



United States Strategic Approach to The People's Republic of China

Introduction

Since the United States and the People's Republic of China (PRC) established diplomatic relations in 1979, United States policy toward the PRC was largely premised on a hope that deepening engagement would spur fundamental economic and political opening in the PRC and lead to its emergence as a constructive and responsible global stakeholder, with a more open society. More than 40 years later, it has become evident that this approach underestimated the will of the Chinese Communist Party (CCP) to constrain the scope of economic and political reform in China. Over the past two decades, reforms have slowed, stalled, or reversed. The PRC's rapid economic development and increased engagement with the world did not lead to convergence with the citizen-centric, free and open order as the United States had hoped. The CCP has chosen instead to exploit the free and open rules-based order and attempt to reshape the international system in its favor. Beijing openly acknowledges that it seeks to transform the international order to align with CCP interests and ideology. The CCP's expanding use of economic, political, and military power to compel acquiescence from nation states harms vital American interests and undermines the sovereignty and dignity of countries and individuals around the world.

To respond to Beijing's challenge, the Administration has adopted a competitive approach to the PRC, based on a clear-eyed assessment of the CCP's intentions and actions, a reappraisal of the United States' many strategic advantages and shortfalls, and a tolerance of greater bilateral friction. Our approach is not premised on determining a particular end state for China. Rather, our goal is to protect United States vital national interests, as articulated in the four pillars of the 2017 *National Security Strategy of the United States of America* (NSS). We aim to: (1) protect the American people, homeland, and way of life; (2) promote American prosperity; (3) preserve peace through strength; and (4) advance American influence.

Our competitive approach to the PRC has two objectives: first, to improve the resiliency of our institutions, alliances, and partnerships to prevail against the challenges the PRC presents; and second, to compel Beijing to cease or reduce actions harmful to the United States' vital, national interests and those of our allies and partners. Even as we compete with the PRC, we welcome cooperation where our interests align. Competition need not lead to confrontation or conflict. The United States has a deep and abiding respect for the Chinese people and enjoys longstanding ties to the country. We do not seek to contain China's development, nor do we wish to disengage from the Chinese people. The United States expects to engage in fair competition with the PRC, whereby both of our nations, businesses, and individuals can enjoy security and prosperity.

Prevailing in strategic competition with the PRC requires cooperative engagement with multiple stakeholders, and the Administration is committed to building partnerships to

protect our shared interests and values. Vital partners of this Administration include the Congress, state and local governments, the private sector, civil society, and academia. The Congress has been speaking out through hearings, statements, and reports that shed light on the CCP's malign behavior. The Congress also provides legal authorities and resources for the United States Government to take the actions to achieve our strategic objectives. The Administration also recognizes the steps allies and partners have taken to develop more clear-eyed and robust approaches toward the PRC, including the European Union's publication in **March 2019 of *EU-China: A Strategic Outlook***, among others.

The United States is also building cooperative partnerships and developing positive alternatives with foreign allies, partners, and international organizations to support the shared principles of a free and open order. Specific to the Indo-Pacific region, many of these initiatives are described in documents such as the Department of Defense June 2019 *Indo-Pacific Strategy Report* and the Department of State November 2019 report on *A Free and Open Indo-Pacific: Advancing a Shared Vision*. The United States is working in concert with mutually aligned visions and approaches such as the Association of Southeast Asian Nation's *Outlook on the Indo-Pacific*, Japan's free and open Indo-Pacific vision, India's Security and Growth for All in the Region policy, Australia's Indo-Pacific concept, the Republic of Korea's New Southern Policy, and Taiwan's New Southbound Policy.

This report does not attempt to detail the comprehensive range of actions and policy initiatives the Administration is carrying out across the globe as part of our strategic competition. Rather, this report focuses on the implementation of the NSS as it applies most directly to the PRC.

Challenges

The PRC today poses numerous challenges to United States national interests.

1. Economic Challenges

Beijing's poor record of following through on economic reform commitments and its extensive use of state-driven protectionist policies and practices harm United States companies and workers, distort global markets, violate international norms, and pollute the environment. When the PRC acceded to the World Trade Organization (WTO) in 2001, Beijing agreed to embrace the WTO's open market-oriented approach and embed these principles in its trading system and institutions. WTO members expected China to continue on its path of economic reform and transform itself into a market-oriented economy and trade regime.

