



**Statement before the
Senate Committee on Armed Services**

***“U.S. Global Security Challenges and
Strategy”***

A Testimony by:

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February 15, 2023

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Chairman Reed, Ranking Member Wicker, and distinguished members of the Senate Committee on Armed Services, thank you for the opportunity today to testify at this important hearing on “U.S. Global Security Challenges and Strategy.”

My testimony today will focus on three issues: the nature of the People’s Republic of China (PRC) challenge; what the United States is doing; and how China is responding.

The PRC Challenge

There is growing U.S. bipartisan consensus on the challenge that the PRC poses to the United States and international community. The October 2022 U.S. National Security Strategy (NSS) appropriately identifies China as “the only competitor with both the intent to reshape the international order, and, increasingly, the economic, diplomatic, military and technological power to do it.” Similarly, the NSS points out that “Beijing has ambitions to create an enhanced sphere of influence in the Indo-Pacific and to become the world’s leading power.”

Under President Xi Jinping, the PRC has been increasingly willing to leverage its comprehensive national power and extensive political, economic, and military gray zone tactics against U.S. allies and partners to advance its own interests.¹ In the last year, prominent examples on the military or quasi-military side include the unprecedented and large-scale military exercise surrounding Taiwan in August 2022 and attempts by the People’s Liberation Army (PLA) to “normalize” crossings of the Taiwan Strait centerline and intrusions into Taiwan’s Air Defense Identification Zone; the PRC’s continued and repeated use of the China Coast Guard and People’s Armed Forces Maritime Militia to coerce and assert its claims over the disputed Senkaku islands (administered by Japan) and over disputed islands and features in the South China Sea; and clashes between the PRC and India along their disputed border.

China also continues to engage in rapid military modernization to achieve its goal of becoming a world class military on par with the United States by 2049. This includes efforts to strengthen China’s conventional capabilities across the board. It also includes PRC efforts to expand, modernize, and diversify its nuclear forces to potentially field nearly 1,500 warheads by 2035. Although China has yet to change or revise its nuclear strategy or doctrine away from its public declaratory “no first use” policy, there is growing concern in the Indo-Pacific and beyond that China could leverage nuclear weapons for coercive purposes before or during a crisis or conflict with U.S. allies and partners.

On critical global and international security challenges such as Russia’s invasion of Ukraine and North Korea’s repeated regional provocations, China’s role remains questionable and problematic. China continues to refuse to condemn Russian aggression in Ukraine and blames the United States and NATO for prolonging the war. At the same time, in the past year, economic trade between China and Russia has increased, select Chinese companies have been sanctioned for providing

¹ A 2020 RAND study, for example, documents at least 80 different gray zone tactics across all instruments of national power that China has wielded against five key U.S. allies and partners. See Bonny Lin et al, *Competition in the Gray Zone: Countering China’s Coercion Against U.S. Allies and Partners in the Indo-Pacific*, Santa Monica: RAND Corporation, 2020, https://www.rand.org/pubs/research_reports/RRA594-1.html.

products or services to enable Russian military operations, and the two countries have conducted multiple joint military exercises. On North Korea, China has aligned with Russia to shield Pyongyang from further UN sanctions and international pressure to halt its destabilizing missile tests and other activities. It is also not clear that China is willing to directly exert any bilateral pressure on Pyongyang to curb problematic DPRK activities.

The challenge of dealing with China is further magnified by President Xi Jinping's dismantling of collective political leadership and the establishment of himself as the clear and single leader of China. At the 20th National Congress of the Chinese Communist Party (CCP) in October 2022, Xi not only secured an unprecedented third term, but also promoted his closest confidantes to the top positions of power within the CCP and the PLA. This extraordinary concentration of power within Xi's hands raises troubling questions regarding the nature of decision-making within Beijing: could Chinese policies be more unpredictable and more open to major or extreme shifts because it is now primarily based on the views of a single leader who is unlikely to receive significant bureaucratic or political pushback? Will Xi be able to receive sound advice and intelligence from his closest advisors to course-correct when needed, or would such candidness be political suicide? So far, China's rapid and astonishing unraveling of its zero-Covid policy is not reassuring.

