

# COMPARATIVE

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## CONNECTIONS

A TRIANNUAL E-JOURNAL OF BILATERAL  
RELATIONS IN THE INDO-PACIFIC

### US-CHINA RELATIONS

## US-CHINA RELATIONS SINK FURTHER AMID ANOTHER TAIWAN STRAIT CRISIS

BONNIE S. GLASER, GERMAN MARSHALL FUND OF THE US

Nancy Pelosi's August visit to Taiwan—the first visit by a speaker of the US House of Representatives in 25 years—was met by a strong response from China that included provocative military exercises, punitive economic measures against Taiwan, and the suspension and cancellation of a series of dialogues with the United States. Just prior to Pelosi's visit, Presidents Joe Biden and Xi Jinping held their fifth virtual conversation since Biden's inauguration. Secretary of State Antony Blinken delivered a comprehensive speech on the administration's China strategy in late May. Biden officials debated whether to lift some of the tariffs imposed on China under the Trump administration, but as of the end of August, there was no decision to do so. Human rights remained on the US agenda, with statements issued on the anniversary of the June 4, 1989 Tiananmen massacre and on the 25<sup>th</sup> anniversary of the handover of Hong Kong to the PRC, and a ban imposed on imports into the US of products made by forced labor in Xinjiang. US Secretary of Defense Lloyd Austin held his first face-to-face meeting with Chinese Defense Minister Wei Fenghe at the Shangri-La Dialogue in Singapore.

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## Key Speeches Elucidate the US Approach to China

In late May, the long-awaited China strategy [speech](#) was delivered by Secretary of State Antony Blinken at George Washington University. He described China as “the only country with both the intent to reshape the international order and, increasingly, the economic, diplomatic, military, and technological power to do it.” Moreover, he charged that “Under Xi Jinping, the Chinese Communist Party has become more repressive at home and more aggressive abroad.” Noting that Beijing is unlikely to change its trajectory, Blinken said that the US would “shape the strategic environment around Beijing to advance our vision for an open, inclusive, international system.”

The strategy was summed up in the catch phrase “invest, align, and compete”: Invest in America to strengthen competitiveness, innovation, and democracy; align with allies and partners and act with common purpose; and compete with China to defend US and allied interests.



Figure 1 US Secretary of State Antony Blinken delivers a speech on the Biden administration’s policy toward China during an event hosted by the Asia Society Policy Institute at the George Washington University. Photo: Alex Wong/Getty Images

Alongside intense competition, Blinken stated that the US remains committed to intense diplomacy and has prioritized crisis communications and risk reduction measures. In an effort to provide reassurances to Beijing, Blinken insisted that the US is determined to avoid conflict and a new Cold War. He also maintained that the US does not seek to transform China’s political system or prevent China from developing economically or advancing its interests. And he reaffirmed that the US seeks to coexist and cooperate with China, pledging that the US would “engage constructively with China wherever we can.”

Just over one week later, Secretary of Defense Lloyd Austin gave a [speech](#) at the Shangri-La Dialogue. Although it focused on the US approach to the broader Indo-Pacific region, a portion was devoted to China and the challenges that it poses to regional security. Austin detailed what he termed Beijing’s “more coercive and aggressive approach to its territorial claims.” This included China’s illegal operations in the territorial waters of other Indo-Pacific countries, its pressure on India along their shared border, and its use of maritime militia, economic coercion and political intimidation against its neighbors. Austin described what he called “an alarming increase in the number of unsafe aerial intercepts and confrontations at sea by PLA aircraft and vessels.” He also criticized China’s “steady increase in provocative and destabilizing military activity near Taiwan.”

### Prelude to the Crisis in the Taiwan Strait

Speaker of the House of Representatives Nancy Pelosi had planned to visit Taiwan in April but was forced to postpone the trip after contracting COVID-19. Her April plan was never officially announced; it was reported in media in both Taiwan and Japan. At the time, Chinese foreign ministry spokesman Zhao Lijian [said](#) that the visit should not be postponed, but instead should be “canceled immediately.”

Almost four months went by before Speaker Pelosi arrived in Taiwan. During that period, there were notable developments concerning US policy toward Taiwan. In early May, the Department of State inexplicably updated its online fact sheet on US-Taiwan relations. The changes made included removal of the sentence “The United States does not support Taiwan independence” and deletion of the reference to the language contained in two US-China joint communiques that the US acknowledged the Chinese position that there is but one China and Taiwan is part of China. The new version posted on May 5 simply noted that the US “one China policy” is guided by the Taiwan Relations Act, the three US-China Joint Communiques, and the Six Assurances.” A new sentence was added saying that although the US does not have diplomatic relations with Taiwan, “we have a robust unofficial relationship as well as an abiding interest in the maintaining peace and stability in the Taiwan Strait.”

China’s MFA spokesman Zhao Lijian accused the US of political manipulation on the Taiwan question, calling the changing of the fact sheet “a

petty act of fictionalizing and hollowing out the one-China principle.” US State Department spokesman Ned Price admitted that some changes in wording were made but emphasized that “our underlying policy has not changed.”

On May 28, without fanfare or explanation, the State Department fact sheet was revised again. The new version echoed points from Secretary Blinken’s speech. It states that “We oppose any unilateral changes to the status quo from either side; we do not support Taiwan independence; and we expect cross-Strait differences to be resolved by peaceful means.”