These hopes were not realized. Beijing did not internalize the norms and practices of competition-based trade and investment, and instead exploited the benefits of WTO membership to become the world's largest exporter, while systematically protecting its domestic markets. Beijing's economic policies have led to massive industrial overcapacity that distorts global prices and allows China to expand global market share at the expense of

competitors operating without the unfair advantages that Beijing provides to its firms. The PRC retains its non-market economic structure and state-led, mercantilist approach to trade and investment. Political reforms have likewise atrophied and gone into reverse, and distinctions between the government and the party are eroding. General Secretary Xi's decision to remove presidential term limits, effectively extending his tenure indefinitely, epitomized these trends.

In his 2018 *Findings of the Investigation into China's Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property, and Innovation under Section 301 of the Trade Act of 1974*, the United States Trade Representative (USTR) determined that numerous acts, policies, and practices of the PRC government were unreasonable or discriminatory, and burden or restrict United States commerce. Based on a rigorous investigation, USTR found that the PRC: (1) requires or pressures United States companies to transfer their technology to Chinese entities; (2) places substantial restrictions on United States companies' ability to license their technology on market terms; (3) directs and unfairly facilitates acquisition of United States companies and assets by domestic firms to obtain cutting edge technologies; and (4) conducts and supports unauthorized cyber intrusions into United States companies' networks to access sensitive information and trade secrets.

The list of Beijing's commitments to cease its predatory economic practices is littered with broken and empty promises. In 2015, Beijing promised that it would stop government-directed cyber-enabled theft of trade secrets for commercial gain, reiterating that same promise in 2017 and 2018. Later in 2018, the United States and a dozen other countries attributed global computer intrusion campaigns, targeting intellectual property and confidential business information, to operators affiliated with the PRC's Ministry of State Security – a contravention of Beijing's 2015 commitment. Since the 1980s, Beijing has signed multiple international agreements to protect intellectual property. Despite this, more than 63 percent of the world's counterfeits originate in China, inflicting hundreds of billions of dollars of damage on legitimate businesses around the world.

While Beijing acknowledges that China is now a “mature economy,” the PRC continues to argue in its dealings with international bodies, including the WTO, that it is still a “developing country.” Despite being the top importer of high technology products and ranking second only to the United States in terms of gross domestic product, defense spending, and outward investment, China self-designates as a developing country to justify policies and practices that systematically distort multiple sectors globally, harming the United States and other countries.

One Belt One Road (OBOR) is Beijing's umbrella term to describe a variety of initiatives, many of which appear designed to reshape international norms, standards, and networks to advance Beijing's global interests and vision, while also serving China's domestic economic requirements. Through OBOR and other initiatives, the PRC is expanding the use of Chinese industrial standards in key technology sectors, part of an effort to strengthen its own companies' position in the global marketplace at the expense of non-Chinese firms. Projects that Beijing has labeled OBOR include: transportation, information and communications technology and energy infrastructure; industrial parks; media collaboration; science and

technology exchanges; programs on culture and religion; and even military and security cooperation. Beijing is also seeking to arbitrate OBOR-related commercial disputes through its own specialized courts, which answer to the CCP. The United States welcomes contributions by China to sustainable, high-quality development that accords with international best practices, but OBOR projects frequently operate well outside of these standards and are characterized by poor quality, corruption, environmental degradation, a lack of public oversight or community involvement, opaque loans, and contracts generating or exacerbating governance and fiscal problems in host nations.

Given Beijing's increasing use of economic leverage to extract political concessions from or exact retribution against other countries, the United States judges that Beijing will attempt to convert OBOR projects into undue political influence and military access. Beijing uses a combination of threat and inducement to pressure governments, elites, corporations, think tanks, and others – often in an opaque manner – to toe the CCP line and censor free expression. Beijing has restricted trade and tourism with Australia, Canada, South Korea, Japan, Norway, the Philippines, and others, and has detained Canadian citizens, in an effort to interfere in these countries' internal political and judicial processes. After the Dalai Lama visited Mongolia in 2016, the PRC government imposed new tariffs on land-locked Mongolia's mineral exports passing through China, temporarily paralyzing Mongolia's economy.

Beijing seeks global recognition for its environmental efforts and claims to promote “green development.” China, however, has been the world's largest greenhouse gas emitter by a wide margin for more than a decade. Beijing has put forward vague and unenforceable emissions reduction commitments that allow China's emissions to keep growing until “around 2030.” China's planned growing emissions will outweigh the reductions from the rest of the world combined. Chinese firms also export polluting coal-fired power plants to developing countries by the hundreds. The PRC is also the world's largest source of marine plastic pollution, discharging over 3.5 million metric tons into the ocean each year. The PRC ranks first in the world for illegal, unreported, and unregulated fishing in coastal nations' waters around the world, threatening local economies and harming the marine environment. Chinese leaders' unwillingness to rein in these globally harmful practices does not match their rhetorical promises of environmental stewardship.