U.S. Approach Towards the PRC

The Biden Administration's strategy and overall approach towards the Indo-Pacific and the PRC are laid out in three main documents in 2022: the U.S. Indo-Pacific Strategy, the U.S. National Security Strategy, and the U.S. National Defense Strategy (NDS). The Administration has made significant progress on three major areas—invest, align, and compete—that it has identified as priorities.

Invest

First, the Biden Administration has worked closely with Congress to invest in technology to compete with China. The United States has invested over \$1 trillion at home to improve U.S. economic innovation and competitiveness, with prominent examples such as the 2021 Bipartisan Infrastructure Law, the 2022 CHIPS and Science Act, and the 2022 Inflation Reduction Act (IRA).² These laws help strengthen U.S. manufacturing, supply chains, and infrastructure and direct more investment to science and technology and the U.S. workforce.

The Biden Administration has prioritized “three families of technology” for investment. They are computing-related technologies, such as microelectronics, quantum information systems, and AI; biotechnologies and biomanufacturing; and clean energy technologies.³ The Biden Administration, for example, launched a National Biotechnology and Biomanufacturing Initiative

² “FACT SHEET: CHIPS and Science Act Will Lower Costs, Create Jobs, Strengthen Supply Chains, and Counter China,” The White House, August 9, 2022, <https://www.whitehouse.gov/briefing-room/statements-releases/2022/08/09/fact-sheet-chips-and-science-act-will-lower-costs-create-jobs-strengthen-supply-chains-and-counter-china/>.

³ Gina M. Raimondo, “Remarks by U.S. Secretary of Commerce Gina Raimondo on the U.S. Competitiveness and the China Challenge,” U.S. Department of Commerce, November 30, 2022, <https://www.commerce.gov/news/speeches/2022/11/remarks-us-secretary-commerce-gina-raimondo-us-competitiveness-and-china>.

and a host of new investments and resources to support and expand biomanufacturing. This includes the Department of Defense (DoD) investing \$1 billion in bioindustrial domestic manufacturing infrastructure over the next five years.⁴

Align

Second, the United States has substantially strengthened the unique advantage it has over the PRC—its network of alliances and partnerships. The Biden Administration has engaged in extensive and bold diplomatic efforts to expand and deepen political and security relations with allies and partners to shape China’s external strategic environment. At the same time, U.S. allies and partners are more wary of China and responding to China’s coercive and aggressive behavior by working closer with the United States and each other to shore up defenses and strengthen capabilities.

The Biden Administration has strengthened bilateral relationships across the board. The United States and Japan are more aligned now than ever before in history. Japan’s new National Security Strategy and National Defense Strategy included unprecedented announcements, showcasing that Tokyo “not only shares a common strategic vision with the United States but is also committed to do far more than its own defense.”⁵ Japan is set to increase its annual defense spending by nearly 60 percent by 2027 and is seeking to acquire long-range precision strike land attack missiles among other key capabilities. Japan will establish a new joint operational headquarters for the Self-Defense Force, and both countries have also agreed to modernize the alliance through deepening defense and intelligence coordination, expanding use of military facilities, and increasing military exercises and training.

The United States and Australia have enhanced their “unbreakable” military alliance. The two countries have agreed to Enhanced Force Posture Cooperation, increased military cooperation in the air, land, and maritime domains as well as for logistics, sustainment, and maintenance. The United States is increasing its rotational presence of air, land, and sea forces in Australia. Canberra has also prioritized plans to develop and acquire critical military platforms and munitions, including longer range strike capabilities.

U.S. relations with the Philippines and the Republic of Korea (ROK) are also stronger. The Philippines has agreed to accelerate the full implementation of the Enhanced Defense Cooperation Agreement (EDCA) with the United States that will allow U.S. troops and equipment to access four additional locations. U.S. forces will now have access to a total of nine military bases in the Philippines, increasing the resilience and dispersion of U.S. posture in the region. The United States has resumed large-scale military drills with South Korea, deepened its commitment to the

⁴ “FACT SHEET: The United States Announces New Investments and Resources to Advance President Biden’s National Biotechnology and Biomanufacturing Initiative,” The White House, September 14, 2022, <https://www.whitehouse.gov/briefing-room/statements-releases/2022/09/14/fact-sheet-the-united-states-announces-new-investments-and-resources-to-advance-president-bidens-national-biotechnology-and-biomanufacturing-initiative/>.