President Biden visited Tokyo in mid-May and gave a press conference on May 23 alongside Japanese Prime Minister Kishida Fumio. Asked by a reporter whether he was willing to get involved militarily to defend Taiwan if it were attacked by China, President Biden said, “Yes, that’s the commitment we made.” Since the Taiwan Relations Act does not contain a commitment by the US to defend Taiwan, Biden’s comments created uncertainty and confusion, which some believed strengthened deterrence but others believed could provoke greater PRC pressure on Taiwan. It marked the third time that Biden had publicly stated that he would defend Taiwan. A few hours later, a White House official said that there had been no change in US policy toward Taiwan. China’s Foreign Ministry spokesman Wang Wenbin slammed Biden’s remarks, warning that no country should underestimate China’s firm resolve, staunch will, and strong ability to protect its sovereign and territorial interests.

Also in May, Biden signed into law a bill to help Taiwan regain observer status at the World Health Assembly (WHA). On the eve of the 75<sup>th</sup> WHA meeting in Geneva, Secretary Blinken issued a [statement](#) calling for the World Health Organization to invite Taiwan to participate in the WHA as an observer. The statement argued that “Taiwan’s isolation from the preeminent global health forum is unwarranted and undermines inclusive global public health cooperation.”

The Biden administration asked the Congress to approve two pending arms sales to Taiwan, one in June and one in July. The first included unclassified spare and repair parts for ships and ship systems at an estimated cost of \$120 million. The second approval was for unclassified spare and repair parts and assembly for tanks and combat vehicles at an estimated total cost of \$108 million.

US Navy Taiwan Strait transits continued at the routine pace of one transit each month. The May transit was conducted by *Ticonderoga*-class guided-missile cruiser USS *Port Royal*. According to the 7<sup>th</sup> Fleet [spokesman](#), “the ship transited through a corridor in the Strait that is beyond the territorial sea of any coastal state.” In late June, a US Navy *P-8A Poseidon* reconnaissance plane flew over the Taiwan Strait. Almost one month later, Destroyer USS *Benfold* transited the Strait after conducting freedom of navigation operations near the Spratly Islands in the South China Sea.

### Pelosi Visits Taiwan in August

On July 19, the *Financial Times* [reported](#) that Nancy Pelosi would visit Taiwan the following month. Chinese MFA spokesman Zhao Lijian said China “will have to take determined and forceful measures to firmly safeguard national sovereignty and territorial integrity” if the visit takes place. On July 26, China’s Ministry of National Defense [warned](#) that “China’s military will absolutely not stand idly by.” Two days later, when Xi Jinping held a phone call with Joe Biden, he [reportedly](#) asked the US president to find a way to prevent Pelosi from making the trip. A senior White House official told *The Washington Post* that Biden told Xi that Congress was an independent branch of government and therefore he would not intervene. Pelosi would make her own decision about the visit. Biden also reportedly advised Xi not to take provocative actions if the visit took place.

Biden administration officials met quietly with Pelosi and her staff to discuss the potential risks involved in the trip. On July 20, President Biden told reporters that “The military thinks it’s not a good idea right now” to make the visit, though it was likely that the military provided briefings laying out the risks without making recommendations.



Figure 2 Speaker of the US House of Representatives Nancy Pelosi poses for photographs with Taiwan’s President Tsai Ing-wen at the president’s office on

August 03, 2022 in Taipei, Taiwan. Photo: Chien Chih-Hung/Office of The President via Getty Images

Pelosi and other members of her congressional delegation landed in Taipei on Aug. 2. Her visit marked the first time that a House speaker visited Taiwan in 25 years. Upon their arrival, the delegation issued a [statement](#) which said that their visit “honors America’s unwavering commitment to supporting Taiwan’s vibrant democracy.” It also noted that “America’s solidarity with the 23 million people of Taiwan is more important today than ever, as the world faces a choice between autocracy and democracy.”

Late that night, Chinese Vice Foreign Minister Xie Feng summoned US Ambassador to China Nicholas Burns to the ministry to [deliver](#) “stern representations and strong protests.” Xie Feng described Pelosi’s action as “a deliberate provocation” and warned that the US was “playing with fire.” He insisted her visit was a “serious violation” of the one-China principle and the three US-China joint communiques, seriously infringes on China’s sovereignty and territorial integrity, gravely undermines peace and stability in the Strait, sends a wrong signal to the separatist forces on Taiwan, and has a “severe impact” on the political foundation of US-China relations.

The PLA announced that it would hold live-fire drills around Taiwan and begin a series of joint military operations. “These operations are meant as a stern deterrent against the severe increase of negative moves from the US regarding the Taiwan question and a severe warning against ‘Taiwan independence’ forces to conspire for ‘independence,’” the PLA said.

The drills began in earnest after Pelosi departed Taiwan. China fired at least 5 ballistic missiles high into the atmosphere over Taiwan and splashed into six closure zones east of the island that bracketed the island and its key ports. Dozens of Chinese warplanes and naval ships crossed the median line of the Taiwan Strait. China also flew drones over Taiwan’s outlying Kinmen island and military helicopters flew past Pingtan island, one of mainland China’s closest points to Taiwan.

Beijing took other punitive actions against Taiwan and the United States. More than 2,000 of Taiwan’s food products were suspended from being imported by China’s Customs Administration due to what it claimed was Taipei’s failure to complete registration under new rules. China suspended exports of natural sand to

Taiwan. Taiwan’s representative to the United States, Bi-khim Hsiao, five legislators, and an activist were barred from traveling to mainland China, Hong Kong and Macao, and from having any financial or personnel connections with people and entities on the mainland. Actions taken against the United States included the cancellation of three military-to-military meetings that were planned for the second half of 2022, and the suspension of several bilateral dialogues including talks on climate change, counternarcotics cooperation, and the repatriation of illegal immigrants.