2. Challenges to Our Values

The CCP promotes globally a value proposition that challenges the bedrock American belief in the unalienable right of every person to life, liberty, and the pursuit of happiness. Under the current generation of leadership, the CCP has accelerated its efforts to portray its governance system as functioning better than those of what it refers to as “developed, western countries.” Beijing is clear that it sees itself as engaged in an ideological competition with the West. In 2013, General Secretary Xi called on the CCP to prepare for a “long-term period of cooperation and conflict” between two competing systems and declared that “capitalism is bound to die out and socialism is bound to win.”

The CCP aims to make China a “global leader in terms of comprehensive national power and international influence,” as General Secretary Xi expressed in 2017, by strengthening what it refers to as “the system of socialism with Chinese characteristics.” This system is rooted in Beijing’s interpretation of Marxist-Leninist ideology and combines a nationalistic, single-party dictatorship; a state-directed economy; deployment of science and technology in the service of the state; and the subordination of individual rights to serve CCP ends. This runs counter to principles shared by the United States and many likeminded countries of representative government, free enterprise, and the inherent dignity and worth of every individual.

Internationally, the CCP promotes General Secretary Xi’s vision for global governance under the banner of “building a community of common destiny for mankind.” Beijing’s efforts to compel ideological conformity at home, however, present an unsettling picture of what a CCP-led “community” looks like in practice: (1) an anticorruption campaign that has purged political opposition; (2) unjust prosecutions of bloggers, activists, and lawyers; (3) algorithmically determined arrests of ethnic and religious minorities; (4) stringent controls over and censorship of information, media, universities, businesses, and non-governmental organizations; (5) surveillance and social credit scoring of citizens, corporations, and organizations; and (6) and arbitrary detention, torture, and abuse of people perceived to be dissidents. In a stark example of domestic conformity, local officials publicized a book burning event at a community library to demonstrate their ideological alignment to “Xi Jinping Thought.”

One disastrous outgrowth of such an approach to governance is Beijing’s policies in Xinjiang, where since 2017, authorities have detained more than a million Uighurs and members of other ethnic and religious minority groups in indoctrination camps, where many endure forced labor, ideological indoctrination, and physical and psychological abuse. Outside these camps, the regime has instituted a police state employing emerging technologies such as artificial intelligence and biogenetics to monitor ethnic minorities’ activities to ensure allegiance to the CCP. Widespread religious persecution – of Christians, Tibetan Buddhists, Muslims, and members of Falun Gong – includes the demolition and desecration of places of worship, arrests of peaceful believers, forced renunciations of faith, and prohibitions on raising children in traditions of faith.

The CCP’s campaign to compel ideological conformity does not stop at China’s borders. In recent years, Beijing has intervened in sovereign nations’ internal affairs to engineer consent for its policies. PRC authorities have attempted to extend CCP influence over discourse and behavior around the world, with recent examples including companies and sports teams in the United States and the United Kingdom and politicians in Australia and Europe. PRC actors are exporting the tools of the CCP’s techno-authoritarian model to countries around the world, enabling authoritarian states to exert control over their citizens and surveil opposition, training foreign partners in propaganda and censorship techniques, and using bulk data collection to shape public sentiment.

China’s party-state controls the world’s most heavily resourced set of propaganda tools. Beijing communicates its narrative through state-run television, print, radio, and online

organizations whose presence is proliferating in the United States and around the world. The CCP often conceals its investments in foreign media entities. In 2015, China Radio International was revealed to control 33 radio stations in 14 countries via shell entities, and to subsidize multiple intermediaries through providing free, pro-Beijing content.

Beyond the media, the CCP uses a range of actors to advance its interests in the United States and other open democracies. CCP United Front organizations and agents target businesses, universities, think tanks, scholars, journalists, and local, state, and Federal officials in the United States and around the world, attempting to influence discourse and restrict external influence inside the PRC.

Beijing regularly attempts to compel or persuade Chinese nationals and others to undertake a range of malign behaviors that threaten United States national and economic security, and undermine academic freedom and the integrity of the United States research and development enterprise. These behaviors include misappropriation of technology and intellectual property, failure to appropriately disclose relationships with foreign government sponsored entities, breaches of contract and confidentiality, and manipulation of processes for fair and merit-based allocation of Federal research and development funding. Beijing also attempts to compel Chinese nationals to report on and threaten fellow Chinese students, protest against events that run counter to Beijing's political narrative, and otherwise restrict the academic freedom that is the hallmark and strength of the American education system.

