

Intensifying Strategic Competition between the United States and China

U.S.-China Strategic competition has taken the form of a new Cold War between major powers that have different values and political systems. The new administration of US President Joe Biden, which was inaugurated in January, has taken over the Trump administration's harsh view of China, and positioned China as "the only competitor potentially capable of combining its economic, diplomatic, military, and technological power to mount a sustained challenge to a stable and open international system". It has taken a tough stance toward China on issues such as human rights and Taiwan, and has been pursuing vigorous diplomacy to strengthen ties with its allies and friends by, for example, bolstering the QUAD framework with Japan, Australia and India, and launching AUKUS, a new security framework with the United Kingdom and Australia. China, on the other hand, has strongly opposed the United States' defining of US-China relations and US moves to counter China, and has escalated its criticism of the United States. While it has developed vaccine diplomacy and pursued economic and aid diplomacy internationally, China has also continued its "wolf warrior diplomacy". The ways in which the United States and China regard each other and their policies toward each other strongly reflect their respective domestic circumstances. In the second half of 2021, some moves were made to manage US-China relations through high-level talks and bilateral cooperation on global issues such as climate change. However, there is no prospect of improving US-China relations overall.



US President Joe Biden speaks about foreign policy at the State Department, March 2021. (Photo by AP/Aflo)

US-China relations in 2021 characterized by "strategic competition"

The United States and China are at loggerheads over their political systems and values such as human rights. President Biden made it clear that he would emphasize cooperation and collaboration with allies, friendly nations, international organizations, and other multilateral systems, in contrast to the previous Trump administration, which adopted a unilateralist approach based on the principle of "America first". However, regarding relations with China, he inherited from the Trump administration the perception that the two countries are engaged in a strategic competition. The Interim National Security Strategic Guidance released on March 3 recognized that the strategic competition is intensifying between the United States and China, Russia, and other authoritarian states, and stated that the greatest geopolitical

challenge to the United States in the 21st century was the management of its relations with China. The Biden administration has defined China as “the only competitor potentially capable of combining its economic, diplomatic, military, and technological power to mount a sustained challenge to a stable and open international system,” and unveiled a policy of countering China by strengthening cooperation with countries that share democratic and human rights values.

Symbolically illustrating the 2021 US-China conflict was a March 18–19 meeting in Anchorage, Alaska, between Secretary of State Antony Blinken and National Security Adviser Jake Sullivan, and Chinese Politburo member Yang Jiechi and State Councilor and Foreign Minister Wang Yi. The meeting was held in the form of the two top Chinese diplomats following the step of Blinken on his way home from a visit to Japan and South Korea, a sign that China was eager for high-level talks with the United States. The talks, however, took an unusual turn, with the two countries asserting their own positions and exchanging criticisms on camera, highlighting the chilly US-China relationship. After the meeting, China repeatedly condemned the United States’ criticism of China and its economic sanctions, while sending signals that the United States was responsible for intensifying the confrontation between the two countries and that China did not want a confrontation.

In the Indo-Pacific region, the United States actively pursued diplomacy against China in partnership with its allies and friends. On March 12, less than two months after Biden’s inauguration, the first online summit between the leaders of four democracies in the Indo-Pacific region, namely Japan, the United States, Australia and India (the QUAD), was called by the United States. Immediately thereafter, Secretary of State Blinken and Secretary of Defense Lloyd Austin visited Japan and South Korea, holding 2+2 meetings with the foreign and defense ministers of both countries with a view to strengthening cooperation in dealing with China. On September 15, AUKUS was established as a new security framework for the peace and stability of the Indo-Pacific region by the United States, the United Kingdom and Australia. This included plans by the United States and Britain to assist Australia with acquiring nuclear submarines, with China’s increasing maritime presence in mind. On September 24, the United States hosted the QUAD’s first face-to-face summit.

