the view of maintaining the existing order, the U.S. views China as a representative of despotic states, a challenger to the existing order, and one that has the power to challenge it. The U.S. is also increasing pressure on China, together with its allies and partners, by enacting a series of domestic laws in Congress in anticipation of a long-term “competition” with China in various aspects, including military security, economic security, and values such as democracy and human rights. However, the U.S. has also stated that conflict may be avoided and cooperation may take place, and trade between the U.S. and China in 2022 increased slightly to a record high.

China considers the existing order led by the U.S. and other advanced nations to be “outdated.” While insisting on the importance of the United Nations, China criticizes the U.S.-centered security system and the values of advanced nations and says that by 2049 China will surpass the U.S. and achieve order formation by itself (“realization of a new type of international relations”). However, China also positions its relationship with the U.S. as “competition,” and while avoiding “conflict,” it says that it will “cooperate” with the U.S. where “cooperation” is necessary. On the other hand, China does not accept the confrontational structure of developed countries versus despotic states such as China and Russia, and China is willing to be a representative of non-developed countries, i.e., emerging and developing countries.

China-Russia relations have never been an alliance, and China does not accept the

“China-Russia relations strong as monolith” theory of the United States and other countries. China has criticized economic sanctions and strengthened its economic ties with Russia following Russia’s invasion of Ukraine, but China has not sought to support Russia militarily. Nor does China support sovereignty violations criticized by other developing countries. However, since Russia is extremely important to China’s long-term “competition” with the U.S., China wants to avoid excessive reductions in Russia’s force and disruption.

The Global South is currently an important issue for the United States and China. This is because the competition for order requires a global perspective that is not limited to the developed countries and China and Russia. On the other hand, however, the opposing structure of the U.S.-China “confrontation” is not necessarily fixed throughout the world, and the way the conflict appears varies from region to region and from case to case. There are also voices, especially in developing and emerging countries, that do not want conflicts in terms of values, the economy, etc. Both the U.S. and China try to gain support from these countries, but rather than choosing one to the exclusion of the other, many countries seek to benefit from developed countries, China, Russia, and others in line with their national interests, or they envision their external relations based on their own policy principles or domestic power conflicts. Forcing a “choice between the two” from the outside is unwelcome.

Section 2. U.S. and China domestic situations

It goes without saying that foreign policy in the U.S. and China is in some respects determined by domestic factors. This is the reason the study group discussed the U.S. midterm elections and the Chinese economy.

In the U.S., the midterm elections brought the Republican majority in the House of Representatives and the Democratic majority in the Senate. In the House of Representatives, the Republicans have gained the chairmanship of various committees, which has in some respects expanded their influence. For the time being, however, the Joe Biden administration is expected to continue its “diplomacy for the middle class” and will continue to apply pressure on China over economic security and values. At the same time, however, the administration says that the U.S. does not face a “collision” with China and does not consider a Taiwan contingency “imminent.”

In China, the 20th Party Congress in October 2022 is extremely important, and this is probably why the country was conservative in its policy choices, with no room for changes in existing policies or new policy failures. For this reason, the Zero-COVID policy, economic recovery policy, and other policies were basically postponed for discussion after the Party Congress, but because many of those in charge of the economy

are involved with the State Council of the People's Republic of China, it is thought that no drastic policies will be taken until the National People's Congress of the People's Republic of China in March 2023. The Xi Jinping regime is currently focusing on alleviating social discontent and achieving economic recovery, while, in terms of foreign policy, it is trying to reduce friction on the diplomatic front by correcting the course of "wolf warrior diplomacy."

Public opinion in each of the U.S. and China is also important, but in China in particular, concern about a "Taiwan contingency" is growing and calls for peace are becoming stronger. For China, a "Taiwan contingency" is perceived as being initiated by the U.S., but if Chinese public opinion is calling for "peace," this will also be a factor for China to consider.

Section 3. International relations and security issues in East Asia

In FY2022, the international situation and security environment in East Asia changed dramatically with Russia's invasion of Ukraine. In particular, the deterioration of relations between Japan and Russia has led to increased Russian military activity around Japan, and Chinese and Russian naval vessels and air force aircraft have frequently engaged in joint military exercises. North Korea has also been actively conducting long-, medium-, and short-range missile tests and has increased the number of nuclear warheads in its arsenal, and its military capability continues to grow.

China has completed its own Global Positioning System (GPS) with the satellite BeiDou and is building its own network of Internet cables as Xi Jinping's policy of "modernizing" the People's Liberation Army (PLA) continues to gain the capability to carry out the "Intelligentized Warfare." In addition, China is enhancing its cyberattack capability and other capabilities while promoting military-civil fusion. It is also said that China is planning to increase the number of nuclear warheads to match those of the U.S. and Russia and is even abandoning the No First Use policy. These policy changes foreshadow changes in China's global strategy, specifically its military policy toward East Asia. In particular, a new security environment is being created through a change in the nuclear balance, an increase in conventional forces such as missiles, an improvement in cyberattack capability in "normal times," unmanned aerial vehicles (UAVs), maritime drones, and so on.

The U.S. is strengthening its relations with allies such as Japan and South Korea and is increasing its involvement in Taiwan in particular. In 2022, a "Taiwan contingency" has been a focus of discussion and many simulations were conducted. Taiwan is not only a strategic location in terms of military security, but also a presence that embodies the values of freedom, democracy, and human rights, and, in terms of cutting-edge industries,

it is a key point in the supply chains, such as those for Taiwan Semiconductor Manufacturing Company Limited (TSMC) semiconductor components. However, there is considerable suspicion within Taiwan about the involvement of the U.S. in the event of a Taiwan contingency. In Taiwan, an armed invasion by China is not considered an urgent issue; rather it is thought that there is a peacetime infiltration operation and stronger military pressure. It is not known to what extent the U.S. has taken Taiwan's internal factors into account in formulating its Taiwan policy.

Section 4. Japan's course of action: Recommendations from the study group

In light of the current confrontation between the U.S. and China, what course of action should Japan take?

First, in order to cope with the changing global security environment and various tensions in East Asia, Japan should work to further strengthen the Japan-U.S. alliance and cooperation with Australia and South Korea based on frameworks such as the Quad, as well as various ways of cooperation with NATO, Western European countries, and other partners where possible.

Second, as stated in the three security documents, in light of the new security environment, Japan must improve its equipment and response capability on the security front and enhance its deterrence capability.

Third, in the area of economic security, Japan should promote cooperation with the U.S. and other developed countries while keeping in mind how to take into account the wishes of the Japanese domestic business community. Japan should also note that although the U.S. is increasing its trade volume with China, the U.S. is not aiming for complete economic and trade coupling with China.

Fourth, on the issue of developing and emerging countries, the so-called "Global South," Japan should follow the basics such as the rule of law, but it will be necessary to consider not only the perspectives of developed countries, but also the diverse perspectives and values in the world, as well as the internal politics, history, and sense of order of each country and region. In this respect, Japan, as the only non-Western state in the G7, may have a role to play.

Fifth, although Japan is faced with China, North Korea, and Russia, it must not forget that it is still required to coexist with these countries. In particular, Japan has close economic relations with China, and there is an extremely large amount of traffic in people and goods. For this reason, Japan's urgent task is not only to improve deterrence as described above, but also to take measures to avoid conflict and maintain peace through a variety of means, including diplomacy and private-sector exchanges.