PRC media entities, journalists, academics, and diplomats are free to operate in the United States, but Beijing denies reciprocal access to American counterpart institutions and officials. The PRC government routinely denies United States officials, including the United States Ambassador to the PRC, access to Department of State-funded American Cultural Centers, which are hosted in Chinese universities to share American culture with the Chinese people. Foreign reporters working in the PRC often face harassment and intimidation.

3. Security Challenges

As China has grown in strength, so has the willingness and capacity of the CCP to employ intimidation and coercion in its attempts to eliminate perceived threats to its interests and advance its strategic objectives globally. Beijing's actions belie Chinese leaders' proclamations that they oppose the threat or use of force, do not intervene in other countries' internal affairs, or are committed to resolving disputes through peaceful dialogue. Beijing contradicts its rhetoric and flouts its commitments to its neighbors by engaging in provocative and coercive military and paramilitary activities in the Yellow Sea, the East and South China Seas, the Taiwan Strait, and Sino-Indian border areas.

In May 2019, the Department of Defense issued its annual report to the Congress, *Military and Security Developments Involving the PRC*, assessing current and future trajectories of China's military-technological development, security and military strategies, and People's Liberation Army (PLA) organizational and operational concepts. In July 2019, the PRC

Minister of Defense publicly acknowledged that OBOR is linked to the PRC's aspirational expansion of PLA presence overseas, including locations such as the Pacific Islands and the Caribbean.

Beijing's military buildup threatens United States and allied national security interests and poses complex challenges for global commerce and supply chains. Beijing's Military-Civil Fusion (MCF) strategy gives the PLA unfettered access into civil entities developing and acquiring advanced technologies, including state-owned and private firms, universities, and research programs. Through non-transparent MCF linkages, United States and other foreign companies are unwittingly feeding dual-use technologies into PRC military research and development programs, strengthening the CCP's coercive ability to suppress domestic opposition and threaten foreign countries, including United States allies and partners.

The PRC's attempts to dominate the global information and communications technology industry through unfair practices is reflected in discriminatory regulations like the PRC National Cyber Security Law, which requires companies to comply with Chinese data localization measures that enable CCP access to foreign data. Other PRC laws compel companies like Huawei and ZTE to cooperate with Chinese security services, even when they do business abroad, creating security vulnerabilities for foreign countries and enterprises utilizing Chinese vendors' equipment and services.

Beijing refuses to honor its commitment to provide travel documents for Chinese citizens with orders of removal from the United States in a timely and consistent manner, effectively blocking their removals from our country and creating security risks for American communities. In addition, the PRC's violations of our bilateral consular treaty puts United States citizens at risk in China, with many Americans detrimentally affected by the PRC government's coercive exit bans and wrongful detentions.

Approach

The NSS demands that the United States "rethink the policies of the past two decades – policies based on the assumption that engagement with rivals and their inclusion in international institutions and global commerce would turn them into benign actors and trustworthy partners. For the most part, this premise turned out to be false. Rival actors use propaganda and other means to try to discredit democracy. They advance anti-Western views and spread false information to create divisions among ourselves, our allies, and our partners."

Guided by a return to principled realism, the United States is responding to the CCP's direct challenge by acknowledging that we are in a strategic competition and protecting our interests appropriately. The principles of the United States' approach to China are articulated both in the NSS and our vision for the Indo-Pacific region – sovereignty, freedom, openness, rule of law, fairness, and reciprocity. United States-China relations do not determine our Indo-Pacific strategy, but rather fall within that strategy and the overarching

NSS. By the same token, our vision of a free and open Indo-Pacific region does not exclude China.

The United States holds the PRC government to the same standards and principles that apply to all nations. We believe this is the treatment that the people of China want and deserve from their own government and from the international community. Given the strategic choices China's leadership is making, the United States now acknowledges and accepts the relationship with the PRC as the CCP has always framed it internally: one of great power competition.

United States policies are not premised on an attempt to change the PRC's domestic governance model, nor do they make concessions to the CCP's narratives of exceptionalism and victimhood. Rather, United States policies are designed to protect our interests and empower our institutions to withstand the CCP's malign behavior and collateral damage from the PRC's internal governance problems. Whether the PRC eventually converges with the principles of the free and open order can only be determined by the Chinese people themselves. We recognize that Beijing, not Washington, has agency over and responsibility for the PRC government's actions.

The United States rejects CCP attempts at false equivalency between rule-of-law and rule-by-law; between counterterrorism and oppression; between representative governance and autocracy; and between market-based competition and state-directed mercantilism. The United States will continue to challenge Beijing's propaganda and false narratives that distort the truth and attempt to demean American values and ideals.

