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Nakasone Peace Institute

【Recommendations】

U.S.-China Relations Study Group FY2021 Report: Recommendations

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U.S.-China Relations Study Group

中曾根平和研究所
Nakasone Peace Institute

◆ Introduction

The U.S.-China Relations Study Group conducts research on the theme “U.S.-China Relations as Seen Around the World” and discusses “Issues in Specific Fields of U.S.-China Relations (advanced military, life sciences, human rights issues, and others),” from both a Japanese perspective as well as from a broad range of perspectives on how other countries view U.S.-China relations. Together, NPI experts and external experts analyze the issues to identify the problems and examine the initiatives developed to resolve them. This report is a brief summary of the implications and recommendations for U.S.-China relations from the 2021 study group. Research activities will continue in the coming year.

◆ Framework

- Despite variables such as the situation in Ukraine, the U.S.-China confrontation is expected to be a major axis of global politics for decades to come, and Japan should clarify its principles regarding its position on this issue with a view to its national interests. This should be divided into short-term, medium- to long-term, and long-term issues, and should be formulated in light of the various aspects of the U.S.-China confrontation in each region and issue area.
- We should determine the areas in the U.S.-China confrontation that particularly stand out, broaden Japan’s options in those areas, and create an environment in which Japan is not disadvantaged. To this end, it is important not only to know China and its allies, but also to analyze and understand Japan’s current situation evenly and objectively.
- Japan is China’s neighbor and has close economic relations with China; the rising capabilities of China’s coast guard over the Senkaku Islands issue; and the progress of Chinese technological innovation in the digital domain and elsewhere, as well as China’s preparations for Taiwan unification: these issues should not be addressed with assumptions or hopes, they should be considered and addressed based on objective facts and realism.

◆ Key Findings

- China’s science and technology are already becoming increasingly advanced, and the country will probably pursue policies to further strengthen them, such as through the construction of digital infrastructure. The **struggle for supremacy in science and technology between the U.S. and China is likely to continue for a considerable period of time.** In order for Japan to gain a firm position in the complex international

situation, it is necessary to revive its position as a “science and technology powerhouse.”

- In addition to the government’s extreme siphoning of the fruits of growth, China is also promoting the concentration of power in the hands of President Xi Jinping through formulation of laws and other measures. The “merits” of this policy are evident in the recovery from the Novel Coronavirus pandemic and the massive investment in the promotion of science and technology, but it has also created “sins” such as the **disparity between the rich and the poor, the decline in the vitality of the private sector, and the creation of a government bureaucracy inclined to “inaction.”** It is necessary to look at the future rise and fall of China’s economy in line with the actual situation.
- The nature of what is considered the U.S.-China confrontation differs from region to region and case to case around the world. In some regions, the U.S.-China confrontation is difficult to see, and in some cases, the U.S. and China are cooperating with each other. Rather than perceiving and discussing everything based on the U.S.-China confrontation, we need to make varied and flexible observations and considerations for each region and issue area. For this reason, Japan should not have a simple and rigid policy, but rather firm (strong but with a certain flexibility) principles regarding the U.S.-China confrontation so that it can flexibly deal with diverse situations.
- Although it is said that there is an “anti-China consensus” in the United States, a **unanimous strategy toward China has not been formed.** The majority of Republican supporters have adopted a hard-line stance toward China, viewing the regime as a problem in addition to China’s behavior. In contrast, Democratic supporters are divided in their stance toward China between those on the left, who believe that diplomatic engagement should continue regardless of the intrinsic political system, and those in the middle, who believe that the United States should engage in competition with countries that cannot abide by agreements and rules. These differences have given rise to approaches to China such as the strongly Republican “regime collapse theory,” which holds that we should wait for China to weaken and transform its system of governance, and the strongly Democratic “competitive coexistence theory,” which holds that we should aim to moderate China’s foreign behavior through coalition building while avoiding conflict with China; at present, formulation of a China strategy on which the three parties can agree is hindered.
- Although the Biden administration has put forth a “democracy versus

authoritarianism” policy, in actual diplomacy it is likely to **cooperate with nondemocratic states in areas where cooperation is possible.**

While not rejecting the significance of the Summit for Democracy outright, policy elites in Washington do not strongly support the approach of identifying partners by political system and are more inclined to argue that cooperation in functional areas should be promoted with nondemocratic states as well. The Biden administration’s slogan of democracy and human rights is a good example of this, as it allows it to meet the demands of the left wing within the Democratic Party to achieve social justice (human rights guarantees, anti-corruption, etc.) and at the same denounce the centrist camp without incurring criticism from the Republicans in the foreign policy arena.

- **Membership in the CPTPP remains a political hurdle for the Biden administration, which has put forth an alternative plan, the Indo-Pacific Economic Framework, but its impact remains to be seen.**

With China and Taiwan having applied to join the CPTPP, some policy elites in Washington are of the opinion that the U.S. should also join, and some Democratic centrists are of the opinion that trade liberalization should proceed. However, the left wing of the Democratic Party remains negative about trade liberalization with partners that do not meet labor and environmental standards, and Trump supporters in the Republican Party are also negative about joining the CPTPP. Under these circumstances, if Biden were to propose trade liberalization through CPTPP membership, it would mean political criticism that he is putting corporate interests ahead of workers, running a significant risk of losing the support of the white working class in the process, so it is unlikely that this is an option on the policy agenda. As an alternative, the Indo-Pacific economic framework bundles together existing economic engagement measures, but we have yet to see a convincing case that its economic impact would surpass that of the CPTPP.

