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# China Primer: U.S.-China Relations

## U.S.-China Competition

Congress has intensified its legislative and oversight activity related to the People's Republic of China (PRC or China) in response to growing concerns about PRC actions and intentions. Upon his election as House Speaker in the 118<sup>th</sup> Congress, Kevin McCarthy identified the ruling Communist Party of China (CPC) as one of two U.S. “long-term challenges” for the House to address, the other being the national debt. To investigate issues related to China, the Speaker restated his intention to establish a bipartisan Select Committee on China in the 118<sup>th</sup> Congress.

The Joseph R. Biden, Jr. Administration presents the United States as engaged in geopolitical 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 outlines a three-part strategy for “out-competing” China: first, to invest in competitiveness, innovation, resilience, and democracy at home; second, to align U.S. efforts with those of allies and partners; and third, to “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.” Following a November 2022 meeting with China's top leader, CPC General Secretary Xi Jinping, Biden noted, “We're going to compete vigorously. But I'm not looking for conflict.”

Top PRC officials have decried the U.S. government's identification of China as the leading U.S. competitor and dismissed the Administration's assertion of a struggle between democratic governance and authoritarianism as a “false narrative.” They have also condemned congressional actions, including China-related provisions of the James M. Inhofe National Defense Authorization Act (NDAA) for Fiscal Year 2023 (P.L. 117-263). A PRC readout of the Biden-Xi meeting paraphrased Xi as saying the two countries need to “explore the right way to get along with each other” and seek “peaceful coexistence.”

## Mechanics of the Relationship

Under the Biden Administration, in-person interactions between U.S. and PRC officials at all levels have been limited. That situation is related in large part—though not exclusively—to the Coronavirus Disease 2019 (COVID-19) pandemic. The PRC government kept China's borders largely closed for nearly three years in an ultimately-failed effort to enforce a “zero-COVID” approach to the pandemic in China; borders re-opened on January 8, 2023. During this period, China's top diplomats met occasionally with U.S. counterparts outside China, senior U.S. officials who traveled to China were subject to onerous COVID-19 protocols, and U.S. diplomats in China faced severe

limitations on their activities. Xi himself did not travel abroad for 32 months. The November 2022 Biden-Xi meeting, held on the sidelines of a gathering of the G-20 nations in Bali, Indonesia, was the two leaders' first in-person meeting of the Biden Administration. Having so far met his counterparts outside China, Secretary of State Antony J. Blinken is scheduled to make his first visit to China in his current position in early 2023.

In 2021, the State Department and the PRC's Ministry of Foreign Affairs established joint working groups to address a limited set of issues. The groups, which continue to meet, have made modest progress on such issues as visas for journalists, the cases of American citizens subject to arbitrary PRC exit bans, and diplomatic reciprocity. Following then-House Speaker Nancy Pelosi's visit to Taiwan in August 2022, the PRC government formally suspended cooperation with the United States in several areas, including transnational crime and counternarcotics; suspended climate-change talks; and cancelled meetings of several military-to-military dialogues. Climate-change talks have since resumed.

In December 2022, the State Department launched a new Office of China Coordination, known as “China House.” In a statement, the department said the office would draw on regional and functional expertise from across the department to meet “the most complex and consequential geopolitical challenge we face.” The Central Intelligence Agency (CIA) launched a dedicated China Mission Center in 2021. CIA Director William J. Burns said at the time that it would allow CIA to strengthen its work on “the most important geopolitical threat we face in the 21<sup>st</sup> century.”

## Select Issues in U.S.-China Relations

### Taiwan

Since then-Speaker Pelosi's visit to Taiwan, the PRC has stepped up military activity around the island. The White House says Biden raised the PRC's “coercive and increasingly aggressive actions toward Taiwan” in his meeting with Xi. In a post-meeting press conference, Biden said he made clear that differences between Beijing and Taipei should be “peacefully resolved.” He also stated that he did not see “any imminent attempt on the part of China to invade Taiwan.” The PRC claims sovereignty over self-ruled Taiwan and has long vowed to unify with it, by force if necessary. Since 1979, the United States has maintained official relations with the PRC and unofficial relations with Taiwan. To deter the PRC from use of force or coercion against Taiwan, the 117<sup>th</sup> Congress passed the Taiwan Enhanced Resilience Act (Title LV, Subtitle A of P.L. 117-263). See CRS In Focus IF10275, *Taiwan: Political and*

*Security Issues*, and CRS In Focus IF11719, *China Primer: The People's Liberation Army (PLA)*.