Similarly, the United States does not and will not accommodate Beijing's actions that weaken a free, open, and rules-based international order. We will continue to refute the CCP's narrative that the United States is in strategic retreat or will shirk our international security commitments. The United States will work with our robust network of allies and like-minded partners to resist attacks on our shared norms and values, within our own governance institutions, around the world, and in international organizations.

The American people's generous contributions to China's development are a matter of historical record – just as the Chinese people's remarkable accomplishments in the era of Reform and Opening are undeniable. However, the negative trend lines of Beijing's policies and practices threaten the legacy of the Chinese people and their future position in the world.

Beijing has repeatedly demonstrated that it does not offer compromises in response to American displays of goodwill, and that its actions are not constrained by its prior commitments to respect our interests. As such, the United States responds to the PRC's actions rather than its stated commitments. Moreover, we do not cater to Beijing's demands to create a proper "atmosphere" or "conditions" for dialogue.

Likewise, the United States sees no value in engaging with Beijing for symbolism and pageantry; we instead demand tangible results and constructive outcomes. We acknowledge and respond in kind to Beijing's transactional approach with timely incentives and costs, or

credible threats thereof. When quiet diplomacy proves futile, the United States will increase public pressure on the PRC government and take action to protect United States interests by leveraging proportional costs when necessary.

The PRC government has fallen short of its commitments in many areas including: trade and investment; freedoms of expression and belief; political interference; freedoms of navigation and overflight; cyber and other types of espionage and theft; weapons proliferation; environmental protection; and global health. Agreements with Beijing must include stringent verification and enforcement mechanisms.

We speak candidly with the Chinese people and expect honesty from PRC leaders. In matters of diplomacy, the United States responds appropriately to the CCP's insincere or vague threats, and stands up alongside our allies and partners to resist coercion. Through our continuous and frank engagement, the United States welcomes cooperation by China to expand and work toward shared objectives in ways that benefit the peace, stability, and prosperity of the world. Our approach does not exclude the PRC. The United States stands ready to welcome China's positive contributions.

As the above tenets of our approach imply, competition necessarily includes engagement with the PRC, but our engagements are selective and results-oriented, with each advancing our national interests. We engage with the PRC to negotiate and enforce commitments to ensure fairness and reciprocity; clarify Beijing's intentions to avoid misunderstanding; and resolve disputes to prevent escalation. The United States is committed to maintaining open channels of communication with the PRC to reduce risks and manage crises. We expect the PRC to also keep these channels open and responsive.

Implementation

In accordance with the President's NSS, the political, economic, and security policies outlined in this report seek to protect the American people and homeland, promote American prosperity, preserve peace through strength, and advance a free and open vision abroad. During the first 3 years of the Administration, the United States has taken significant steps in implementing this strategy as it applies to China.

1. Protect the American People, the Homeland, and the American Way of Life

The United States Department of Justice (DOJ)'s China Initiative and Federal Bureau of Investigation are directing resources to identify and prosecute trade secrets theft, hacking, and economic espionage; and increasing efforts to protect against malign foreign investment in United States infrastructure, supply chain threats, and foreign agents seeking to influence American policy. For example, DOJ informed PRC state media company CGTN-America of its obligation to register as a foreign agent as specified under the Foreign Agents Registration Act (FARA), which obligates registrants to disclose their activities to Federal authorities and

appropriately label information materials they distribute. CGTN-America subsequently registered under FARA.

The Administration is also responding to CCP propaganda in the United States by highlighting malign behavior, countering false narratives, and compelling transparency. United States officials, including those from the White House and the Departments of State, Defense, and Justice, are leading efforts to educate the American public about the PRC government's exploitation of our free and open society to push a CCP agenda inimical to United States interests and values. In an effort to achieve reciprocity of access, the Department of State has implemented a policy requiring Chinese diplomats to notify the United States Government before meeting with state and local government officials and academic institutions.

The Administration is raising awareness of and actively combatting Beijing's co-optation and coercion of its own citizens and others in United States academic institutions, beyond traditional espionage and influence efforts. We are working with universities to protect the rights of Chinese students on American campuses, provide information to counter CCP propaganda and disinformation, and ensure an understanding of ethical codes of conduct in an American academic environment.

Chinese students represent the largest cohort of foreign students in the United States today. The United States values the contributions of Chinese students and researchers. As of 2019, the number of Chinese students and researchers in the United States has reached an all-time high, while the number of student visa denials to Chinese applicants has steadily declined. The United States strongly supports the principles of open academic discourse and welcomes international students and researchers conducting legitimate academic pursuits; we are improving processes to screen out the small minority of Chinese applicants who attempt to enter the United States under false pretenses or with malign intent.