- U.S.-China competition in cyberspace is developing on multiple levels, including information technology, telecommunications infrastructure, and content (cognitive domain). In terms of information infrastructure, China **is expanding its cross-border optical cable network through the “Digital Silk Road,” forming a regional advantage that extends into the Eurasian continent, which may change the flow of information on a global scale.**

◆ Policy Recommendations

China Policy

- ① Establish a strategic vision toward China based on Japan's comprehensive national interests and communicate it domestically and internationally.

Based on the assumption of constant tension not only around the Senkaku Islands but also around Japan in general, a finely balanced diplomacy is required to maintain stable private-sector exchanges and economic cooperation while working with the U.S. and other allies. At present, however, different actors in Japan have different perceptions of China. While addressing short-term issues, it is necessary to formulate a China strategy based on Japan's national interest from a comprehensive medium- to long-term perspective, reflect this in the newly formulated National Security Strategy and other policy, and **formulate a certain level of social consensus.**

- ② Formulate a new Japan-China cooperation framework starting from the 50th anniversary of the normalization of diplomatic relations.

To promote development in Asia, Japan and China, as regional powers, can **consider various forms of cooperation, including economic, environmental, and human resource development.** In light of common challenges such as an aging society and environmental issues, as well as the framework for third-country market cooperation agreed to in 2018, Japan and China should continue to cooperate on an equal footing while maintaining contact with Chinese society.

- ③ The fact that both China and Taiwan have applied to join the CPTPP is an opportunity for Japan. It will provide a valuable diplomatic forum for dialogue on China's economic system and other domestic issues, and will also help to maintain a balance in Japan-China relations, which are expected to continue to face challenges in the future. It should not be too easy for China to join, and although negotiations will take a long time, Japan **should be open to discussions with China while keeping Taiwan's membership in mind.**

Regarding the new U.S. administration

- ① The Biden administration's policy toward China should be **viewed as a synthesis of the policy and political imperatives of the left and center factions of the Democratic Party.** The Biden administration's middle-of-the-road competition-based course may be influenced by the domestic political situation to make left-leaning modifications (such as reducing military tension, bringing the human rights agenda to the fore, and cooperating on climate change). The **Biden administration** should be prepared for this and constantly **question the policy goals it hopes to**

achieve with China over the next three to seven years.

- ② **Regarding countries in the Indo-Pacific region, which** appear marginalized by the Biden administration's democracy and human rights rhetoric, the Japanese government should **strengthen its diplomatic efforts to prevent the development of divisions and hierarchies by reinforcing efforts to incorporate these countries** into various functional sectoral cooperation systems.
- ③ Rather than holding a democracy summit, the Biden administration should be **encouraged to hold a forum that addresses the agenda addressed at the democracy summit on an individual basis**, such as counter-disinformation and anti-corruption, **and switch to a format that allows participation by other countries regardless of political system.**
- ④ **While urging the Biden administration to join the CPTPP, Japan should** (1) strengthen consultations with the U.S. on specific policy initiatives to **deepen the linkage between the US economy and the Indo-Pacific regional economy**, and (2) strengthen its efforts to expand the Indo-Pacific economic framework beyond the unilateral efforts of the U.S. alone. Multilateral initiatives should be launched together with like-minded countries in the region, and regional economic diplomacy should also be developed to substantiate U.S. economic engagement.

Security

- ① **Strengthen deterrence around the Senkaku Islands and in the East China Sea**
In order to avoid military friction, it is essential to cooperate with the U.S. and other allies, improve Japan's deterrence capabilities, and promote security dialogue with China in parallel. In addition to defending new domains such as cyber, space, and electromagnetic waves, Japan must also **prepare for influence operations.**
- ② **China's digital infrastructure construction and policies for the Digital Silk Road**
China is increasing its influence over emerging and authoritarian states through export of telecommunications infrastructure. Along with strengthening its ties with democracies, Japan should seek to strengthen **relations with regional powers and geopolitically important countries and regions, including those inside Eurasian continent**, and build cooperative relationships in shaping global international norms and establishing international standards. With these countries, it is necessary for Japan to coordinate approaches that do not raise alarm, such as expert meetings on cybersecurity and capacity-building support for government officials.
- ③ **China's preparations for intelligitized warfare**
The Chinese People's Liberation Army (PLA) is accelerating its preparations for the intelligitized warfare, which involves the military use of artificial intelligence (AI) and drones. The number of Chinese unmanned patrol aircraft flying in the East China

Sea is increasing, and new developments such as the normalization, autonomy, heavy equipment, and swarming of unmanned aircraft flights are possible in the future. In Japan, it is necessary to **deepen the policy discussion on how to deal with China's war on intelligentized warfare and link it to concrete measures**, as well as to focus on domestic economic and technological promotion to increase competitiveness in strategic emerging technological fields.

This is an English translation of the original Japanese-language NPI Commentary posted on the NPI Japanese website on March 31, 2022.