⁵ Jeffrey W. Hornung and Christopher B. Johnstone, “Japan’s Strategic Shift Is Significant, but Implementation Hurdles Await,” *War on the Rocks*, January 27, 2023, <https://warontherocks.com/2023/01/japans-strategic-shift-is-significant-but-implementation-hurdles-await/>.

U.S.- ROK alliance and extended deterrence, and is increasing deployment of advanced weapons to the Korean Peninsula.

The United States is making similar progress with key partners. This includes deepening overall relations and defense and technology cooperation with India on areas such as producing jet engines and military munitions, development of critical technologies, maritime security, and intelligence, surveillance, and reconnaissance.⁶ India is decreasing its reliance on Russian weapons and increasing its defense budget to procure new weapons platforms and expand investment in infrastructure near the disputed India-China border. The Biden Administration has notified Congress of nearly \$2.9 billion worth of arms sales to Taiwan and the United States has authorized Foreign Military Financing (FMF) assistance for U.S. arms sales to Taiwan for the first time. Taiwan has also significantly increased its defense budget and extended mandatory military service requirements from four months to one year. The United States is also shoring up its position with the Pacific Islands countries, including reopening a U.S. embassy in the Solomon Islands, renewing the Compact agreements with the Marshall Islands, Federated States of Micronesia, and Palau, and building new military facilities.

Beyond bilateral relationships, the Biden Administration has also worked to facilitate greater cooperation between allies and partners both in the Indo-Pacific region and beyond. Within the region, for instance, the United States, Japan, and Australia are engaging in critical trilateral defense cooperation to enhance interoperability and readiness between the three militaries, to explore trilateral technology cooperation, and to facilitate information and intelligence exchange. The United States has also successfully restarted trilateral U.S.-Japan-ROK dialogues and military cooperation, including trilateral missile defense and anti-submarine exercises.⁷ At the same time, U.S. allies and partners are also enhancing relations with each other, such as Japan deepening ties with the Philippines and the first-ever Australia-India joint military exercise (Austra Hind) in 2022.⁸

China is paying particular attention to developments related to the Quadrilateral Security Dialogue involving the United States, Australia, India, and Japan. Quad regional initiatives range from delivering Covid-19 vaccines to cooperating on emerging and critical technologies, as well as strengthening supply chains and developing a common operating picture in the region to identify and track illegal, unreported, and unregulated (IUU) fishing. Quad countries have also increased military exercises and defense cooperation in various formats, including all four countries participating in the Malabar naval exercise off of India's coast. Whereas Beijing used to brush the

⁶ This includes the initiative on Critical and Emerging Technology iCET, "FACT SHEET: United States and India Elevate Strategic Partnership with the initiative on Critical and Emerging Technology," The White House, January 31, 2023, <https://www.whitehouse.gov/briefing-room/statements-releases/2023/01/31/fact-sheet-united-states-and-india-elevate-strategic-partnership-with-the-initiative-on-critical-and-emerging-technology-icet/>.

⁷ U.S. has also expanded S&T agreement with ROK to include "emerging fields like biotechnology, quantum, artificial intelligence." See "Secretary Antony J. Blinken and Republic of Korea Foreign Minister Park Jin at a Joint Press Availability," U.S. Department of State, February 3, 2023, <https://www.state.gov/secretary-antony-j-blinken-and-republic-of-korea-foreign-minister-park-jin-at-a-joint-press-availability-2/>.

⁸ Rajeswari Pillai Rajagopalan, "China driving closer Australia-India security ties," *The Strategist*, Australian Strategic Policy Institute, December 22, 2022, <https://www.aspistrategist.org.au/china-driving-closer-australia-india-security-ties/>.

Quad off as a coalition that lacked internal cohesion, it is now a force to be reckoned with and one that Beijing takes seriously.