In the United States research community, Federal agencies such as the National Institutes of Health and the Department of Energy have updated or clarified regulations and procedures to ensure compliance with applicable standards of conduct and reporting, in order to improve transparency and prevent conflicts of interest. The National Science and Technology Council's Joint Committee on the Research Environment is developing standards for Federally-funded research, and best practices for United States research institutions. The Department of Defense is working to ensure grantees do not also have contracts with China's talent recruitment programs, while also continuing to welcome foreign researchers.

To prevent foreign malign actors from gaining access to United States information networks, the President issued the "Executive Order on Securing the Information and Communications Technology and Services Supply Chain" and the "Executive Order on Establishing the Committee for the Assessment of Foreign Participation in the United States Telecommunications Services Sector." The implementation of these Executive Orders will prevent certain companies associated with or answering to the intelligence and security apparatus of foreign adversaries from, for example, readily accessing the private and sensitive information of the United States Government, the United States private sector, and

individual Americans. To ensure protection of our information worldwide, including sensitive military and intelligence data, the United States is actively engaging with our allies and partners, including in multilateral fora, to promote a set of common standards for secure, resilient, and trusted communications platforms that underpin the global information economy. To compel Beijing to adhere to norms of responsible state behavior, the United States is working with allies and like-minded partners to attribute and otherwise deter malicious cyber activities.

The Administration is implementing the Foreign Investment Risk Review Modernization Act to update and strengthen the capacity of the Committee on Foreign Investment in the United States (CFIUS) to address growing national security concerns over foreign exploitation of investment structures, which previously fell outside CFIUS jurisdiction. This includes preventing Chinese companies from exploiting access to United States innovation through minority investments in order to modernize the Chinese military. The United States has updated its export control regulations, particularly in light of Beijing's whole-of-society MCF strategy and its efforts to acquire advanced technologies related to hypersonics, quantum computing, artificial intelligence, biotechnology, and other emerging and foundational technologies. We are also engaging allies and partners to develop their own foreign investment screening mechanisms, and to update and implement export controls collaboratively through multilateral regimes and other forums.

The United States Government is also taking concrete actions to protect the American consumer from counterfeit and substandard products. Between 2017 and 2018, the United States Department of Homeland Security seized more than 59,000 shipments of counterfeit goods, produced in the PRC, valued at more than \$2.1 billion. This represents five times the total shipments and value seized from all other foreign countries combined.

In addition to falsely branded apparel, footwear, handbags, and watches, United States Customs and Border Protection intercepted three shipments containing 53,000 illegal Chinese gun parts and electronics that could have compromised the security and privacy of American businesses and consumers. United States law enforcement agencies are also targeting counterfeit pharmaceuticals and cosmetics originating from China, which have been found to contain high levels of contaminants, including bacteria and animal waste that pose a danger to American consumers.

The United States is working with Chinese authorities to stem the deadly flow of illicit Chinese fentanyl from the PRC to the United States. In December 2018, the President secured a commitment from his Chinese counterpart to control all forms of fentanyl in the PRC. With the Chinese regulatory regime in place since May 2019, United States and PRC law enforcement agencies are sharing intelligence and coordinating to set conditions for enforcement actions that will deter Chinese drug producers and traffickers. The United States is also working with China's postal agencies to improve tracking of small parcels for law enforcement purposes.

2. Promote American Prosperity

In response to the PRC's documented unfair and abusive trade practices and industrial policies, the Administration is taking strong actions to protect American businesses, workers, and farmers, and to put an end to Beijing's practices that have contributed to a hollowing-out of the United States manufacturing base. The United States is committed to rebalancing the United States-China economic relationship. Our whole-of-government approach supports fair trade and advances United States competitiveness, promotes United States exports, and breaks down unjust barriers to United States trade and investment. Having failed since 2003 to persuade Beijing to adhere to its economic commitments through regular, high-level dialogues, the United States is confronting China's market-distorting forced technology transfer and intellectual property practices by imposing costs in the form of tariffs levied on Chinese goods coming into the United States. Those tariffs will remain in place until a fair Phase Two trade deal is agreed to by the United States and the PRC.

In response to Beijing's repeated failure to reduce or eliminate its market-distorting subsidies and overcapacity, the United States imposed tariffs to protect our strategically important steel and aluminum industries. For those unfair Chinese trade practices that are subject to dispute settlement at the WTO, the United States continues to pursue and win multiple cases. Finally, to crack down on China's dumping and subsidies across a broad range of industries, the Department of Commerce is making greater utility of United States antidumping and countervailing duties laws than in past administrations.

