

# Chapter 3

## China's Increasingly Narrow Roads

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### I. Introduction

From November 2020, when the U.S. presidential election results are announced, to early March 2021 is arguably the very moment that the Chinese government became too complacent about gaining the upper hand in the competition with Washington since the U.S.-China trade war began in March 2018. First of all, Donald Trump, who has always been unpredictable and a headache for Beijing, is confirmed to leave office. It is expected that the successor, Joe Biden, will take a non-confrontational route, bringing to a close the Sino-U.S. trade confrontation that has thrown unstable variables into the Indo-Pacific region and the world situation. Second, due to the intensifying political confrontation at home and the out-of-control COVID-19 pandemic, Beijing judges that the new U.S. administration will prioritize domestic affairs and not have time to compete with China, making the next few years a “strategic opportunity period” for China.

Therefore, on November 4, 2020, the day after the U.S. election, Beijing publicly solicited legislative proposals for the Maritime Police Act, which was formally passed by the Chinese National People's Congress on January 22, 2021, providing the legal basis for the Chinese Maritime Police to use force against foreign vessels.<sup>1</sup> On November 15, 2020, fifteen member countries, including

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<sup>1</sup> “China’s New Maritime Law Hits the Road, Enforcement Powers Expand, and the Diaoyu Islands Smell of Gunpowder,” *BBC Chinese*, March 2, 2021, <https://www.bbc.com/zhongwen/trad/chinese-news-56249465>.

Japan, Australia, South Korea, New Zealand, and other U.S. allies, formally signed the Regional Comprehensive Economic Partnership (RCEP), opting to join the free trade agreement that includes China. In addition, after seven years of negotiations, the China-EU Comprehensive Agreement on Investment, which aims to improve market access for both sides, was finalized on December 30, 2020, and is scheduled to be voted on and ratified by the European Parliament in the coming year. In short, the post-election disputes in the United States and a series of diplomatic scores for China have led Xi Jinping to revisit the “unprecedented changes of the century” argument, emphasizing that China has “time and momentum” and urging Chinese officials to “recognize the general trend of the rise of the East and the fall of the West, the stark contrast between the rule of China and the chaos of the West... China can already look at the world with equanimity.”<sup>2</sup>

However, China’s situation in the Indo-Pacific region has taken a sharp turn for the worse since March 2021. The series of provocative policies made under the misjudgment that the East is rising and the West is falling has failed to bring a straight path as Beijing expected and allowed Washington to convince and unite with allies to fight against China.

## **II. The International Dynamics of Growing Hostility towards China**

The newly appointed Biden administration has unexpectedly adopted the route of “Trump’s rules and regulations” in its China policy, and it is even on the trend of becoming more and more aggressive. For example, Secretary of State Antony Blinken told a Senate Foreign Relations Committee confirmation hearing on his nomination that he agrees with the hard-line policy toward China adopted during the Trump administration. In a public speech in May, White House Coordinator for Indo-Pacific Affairs Kurt Campbell said that the nearly half-century-old era of

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<sup>2</sup> Andre, “Xi Jinping says China can look at the world at the same time, the United States is a worry,” *RFI*, 2021 March 9, <https://reurl.cc/XIDIQE>.

U.S. engagement with China was over and that the future of U.S. policy toward China would be dominated by “competition. On June 3, President Biden signed an executive order that increased the Trump-era denylist of Chinese companies banned from investing in PLA-related companies from 48 to 59.

A more prominent warning to Beijing is that the Biden administration has changed from its Trump-era model of fighting alone and is actively organizing an international anti-China coalition. In the past, Trump's China policy, even when it worked to force Beijing to sign the first phase of the trade agreement, was only unilateral pressure on the grounds of U.S. national security interests. The Biden administration is now combining demands for national security, human rights violations, and confrontation between democracy and autocracy to make the U.S. anti-China policy more tenable. Doing so is actively drawing in allies, especially in Europe, to pressure Beijing jointly. China has suffered the biggest diplomatic defeat in Europe in recent years. On March 22, 2021, the European Union (EU), the United States, and Canada issued a statement condemning China's actions in Xinjiang and imposing sanctions on the Chinese government. The EU's resolution triggered Chinese counter-sanctions and ultimately led to the freezing of the China-Europe Comprehensive Investment Agreement (CIA), which had been in operation in Beijing for years, by the European Parliament. Lithuania announced in May that it was withdrawing from the 17+1 cooperation mechanism between China and Central and Eastern European countries and called on other member states to follow suit. Under the effect of Lithuania's withdrawal, six heads of state, including the three Baltic states, chose not to attend this year's 17+1 summit, despite Xi Jinping's attendance. In July, Lithuania announced that it would establish an office in Taiwan under the “Taiwan Representative Office,” prompting Chinese sanctions in retaliation. Instead of achieving its goal of intimidating Lithuania, Beijing has strengthened Lithuania's motivation to develop ties with Taiwan, joining Slovakia, the Czech Republic, Poland, and other Central and Eastern European countries in donating vaccines to help Taiwan through the critical period following the new wave of outbreaks. The European Union also issued a statement supporting the development of cooperative relations between Lithuania and Taiwan. The

European Parliament's Foreign Affairs Committee even overwhelmingly approved a draft report on EU-Taiwan Relations and Cooperation, proposing to rename the European Economic and Trade Office as the EU Office in Taiwan. In October, the draft report will be submitted to the European Parliament for a plenary vote.