In the weeks following Pelosi’s visit, China’s military activity around Taiwan remained elevated. PLA aircraft and naval ships continued to fly and sail in the vicinity of the island and cross the median line of the Taiwan Strait. Beijing’s decision to continue a higher level of military pressure on Taiwan was partly due to the cascade of US politicians that visited Taiwan in the weeks that followed. On Aug. 14-15, a congressional delegation led by Massachusetts Democratic Sen. Ed Markey arrived in Taiwan. Indiana’s Republican Gov. Eric Holcomb traveled to Taiwan on Aug. 21. Republican Sen. Marsha Blackburn (Tenn.) landed in Taiwan on Aug. 25. Arizona Gov. Doug Ducey arrived in Taiwan on August 30.

Even after these visits taper off, it is unlikely that Beijing will return to the status quo ante. The increased frequency of PLA aircraft and ships sailing north of the Taiwan Strait centerline indicates that China will no longer tacitly respect it, which may increase the risk of accident, especially if Chinese military assets operate much closer to Taiwan. If China perceives that its redlines are being ignored, it may send aircraft or navy ships into Taiwan’s contiguous zone or even its territorial waters/air space, which extend 24 nautical miles and 12 nautical miles from Taiwan, respectively.

While some US allies believed that Pelosi’s visit was an unwelcome and even unnecessary catalyst of cross-Strait tensions, China’s strong military response was widely viewed as dangerous and provocative. On Aug. 3, foreign ministers from the Group of Seven (G7) countries issued a [statement](#) expressing concern about China’s “threatening action,” which it said “risks unnecessary escalation.” The statement asserted that “There is no justification to use a visit as a pretext for aggressive military activity in the Taiwan Strait.”



On Aug. 10, China unveiled its first white paper on Taiwan in over two decades. The paper reiterated China's preference for "peaceful reunification," but emphasized that the country would not renounce the use of force to achieve that goal. The "one country, two systems" framework that Beijing has espoused for decades was reaffirmed, but it was made clear that "two systems is subordinate to and derives from one country." After reunification, the white paper maintained that "Taiwan's social system and its way of life would be fully respected, and the private property, religious beliefs, and lawful rights and interests of the people in Taiwan will be fully protected," though this was contingent on China's sovereignty, security, and development interests being guaranteed. Prior White Papers in 1993 and 2000 had specified that China would not send troops or administrative personnel to be stationed in Taiwan after reunification. Those pledges were absent from the 2022 White Paper, though the change had been foreshadowed in Xi Jinping's Jan. 2, 2019 speech marking the 40th anniversary of the Message to Taiwan Compatriots.

The Biden administration weighed carefully how it should respond to what it [characterized](#) as China's decision to "overreact" and use Speaker Pelosi's visit as a "pretext" to increase provocative military activity in and around the Taiwan Strait. Although some officials favored a robust military exercise or operation near Taiwan, the aircraft carrier USS *Ronald Reagan* returned to its base in Yokosuka, Japan on the morning of Aug. 18. Commander of the US 7<sup>th</sup> Fleet, Vice Adm. Karl Thomas, was among those who pushed for a stronger US response. "It's very important that we contest this type of thing," he [told](#) reporters in Singapore, referring to China's large-scale military drills around Taiwan, adding "If we just allow that to happen, and we don't context that, that'll be the next norm."

The US Navy sailed two *Ticonderoga*-class guided-missile cruisers through the Taiwan Strait on Aug. 28. It was the first time that two cruisers conducted the routine operation, at least since the US started regularly announcing Taiwan Strait transits in mid-2018.

### **Biden Officials Debate Lifting Some Tariffs**

In May a debate in the Biden administration over the Trump-era tariffs on China spilled into the media. As inflation began to rise in the United States, some officials, including Treasury Secretary Janet Yellen and Commerce Secretary

Gina Raimondo, pushed for at least partly lifting the tariffs to reduce pressure on prices for companies and consumers. Other officials argued that unilaterally removing tariffs would provide the wrong signal to Beijing, since China hasn't taken steps to address the problems that led to the imposition of the tariffs nor has it met the terms of the 2019 Phase One trade deal.

At a Senate hearing in June, US Trade Representative Katherine Tai maintained that US tariffs on \$370 billion of Chinese goods provide significant leverage that would be useful in future negotiations. Other senior officials opposing tariff removal included Secretary of Agriculture Tom Vilsack and National Security Adviser Jake Sullivan. Politics was also a factor in the debate. With the mid-term elections only months away, some administration officials worried that lifting tariffs could harm the election prospects of Democratic candidates.

President Biden weighed in on the debate several times. In mid-May, Biden [said](#) that he was considering removing some of the China tariffs, noting that they were imposed by the previous administration. A month later, Biden [said](#) that he was in the process of making up his mind about the tariffs. In July, after a meeting with White House economic officials to discuss whether to lift some of the duties, Biden again [told](#) reporters that he hadn't yet made a decision and that the review process was ongoing. In the meantime, the Biden administration quietly [probed](#) Chinese willingness to take reciprocal actions to remove tariffs on US goods and were reportedly rebuffed.

Media reports [suggested](#) that the administration was considering lifting tariffs on a small percentage of goods—around \$10 billion—while allowing more exclusions and opening a new tariff investigation into China's industrial subsidies. The Office of the US Trade Representative started a mandatory review of the China Section 301 tariffs in May. They were set to automatically expire after four years, and deadlines for requesting extensions for products on the tariff lists passed in July and August. US labor groups actively pushed for renewal of all duties.

China's increased military pressure on Taiwan in response to Speaker Pelosi's visit apparently influenced Biden administration thinking about the tariffs. In the aftermath of China's military drills, the US was wary not to be seen as weak, while at the same time avoiding taking potentially escalatory actions. White House spokesman Saloni

Sharma [said](#) that a decision on the tariffs had not been “put on hold,” and insisted that “all options remain on the table.” According to Commerce Secretary Raimondo, President Biden was [trying](#) to “balance” the potential benefit of easing inflation from reducing the tariffs against possible harm to US labor, and remained undecided.