In January 2020, the United States and the PRC signed Phase One of an economic and trade agreement that requires structural reforms and other changes to China's economic and trade regime, addressing several longstanding United States concerns. The agreement prohibits the PRC from forcing or pressuring foreign companies to transfer their technology as a condition for doing business in China; strengthens protection and enforcement of intellectual property in China in all key areas; creates new market opportunities in China for United States agriculture and financial services by addressing policy barriers; and addresses longstanding, unfair currency practices. The agreement also establishes a strong dispute resolution mechanism that ensures prompt and effective implementation and enforcement. By addressing structural barriers to trade and making the commitments fully enforceable, the Phase One agreement will expand United States exports to China. As part of this agreement, the PRC committed over the next 2 years to increase imports of United States goods and services by no less than \$200 billion in four broad categories: manufactured goods, agriculture, energy, and services. This agreement marks critical progress toward a more balanced trade relationship and a more level playing field for American workers and companies.

Domestically, the Administration is taking steps to strengthen the United States economy and promote economic sectors of the future, such as 5G technology, through tax reforms and a robust deregulatory agenda. The President's "Executive Order on Maintaining American Leadership in Artificial Intelligence" is an example of a United States Government initiative

to promote investment and collaboration to ensure the United States continues to lead in innovation and setting standards for a growing industry.

Together with other likeminded nations, the United States promotes an economic vision based on principles of sovereignty, free markets, and sustainable development. Alongside the European Union and Japan, the United States is engaged in a robust trilateral process to develop disciplines for state-owned enterprises, industrial subsidies, and forced technology transfers. We will also continue to work with our allies and partners to ensure that discriminatory industrial standards do not become global standards. As the world's most valuable consumer market, largest source of foreign direct investment, and leading wellspring of global technological innovation, the United States engages extensively with allies and partners to evaluate shared challenges and coordinate effective responses to ensure continued peace and prosperity. We work closely with United States companies to build their competitiveness at home and abroad while fostering sustainable development through programs such as Prosper Africa, *America Crece* in Latin America and the Caribbean, and Enhancing Development and Growth through Energy in the Indo-Pacific region.

3. Preserve Peace through Strength

The 2018 National Defense Strategy (NDS) prioritizes long-term competition with China and emphasizes modernization and partnerships to counter the PLA's technological advancements, force development, and growing international presence and assertiveness. As described in the Nuclear Posture Review, the Administration is prioritizing the modernization of the nuclear triad, including the development of supplementary capabilities designed to deter Beijing from using its weapons of mass destruction or conducting other strategic attacks. Meanwhile, the United States continues to urge China's leaders to come to the table and begin arms control and strategic risk reduction discussions as a nuclear power with a modern and growing nuclear arsenal and the world's largest collection of intermediate range delivery systems. The United States believes it is in the interest of all nations to improve Beijing's transparency, prevent miscalculations, and avoid costly arms buildups.

The Department of Defense is moving quickly to deploy hypersonic platforms, increasing investments in cyber and space capabilities, and developing more lethal fires based on resilient, adaptive, and cost-effective platforms. Together, these capabilities are intended to deter and counter Beijing's growing ambitions and the PLA's drive toward technological parity and superiority.

As part of our worldwide freedom of navigation operations program, the United States is pushing back on Beijing's hegemonic assertions and excessive claims. The United States military will continue to exercise the right to navigate and operate wherever international law allows, including in the South China Sea. We are speaking up for regional allies and partners, and providing security assistance to help them build capacity to withstand Beijing's attempts to use its military, paramilitary, and law enforcement forces to coerce and prevail in disputes. In 2018, the United States military withdrew the invitation for the PLA to

participate in the biennial Rim of the Pacific exercise due to Beijing's deployment of advanced missile systems onto manmade features in the South China Sea.

Stronger alliances and partnerships are a cornerstone of the NDS. The United States is building partner capacity and deepening interoperability to develop a combat-credible forward operating presence, fully integrated with allies and partners to deter and deny PRC aggression. The Administration's Conventional Arms Transfer policy aims to promote United States arms sales and accelerate the transformation of partner military capabilities in a strategic and complementary manner. In June 2019, the Department of Defense released its first *Indo-Pacific Strategy Report*, articulating the Department's implementation of the NDS and our whole-of-government strategy for the Indo-Pacific region.

The United States will continue to maintain strong unofficial relations with Taiwan in accordance with our "One China" policy, based on the Taiwan Relations Act and the three United States-PRC Joint Communiques. The United States maintains that any resolution of cross-Straits differences must be peaceful and according to the will of the people on both sides, without resorting to threat or coercion. Beijing's failure to honor its commitments under the communiques, as demonstrated by its massive military buildup, compels the United States to continue to assist the Taiwan military in maintaining a credible self-defense, which deters aggression and helps to ensure peace and stability in the region. In a 1982 memorandum, President Ronald Reagan insisted "that the quantity and quality of the arms provided Taiwan be conditioned entirely on the threat posed by the PRC." In 2019, the United States approved more than \$10 billion of arms sales to Taiwan.