The Indo-Pacific is also now more connected with Europe and NATO. In 2021, the United States established the trilateral security partnership between Australia, the United Kingdom, and the United States (AUKUS) to support Australia's acquisition of nuclear-powered submarines and to develop emerging technologies and advanced military capabilities to increase interoperability. This partnership has deepened defense cooperation between the three militaries trilaterally and in various bilateral forms. It has also raised concerns in Beijing about the extent to which Australia will be more active and capable of supporting the United States and other regional allies and partners in a crisis or conflict involving China.

Russia's invasion of Ukraine in 2022 has only driven this convergence. Most countries in the Indo-Pacific, including Australia, India, Japan, South Korea, Taiwan, have provided some form of support and aid to Ukraine's resistance. China's refusal to denounce Russian aggression as well as PRC behavior in the Indo-Pacific and beyond has caused NATO to identify China as posing "systemic challenges" to Euro-Atlantic security and the European Union has called China a partner, competitor, and systemic rival. Individually, France, Germany, the Netherlands, and the United Kingdom have issued Indo-Pacific strategies and are increasing their operations within the region. Similarly, Japan, South Korea, New Zealand, and Australia attended the NATO Summit in Madrid in 2022 and NATO is interested in regularizing their involvement. These growing ties mean that any PRC aggression in the Indo-Pacific is no longer just a threat to the Indo-Pacific but also a global challenge.

Although the Biden Administration has made impressive efforts to strengthen political and military relations throughout the Indo-Pacific, it has not done enough to decrease the degree to which U.S. allies and partners are economically dependent on trade with China. This is a critical weakness in the U.S. approach to China and has led some to criticize the United States as prioritizing security at the cost of economics. The Indo-Pacific Economic Framework and other efforts are helping allies and partners align with the United States economically, but they do not provide allies and partners with greater market access or money to support economic development.⁹ At the same time, China has applied to join the Comprehensive and Progressive Agreement on Trans-Pacific Partnership (CPTPP) and Beijing is part of the Regional Comprehensive Economic Partnership (RCEP) with 14 other Indo-Pacific countries that entered into force in 2022. China's current and potential involvement in these major free trade agreements could increase regional trade and economic dependence on China.

Compete

Central to the U.S. approach to the PRC—and where there is the strongest bipartisan support—is the need for the United States to outcompete China. Modernizing and strengthening U.S. military capabilities is essential to deterring and denying PRC coercion and aggression. The DoD has

⁹ Matthew P. Goodman, "Biden's China Economic Strategy Takes Shape, but Tensions Remain," Center for Strategic and International Studies, December 9, 2022, <https://www.csis.org/analysis/bidens-china-economic-strategy-takes-shape-tensions-remain>.

prioritized China by defining the PRC as the “pacing challenge” and a Taiwan contingency as the “pacing scenario.”

DoD has embraced a deterrence by denial approach for China with elements of deterrence by resilience and deterrence by direct and collective cost imposition. In a Taiwan contingency, for example, the United States would seek first and foremost to deny the PRC the ability to seize the island and accomplish a *fait accompli*. To do so, the United States is increasing the resiliency not only of U.S. forces, but the resilience of Taiwan’s forces and those of key allies that could come to Taiwan’s aid. The United States would also work closely with allies and partners to impose collective political, economic, and military costs on the PRC to undermine Beijing’s will and capability to sustain the fight.

DoD is engaging in efforts across the board to focus on China. As outlined in the NDS, the Department is planning a force construct to fight an all-domain conflict against one country—the PRC—while using integrated deterrence, contributions from allies and partners, U.S. nuclear deterrence, and other capabilities to deter other potential opportunistic aggressors. Each military service has developed new operational concepts to distribute forces and ensure their survivability in a highly contested environment. The advancements of the Joint Warfighting Concept (JWC) and the Joint All Domain Command and Control (JADC2) are useful approaches in a highly contested environment. DoD is investing to improve U.S. posture and presence, to improve logistics and preposition and stockpile munitions and fuel, and to improve infrastructure in new and existing facilities throughout the Indo-Pacific. The United States is working closer with allies and partners to enhance joint capabilities, increase bilateral and multilateral training and intelligence and information sharing, and codevelop critical and emerging technologies.