The United States also placed advocacy for human rights and democratic values in the forefront of its diplomacy, strongly condemning China over its crackdown on pro-democracy activists in Hong Kong and on Uighurs and other Muslim minorities. It aimed at tightening regulations to remove products associated with Xinjiang from supply chains and strengthening cooperation between countries to eradicate forced labor in global supply chains. Disputes between the United States and China over the origins of COVID-19 and the superiority of vaccines have also intensified. Furthermore, the Biden administration hosted the

Summit for Democracy on December 9-10 via online, for which 110 democratic countries and region, including Taiwan, were invited. The Biden administration has made a series of concrete efforts to join forces with allies and friends to compete with an autocratic China, but it is unclear whether this summit will serve as a gathering of countries that defend democratic values and regimes, as the United States expects. In addition, on December 6, the Biden administration officially announced a diplomatic boycott of the Beijing Olympics to be held in China in the winter of 2022, citing human rights violations in the Xinjiang Uyghur Autonomous Region. In this way, the Biden administration continues to demonstrate its strong stance that it will not tolerate the human rights situation in China.

For China, the United States' criticism of Chinese despotism poses a challenge to the most important concept of political security within the "Holistic Approach to National Security" advocated by Xi Jinping's leadership, namely the Communist Party's rule itself. While the United States tries to stabilize the bilateral relationship by defining it as "responsible competition," China opposes defining Sino-US relations as "competition" and takes a position that emphasizes cooperation. China's top priority is the survival and development of itself (its own government), and there is nothing related to the "values" that the United States emphasizes in this context. China continues to show a strong aversion to and rejection of Western assertions of human rights and other values as a pretext in countering China's rise and interfering in China's internal affairs. Xi Jinping's leadership, citing the principle of noninterference in domestic affairs, has stressed its unwillingness to yield on its core interests, and has vehemently retorted that Canada and Australia, as well as the United States, should do a better job on human rights issues themselves. China needs to avoid the impression of weak-kneed diplomacy at home, and the Xi administration has therefore maintained its strong stance and been assertive at every opportunity. Xi's speech for the centennial celebration of the founding of the Chinese Communist Party on July 1 was symbolic. Wearing the same gray tunic suit as that in Mao Zedong's portrait displayed at Tiananmen, Xi boldly and loudly declared, "Attempts to oppose the Chinese Communist Party by dividing it from the Chinese people will never succeed" and "We will never accept the preaching of foreign 'teachers.'" Although he did not explicitly mention the United States, that name was clearly in his mind. The ambivalence seen in expressing a desire to improve relations while adopting a hardline attitude is characteristic of Chinese diplomacy and causes confusion in other countries. In addition, China has demonstrated more clearly its stance of working together with Russia to counter the United States. China and Russia have taken the initiative to promote cooperation with Afghanistan's neighbors through the Shanghai Cooperation Organization (SCO), a framework that they lead, after the withdrawal of US forces. China has also taken steps to strengthen cooperation between Chinese and Russian forces in the region including areas surrounding Japan. Regarding Russia, the United States has made it clear that, unlike its policy toward China, it intends to maintain a certain level of interaction, including the launch of a new strategic dialogue. These fierce

conflicts between the United States and China have had a serious impact on the world in a wide range of areas beyond traditional security, including economic issues that are becoming ever more closely tied to security, and global challenges including climate change and infectious disease countermeasures. In terms of trade, the US Trade Representative Katherine Tai and Chinese Vice Premier Liu He held telephone talks in May and October to review China's implementation of the phase one agreement reached with the Trump administration, including its purchase of US products. The United States also announced that it would begin a review of its tariffs on China, which it inherited from the previous administration. At the same time, as detailed in Chapter 3, the United States focused on strengthening regulations on China regarding advanced technologies and building supply chains among democratic countries. Many countries in Asia and the rest of the world are deepening their trade and investment ties with China, and many, especially developing countries, are receiving economic assistance and investment from China under China's Belt and Road Initiative (BRI) as well as assistance such as the provision of masks and vaccines in response to the coronavirus outbreak. The Biden administration, which advocates a "Foreign Policy for the Middle Class," cannot offer these countries appealing enough economic incentives to replace China, including the absence of indication that it will return to the TPP. With China emphasizing the legitimacy and superiority of its own governance model, numerous developing countries and countries with undemocratic tendencies are attracted to and support China's governance model, which combines autocratic governance with economic development. In addition, the United States and its allies are concerned about China's attempts to make its standards the international standards in international rulemaking and its growing influence over international organizations, backed by its market power and rapidly growing technological capabilities.