The United States remains committed to maintaining a constructive, results-oriented relationship with the PRC. The United States conducts defense contacts and exchanges with the PRC to communicate strategic intent; prevent and manage crises; reduce the risks of miscalculation and misunderstanding that could escalate into conflict; and cooperate in areas of shared interest. The United States military engages with the PLA to develop effective crisis communication mechanisms, including responsive channels for de-escalation in unplanned scenarios.

4. Advance American Influence

For the past seven decades, the free and open international order has provided the stability to allow sovereign, independent states to flourish and contribute to unprecedented global economic growth. As a large, developed country and a major beneficiary of this order, the PRC should help guarantee freedom and openness for other nations around the globe. When Beijing instead promotes or abets authoritarianism, self-censorship, corruption, mercantilist economics, and intolerance of ethnic and religious diversity, the United States leads international efforts to resist and counter these malign activities.

In 2018 and 2019, the Secretary of State hosted the first two gatherings of the Ministerial to Advance Religious Freedom. Along with the President's unprecedented Global Call to Protect Religious Freedom during the United Nations General Assembly (UNGA) in September 2019, these events brought together global leaders to address religious persecution around the

world. During both ministerials, the United States and partner countries released joint statements calling on the PRC government to respect the rights of Uighur and other Turkic Muslims, Tibetan Buddhists, Christians, and Falun Gong adherents, all of whom face repression and persecution in China. In February 2020, the Department of State launched the first ever International Religious Freedom Alliance with 25 likeminded partners to defend the right of every person to worship without fear. The President met with Chinese dissidents and survivors on the margins of the 2019 Ministerial, and he shared the stage during UNGA with victims of religious persecution from China. The United States also continues to support human rights defenders and independent civil society working in or on China.

In October 2019 at the United Nations in New York, the United States joined likeminded nations in condemning Beijing's ongoing human rights violations and other repressive policies in Xinjiang that threaten international peace and security. The latter event followed United States Government actions to stop United States exports to select Chinese government agencies and surveillance technology companies complicit in the Xinjiang human rights abuses and to deny United States visas for Chinese officials, and their family members, responsible for violating Beijing's international human rights commitments. The United States has also begun actions to block imports of Chinese goods produced using forced labor in Xinjiang.

The United States will continue to take a principled stand against the use of our technology to support China's military and its technology-enabled authoritarianism, working in conjunction with likeminded allies and partners. In doing so, we will implement policies that keep pace with rapid technological change and PRC efforts to blend civil and military uses and compel companies to support China's security and intelligence services.

These efforts demonstrate United States commitment to the fundamental values and norms that have served as the foundation of the international system since the end of the Second World War. While the United States has no desire to interfere in the PRC's internal affairs, Washington will continue to be candid when Beijing strays from its international commitments and responsible behavior, especially when United States interests are at stake. For example, the United States has significant interests in the future of Hong Kong. Approximately 85,000 United States citizens and more than 1,300 United States businesses reside in Hong Kong. The President, the Vice President, and the Secretary of State have repeatedly called on Beijing to honor the 1984 Sino-British Joint Declaration and preserve Hong Kong's high degree of autonomy, rule of law, and democratic freedoms, which enable Hong Kong to remain a successful hub of international business and finance.

The United States is expanding its role as an Indo-Pacific nation that promotes free enterprise and democratic governance. In November 2019, the United States, Japan, and Australia launched the Blue Dot Network to promote transparently-financed, high quality infrastructure through private sector led development around the world, which will add to the nearly 1 trillion dollars of United States direct investment in the Indo-Pacific region alone. At the same time, the Department of State issued a detailed progress report on the

implementation of our whole-of-government strategy for the Indo-Pacific region:
A Free and Open Indo-Pacific: Advancing a Shared Vision.

Conclusion

The Administration's approach to the PRC reflects a fundamental reevaluation of how the United States understands and responds to the leaders of the world's most populous country and second largest national economy. The United States recognizes the long-term strategic competition between our two systems. Through a whole-of-government approach and guided by a return to principled realism, as articulated by the NSS, the United States Government will continue to protect American interests and advance American influence. At the same time, we remain open to constructive, results-oriented engagement and cooperation from China where our interests align. We continue to engage with PRC leaders in a respectful yet clear-eyed manner, challenging Beijing to uphold its commitments.