China's strategic environment in the Indo-Pacific region has deteriorated this year at the diplomatic level and in the military sphere. Japan and Australia have repeatedly expressed concern for Taiwan's security and are actively working with the U.S. to discuss how Japan and Australia will provide U.S. military-related support in the event of a conflict. The U.S., Japan, India, Australia, and France conducted joint military exercises in the Bay of Bengal from April 3 to 5, 2021, the first official joint military exercise of the Quadrilateral Security Dialogue (QUAD) since Biden took office. In August, the U.S. Indo-Pacific Command organized the Large Scale Global Exercise 21 (LSGE21) with the United Kingdom, Australia, and Japan. India's Ministry of Defence also announced a two-month deployment of its fleet to the South China Sea, during which it will conduct exercises with its quadrilateral security dialogue partners. In addition to sending the HMS Queen Elizabeth strike group to participate in joint military exercises, the UK has announced that it will send two ships to the Indo-Pacific region by the end of 2021. Germany has permanently attached great importance to its economic and trade interests with China, has also dispatched the Bayern patrol ship to the South China Sea for the first time in nearly 20 years to carry out free navigation missions.

In the face of the U.S. drawing in allies to join the anti-China team, China's official Xinhua News Agency issued two 10,000-word articles in a row on August 4, a rare day, one of which was titled "Seven Sins of the U.S. Allied System," enumerating how the U.S.-led alliance system has brought turmoil and unrest to the world.<sup>3</sup> It was even rumored that the PLA was extremely unhappy with the Chinese Foreign Ministry, accusing the "wolf warrior diplomacy" of lighting fires

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<sup>3</sup> "The 'Seven Deadly Sins' of the U.S. Alliance System," *Xinhua Net*, August 4, 2021, [http://www.xinhuanet.com/2021-08/04/c\\_1127727194.htm](http://www.xinhuanet.com/2021-08/04/c_1127727194.htm).

everywhere and the PLA of having to bear the consequences.<sup>4</sup> In short, the Biden administration's strategy of "drawing allies together to fight China" is quite lethal, and puts Beijing's strategic goal of expansion in the Indo-Pacific region in front of a new wave of challenges since the start of the trade war.

### III. Wolf Warrior Diplomacy that Prefers Far-left to Right

In a speech at the Party School of the Central Committee of the Communist Party of China (CPC), Xi Jinping admitted that "the risks and challenges facing China have increased in the face of the world's unprecedented changes ...". However, with the political judgment that "the west is strong and the east is weak, and the east is rising, and the west is falling" and the belief that "time and momentum" are on China's side, Xi further asked his party cadres to "throw away their illusions, be brave and fight, and not give an inch on issues of principle."<sup>5</sup> Under the influence of this "prefer left to right" atmosphere, Chinese diplomats, who are supposed to play the role of a channel of communication between their country and foreign countries, have echoed Xi's call with their Boxer Rebellion style words and actions. For example, the Chinese ambassador to France, Lu Shano, insulted French academics, French legislators, and the media with "little rascal" and "mad dog" during the French senator's visit to Taiwan. Even Chinese officials, such as Yang Jiechi, former Chinese ambassador to the U.S. and now director of the Foreign Affairs Office of the Central Committee of the Communist Party of China (CPC), who used to be considered more rational and moderate in their dealings with the West, have had to adopt a wolf warrior style of toughness to counter the U.S. pressure on China.

In addition to its rhetorical offensive, Beijing has also returned the favor by

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<sup>4</sup> "It is Said that the CCP's Military 'Refuses to Fight' and Tells Xi Jinping: It does not Want to be Responsible for Making Enemies of the Wolf Warriors," *Radio France Internationale*, August 11, 2021, <https://reurl.cc/GbZbqy>.

<sup>5</sup> Qiu Guoqiang, "Xi Jinping: China's Challenges Are Increasing, But We Must Fight Courageously in Peaceful Days," *Central News Agency*, September 1, 2021, <https://www.cna.com.tw/news/acn/202109010345.aspx>.

announcing sanctions against 28 senior national security and foreign affairs officials in the Trump administration the day after Trump left office. Beijing even expanded the sanctions list when Biden's Deputy Secretary of State Wendy Sherman was about to visit China, a clear sign of its intention to compete with Washington. Moreover, when the European Union, the United States, and Britain sanctioned Chinese officials for human rights abuses in Xinjiang, the Chinese Foreign Ministry immediately imposed counter-sanctions on ten people and four organizations in Europe for "seriously undermining China's sovereignty and interests and maliciously spreading lies and false information.