### Bilateral High-Level Meetings

In accord with the shared assessment of both countries’ leaders and officials that it is essential to keep lines of bilateral communication open, numerous high-level discussions were held in the four-month period covering May through August. Most of these meetings were conducted by phone or video link, but a few took place in person.

The most important of these interactions was the phone call between Biden and Xi on July 28, their fifth virtual conversation since President Biden came into office. The call lasted almost 2-and-a-half hours. In a background briefing on the meeting, a senior US official [described](#) their conversation as “substantive, in-depth, and candid.” The leaders exchanged views on Russia’s war in Ukraine and the global impacts of the conflict. They had a lengthy discussion about Taiwan, and talked about potential areas of cooperation, including climate change, health security, and counternarcotics. President Biden also raised human rights concerns and the cases of US citizens who are being wrongfully detained or subject to exit bans in China.

Beijing’s [readout](#) of the call noted that the conversation between the two presidents was “candid.” Xi Jinping’s messages to Biden included that the US was misguided in defining the bilateral relations in terms of strategic competition and regarding China as its primary rival. He stressed the need to coordinate respective macroeconomic policies, keep global supply chains stable, and protect energy and food security. On Taiwan, Xi reaffirmed China’s position that “both sides of the Taiwan Strait belong to one and the same China” and reiterated the warning that he made to Biden last November that “those who play with fire will get burned.” For his part, Biden restated that US policy toward Taiwan has not changed, and that the US “strongly opposes” unilateral efforts to change the status quo or undermine peace and stability across the Taiwan Strait.

NSA Jake Sullivan met with his counterpart, Chinese Director of Office of the Foreign Affairs

Commission Yang Jiechi on May 18 and June 13. The May meeting was virtual and focused on regional security issues, Russia’s war in Ukraine, and bilateral US-China issues. China’s [readout](#) of the call portrayed Yang as sharply criticizing US policies, including “a series of erroneous words and deeds that interfere in China’s internal affairs and harm China’s interests.” He characterized US actions on Taiwan as “widely distant” from its statements and warned against playing the “Taiwan card.” In June, Sullivan and Yang met in Luxembourg to discuss bilateral, regional, and global issues. Sullivan [emphasized](#) the importance of maintaining open lines of communication to manage bilateral competition. Yang [complained](#) that the US was “stepping up all-round containment and repression against China.” He detailed Chinese positions on Taiwan, Xinjiang, Hong Kong, Tibet, the South China Sea, human rights, religion, and other issues.

US Secretary of Defense and Chinese Defense Minister Wei Fenghe had their first ever in-person meeting on June 10 on the margins of the Shangri-La Dialogue in Singapore. Topics discussed included Taiwan, North Korea, Russia’s war in Ukraine, the South China Sea, and crisis communication between the US and Chinese militaries. The Chinese Ministry of Defense [readout](#) of the meeting said that “both sides agreed that the two militaries should implement the important consensus reached by the heads of two states, maintain high-level strategic communication, promote strategic mutual trust, and well manage contradictions and divergences, so as not to escalate them into conflicts and confrontation.”

Chairman of the US Joint Chiefs of Staff Gen. Mark Milley and his Chinese counterpart Gen. Li Zuocheng held video talks on July 7. Milley [discussed](#) the need to “responsibly manage competition and maintain open lines of communication.” He also underscored “the importance of the People’s Liberation Army engaging in substantive dialogue on improving crisis communications and reducing strategic risk.” Li [said](#) that China has no room for compromise or concession on issues pertaining to China’s core interests and warned that “if anyone wantonly provokes, he will surely meet the firm countermeasures of the Chinese people.”

US Secretary of State Antony Blinken held more than five hours of talks with Chinese State Councilor and Foreign Minister Wang Yi on July 9 on the sidelines of the G20 foreign ministers

meeting in Bali, Indonesia. Blinken focused on the Ukraine war and reiterated US concerns about the PRC's alignment with Russia. Wang Yi [repeated](#) China's position on Taiwan and warned the US against sending the wrong signals to Taiwan independence forces and against underestimating the resolve of the Chinese people to defend their nation's territorial sovereignty. He also refuted US statements about Xinjiang, Hong Kong, and maritime issues.

Wang Yi revealed that the Chinese side had delivered four lists to the US side: the list of US wrongdoings that must stop, the list of key individual cases that the US must resolve, the list of Acts in the 117th Congress of high concern to China, and the list of cooperation proposals in eight areas. The two sides reached agreement on seeking more achievements in their bilateral joint working group consultations; stepping up cooperation on climate change and public health; creating better conditions for their diplomatic and consular personal to perform their functions; and resuming exchanges and consultation on people-to-people and cultural matters.

Treasury Secretary Janet Yellen held a virtual meeting with PRC Vice Premier Liu He on July 4 to discuss macroeconomic and financial developments in both countries and the global economic outlook amid rising commodity prices and food security challenges. On July 15, Commerce Secretary Gina Raimondo met in person with China's Minister of Ecology and Environment Huang Runqiu to discuss environmental trends in China and the potential to bring innovative solutions from US companies to address the shared challenge of climate change. Minister Huang Runqiu detailed Chinese environmental policies and achievements, and maintained that China is willing to work with the US to strengthen cooperation in areas such as marine plastic waste management, protect the marine ecological environment, and promote the building of a community with a shared future for the ocean. Acting Director of the US Environmental Protection Agency McCabe and California Gov. Gavin Newsom joined the discussions.

