

Hearing on U.S.-China Relations at the Chinese Communist Party's Centennial

USCC

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Opening Remarks - Carolyn Bartholomew

- The story the CCP is telling around the world is one that is often based on lies and half-truths.
- The CCP is continuing its unfair business and trade practices, barriers to the entry of U.S. goods and services, and on-going theft of valuable intellectual property (IP).
- Events of the past several years have also highlighted the national security risks inherent in concentrating U.S. supply chains in China.
- Hearing will explore how the U.S.-China relationship has changed over the past several years and the CCP's response to domestic and international factors that have driven these changes.
- Also examine the CCP's goals for its centennial, and how these goals—and other trends in China—could affect the bilateral relationship and broader U.S. interests

Opening Remarks - Roy Kamphausen

- It is essential for American decision-makers to understand China's weaknesses and challenges as part of the development of a long-term strategy and effective set of policies so that the United States can successfully address the generational challenge that China poses.

Panel I: The State of U.S.-China Relations Heading into 2021

Summary: All panelists addressed the history of China and discussed actions that have led to the CPP reaching its centennial. There was heavy emphasis on comparing Xi Jinping's leadership now, to that of Mao in during the Great Leap Forward era. All testimonies and answers to questions relating to technology, alluded to the fact that The Work Conference portrayed technology key to China's goal of self-sufficiency. The CPP has elevated innovation to "the core of China's modernization" and innovation, (including emerging tech) has been given the highest priority in the plenum communiqué, the first time in CPC history.

Robert Sutter, Professor of Practice of International Affairs, George Washington University Elliott School of International Affairs:

- China opposes many aspects of US leadership in world affairs
 - It opposes the US role as the leading military power in the Asia-Pacific region
 - It opposes US support for and involvement in Taiwan, Tibet, Xinjiang and Hong Kong seen challenging China's sovereignty and security
 - It opposes perceived US efforts to change China's political system.
- Beijing has not reached a major inflection point in its foreign practices. The reasons to avoid confrontation with America remain.
- Beijing's tough recent approaches toward India and Australia have reinforced those governments to work more closely with the United States and Japan in counter Chinese expansion
- Beijing continues to advance its various challenges to American interests without immediate need for change:
 - Includes continuing China's three-decade long efforts using state directed development polices to plunder foreign intellectual property rights and undermine international competitors

- The acute competition and acrimony in US-China relations over the past three years does not appear to have substantially changed China's overall view of the regional and global balance and the threat environment faced by China
- Sustained US measures are needed to counter Chinese challenges seen in every major area of Chinese foreign policy behavior.

Mary Lovely, Professor of Economics, Syracuse University Maxwell School of Citizenship and Public Affairs:

- The Chinese economy's performance during the Covid-19 pandemic illustrates the resilience of the Chinese model.
- China faces profound challenges at home and abroad. The need to meet these challenges, among other objectives, drives China's fervent pursuit of advanced technological capabilities.
- Changes to US policy, with similar efforts completed or underway in other countries, imply that Chinese acquisition of foreign technology will be more difficult moving forward. These have already induced the Chinese leadership to place greater emphasis on domestic technology created through indigenous innovation, as reflected in recent announcements regarding China's next five-year plan.
- The Work Conference portrayed technology as key to China's goal of self-sufficiency. It elevates innovation to "the core of China's modernization" and given the highest priority in the plenum communiqué, the first time in CPC history.
- The plenum also called on China "to make major breakthroughs in key core technologies and become a global leader in innovation" by 2035. Faced with a "technology war" with the US, China is determined to reduce its reliance on the US and other advanced economies for cutting-edge technologies, which, though not specified in the communiqué, include semiconductors, artificial intelligence and 5G, among others.
- Beijing is currently drafting a long-term plan promoting the development of key technologies in the next 15 years.
- Congress should insist on policy that acknowledges China's integration into the global economy
- Congress should enable US leadership in setting international standards
- Congress should ensure that decoupling efforts are targeted and provide clear net benefits

Zack Cooper, Research Fellow, American Enterprise Institute and Co-Director, Alliance for Securing Democracy:

- Diverging perspectives on the causes of Sino-American tensions, the time horizon of the competition, and the effectiveness of U.S. strategy threaten to disrupt the spirit of bipartisan cooperation that has long characterized U.S.-Asia policy
- Finally, the United States needs to root its China strategy in the values it shares with many allies and partners. When the United States downplays values or adopts strategies of reciprocity against authoritarians, it undermines coalition-building efforts with many like-minded countries.

Panel II: Trends in China's Politics, Economics, and Security Policy

Summary: Largest takeaway from this section is how Beijing views technology playing into their security, both economically and politically. It plays a large role in their control of the Chinese people as well as their self-sufficiency on the global stage. After being "strangled" by U.S. sanctions, Chinese leaders in 2020 became singularly fixated on developing "core technologies" to achieve these goals. The 2020 communique no longer mentioned commercial, bottom-up forms of innovation. Moreover, due to policy on both Chinese and US sides, U.S.-China relations in technology are being pushed toward zero-sum competition.