DoD efforts to deter and counter the PRC military threat are only part of the extensive U.S. whole-of-government effort to compete with China. Recent initiatives include the Department of Commerce’s unprecedented October 2022 export controls that restrict China’s ability to obtain and manufacture advanced computing chips. The Department of Commerce has also added over 100 PRC companies to its Bureau of Industry and Security’s Entity List.¹⁰ In addition to the CHIPS and Science Act and Inflation Reduction Act passed to support reshoring manufacturing to the United States, the Biden Administration is also encouraging “friend-shoring,” or the movement of critical supply chains out of China to close U.S. allies and partners. A leading example of such efforts is the U.S.-E.U. Trade and Technology Council that seeks to build more diversified supply chains that reduce the overdependence on China for production and processing of certain inputs and goods.¹¹

Engage

Although the Biden Administration is focused on competing with China, it has made clear that engagement with China is necessary to prevent the competitive relationship from spiraling into

¹⁰ “Commerce Adds Seven Chinese Entities to Entity List for Supporting China’s Military Modernization Efforts,” Bureau of Industry and Security, August 23, 2022, <https://www.bis.doc.gov/index.php/documents/about-bis/newsroom/press-releases/3121-2022-08-23-press-release-seven-entity-list-additions/file>.

¹¹ Emily Benson and Ethan B. Kapstein, “The Limits of ‘Friend-Shoring,’” Center for Strategic and International Studies, February 1, 2023, <https://www.csis.org/analysis/limits-friend-shoring>.

open confrontation or conflict. To the extent possible, the Biden Administration is seeking to set a floor in the U.S.-China relationship and maintain open channels of communication. The United States is doing so without any illusions that the PRC will change its goals or behavior solely through more U.S. engagement or cooperative efforts and, as a result, most engagements do not seek major deliverables or outcomes. The logic is that these engagements coupled with efforts to compete could cause China to rethink the costs and benefits of taking aggressive action.

Despite U.S. attempts to speak directly with the PRC, which have occurred at different levels and between U.S. and civilians and military leaders and their Chinese counterparts, engagement efforts are prone to disruption by the competitive actions both sides take. The PRC has continued to stonewall calls for critical dialogues. The PLA, for example, refuses to engage DoD on candid discussions about their strategic and nuclear capabilities. More recently, the PLA cancelled the Military Maritime Consultative Agreement (MMCA) meetings that were critical annual talks on unsafe encounters and incidents at sea and in the air between the two militaries. Even when the PRC is willing to engage, many of the exchanges move little beyond official talking points and PRC positions or explanations are not always credible.

How is the PRC responding?

Xi recognizes that China's external security environment has significantly worsened. The work report that Xi shared at the CCP's 20th Party Congress this past October assessed that

[China] has entered a period of development in which strategic opportunities, risks, and challenges are concurrent and uncertainties and unforeseen factors are rising. Various "black swan" and "gray rhino" events may occur at any time. We must therefore be more mindful of potential dangers and be prepared to deal with worst-case scenarios, and be ready to withstand high, choppy waters, and even dangerous storms.

Xi highlighted that China needs to be prepared to deal with "external attempts to blackmail, contain, blockade, and exert maximum pressure on China."¹²

Xi's work report blames the United States and its allies and partners for the deteriorating security environment the PRC faces. There is no recognition in that report that China's predicament is a result of PRC assertiveness and aggression. Instead, there is PRC concern that U.S. efforts will intensify and China needs to be even more prepared and ready.

This requires the PRC to build up its political, economic, and military capabilities across the board and seek advantage wherever possible. Politically, China is trying to divide and weaken U.S. alliances and partnerships. This includes what some scholars call a "charm offensive" that Chinese President Xi Jinping has launched after the 20th Party Congress to move away from Beijing's previous "wolf warrior" style diplomacy and to present a more benign and cooperative narrative of China. Xi has met with world leaders in person and in individual or in multilateral settings to try to diminish the growing threat perceptions and concerns many countries have of China. Despite the flurry of meetings and the positive optics associated with such high-level meetings, none of

¹² "Full text of the report to the 20th National Congress of the Communist Party of China," PRC Ministry of Foreign Affairs, October 25, 2022, https://www.fmprc.gov.cn/eng/zxxx_662805/202210/t20221025_10791908.html.

the meetings have resulted in significant PRC concessions or compromises on issues of top concern to U.S. allies and partners. This represents a shift in PRC tactics. It does not mean there is a change in PRC ambitions. Nor does it mean that China is willing to limit its assertive behavior.