### Human Rights Concerns Remain a Priority

In his China strategy speech, Blinken emphasized human rights as an area of alignment for the US and its allies and partners. He highlighted concerns about Chinese human rights violations in Xinjiang, Tibet, and Hong Kong. These

concerns were also raised at other opportunities. In late May, Blinken issued a press [statement](#) in which he criticized China's efforts to restrict and manipulate the visit to the PRC by the UN High Commissioner for Human Rights Michelle Bachelet and her team which prevented them from conducting a complete and independent assessment of the human rights situation in Xinjiang. When the report was finally released on Aug. 31, Blinken welcomed its findings, which, he [said](#), "deepens and reaffirms our grave concern regarding the ongoing genocide and crimes against humanity that PRC government authorities are perpetrating against Uyghurs...and members of other ethnic and religious minority groups in Xinjiang."



Figure 3 Supporters of the East Turkistan National Awakening Movement rally in front of the British Embassy ahead of an April 22 vote in the British House of Commons on whether or not to declare that a genocide is underway in Xinjiang province and China's treatment of the Uyghur Muslims on April 16, 2021 in Washington, DC. Photo: Drew Angerer/Getty Images

On June 2, the State Department released its 2021 [Report](#) on International Religious Freedom. The section on China covered Xinjiang, Tibet, Hong Kong, and Macau. It documented in detail the PRC's efforts to restrict the activities and personal freedom of religious adherents that were deemed threatening to CCP or state interests and China's campaign to "Sinicize" religion. In another statement issued by the State Department on June 3, the US commemorated the 33<sup>rd</sup> anniversary of the Tiananmen Square massacre in Beijing, which, it noted, began with a peaceful protest calling for democracy and ended with a "brutal assault" by the PLA. The statement maintained that the US would continue to "speak out and promote accountability for PRC atrocities and human rights abuses" and that the US would "not forget June 4."

Later that month, the US Customs and Border Protection (CBP) began to implement the Uyghur Force Labor Prevent Act's provisions to ban imports into the US of products made by forced labor in Xinjiang. The State Department's press [statement](#) noted that Washington is "rallying our allies and partners to make global supply chains free from the use of forced labor" as well as publicly voicing concerns about the atrocities in Xinjiang.

The US marked the 25<sup>th</sup> anniversary of the handover of Hong Kong to the PRC by issuing a [statement](#) that condemned Beijing for undermining freedoms in Hong Kong by dismantling democratic institutions, stifling academic, cultural, and press freedoms, and banning dozens of civil society groups and news outlets. The statement called on the PRC to act in accordance with its international obligations, including ensure that Hong Kong's leadership "respects the protected rights and freedoms of people in Hong Kong, as provided for in the Basic Law."

#### **Potential Agreement on Requirements of PRC Companies Listed on US Stock Exchanges**

On Aug. 26, the US and China reached agreement that could resolve a 15-year conflict over what information Chinese companies listed on US stock exchanges are required to share with US regulators. For over two decades, the US has had rules that permit regulators to review the work of auditing firms that examine the finances of publicly listed companies. In 2013 the US and China agreed on how to enforce the auditing oversight law, but Chinese regulators have refused to allow US authorities full access. In 2020, Congress passed legislation that ordered companies removed from public trading unless regulators were able to have access to their complete financial information over three years.

Inspections of Chinese companies' audit documents is slated to begin in Hong Kong in mid-September and an assessment of China's compliance is expected to be completed by the end of this year. Observers warned, however, that the agreement between the US and China is only a first step and could fall apart. Previous attempts by the two sides to resolve their differences have failed. In 2016, a pilot inspection by US regulators was abandoned because Chinese officials withheld information. If the deal falls through, it is possible that more than 250 Chinese companies which account for \$1.3 trillion of market value will be

forced to leave US stock exchanges beginning in 2024.

#### **Looking Forward to the Final Months of 2022**

Both the United States and China are entering into a crucial political season. On Oct. 16, the Chinese Communist Party will hold its 20<sup>th</sup> Party Congress at which Xi Jinping is expected to get another five-year term in power. Observers will watch closely the domestic and foreign policies that Xi pursues after he crosses this major milestone for which he has been preparing over the past decade. On Nov. 8, Americans go to the polls for the mid-term elections that will decide who controls the House of Representatives and the Senate for the next two years of Biden's presidency.

Tensions over Taiwan could spike again if the Taiwan Policy Act is passed by Congress. In its current form, the bill would designate Taiwan a major non-NATO ally, require Senate confirmation of the US representative in Taipei, and rename Taiwan's office in DC the "Taiwan Representative Office." It would also provide \$4.5 billion in security assistance for Taiwan over four years, a provision that has significant bipartisan support. If the TPA is held back, does not pass, or is vetoed by President Biden, some of its provisions are likely to make their way into the National Defense Authorization Bill for Fiscal Year 2023.

Although prospects for halting the seemingly endless slide in US-China relations are dim, the planned meeting between Presidents Biden and Xi on the fringes of the Nov. 15-16 G20 Heads of State and Government Summit in Bali, Indonesia will provide an opportunity to do so. If the meeting goes forward, it will be the first face-to-face encounter between Biden and Xi as leaders of their respective countries. Xi will almost certainly be in a very strong position having just been crowned Chinese Communist Party general secretary for an unprecedented third term. Whether Biden is delivered a setback or a boost in the US midterms remains to be seen.



# CHRONOLOGY OF US-CHINA RELATIONS

## MAY—AUGUST 2022

**May 3, 2022:** In a speech at the Lockheed Martin plant in Alabama, President Joe Biden [says](#) that the Chinese Communist Party has been lobbying to oppose the CHIPS Act.

**May 3, 2022:** US Trade Representative [commences](#) statutory four-year review of actions taken under Section 301 of the Trade Act of 1974 in the investigation of China's Acts, Policies, and Practices Related to Technology Transfer, Intellectual Property, and Innovation.

