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No. 71 24 November 2023

A Summit in Troubled Times

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The just concluded Xi-Biden summit in San Francisco took many by surprise. In the past six years, the relationship between the two countries has plummeted continuously under two US presidents, reshaping international politics; there have been talks that the two countries are destined for war. Expectations for this summit were low, but the summit at least temporarily stemmed the long decline in bilateral relations, bucked the trend of decoupling and delinking, reached a series of agreements on strengthening exchanges, opened some channels for interaction and arranged follow-up actions.

The Chinese side shared a list of cooperation agreements reached between the two sides, including increasing high-level contacts, restoring communication and consultation channels between the two militaries, establishing a joint working group to curb the epidemic of fentanyl, and significantly increasing flights between the two countries. Other areas of exchange and cooperation include AI, military, law enforcement, culture, sports, youth, business community, economy and trade, arms control, non-proliferation, disabled people, maritime issues, export control and foreign policy planning; consultations on renewing China-US scientific cooperation have been initiated. Biden announced that he and Xi had agreed to pick up each other's phone calls and Xi unveiled a plan to invite 50,000 American youths for exchange and study programmes in China in the next five years. The two countries' commerce ministers also held talks on the sideline.

California spared no effort to prepare for Xi's visit and APEC, sprucing the city's appearance and clearing up the homeless population. Newsom, the Democratic governor who may run for president, was at the airport to greet Xi Jinping. He just returned from a visit to China, where he received a star-like welcome and a meeting with Xi Jinping because he advocated strengthening investment, trade, exchanges and cooperation between California and China. Xi also hinted that the void of panda in California zoos would be filled. President Biden also played up his personal relationship with Xi. He recounted the more than 60 hours of conversations between the two when they were vice presidents, and specifically found a photo of Xi on the Golden Gate Bridge when he first visited the United States in 1985. What is

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particularly important is that Xi denied any plans to unify Taiwan by force between 2027 and 2035 when asked by reporters. This major source of tension in the relationship between the two countries is expected to be alleviated.

TROUBLED TIMES

This dramatic turn, even if temporary, is worth examining. Both Xi and Biden need a successful summit to boost their respective domestic standing. Xi's policies and leadership have been questioned due to a series of events: the economic downturn, with the three engines of investment, consumption and exports stalling simultaneously; the slump in private sector investment and relocation of some supply chains and big foreign firms out of China; the collapse of the housing market and rise in local government debts; and the bleak prospects of a recovery for Hong Kong in the aftermath of mass protests. There are then the recent corruption scandal at the top leadership of the People's Liberation Army and the disappearance of Xi's new Foreign Minister Qin Gang; the lack of foreigners on the streets of China's cities calls into question China's open up policy. Domestic dissatisfaction with policies and the direction of the country is gathering, and there are more and more insinuations on social media. There was a wave of sizeable protests around the 20th Party Congress last year. Many of these woes are in one way or another related to the deterioration of China-US relations. A successful summit could help revive Xi's reputation and restore confidence in the economy.

On the other hand, the enthusiasm of the Biden administration seems a bit puzzling: first, it goes against the anti-China consensus in the United States and is somewhat politically incorrect; second, the draconian measures taken by his administration to contain China seem to be quite successful and the US economic situation is far better than that of China. Hence there is no necessity to please China. The US election year is approaching and Biden has lagged Trump in recent polls. The traditional practice of canvassing votes in US election years is to play the anti-China card rather than befriending China. However, over the past year or two it is the Biden administration that has taken the initiative to interact with China and mend bilateral relations. This summit was also mainly facilitated by the United States.

