



Background Memo

Great Power Relations and the Future of Global and Regional Order

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The current tensions between the United States and China have three causes. First, and most important, is the narrowing gap of comprehensive power between the two countries. From 1989 until 2020, China's annual gross domestic product growth averaged 9.27 percent, and China will undoubtedly surpass the United States to be the world's largest economy. According to the International Monetary Fund (IMF), China continues to be the only economy in the world to show positive growth in 2020, and the IMF predicts China's economy will expand by 1.9 percent this year. China's accelerated developments in science and technology, especially in areas such as quantum computing, artificial intelligence, and 5G, have been seen as a second Sputnik by Americans. Simultaneously, China's political influence has also expanded around the world through its Belt and Road Initiative (BRI), as more countries show interest in China's governance style.

Second, the two countries' strategic approaches have led to a growing strategic trust deficit, which is becoming a severe challenge. China's BRI push has been mainly economic and cultural. However, U.S. strategists think the BRI has an agenda with hidden geostrategic ambitions. China's moves in the South China Sea and the Taiwan Strait, which aim to protect its national interests, have also been seen as aggressive actions. On the U.S. side, the shift of its global focus from the Middle East to the Asia-Pacific, the Indo-Pacific strategy, and the Quadrilateral Security Dialogue have further convinced China that the United States is trying to contain China's development.

Third, domestic political change in both countries has influenced their foreign policies, and these changes have not been covered by any substantial bilateral dialogues.

Improving Relations

The most critical thing is for the United States and China to find an effective way to talk to each other. Most of the one-hundred-plus dialogue mechanisms between the two major powers have been suspended for quite some time. They should be restarted. Regarding the list of dialogue topics, crisis prevention and management should be one of the top priorities. Other topics should include each country's red lines for hot security issues in the Asia-Pacific region, such as the Taiwan question and the South China Sea; cooperation in any area that will help reduce tensions; and arrangements for post-pandemic, people-to-people exchanges, especially plans to help Chinese students return to the United States to continue their studies.

Other actors can help diminish tensions, especially the middle powers. The two most important areas are global public health cooperation and rule-making in cyberspace. These two areas are not directly related to

geopolitical frictions, but have huge implications for them. Right now the world needs to end the pandemic as soon as possible. Given the deep distrust between the United States and China, any practical middle power proposal to promote global public health cooperation will have significant importance. Middle powers can also play a large role in establishing much-needed new global rules in cyberspace, which is an important new economic and military domain.

Bolstering Goodwill

Though each country's perception of the other has deteriorated during the pandemic, some friendly attitudes still exist. In the United States, few people think China is an enemy, and, in China, many people still regard the United States as the world leader and a place they would like to do business, study, and visit. Therefore, both should start to prepare for additional post-pandemic, people-to-people exchanges. Visa policies on both sides are important.

U.S.-China economic and trade linkages have always been beneficial for bilateral relations, though for the past four years, the Donald J. Trump administration's trade war has been a major factor in the growing uncertainty in relations. China has entered a new stage of economic development and its policy of opening will continue. China is and will continue to be a huge market for U.S. investors and companies, and China will be a big investor in the United States. China should speed up its domestic reforms and get ready to promote a new round of opening. Both sides should not overemphasize the harm of national security issues and should let business return to normal.

Adapting Regional Security Institutions

The question of adapting regional security institutions has already been discussed and debated for many years. However, this discussion and debate is more meaningful in the current context. First, regional security institutions should keep an open and inclusive mind to support effective security dialogues. The mid-sized members in these institutions should take the lead in raising their own approaches to dealing with security challenges. Second, both the United States and China should restrain themselves from letting their tensions dominate the agendas of certain security institutions. Third, exclusive security institutions with China as their clear target should not be a part of the future regional security framework. Cold War alliances were established in an era of competition between two different ideological groups and will not disappear in the near future. But China does not and will not seek ideological competition with the United States. There is no need to build new security institutions based on shared ideology or democratic system. This will only send signals to China that the United States and China are moving into a new cold war.