On the other hand, the United States and China do not want to intensify the conflict. President Xi Jinping said in a video speech at the Boao Forum for Asia Annual Conference on April 20 that he opposed both the "new Cold War" and "ideological confrontation." President Biden, on his part, said in his remarks at the United Nations General Assembly on September 21 that he did not want a "new Cold War". In the second half of 2021, there were moves to ease tensions between the United States and China through summit meetings and bilateral cooperation on global issues such as climate change. Following up on their February meeting, President Biden and President Xi held a second telephone conversation in September and their first online summit on November 15. The online summit affirmed the need for the two countries to avoid conflict and the importance of bilateral cooperation. In the area of climate change, a joint declaration was issued at the 26th United Nations Climate Change Conference (COP 26) to work together to achieve the goals of the Paris Agreement. Although no concrete progress has been made on pending issues such as Taiwan, human rights and trade that have become increasingly controversial between the United States and China, highlighting once again the extent of the gap between the two

sides, the holding of this meeting itself reflects the stance of two countries to avoid conflict and to build and maintain channels for dialogue.

The domestic circumstances of the United States and China and their impact on their foreign policies

The new Biden administration inaugurated on January 20, 2021 faces many challenges. One is the partisan divide that has characterized US politics in recent years, which also surfaced in the 2020 presidential election. While the peaceful transfer of power through elections is an important element of democracy, an extraordinary situation unfolded in which then President Donald Trump refused to accept his defeat by claiming fraud in the election, and the process of a smooth change of government was impeded. On January 6, a mob, believing the president's claims, broke into the US Capitol, where the results of the presidential election were to be officially confirmed, and occupied the building. The intrusion into and occupation of the Capitol Building, which embodied denial of elections and politics based on democracy, shocked both the American people and the world. This incident, along with former President Trump's absence from the inauguration ceremony of President Biden on January 20, severely damaged the image of the United States as the standard-bearer of democracy. However, with few exceptions, there was no major criticism of Trump from the Republican Party, showing the radicalization of the partisan conflict between the Democratic Party and the Republican Party. In addition, partisan confrontation has further intensified over mandatory workplace vaccinations against COVID-19 and other issues and has continued to undermine the cooperation between the two parties needed to deliver on President Biden's promises.

The Democratic Party currently holds a majority in both the House and the Senate: the Democratic Party has 222 seats in the House of Representatives (number of seats: 435; term of office: two years) and the Republican Party 211 seats, while the two parties have 50 seats each in the Senate (number of seats: 100; term of office: six years). In the Senate, therefore, the Democratic Party barely holds the majority as the Vice President, who plays the role of chairperson, would vote when the votes would be split in the equal number. In addition to the partisan divide described above, the intraparty division between the left wing and the centrists within the Democratic Party has deepened, making it difficult for President Biden to implement his signature policies, such as the infrastructure investment bill to improve aging roads and bridges and the Build Better Back Plan for improving environmental measures and child-rearing support. This situation was compounded by the confusion surrounding the withdrawal of US troops from Afghanistan, which will be described later, as well as the ongoing inflation that has adversely affected people's lives as they try to put the economy back on track to recover from the coronavirus pandemic, leading to a decline in President Biden's approval rating. The Democratic loss in the November 2 gubernatorial election in Virginia, which had been a stronghold of the Democratic Party, highlighted the decline in Biden's approval rating, and President Biden is now faced with a difficult situation in the

run-up to the midterm elections in a year's time. Although the Infrastructure Investment and Jobs Act was finally enacted on November 15 in the form of halving the scale, there was no enactment of Build Better Back Plan before the end of the year due to the lack of consensus within the Democratic Party.