Perhaps we can find some clues from a broader international perspective. Firstly, there is no doubt that since the trade war between China and the United States began, world conditions as a whole have worsened and become more turbulent. The COVID-19 pandemic is but a short-term factor. The reversal in China-US relations has had a long-term structural impact on the international system. The markets, supply chains and international division of labour established in the era of globalisation have fragmented; the restructuring has been difficult, painful and slow in emergence. In any case, whatever emerges at the end of the process will not reach the level of efficiency attained in the era of globalisation. Therefore prosperity may not return, not anytime soon. Defence and security spending has soared, particularly in the Asia Pacific. The Russia-Ukraine war, with no ending in sight, and the recent outbreak of the Hamas-Israeli war, have left the United States in a difficult situation. The escalation and spillover of these hot wars are possible at any time, and it will be difficult for the United States to contain them given its domestic problems and financial strains. If a larger-scale war breaks out with China at this time, it will be World War III. For the United States, therefore, it is urgent to ease relations with China and seek China's cooperation on a range of international affairs.

Secondly, since Trump launched the trade war, the international prestige of the United States has declined, especially since the war between Hamas and Israel broke out. Biden's unconditional support for Israel has met with opposition in the Middle East and around the world (and even within the US government), even though it was Hamas that launched the terrorist attack on Israel in the first place. This is very similar to the Third World's reaction to

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the Russo-Ukrainian War: Although Russia was clearly the aggressor, many countries around the world (including India and some ASEAN countries) did not unequivocally condemn the aggression as the United States had expected. This indicates that they no longer buy the US narrative readily, perhaps in dissatisfaction with the latter's double standards, abuse of sanctions and interference in other countries' internal affairs. The rise of Third World countries is expected to greatly complicate the international situation facing the United States.

Cracks can also be seen within the Western camp: Biden's "middle class-centred" foreign policy is a continuation of the thrust of Trump's "America First" policy. Both have the effect of reducing the obligations of the United States and increasing the burdens of its allies. Sometimes the United States appears to be plundering them. For example, while urging European countries to boycott Russian energy, the United States has made a fortune from selling energy products and weapons at high prices. There are also increased tariff barriers, unilateral sanctions, massive printing of the greenback that allows the United States to harvest wealth from others while exporting inflation, forced relocation of supply chains and so on. All these harmed the interests of allies and created the impression that the United States is no longer a reliable partner.

In addition, Biden's approval rating in domestic polls has recently lagged behind Trump's, with a majority of polled voters believing that the United States is heading in the wrong direction under his leadership. In short, life for the United States is not a smooth sail and something must be done about it.

INESCAPABLE COOPERATION

After six years of quasi-cold war, the United States appears to be running out of ammunition, and China's counterattack, marked by its control of the export of strategic materials, has just begun. For the United States, a very real question going forward is: Is it going for a win-win cooperation with China, or is it continuing on the path that entails losses for both sides in the hope that China will lose more? Obviously, the United States does not have a clear answer at this stage, but there is a certain unease and distaste in where things are going. The San Francisco summit pressed the pause button on the free fall of bilateral relations, creating a space for reflection.

In comparison, China's calculation is much simpler. To use Xi's words, "Getting along with the United States is not a multiple-choice question, but a must-answer question". Experience has taught the Communist Party of China (CPC) that souring relationship with the United States brings endless troubles that could conceivably reverse its national fortune. What China seeks is a long-term, relatively stable, predictable and productive bilateral relationship.

On 16 November, President Biden posted on social media: "I value the conversation I had today with President Xi because I think that it's paramount that we understand each other clearly, leader to leader. There are critical global challenges that demand our joint leadership. And today, we made real progress". Xi Jinping said during the meeting with Biden that China and the United States cannot do without dealing with each other, and the world cannot bear the consequences of conflict between the two. In summarising Xi's visit, Wang Yi, China's top diplomat, said it injected a dose of stability into a turbulent world.

