

Avoiding Fatalism in U.S.-China Relations

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Executive Summary

Despite the growing sense of fatalism in both the U.S. and China that bilateral relations are doomed to get worse, there are shared interests between the two sides in avoiding war and in having a stable and predictable relationship. To further explore these common interests, the National Committee on American Foreign Policy's (NCAFP) Forum on Asia-Pacific Security (FAPS) held an in-person U.S.-China Track II dialogue in early May 2023, bringing together experts and scholars from China and the U.S. in person for the first time since the COVID-19 pandemic halted international travel. Participants discussed the urgent need to cooperate on less-sensitive issues to begin to restore a foundation of trust in bilateral relations.

Policy Recommendations & Major Takeaways:

The United States and the People's Republic of China should:

- Normalize people-to-people exchanges, which are often the leading indicator of the overall trajectory of the relationship. When people-to-people relations atrophy, the bilateral relationship falls hostage to our differences. Washington and Beijing should find a way to signal genuine interest in resuming and strengthening people-to-people exchanges. Some of these “low-hanging fruit” type of actions include easing visa restrictions (including cutting the blacklist for scholars), increasing the number of direct flights between the U.S. and China, restoring Fulbright exchanges, and reopening the consulate offices in Houston and Chengdu that were closed in July 2020.
- Reestablish regular, high-level communications between the two militaries. Chinese participants raised the issue of U.S. sanctions on PRC Defense Minister Li Shangfu and said some gesture on sanctions, if not lifting, would be needed to unlock a meeting. U.S. participants countered that there is no barrier for U.S. Secretary of Defense Austin and Minister Li to have a phone call or a meeting on the sidelines of a multilateral fora. A recent near-miss in the Taiwan Strait where a Chinese Navy ship came within 150-yards of the *U.S.S. Chung-Hoon*, and a separate incident involving a Chinese fighter jet and a U.S. surveillance aircraft over the South China Sea, further reveal the urgent need for dialogue to avoid an inadvertent escalation. Chinese participants countered that a gesture would nevertheless be needed for political reasons and questioned whether a U.S. official would be able to meet if the situation were reversed.

¹ This report reflects the notes and observations of the authors alone and is not a consensus document.

- The U.S. and China should restore the primary military-civilian dialogue, the Strategic Security Dialogue (SSD), which was last held in June 2016. Past dialogues have covered crucial issues in the maritime, nuclear, and space domains and promote coordination between typically siloed civilian and military officials.
- Tone down zero-sum rhetoric, and begin to acknowledge some of the positive things the other side has done in an attempt to improve bilateral relations and rebuild trust. It is important to send signals that the U.S. and China are not in conflict nor opposed to everything the other side does, especially in the interest of global stability. For example, participants acknowledged positive receptivity to each side's peace mediation efforts, such as the U.S. in Armenia-Azerbaijan and China in Saudi Arabia-Iran.
- Normalize U.S.-China diplomacy at all levels on the range of issues. The absence of a leader-level phone call should not be an obstruction to diplomacy. Diplomacy should not be offered as a reward, nor should it be withheld in order to gain leverage or concessions. An important function of dialogue is exploration and learning, to listen and to understand where the other side is coming from and where they want to go. The absence of the ability to explore and understand each other's priorities and intentions is the dynamic that reinforces the stereotyping and caricatures seen today in deteriorating U.S.-China relations. Participants suggested quarterly in-person meetings between high-level officials, supplemented by virtual working groups in the hopes of creating a better atmosphere for a potential Biden-Xi summit on the sidelines of the G-20 or APEC meetings.

Clarifying the Purpose of Diplomacy and Dialogue

Beijing and Washington both believe that bilateral U.S.-China relations are in very bad shape. Beijing believes that Washington is pursuing a misguided strategy of containment toward China and that it will need to recognize its "mistake" and take actions to restore "normal" bilateral relations to avoid self-harm and conflict. Washington, however, believes that relations are likely to worsen before a new power equilibrium is established that restores the U.S. strategic positioning (military and economic) vis-à-vis China in Asia and pushes back against Chinese efforts to rewrite the regional and global order. In other words, both countries see the need for the other to concede recent changes in relative position and neither is prepared itself to make any concessions or compromises. Beijing believes the U.S. approach is based on a misconstrual of objective realities and that there is no realistic material offer that it could make that would alter the U.S. approach. Washington posits that there is no amount of diplomacy or bargaining that will dissuade Xi Jinping from his current determination to reorder domestic, regional and global practices in conformity with China's interests. Both are probably right.

This does not leave much prospect for progress through diplomacy, but participants were nonetheless adamant that talking was better than not talking. American participants expressed frustration with the lack of regular high-level meetings and dialogues since the Biden administration took office, but acknowledged that the outcomes of the one meeting between the two presidents had been overtaken by events. Chinese participants argued for progress on implementing the agreements reached between Xi and Biden during their November 2022 summit in Bali in order to "justify another phone call" between the two leaders, although it was noted by U.S. participants that there were two different readouts of the Bali Summit. From a

Chinese perspective, Beijing views the lack of progress as the result of lack of follow-through on Washington's part despite President Biden's good intentions. If these agreements cannot be implemented, then it is not worth having another presidential-level conversation to discuss the same issues again. Chinese participants asserted that leader-level meetings should not be the "first line of defense" in bilateral relations because failure risks boxing leaders into a corner.

U.S. participants did not disagree that there was a need to reaffirm the understanding from the Bali summit to prevent further deterioration in the relationship. However, they argued, the U.S. readout of the Bali meeting described assurances and a commitment to work on principles, not agreements. There are certainly areas of misunderstanding where greater clarification can be introduced, but this requires dialogue, diplomacy, and channels of communication. Not every dialogue has to generate an agreement.