On the military front, China continues to develop its Anti-access/ Area-denial (A2/ AD) capabilities to create a de facto presence in the first island chain as the primary U.S. force arrives from the mainland, forcing Washington into a dilemma of whether to continue to support its allies. Moreover, besides having the world's most significant ballistic missile force, the PLA has recently been spotted expanding intercontinental ballistic missile silos in Xinjiang, Gansu, and Inner Mongolia.<sup>6</sup> By the end of 2020, the U.S. Navy will have fewer than 300 ships of all types in combat, while the PLA will have more than 360 ships and accelerate its expansion.<sup>7</sup> In addition to the first catapult-capable Type 003 ship being finalized in the dockyard, it is expected to be launched in the first half of 2022, and the first amphibious assault ship, Type 075, is scheduled to enter service in April 2021.

In addition, Beijing continues to test and pressure U.S. allies in the first island chain through "gray area" tactics that fall below the threshold of war. For example, in March 2021, more than 200 Chinese maritime militia fishing vessels invaded the Philippines' Julian Felipe Reef. In March 2021, for example, more than 200 Chinese maritime militia vessels invaded the Julian Felipe Reef (known in China as Niuyu Reef) in the Philippines. When the Group of Seven (G7) issued its summit communiqué on June 13, 2021, mentioning the situation in Taiwan for the first

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<sup>6</sup> Gurley, "Australian Defence Minister Says China's Building of Over 100 Missile Siloes Brings Serious Uncertainties," *Radio France Internationale*, August 15, 2021, <https://reurl.cc/zWgWa6>.

<sup>7</sup> Ronald O'Rourke, "China Naval Modernization: Implications for U.S. Navy Capabilities- Background and Issues for Congress," *CRS Report*, <https://crsreports.congress.gov/product/details?prodcode=RL33153>.

time and “emphasizing the importance of peace and stability in the Taiwan Strait,” the People’s Liberation Army (PLA) flew 28 military sorties to disturb Taiwan on the 15<sup>th</sup>, and a single-day record of 56 military aircraft entered our southwest air defense identification zone on October 4.<sup>8</sup> Following the passage of the Maritime Police Law in January 2021, which gives the Chinese maritime police the legal source to use force, on September 1, China formally implemented the newly amended Maritime Traffic Safety Law, which requires foreign vessels to notify the Chinese authorities of their entry into Chinese territorial waters, and is seen as a response to the free navigation actions of Western allies in the South China Sea, led by the United States.<sup>9</sup>

In the face of Washington’s anti-China alliance with Europe in the Indo-Pacific region, Beijing is also actively drawing in relevant countries in an attempt to break through the U.S. diplomatic blockade. On March 22, 2021, two days after the United States, the United Kingdom, Canada, and the European Union sanctioned Chinese officials for human rights violations, Chinese Foreign Minister Wang Yi visited six Middle Eastern countries, including Iran, Turkey, Bahrain, the United Arab Emirates, Saudi Arabia, and Oman, in an attempt to mitigate the criticism of the Xinjiang issue through the support of these Islamic countries. During Wang’s visit, Bahraini Foreign Minister Abdullatif Zayani stated that he “firmly supports China in defending its sovereignty and opposes the politicization of human rights issues and that the U.N. Human Rights Council should not become a platform for interference in the internal affairs of other countries.”<sup>10</sup> The China-Iran Comprehensive Cooperation Plan, with a term of 25 years, provides Iran with \$400 billion in Chinese investments and China with a stable long-term source of oil, was signed during Wang Yi’s visit. In addition to Iran, China is also actively seeking to

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<sup>8</sup> You Kaixiang, “The Ministry of National Defense Announces the Second Announcement, a Total of 56 Co-Aircraft Interference Stations Hit a New High,” *Central News Agency*, October 4, 2021, <https://www.cna.com.tw/news/firstnews/202110040366.aspx>.

<sup>9</sup> Lu Jiahong, “US Warships Re-entering the Taiwan Strait, China Implements ‘Maritime Traffic Safety Law’ as a Countermeasure,” *BBC Chinese*, September 2, 2021, <https://www.bbc.com/zhongwen/trad/chinese-news-58408029>

<sup>10</sup> Miao Zonghan, “China is Forming a Global United Front in Response to European and American Alliances,” *Central News Agency*, March 27, 2021, <https://www.cna.com.tw/news/firstnews/202103270193.aspx>.

aggressively strengthen its relationship with Russia, with whom it has reached an agreement to extend the Treaty of Good Neighborly Relations and Cooperation. By developing closer ties with Iran and Russia, Beijing has an additional bargaining chip to leverage the Iran nuclear deal negotiations and the U.S.-Europe-Russia relationship against Washington.