As part of the realignment of US forces towards the Indo-Pacific region, President Biden followed the Trump administration's policy of withdrawing US forces from Afghanistan, announcing in April that the withdrawal would be completed by September 11, 20 years after the 9/11 terrorist attacks, and then completing the withdrawal even earlier, on August 30. Prior to the completion of withdrawal, the Taliban took control of Kabul on August 15 and the evacuation operation was conducted amid great confusion. In addition to criticism of the way in which US forces were withdrawn, the Taliban's seizure of the entire country, despite 20 years of time with enormous war costs, allowed the Taliban to return to power and raised concerns about human rights violations against US collaborators and women in Afghanistan. This situation exposed the difficulty of upholding democratic values promoted by the Biden administration and, combined with the growing threat of international terrorism, led to a harsh assessment of the Biden administration on both foreign and domestic fronts.

China is heading into its own political season, and domestic politics will take precedence from 2021 to 2022. The biggest political event for China in 2021 was, of course, the centennial anniversary of the founding of the Chinese Communist Party (CCP). The CCP has related heroic episodes from its 100-year history, touted its achievements and avowed the legitimacy of its regime. Culminating these efforts, the Xi administration has adopted the Party's third-ever "historical resolution". The 20th CCP National Congress is scheduled to be held in autumn 2022. Preparations, including personnel appointments, have already begun within the Party. Although the centenary of the Party's founding is a milestone, the Party Congress is a substantially more important political event for keeping Xi in office.

The Xi administration has launched a series of aggressive domestic policies. In an effort to ease public discontent over the concentration of the fruits of economic growth among a small group of wealthy people, he has called for "common prosperity". On the other hand, the Party's leadership has been emphasized, socialist ideology has been brought to the fore again, and the government's stranglehold on the entertainment and education industries has been strengthened. Since 2012, Xi Jinping has established a strong power base and maintained a stable administration. Nevertheless, he seems to be working hard to make further progress as the Party Congress approaches.

China has maintained a foreign policy designed to assert its status as a great power as it looks ahead to the second of the "two centenaries" mentioned repeatedly over the past several years – the centenary

celebration of the foundation of the People's Republic of China in 2049 – and its diplomacy is conspicuously characterized by great-power chauvinism. In the midst of the COVID-19 pandemic, its wolf warrior diplomacy has once again drawn attention as spokespersons at the Ministry of Foreign Affairs and diplomats stationed in various places have fiercely criticized other countries. At the end of May 2021, Xi Jinping asserted that China should endeavor to create an image of “a reliable, admirable and respectable China”, leading to speculation that China would attempt to make policy adjustment. However, Xi's remarks meant not that China should make efforts to improve its international image, but rather that other countries should correct their misperceptions of China. Wolf warrior diplomacy has not been abandoned since then, nor has China's foreign policy softened. Its intensification of military pressure and continued coercive rhetoric against Taiwan, as well as its response to Lithuania's efforts to strengthen relations with Taiwan, are typical examples. On the other hand, Xi Jinping did not mention the use of force against Taiwan in his speech at the 110th anniversary celebration of the Xinhai Revolution in October, and his speech has remained relatively moderate. In the run-up to the Beijing Winter Olympics in February 2022 and the Party Congress in autumn of the same year, it is clear that the Party wants to make as few waves as possible while highlighting its presence in the international community.

In September, China surprised countries concerned by formally applying to join the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). However, as noted in last year's Strategic Annual Report, President Xi already expressed his willingness to join the CPTPP nearly a year ago, and it can be said that the speech has simply been turned into action. Taiwan announced its own application for CPTPP membership shortly thereafter. Although Taiwan may appear to be following China, it should be noted that Taiwan had been considering and preparing to join the CPTPP for some time. China's application to join the CPTPP poses a challenge for the countries involved, but it is also an expression of China's willingness to participate in the international community and strengthen its economic influence in the Asia-Pacific region (see Chapter 5).