In addition to the usual issues for cooperation such as climate change, environmental protection, sustainable development, counter-terrorism, arms control and non-proliferation, UN affairs, macroeconomic policies, epidemic prevention and public health, cross-border crime and other non-conventional security threats, breakthroughs in artificial intelligence in recent years have

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also increased the necessity and urgency of cooperation on AI. For the first time, cooperation to deal with AI risks has been written into the summit document. Promoting world economic recovery and returning to the track of growth also require the coordinated operation of the world's two largest economies, rather than suppressing each other. The American business community does not want to give up the large market of China and hopes that the Chinese government will improve foreign investment environment. At the joint welcome banquet of the American business community and other groups on 15 November, American business leaders spent US\$1.27 million for seats at the same table with Xi. They responded to Xi's keynote speech with round applause and three standing ovations during the 35-minute speech. This scene is in sharp contrast to the normal state of China-US relations in recent years.

XI PLAYS COMMON SENSE CARD

President Xi's trip to San Francisco can be said to be a rare success since Deng Xiaoping's whirlwind visit to the United States in 1979. Xi's performance this time is also remarkable. He avoided ideology and other sensitive topics, used common sense and vernacular to communicate with Americans, and played three common sense cards. The first one is how to characterise China-US relations—rivals or partners? He said it is the first thing to make clear about. He pointed out that China is the beneficiary and defender of the current international order. “Partnership” is a mutually beneficial cooperative relationship that can also be accepted by those who do not like the CPC. The second card is to state that China has no intention of surpassing or replacing the United States, nor is it betting on the United States to lose; therefore the United States should not curb and suppress China—a hint of voluntary abdication. The third card is “common values of humanity”: China and the United States are socialist on one side and capitalist on the other, but both share the common values of humanity and work for the well-being of the people. To substantiate this claim he cited the statistics that 1,800 CPC members have sacrificed their lives for the cause of poverty eradication in China. In this way, he emphasised the commonalities between the two countries and steered clear of their differences.

Xi also said that China would like to see a confident and prosperous United States, and the United States should also welcome a peaceful, stable and prosperous China. Mutual respect is a theme he hammered on repeatedly, pointing out that this is the basic etiquette in the interactions among individuals and should also be followed in the relations among nations large and small. These words are very reasonable and commonsensical, and cannot be objected by anyone who respects common sense. Biden also reciprocated, reiterating his “four no's and one no intention” commitment made in Bali last year, that is, the United States does not seek a new Cold War with China, does not seek to change the Chinese system, does not seek to oppose China by strengthening alliances, does not support Taiwan independence and has no intention of engaging in conflict with China.

“RETURN TO BALI”?

This is a slogan put forward by the Chinese to push China-US relations back to the roadmap agreed upon between President Biden and President Xi on the sideline of the G20 meeting in Bali last year. However, the slogan also illustrates the fragility of even the highest-level agreements between China and the United States—developments after the Bali summit have completely sidelined the Xi-Biden accord. The San Francisco summit is indeed returning to Bali, but 2024 being a US general election year, China bashing will certainly heat up. The probability of “leaving Bali” again is very high.

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There is a tacit consensus in the United States that it should seize the window period of the next five to 10 years to prevent China from surpassing the United States. It is expected that the United States will do whatever it takes to achieve that objective, until it is fully convinced that China's rise is indeed unstoppable. Biden euphemistically called it "vigorous competition", claiming that his purpose in coming to San Francisco was to make the competition "rational and controllable so that it will not lead to conflict", and added, "that's what I'm all about". His administration has kept Trump's tariffs in place and gone far beyond Trump in introducing draconian measures in controlling diffusion of cutting-edge technologies to delay or cripple China's semi-conductor industry. His administration has created ever expanding sanctioned entity lists, restricted Chinese investment in the United States and forbidden US citizens and permanent residents from working for Chinese high-tech companies. He has kept arms sales to Taiwan despite Xi's protest at the summit.

Reasonable conclusions can be drawn from the summit that underlying structural forces will continue to push the two onto a collision course, that bilateral relations are likely to remain bumpy despite the reduced likelihood of a military confrontation, and that at least in the short run Xi's effort to seek common ground and cooperation is unlikely to be successful, given the different objectives that the two sides bring to the table. The long run however may be a different story if China can prove its sincerity in getting in terms with the United States.

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