### Human Rights

The Biden Administration and many Members have criticized PRC authorities' treatment of ethnic and religious minorities in the western PRC regions of Xinjiang and Tibet, with the State Department assessing PRC actions in Xinjiang to constitute genocide and crimes against humanity. In the PRC's Hong Kong Special Administrative Region, Secretary Blinken has accused the CPC of having "imposed harsh anti-democratic measures under the guise of national security." In the 117<sup>th</sup> Congress, enacted legislation seeking to support human rights in China included the Uyghur Forced Labor Prevention Act (P.L. 117-78), which restricts Xinjiang-related imports. See CRS In Focus IF12265, *China Primer: Human Rights*.

### Fentanyl and Other Synthetic Opioids

China 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. In the context of the U.S. opioid epidemic, the U.S. focus is now on addressing flows of uncontrolled PRC-produced precursor chemicals used to make fentanyl in third countries, primarily Mexico, and to stem illicit fentanyl-related financial flows linked to the PRC. The FENTANYL Results Act (Title LV, Subtitle C of P.L. 117-263) provides assistance to build the capacity of foreign law enforcement agencies with respect to synthetic drugs, but bars such assistance to the PRC or any of its law enforcement agencies. See CRS In Focus IF10890, *China Primer: Illicit Fentanyl and China's Role*.

### Relations with Russia and North Korea

The United States has pressed China to help bring an end to Russian President Vladimir Putin's war of aggression in Ukraine. Xi has expressed China's opposition to the threatened or actual use of nuclear weapons in Ukraine, but has otherwise expressed solidarity with Putin. The FY2023 NDAA requires a report on whether and how the PRC has provided support to Russia with respect to the war in Ukraine. The Biden Administration has also pressed China to do more to restrain North Korean leader Kim Jong-un, who in 2022 presided over an unprecedented number of missile tests, including multiple intercontinental ballistic missile (ICBM) tests, in violation of U.N. resolutions. In 2022, the PRC joined Russia in vetoing a U.S.-led draft U.N. resolution that would have tightened sanctions against North Korea over its missile launches. See CRS In Focus IF12100, *China-Russia Relations*.

### Trade, Investment, and Technology

China was the United States' fourth-largest goods trading partner in 2021 (with the European Union considered as one trading partner). Two-way foreign direct investment (FDI) flows have slowed since 2016, while investment and commercial ties not included in FDI data—technology licensing, research, venture capital, and financial investments—have expanded.

China is a large market for U.S. firms but poses significant trade barriers, unfair practices, and a lack of reciprocity in key areas for these firms. Many 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. China continues to require the transfer of some critical U.S. capabilities to China as a condition for some U.S. firms to operate in strategic areas in the country. Some Members have also expressed concern that China's practices distort markets and undermine fair competition as PRC firms expand globally in areas that China restricts foreign firms from accessing domestically. China's system blurs state and corporate interests, enabling its government to deploy trade tools (e.g., in such areas as antidumping, antitrust, standards, and procurement), economic coercion, and espionage to advantage its firms and advance China's industrial and other policies. Experts see the PRC state's expanding role in commercial activity—including an intensification of industrial policies and enactment of national economic security policies since 2020—as increasing the business and broader economic risks of U.S. commercial ties with China.

Some Members have shown interest in addressing risks related to China's digital platforms (e.g., TikTok) operating in the United States and in exerting greater oversight over executive branch decisions on export control licensing and foreign investment reviews. Congress has sought to promote U.S. industry in strategic (e.g., semiconductor) and emerging (e.g., electric vehicle) technologies and considered new guardrails on U.S. commercial and research ties with China, including outbound investment. Recently enacted legislation intended to address these issues includes the CHIPS Act of 2022 (Division A of P.L. 117-167), the Inflation Reduction Act of 2022 (P.L. 117-169), and the Small Business Innovation Research and Small Business Technology Transfer Extension Act of 2022 (P.L. 117-183). See CRS In Focus IF11284, *U.S.-China Trade Relations*, and CRS In Focus IF10964, "Made in China 2025" *Industrial Policies: Issues for Congress*.

### Cooperation and Assurances

Areas the two governments have identified for cooperation include climate change, global macroeconomic stability, global food security, and public health. The current rapid spread of COVID-19 in China appears to be driving strong PRC interest in reviving health-related exchanges. Biden and Xi also appear to have used their November 2022 meeting to clarify their intentions, with the goal of lessening the risk that miscalculations lead to conflict. According to the PRC readout of the meeting, Xi told Biden that, "China does not seek to change the existing international order or interfere in the internal affairs of the United States, and has no intention to challenge or displace the United States." In a press conference after the meeting, in addition to stating that he does not seek conflict, Biden said he believes that there "need not be a new Cold War." The PRC readout paraphrased Biden as saying that the United States "respects China's system, and does not seek to change it," "does not seek to revitalize alliances against China," and "does not support Taiwan independence." The less-detailed White House readout of the meeting did not mention those reported statements.

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