Another Chinese participant reminded American participants that Xi and Biden's phone call prior to then Speaker Pelosi's visit to Taipei in August 2022 was not successful in preventing such a visit. This generated a lot of public criticism within China: if the two leaders can have such a phone call but the visit occurred anyway, it was seen as a "slap in the face" to the leader of China. Participants assessed that both Washington and Beijing appear to be pointing to domestic politics as justification for certain actions, including ceasing dialogue. Anti-China sentiment has become the norm in the U.S., and the same is true for opinion of the U.S. in China.

Despite the rising sense of fatalism in U.S.-China relations, participants agreed that the two countries share common interests in promoting stability and prosperity, including reducing tensions in the Taiwan Strait, avoiding an arms race in Northeast Asia, boosting economic development in the region, addressing transnational concerns such as migration, drug trafficking and cross-border crime, global health and climate change. U.S. participants argued that Beijing's suspension of all dialogue with the U.S., including the suspension of climate change talks, following then U.S. Speaker Nancy Pelosi's visit to Taipei was unhelpful.

It is important to note that since the NCAFP's dialogue in early May, there have been several high-level meetings, including with PRC Foreign Minister Qin Gang and U.S. Ambassador to China Nicholas Burns, Wang Yi and Jake Sullivan in Vienna, U.S. Secretary of Commerce Gina Raimondo and PRC Minister of Commerce Wang Wentao in Washington, and U.S. Assistant Secretary of State Dan Kritenbrink and NSC Senior Director Sarah Beran's travel to Beijing. It was also revealed that CIA Director Bill Burn traveled secretly to China to meet with senior officials and that Secretary of State Blinken would travel to China.

Prospects for Cooperation on Regional and International Hot Spots

Participants from both sides acknowledged that strategic competition has hindered prospects for cooperation on intractable regional and international hot spots. For Beijing, the top priorities for regional security issues are the Taiwan Strait and the South China Sea. On the Taiwan issue in particular, Mainland participants highlighted Beijing's focus on "countering foreign interference" due to the increased attention by the U.S. and its allies in the Asia Pacific and Europe on the Taiwan issue.² On the South China Sea, participants on both sides agreed on the need for accident prevention to avoid escalation into conflict, as well as establishing rules and regulations for relevant coast guards, which would require regular dialogue.

The North Korean nuclear threat remains a longstanding and intractable issue for both the U.S. and China; however, there appears to be zero possibility of the two countries working together to stop the DPRK's nuclear expansion and threatening behavior at the moment. Current U.S. and ROK priorities focus on deterring Pyongyang from attacking the ROK, Japan, or the U.S., and to the extent possible preventing other DPRK criminal activity. A Mainland participant argued Beijing is more reluctant than before to play a role in constraining North Korea in the context of intensifying strategic competition with the U.S. However, as participants from both sides expressed concern over the growing potential for a nuclear arms race in Northeast Asia—a scenario in which the DPRK, ROK, and Japan all have nuclear weapons—cooperation on addressing the DPRK's nuclear program is also in China's interests.

On the war in Ukraine, Chinese scholars noted China's good relations with Russia and "not bad" relations with Ukraine as an advantage for hosting some kind of dialogue and negotiation. Beijing's priority is to reach a ceasefire as soon as possible and to prevent any nuclear options from being used. Beijing is also concerned about the consequences of a crisis on food and energy supplies. U.S. participants observed that Washington shares similar priorities in supporting IAEA efforts to safeguard nuclear facilities in Ukraine to prevent a catastrophe, while also ensuring the route through the Black Sea remains open and safe for food supplies. However, a ceasefire that keeps Russian troops in Ukraine is unacceptable, and the priority here should instead be focused on condemning the Russian invasion of Ukraine, and calling on Russia to withdraw its military. Another U.S. participant positively noted Secretary Blinken's shift in tone in how he talked about China's role in Ukraine and seemed to welcome what China has done, particularly Xi's call with Zelensky.

The Future of Multilateral Institutions and the International System

The fundamental lack of trust in U.S.-China relations has hindered cooperation on global issues once deemed as opportunities to bypass difficult bilateral relations. Great power competition has rendered traditional multilateral institutions like the World Trade Organization (WTO) and United Nations ineffective. Consequently, these institutions are not viewed as authoritative platforms to address transnational challenges. This has resulted in both the U.S. and China focusing on "small-group" diplomacy. For China, greater attention is being paid to the Shanghai Cooperation Organization (SCO) and BRICS (Brazil, Russia, India, China, and South Africa); for

² Prior to this U.S.-China Track II conference, the NCAFP hosted a cross-Taiwan Strait dialogue with participants from Mainland China, Taiwan, and the U.S. For a more in-depth discussion on cross-Strait relations, read the summary report of major takeaways and policy recommendations here: <https://www.ncafp.org/de-escalating-tension-and-restoring-reassurances-across-the-taiwan-strait/>

the Biden administration, its foreign policy centers around U.S. allies, especially cooperation through the G-7 and the Quad. However, it was unclear what prioritizing minilateral groupings would mean for the future of global cooperation on transnational issues such as the international economy, non-proliferation, and climate change.

It was recognized that China does not trust institutions that are dominated by the U.S., but the U.S. is also concerned that if it does not exert its leadership, the institution will be “hijacked” by China. U.S. participants highlighted the suspicion and confusion in Washington when China discusses reforming global governance. Chinese participants posited that Beijing is concerned with the effective global governance of public goods, but it does not want to revise or subvert the existing global governance system. In the end, it would be helpful to find a way for both sides to acknowledge at the senior level that the U.S. and China are in the same international system, and that neither side has the capacity to build blocs to counter or contain the other side. The U.S. and China should accept that the two countries will mutually coexist and compete in the same system.

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