**May 5, 2022:** State Department [updates](#) its "US Relations With Taiwan" page, [removing](#) phrases such as the United States "does not support Taiwan independence" and "opposes unilateral changes to the status quo by either side" and replaced them with the United States' "longstanding one China policy, which is guided by the Taiwan Relations Act, the three US-China Joint Communiques, and the Six Assurances."

**May 7, 2022:** *New York Times* [reports](#) that the Biden administration is rebuffing some of Taiwan's requests for larger and more expensive weapons, instead urging Taiwan to buy other equipment that it believes will better deter and defend against China.

**May 8, 2022:** *Wall Street Journal* [reports](#) that a Department of Defense study found China is exploiting the Small Business Innovation Research program that funds innovation among small US companies.

**May 10, 2022:** *USS Port Royal* (CG 73) of the 7<sup>th</sup> Fleet [conducts](#) a Taiwan Strait transit.

**May 12, 2022:** US-China Economic and Security Commission [holds](#) a hearing titled "China's Activities and Influence in South and Central Asia."

**May 13, 2022:** President Biden [signs](#) into law S. 812, which directs "the Secretary of State to develop a strategy to regain observer status for Taiwan in the World Health Organization."

**May 18, 2022:** Secretary of State Antony Blinken [issues](#) a statement advocating for the World Health

Organization to invite Taiwan to participate as an observer at the 75<sup>th</sup> World Health Assembly (WHA) from May 22–28.

**May 18, 2022:** National Security Advisor Jake Sullivan [holds](#) a phone call with Chinese Director of Office of the Foreign Affairs Commission Yang Jiechi and discusses "regional security issues and nonproliferation" as well as "Russia's war against Ukraine and specific issues in US-China relations."

**May 18, 2022:** Justice Department [charges](#) a US citizen and four officials from China's Ministry of State Security with spying on prominent dissidents, human rights leaders, and pro-democracy activists.

**May 19, 2022:** Justice Department [releases](#) statement that two research scientists for a major US pharmaceutical company, Chenyan Wu and Lianchun Chen, pleaded guilty to "illegally importing potentially toxic lab chemicals" and "forward confidential mRNA Vaccine research to China."

**May 19, 2022:** House Foreign Affairs Committee [holds](#) a hearing on "The Ukraine Crisis: Implications for US Policy in the Indo-Pacific."

**May 23, 2022:** On a visit to Tokyo, Biden [launches](#) the Indo-Pacific Economic Framework for Prosperity (IPEF) with a dozen initial partners: Australia, Brunei, India, Indonesia, Japan, Republic of Korea, Malaysia, New Zealand, the Philippines, Singapore, Thailand, and Vietnam.

**May 23, 2022:** At a press conference in Tokyo, Biden [says](#) that the US is willing to get involved militarily to defend Taiwan if China attacked Taiwan by force while insisting that the US abides by the "one China" policy.

**May 23, 2022:** China's Foreign Ministry Spokesperson [delivers](#) remarks on the decision of the 75<sup>th</sup> Session of WHA to reject the proposal of "inviting Taiwan to participate in the WHA as an observer."

**May 24, 2022:** China's Ministry of National Defense [announces](#) that Chinese and Russian militaries conducted a joint aerial strategic patrol in airspace over the waters of the Sea of Japan, the East China Sea, and the western Pacific Ocean.

**May 26, 2022:** Secretary Blinken [delivers](#) speech on the administration's approach to the PRC at George Washington University.

**May 27, 2022:** US Trade Representative [announces](#) the extension of COVID -19 related medical-care product exclusions from China Section 301 Tariffs for an additional six months, through Nov. 30, 2022.

**May 28, 2022:** Secretary Blinken [expresses](#) concerns about the UN High Commissioner for Human Rights Michelle Bachelet and her team's visit to Xinjiang and PRC efforts to manipulate her visit.

**May 31, 2022:** Office of the Director of National Intelligence [releases](#) report, "Best Practices to Protect Privacy, Civil Liberties, and Civil Rights of Americans of Chinese Descent in the Conduct of US Intelligence Activities."

**June 1, 2022:** US Department of Treasury's Office of Foreign Assets Control [publishes](#) three new Frequently Asked Questions related to the Chinese Military-Industrial Complex Sanctions.

**June 2, 2022:** US Department of State [releases](#) the "2021 Report on International Religious Freedom: China," which concludes that the Chinese government "continued to assert control over religion and to restrict the activities and personal freedom of religious adherents."

**June 3, 2022:** Secretary Blinken [issues](#) a statement to commemorate the 33rd anniversary of the Tiananmen Square massacre in Beijing.

**June 7, 2022:** USAID Administrator Samantha Power [delivers](#) a policy address, "A Global Revolution of Dignity" at the National Press Club and highlights how the current moment presents a pivotal opportunity to reverse the trends of democratic decline.

**June 8, 2022:** Commerce Department's Bureau of Industry and Security (BIS) [issues](#) a Temporary Denial Order (TDO) that suspends export privileges of three US-based companies, Quicksilver Manufacturing Inc., Rapid Cut LLC,

and US Prototype Inc., for 180 days for the unauthorized export to China of technical drawings and blueprints used to 3-D print satellite, rocket, and defense-related prototypes.

**June 8, 2022:** State Department [approves](#) a Foreign Military Sale of Ship Spare Parts and related equipment to Taiwan for an estimated cost of \$120 million.

**June 8, 2022:** US-China Economic and Security Commission [holds](#) a hearing on "China's Position on Russia's Invasion of Ukraine."

**June 9, 2022:** US-China Economic and Security Commission [holds](#) a hearing on "US-China Competition in Global Supply Chains."

**June 10, 2022:** Secretary of Defense Lloyd J. Austin III [meets](#) Chinese Defense Minister Gen. Wei Fenghe in person for the first time on the margins of the Shangri-La Dialogue in Singapore.