At the same time, the PRC continues to try to strengthen relations with countries it views as being less influenced by United States or more pro-China. Last December, for example, Xi made a landmark tour to the Middle East to attend summits with Saudi Arabia, the Gulf Cooperation Council, and Arab states. This tour occurred in the background of PRC assessed declining U.S. influence and interest in the region. Similarly, even as the international community has condemned and sanctioned Russia for its aggression in Ukraine, China continues to deepen relations with Russia. It is possible that as U.S.-China competition intensifies, Beijing may feel it has very little choice but to further align itself closer to Russia to gain strategic advantage against what Beijing increasingly views as U.S. containment or encirclement. A similar logic could also apply to China-North Korea relations.

Economically, the PRC is seeking to make itself less vulnerable to potential future U.S. and allied sanctions while simultaneously increasing the world's dependence on the PRC. Xi's 20th Party Congress work report called for China to strengthen "[mechanisms] for countering foreign sanctions, interference, and long-arm jurisdiction."¹³ As a result of these concerns and after witnessing less inflows of foreign investment in late 2022 and suffering one of the slowest PRC economic growth rates in the last 50 years, Beijing rapidly reversed its zero-Covid policy. Local and provincial governments in China are offering various tax and other incentives to attract foreign investment and promote development.

The PRC is further prioritizing self-sufficiency. For its semiconductor industry, for example, Beijing has issued guidelines to develop necessary talent, established a state-run \$50 billion National Integrated Circuit Industry Investment Fund, and is further considering increasing state-backed direct investment. China's talent pool has expanded rapidly, but its state-run investment fund has been plagued by corruption problems.

To fuel its manufacturing needs and to shield itself from potential sanctions, the PRC is also seeking major, long-term natural resource deals abroad. Examples of recent activities are China's 2021 \$400 billion deal with Iran to invest in the Middle East country for the next 25 years in exchange for oil; the PRC's 2022 \$60 billion, 27-year deal with Qatar for liquidized natural gas; and the PRC's 2023 25-year deal with the Taliban—the Taliban's first international contract since its August 2021 takeover of Afghanistan—to extract oil from Afghanistan.

Militarily, the PLA continues to rapidly modernize its capabilities and is more active than in previous years. The PLA is engaging in more realistic, less-scripted military exercises and becoming bolder in what it views as measures to "defend" China's sovereignty and interests. China regularly shadows U.S. close-in reconnaissance flights and U.S. ships within the first island chain. In May 2022, China conducted a joint bomber flight with Russia near Japan and Korea, forcing Japan and Korea to scramble jets as Quad leaders were meeting in Tokyo. This was the first joint exercise the two countries conducted since Russia's invasion of Ukraine and China used it to signal strong opposition against the Quad and suggest that the Quad could push China closer to Russia.

¹³ Ibid.

Last summer, China utilized then-Speaker of the House Nancy Pelosi's visit to Taiwan to engage in unprecedented military exercises around and above the island to help train the PLA to engage in a blockade or invasion of the island. This past December, China and Russia engaged in a week of live-fire naval drills in the East China Sea and near Japan and Taiwan. This exercise was timed after Japan's release of its new strategic documents and meant to signal opposition to close U.S.-Japan alignment. Most recently, in late January and early February 2023, China employed one of its PLA-controlled surveillance balloons to fly over Alaska and a broad swath of the continental United States to collect intelligence in U.S. airspace. This operation violated international law and occurred immediately before Secretary Blinken's planned trip to Beijing—which was postponed. This operation suggests that Beijing is not scaling back competition with the United States to make room for dialogue.

Overall, the U.S. approach toward the PRC to date has encouraged Beijing to compete *more* against the United States and its allies and partners. There are not any clear and long-term indicators of dampening of PRC ambitions, activities, and willingness to assert its claims and interest—and neither should the international community expect changes any time soon as long as Beijing believes the long-term trajectory is in its favor. At the same time, there is a real risk that intensified U.S.-China competition could lead to a confrontation and conflict. There is also the risk that Beijing could miscalculate the costs and benefits it faces and further venture in the direction that would be damaging to both U.S.-China relations as well as China's own interests.