[Sheena Chestnut Greitens](#), Associate Professor, University of Texas at Austin Lyndon B. Johnson School of Public Affairs

- Xi Jinping has outlined and operationalized a new national security strategy -- a new grand strategy -- for the People's Republic of China.
- Would argue that the introduction of Xi Jinping's comprehensive national security concept in 2013-14, and subsequent fleshing out of that concept in both theory and practice, constitute a redefinition of China's grand strategy
- The new approach to national security show a large increases in technological spending related to surveillance which is often explicitly linked to the aim of "prevention and control.
- The drive to develop these capabilities inside China has not just had domestic consequences, but is affecting governance worldwide; as of late 2019, Chinese tech companies had exported surveillance and data-integration platforms to over 80 countries worldwide.⁴¹

[Yuen Yuen Ang](#), Associate Professor, University of Michigan

- Technology is always a top priority—but whereas the leadership welcomed all types of technological ventures in 2015, in 2020, it only prioritized "core technologies" that can ensure "self-sufficiency."
- Popular concerns about China's race for technology overlook a basic fact: China's comparative advantage in technology is different from that of the US.
 - o Owing to its massive consumer market, China excels in commercializing and applying existing technologies to improve manufacturing processes and business models, for example, in ecommerce and Fintech. By comparison, the U.S. remains the unparalleled world leader in basic scientific research, the foundation of advanced technologies
- After being "strangled" by U.S. sanctions, Chinese leaders in 2020 became singularly fixated on developing "core technologies" to ensure "self-sufficiency." The 2020 communique no longer mentioned commercial, bottom-up forms of innovation
- Beijing is reacting to U.S. containment defensively, hence pushing U.S.-China relations in technology toward zero-sum competition.
- Instead of a blanket threat-driven approach, U.S. policymakers should clearly identify the risks and opportunities of different types of Chinese technological innovation, and formulate differentiated responses.
- U.S. policymakers should commission hearings and/or reports on all aspects of China's innovation and technology landscape, not just in those areas that pose risks, but also in applied, bottom-up innovation.

[M. Taylor Fravel](#), Arthur and Ruth Sloan Professor of Political Science, Massachusetts Institute of Technology

- An element of the changing international strategic framework is scientific and technological advances, sometimes described as the fourth industrial revolution, which has become the focal point of competition states but also portends significant and uncertain changes with societies.

Panel III: Implications of China's Policies for U.S. Interests

Summary: Similar to the first panel, experts really laid out the CPP has three policy objectives in the technology space. The including improving national strength in strategic technologies, strengthen control over supply chain and expanding domestic demand. All panelists agreed that while this is not new, it is time for the US to take more thoughtful approach to countering these policies. It was also emphasized that this should be done in tandem with democratic allies.

[Jacqueline Deal](#), President and CEO, Long Term Strategy Group

- The commission could consider recommending that Congress task the Department of Defense with using data from the Federal Bureau of Investigation on the targets of PRC technology acquisition efforts in the United States to infer which US capabilities the PRC most fears and which the PRC most needs to redress gaps in its indigenous development capabilities.
- These inputs could inform the development of US competitive strategies toward the PRC

[Daniel Rosen](#), Founding Partner, Rhodium Group

- Market economies could choose to be patient with China's policy shortcomings and residual statism as long as China was actively transitioning toward markets. But with assurance of that lost, recalibration is inevitable and necessary, though it need not be bellicose
- Market economies could choose to be patient with China's policy shortcomings and residual statism as long as China was actively transitioning toward markets. But with assurance of that lost, recalibration is inevitable and necessary, though it need not be bellicose
 - o This foreign reaction to changing Chinese policy fundamentals is reinforcing Beijing's intention to attain self-sufficiency particularly in critical technologies and supply chains.
- While the details of the plan are still being hashed out, the priorities presented at China's central economic work conference in December are informative: 1) improve national strength in strategic technologies; 2) strengthen control over supply chains; and 3) expand domestic demand.
- China is redoubling efforts to achieve technological mastery and control over critical technologies. This is not new, but the scale will require a more strategic approach than the US has taken so far.
- By correctly diagnosing China as a developing nation clinging to statism because it has not succeeded at liberalizing, we can repair a global narrative that has swung dangerously close to believing that illiberal autocracy offers a better route to prosperity and human happiness than open market democracy.

[Peter Jennings](#), Executive Director, Australian Strategic Policy Institute

- On any measure, the PLA is on a steep capability improvement path. Western analysts have tended to underestimate the PLA's capacity to rapidly field new technology and develop meaningful military capability with it. (Those assessments are rapidly being revised.)
- All militaries are imperfect and face daily capability deficiencies. Xi will understand that the point is not to reach for the perfect PLA, rather the aim is to have it fit for its designated purpose and more determined than their likely opposition.
- The strategy most likely to successfully counter malign CCP activities is one that brings like minded democracies into an aligned and shared sense of purpose
- Southeast Asia is emerging as one of the most critical zones of global competition for influence between the United States and the CCP.