**June 11, 2022:** Secretary of Defense Austin [underscores](#) US commitment to the longstanding one-China policy and under the Taiwan Relations Act and warns against the "increase in the number of unsafe aerial intercepts and confrontations at sea by PLA aircraft and vessels" in his remarks at the Shangri-La Dialogue.

**June 12, 2022:** China's Defense Minister Wei Fenghe [delivers](#) speech on China's vision of regional order at the 19th Shangri-La Dialogue.

**June 13, 2022:** National Security Advisor Jake Sullivan and Chinese Communist Party Director of the Office of the Foreign Affairs Commission Yang Jiechi [meet](#) in Luxembourg for 4.5-hours.

**June 15, 2022:** Congressional-Executive Commission on China [holds](#) a hearing on "The Threat of Transnational Repression from China and the US Response."

**June 16, 2022:** Justice Department [charges](#) a former University of Arkansas professor with making a false statement to the FBI about the existence of patents for his inventions in the People's Republic of China.

**June 17, 2022:** State Department [releases](#) a statement in support of the Philippines, calling on the PRC to end its provocative actions, to uphold freedom of navigation and to respect international law in the South China Sea.

**June 21, 2022:** State Department [announces](#) that US Customs and Border Protection will begin to implement the Uyghur Forced Labor Prevention Act's provisions to ban imports of products made by forced labor in Xinjiang into the US.

**June 23, 2022:** Justice Department [releases](#) statement that a former US Army helicopter pilot-turned-civilian-contractor pleaded guilty in federal court to acting as an unregistered agent of China and accepting thousands of dollars to provide the Chinese government with aviation-related information from his defense-contractor employers.

**June 23, 2022:** Congressional-Executive Commission on China [holds](#) a hearing on "Tibet: Barriers to Settling an Unresolved Conflict."

**June 24, 2022:** US Indo-Pacific Command [states](#) that "A US Navy P-8A Poseidon transited the Taiwan Strait in international airspace...The aircraft's transit of the Taiwan Strait demonstrates the United States' commitment to a free and open Indo-Pacific."

**June 28, 2022:** Commerce Department [adds](#) 31 firms, five of which are Chinese, (Connec Electronic, King Pai Technology, Sinno Electronics, Winninc Electronic and World Jetta Logistics) to an export blacklist for violating sanctions against Russia, which effectively bars US companies from exporting to them.

**June 28, 2022:** G7 [releases](#) a Leaders Communique that expresses concern about many Chinese policies, including its expansive maritime claims in the South China Sea, its failure to honor its commitments regarding Hong Kong, its non-market policies and practices which distort the global economy, and its human rights policies.

**June 29, 2022:** NATO [releases](#) "NATO Strategic Concept 2022" which mentions China for the first time. China is described as presenting "systemic challenges" to Euro-Atlantic security.

**June 30, 2022:** Commerce Department's BIS [adds](#) 23 entities to the Entity List under the destination of China on the basis that they are determined to be acting against US national security or foreign policy interests.

**June 30, 2022:** US State Department [issues](#) a statement marking "Hong Kong 25 Years After Handover" which highlights the dismantling of

Hong Kong's democratic institutions and calls on the PRC to reinstate the freedoms promised to the Hong Kong people.

**July 4, 2022:** Chinese Vice Premier Liu He [holds](#) video conversation with Treasury Secretary Janet Yellen at the latter's request. Yellen raised issues of concern including the impact of the Russia's war against Ukraine on the global economy and unfair, non-market PRC economic practices.

**July 7, 2022:** US Chairman of the Joint Chiefs of Staff Gen. Mark A. Milley [speaks](#) with China's Chief of the Joint Staff Department, General Li Zuocheng by video teleconference.

**July 7, 2022:** US Federal Court [indicts](#) five men, including one current federal law enforcement officer and one retired federal law enforcement officer, for crimes pertaining to a transnational repression scheme to silence critics orchestrated on behalf of the government of the PRC.

**July 9, 2022:** Secretary Blinken and Chinese State Councilor and Foreign Minister Wang Yi [hold](#) talks after the G20 Foreign Ministers' Meeting, and [have](#) "in-depth exchange of views on Ukraine, the Korean Peninsula and other issues."

**July 11, 2022:** State Department [issues](#) a statement on the "Sixth Anniversary of the Arbitral Tribunal Ruling on the South China Sea" which reaffirms its July 13, 2020 policy regarding maritime claims in the South China Sea and calls on the PRC to abide by its obligations under international law.

**July 11, 2022:** President Biden [announces](#) he will extend for one year the National Emergency with Respect to Hong Kong in accordance with section 202(d) of the National Emergencies Act (50 USC. 1622(d)) in effect beyond July 14, 2022.

**July 11, 2022:** US Consul General Hanscom Smith Farewell [issues](#) farewell remarks, in which he expresses consistent US government support for One Country, Two Systems and Hong Kong's autonomy, stresses the damage of the National Security Law to the rule of law, and concerns about "Beijing's wholesale abandonment of democratic processes in its overhaul of Hong Kong's electoral system."

**July 12, 2022:** Congressional-Executive Commission on China [holds](#) a hearing on "The Dismantling of Hong Kong's Civil Society."

**July 13, 2022:** Guided-missile destroyer USS *Benfold* (DDG-65) [conducts](#) a FONOP around the Paracel Islands, challenging restrictions on innocent passage imposed by the PRC, Taiwan, and Vietnam, and challenging China's claim to straight baselines enclosing the Paracel Islands.

**July 15, 2022:** State Department [approves](#) a possible sale to Taiwan of Blanket Order Contractor Technical Assistance Support consisting of unclassified spare and repair parts and assembly for tanks and combat vehicles and logistical technical assistance for an estimated \$108 million.