Conclusion

Moving forward, the United States needs to continue to deepen its alliances and partnerships and strengthen this critical advantage it has over the PRC. This means not only enhancing dialogues, engaging in more exercises, and working on specific initiatives or agreed to deliverables, but having U.S. leaders—both from the Biden Administration and Congress—visit the region more often, listen to the needs and concerns of regional friends, and show them support and attention.

The United States also needs to take the long view on competition with China and exercise patience where needed. Many U.S. allies and partners are still highly dependent on trade with the PRC and may be reluctant to be as forward leaning as possible. The United States will need to strike the right balance between the speed at which the United States wants to implement efforts to compete with China and the pace at which allies and partners are willing to join and support us. Some of the discussions on difficult or sensitive topics may be best started as Track 1.5 or 2 dialogues and tabletop exercises.

Relatedly, the Biden Administration still needs to bolster its economic strategy towards the PRC. Although the Indo-Pacific Economic Framework and other efforts are helping allies and partners align with the United States economically, they do not provide allies and partners with greater market access or money to support economic development.¹⁴ If joining multilateral trade agreements such as the CPTPP is completely off the table, the United States should look at other bilateral or multilateral arrangements. A free trade agreement with Taiwan should be among them.

¹⁴ Matthew P. Goodman, "Biden's China Economic Strategy Takes Shape, but Tensions Remain," Center for Strategic and International Studies, December 9, 2022, <https://www.csis.org/analysis/bidens-china-economic-strategy-takes-shape-tensions-remain>.

Similarly, there are significant discussions and studies on-going about how best to mobilize a coalition of countries to counter PRC economic coercion and this is an area that needs greater U.S. action and attention.

The United States also needs to continue to invest in its military to ensure that the DoD has the resources to procure the weapon systems and platforms needed to deny PRC aggression, to increase its training, and to build a more resilient and dispersed posture in the Indo-Pacific. This includes stockpiling critical munitions and improving the U.S. defense production capacity to have the surge capacity to produce munitions and weapons at a much faster rate in the event of a major theater war.¹⁵ The United States also needs to bolster its ability to recruit and maintain top-quality personnel in the military, which is a major advantage the U.S. military has over the PLA.

The United States needs to couple intensified U.S.-China competition with maintaining high-level and critical engagements with Xi, the CPP, and the PLA. The extraordinary concentration of power within Xi's hands, the risks to subordinates of presenting views that contradict those of the General Secretary of the CCP, and the growing opacity in Chinese policy decision-making raises a serious concern that the Chinese bureaucracy may not be able to provide Xi with accurate and balanced assessments of international dynamics. The United States needs to engage more with Xi directly to ensure that critical messages are delivered unfiltered. Similarly on the military-to-military side, key dialogues such as the MMCA need to be restarted to prevent accidents at sea and in the air.

The United States should seek to insulate such engagements from competition. There is likely to be more incidents like the recent PRC surveillance balloon, and if high-level engagement is to be postponed or cancelled every time such an incident occurs, there will be very little room for engagement. Limited room for engagement means a free hand for the CCP to misinterpret, assume the worst of the United States, and further harden its position against the United States.

Finally, the United States needs to expand people-to-people contacts with China, including encouraging more Chinese students and visitors to the United States. This is not without risk given PRC laws such as the National Intelligence Law, which require Chinese citizens to support and cooperate with the CCP for intelligence and national security purposes. Yet, these opportunities are needed for the Chinese people—particularly the younger generation in China—to better understand the differences between the United States and the PRC, including the freedoms enjoyed in the United States. There is likely limited chance that the current generation of PRC leaders will change its views about the United States and change the course that China is on, but there is still hope and the United States should keep the door open to shaping the next generation of PRC leaders.

¹⁵ Seth G. Jones, "Empty Bins in a Wartime Environment: The Challenge to the U.S. Defense Industrial Base," Center for Strategic and International Studies, January 23, 2023, https://csis-website-prod.s3.amazonaws.com/s3fs-public/2023-01/230119_Jones_Empty_Bins.pdf?VersionId=mW3Ongwul8V2nR2EHKBYxkpiOzMiS88.