Xi Jinping delivers a speech at a ceremony marking the centenary of the CCP in Beijing, July 2021. (Photo by Xinhua/Aflo)

Perspectives and recommendations

How will US-China relations develop going forward? The United States and China do not want to engage in armed conflict with each other, and it is unlikely that the rivalry between the two countries will develop into a large-scale armed conflict for the foreseeable future unless driven to that point by distrust and a

succession of misunderstandings. However, the possibility of accidental clashes, minor conflicts, gray-zone confrontations and further competitions in cyberspace, as well as the potential that such incidents could lead to a large-scale conflict, cannot be ruled out. In addition, the competition for superiority between democracy and authoritarianism in the background of these “undesirable scenarios” cannot be easily settled. Thus, the discord between the two countries will inevitably be prolonged and have a considerable impact on the international community.

Japan is at the forefront of the US-China conflict. To Japan, the United States is an ally that shares fundamental values and strategic interests, and it goes without saying that the Japan-US alliance is the cornerstone of Japanese diplomacy. In order to counter challenges to democracy, Japan and the United States need to uphold democracy and further strengthen a rules-based international order in order to counter the challenges to the democracy. The two countries also need to consider what can be done in Japan-US cooperation to strengthen security capabilities. In particular, as detailed in Chapter 4, Japan needs to adapt its foreign and security policies to the trends of the times and to radically improve its own defense capabilities, along with strengthening its relationship with the United States not only on economic and traditional security issues, but also on global issues such as climate change and infectious diseases.

On the other hand, China is Japan’s largest trading partner, and it ranks first in the number of Japanese corporate bases overseas, indicating the close economic relationship between Japan and China. US-China and Japan-China cooperation is essential on global topics such as climate change, as well as on economic issues.

Specifically, it will be important for Japan to reinforce its policy of integrating economic security, including the strengthening of supply chains, and traditional security while encouraging China to observe international rules, as peace and stability in the region are important. In doing so, it is essential to cooperate and coordinate with countries inside and outside the region that share universal values such as freedom, democracy, human rights, and the rule of law. In this regard, it is important that Japan consciously engage ASEAN countries besides its QUAD partners of Australia and India. In addition, countries outside the Indo-Pacific region, such as NATO and EU member states, should be encouraged to cooperate more broadly and flexibly in a wide range of areas to achieve a free and open Indo-Pacific, and to consider ways to reach out to China together with these countries and regions.

Beyond multilateral cooperation, Japan can also play a leading role in international rulemaking. As for the CPTPP, Japan holds a core position. China and Taiwan have applied for CPTPP membership, following the United Kingdom. Regarding China’s application, even if setting aside strategic and political

considerations, Japan will need to evaluate whether China can meet the strict requirements for CPTPP membership, as China is no longer in a position to assert its status as a developing country in the traditional sense. As for Taiwan, it is necessary to take into account its democratic maturity and the development of practical economic relations in high-tech and other sectors. It is important, along with the expansion of economic relations between Japan and China, to further promote working-level economic relations with Taiwan while maintaining Japan's principled position on the stability of the Taiwan Strait. Based on the concept of the "data free flow with trust" (DFFT) proposed by Japan, it will also be necessary for Japan to take the lead in formulating international rules on data distribution and electronic commerce in cooperation with relevant countries, regions and international organizations, while at the same time making efforts to effectively involve China in this process.

In addition, Japan should undertake diplomatic efforts that emphasize values such as human rights. Japan has made the concept of human security an important pillar of its diplomacy and has taken a dialogue-and-cooperation approach by disseminating and supporting the concept in the international community. Japan is the only country in the Group of Seven that has yet to impose sanctions on China over human rights issues in the Xinjiang Uighur Autonomous Region, showing some difference with Western countries. In light of the recent establishment of the post of special advisor to the prime minister on human rights issues, discussions should be advanced on how the nation should deal with human rights issues.

Furthermore, Japan will need to respond proactively to the major challenges facing the democratic process due to foreign influence operations, including disinformation campaigns. Recognizing that such activities constitute a serious threat that may divide public opinion and adversely affect the democratic policy-making process, it is desirable to explore the possibility of multilateral cooperation in new diplomatic and security domains while independently developing disinformation countermeasures. ■