**July 16, 2022:** USS *Benfold* (DDG 65) [conducts](#) Freedom of Navigation Operation in the South China Sea near the Spratly Islands.

**July 18, 2022:** China's Minister of Ecology and Environment Huang Runqiu [holds](#) bilateral meetings in Washington DC with Secretary of Commerce Gina Raimondo, deputy administrator of the Environmental Protection Agency (EPA) Janet McCabe, and Gavin Newsom, governor of California, in an attempt to push green cooperation.

**July 19, 2022:** USS *Benfold* (DDG-65) [transits](#) the Taiwan Strait three days after it sails near the Spratly Islands in the South China Sea as part of a freedom of navigation operation.

**July 26, 2022:** Commenting on the reported planned visit to Taiwan by Speaker of the House of Representatives Nancy Pelosi, Chinese Defense Ministry Spokesperson Sr. Col. Tan Kefei [states](#) that "the Chinese military will absolutely never sit idle by, and will certainly take strong and resolute measures to thwart any interference by external forces and secessionist attempts for 'Taiwan independence.'"

**July 28, 2022:** President Biden [holds](#) a virtual call with Xi Jinping. Biden underscores that US policy on Taiwan has not changed and that the United States "strongly opposes unilateral efforts to change the status quo or undermine peace and stability across the Taiwan Strait." On the Taiwan issue, Xi [warns](#) that "those who play with fire will perish by it."

**July 28, 2022:** US House Foreign Affairs Committee [holds](#) a hearing on "Countering Gray Zone Coercion in the Indo-Pacific."

**Aug. 1, 2022:** US House Foreign Affairs Committee [holds](#) a hearing on Taiwan with officials from Department of Defense and Department of State.

**Aug. 2, 2022:** Speaker Nancy Pelosi and five other members of Congress [arrive](#) in Taiwan, marking the first official visit to Taiwan by a speaker of the House of Representatives in 25 years.

**Aug. 2, 2022:** Chinese Vice Foreign Minister Xie Feng [summons](#) US Ambassador to China Nicholas Burns for an emergency meeting and lodges "stern representations and strong protests with the US side" against Speaker Pelosi's visit to Taiwan.

**Aug. 2-10, 2022:** Eastern Theater Command of the Chinese PLA [organizes](#) joint combat training exercises in the northern, southwestern and southeastern waters and airspace off Taiwan.

**Aug. 3, 2022:** US-China Economic and Security Commission [holds](#) a hearing on "Challenges from Chinese Policy in 2022: Zero-COVID, Ukraine, and Pacific Diplomacy."

**Aug. 3, 2022:** G7 Foreign Ministers [issue](#) a statement on "Preserving Peace and Stability Across the Taiwan Strait" which expresses concern about "recent and announced threatening actions by the People's Republic of China, particularly live-fire exercises and economic coercion, which risk unnecessary escalation."

**Aug. 4, 2022:** US Senate Subcommittee on Near East Asia, South Asia, Central Asia and Counterterrorism [holds](#) a hearing on "China's Role in the Middle East."

**Aug. 4, 2022:** Biden administration [postpones](#) a routine test launch of an Air Force Minuteman III intercontinental ballistic missile to avoid escalating tensions with Beijing.

**Aug. 5, 2022:** China's Ministry of Foreign Affairs [announces](#) cancellation of several planned US-China military dialogues as well as cooperation with the US on the repatriation of illegal immigrants, legal assistance in criminal matters, transnational crimes, and counternarcotics, and talks on climate change.

**Aug. 5, 2022:** China [imposes](#) sanctions on Nancy Pelosi and her immediate family members.



**Aug. 9, 2022:** President Biden [signs](#) into law the bipartisan CHIPS and Science Act of 2022, in which funds will ensure that “recipients do not build certain facilities in China and other countries of concern.”

**Aug. 10, 2022:** China [releases](#) a white paper titled “The Taiwan Question and China's Reunification in the New Era” to emphasize “the position and policies of the CPC and the Chinese government in the new era.”

**Aug. 14-15, 2022:** Sen. Edward J. Markey, Reps. John Garamendi, Don Beyer, Alan Lowenthal, and Aumua Amata Coleman Radewagen [visit](#) Taiwan as part of Congressional Delegation travel in Asia.

**Aug. 21, 2022:** Indiana Gov. Eric J. Holcomb arrives in Taiwan for a four-day visit, marking the first visit by a US governor to Taiwan since the start of the COVID pandemic.

**Aug. 23, 2022:** United States [adds](#) seven China-related entities, mostly related to aerospace, to its export control list, citing national security and foreign policy concerns.

**Aug. 24, 2022:** Deputy Secretary of State Wendy Sherman meets Chinese Ambassador to the US Qin Gang. They reportedly discussed Taiwan, US and China embassy diplomatic operations, COVID-19 restrictions, and the recently-ended UN travel ban on Taliban officials.

**Aug. 25, 2022:** US Sen. Marsha Blackburn, a Tennessee Republican who sits on the Senate Armed Services Committee, [arrives](#) in Taiwan for a three-day visit.

**Aug. 26, 2022:** US and Chinese financial regulators [announce](#) they have reached an agreement to allow accounting firms in China to share more information with US regulators about the finances of Chinese companies listed on US stock exchanges.

**Aug. 28, 2022:** Two US Navy *Ticonderoga*-class guided-missile cruisers, USS *Antietam* and USS *Chancellorsville*, [conducted](#) a Taiwan Strait transit.

**Aug. 31, 2022:** Secretary of State Blinken issues [statement](#) welcoming the release by the UN Office of the High Commissioner for Human Rights on the human rights situation in Xinjiang.