#### **IV. For Beijing, U.S.-China Competition Can Only Be a “Zero-Sum Game”**

The Indo-Pacific regional situation surrounding the U.S.-China relationship could be eased by renewed cooperation between China and the U.S. when the Democratic Biden administration took office. After all, while the Biden administration has framed competition as the central axis of U.S.-China relations, it also hopes to seek cooperation with Beijing in areas such as climate change and global epidemic prevention and to set limits on the scope of their rivalry so that it does not escalate into a full-scale military conflict. The Biden administration is refocusing on U.S.-China relations could, if achieved gradually, lead to a “Positive-sum Games” model of “competition and cooperation. In other words, even if competition is intense in some areas, by coordinating the formal and informal principles, each side can gain certain “gains” and avoid a situation in which competition escalates into conflict because one side gains overwhelmingly or even the winner takes all. Moreover, cooperation in other areas can enhance dialogue between the two sides and have a spill-over effect, further reducing the risk of conflict escalation due to competition.

However, under Xi Jinping’s administration, China emphasizes a world view that “the U.S. is not qualified to preach to China from a position of strength,” and the judgment that the East is rising and the West is falling. That time and power are on our side imply the strategic goal that “he can take over. In a meeting with Deputy Secretary Sherman in Tianjin, Chinese Vice Foreign Minister Xie Feng expressed his strong dissatisfaction with the Biden administration’s “competition, cooperation and confrontation” policy toward China. Xie asserted that the triad



of competition, cooperation, and confrontation is merely a blindfold used by the United States to contain and contain China.<sup>11</sup> For Beijing, the U.S.-China relationship is essentially a “zero-sum game. As a declining hegemon, the U.S. will do everything it can to contain China’s rise as it seeks to seize a strategic opportunity to replace the U.S. in the east and the west. This is a “winner-takes-all” competition, and there is no ambiguous area in which the two can share power. Beginning with Trump’s trade war and technology containment, and now with the Biden administration’s extension of the resistance line, Beijing has given up the illusion that China can easily obtain funds and technology from the West for its arms development as it did in the past, while the elite of the West, led by Washington, is turning a blind eye to China and admitting that the relationship between China and the United States has deteriorated toward a “new Cold War.” From the “14<sup>th</sup> Five-Year Plan” in 2020, which proposes to establish a “new development pattern based on a major domestic cycle,” to the many policies this year that remind the outside world of the reemergence of the Cultural Revolution and the closing of the country, it is not surprising that they are understood in the context of “preparing for a new Cold War confrontation between China and the United States.”

Of course, the judgment that the East is rising and the West is falling, that the time and the moment are on our side, means that Xi Jinping is confident that he can win the battle against the United States. We can expect Beijing to continue to use its economic and trade interests as a means to divide and win over U.S. allies so that the Indo-Pacific and even European countries will be able to distance themselves from the U.S.-led anti-China alliance promptly. After all, most countries in the past have followed the principle of “relying on the U.S. for security and China for the economy” to a greater or lesser extent between the U.S. and China. In particular, the strong demand for economic recovery after the epidemic has increased Beijing’s leverage to play the economic card by making

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<sup>11</sup> Shen Pengda, “Xie Feng: The United States Uses Competition and Cooperation to Contain and Suppress China,” *Central News Agency*, July 26, 2021, <https://www.cna.com.tw/news/acn/202107260090.aspx>.

China's market access a condition. This is also why countries in the Indo-Pacific region, such as Singapore, South Korea, and New Zealand, have been reluctant to take a stand and do not want to choose a side between China and the United States. New Zealand, in particular, is a member of the Five Eyes coalition but has not joined the U.S. and European countries in issuing a joint condemnation statement on China's human rights issues. New Zealand's new foreign minister, Nanaia Mahuta, has said that she is "uncomfortable with the Five Eyes' expanded jurisdiction" and that New Zealand's relationship with China is one of the country's most important diplomatic relationships.<sup>12</sup> In fact, China has been New Zealand's largest trading partner since 2017. On January 26, 2021, China and New Zealand signed a protocol to upgrade the FTA between the two countries, and New Zealand even granted Chinese investment the same review threshold as that of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) members.

This consideration of China's economic interests also profoundly affects the U.S.'s European allies, notably the United Kingdom, France, and Germany, where China is not a direct geopolitical security threat but rather the world's largest export market. Since the "Xinjiang issue" in March 2021, when China and Europe imposed sanctions on each other, and the British, French, and German warships went to the Indo-Pacific region to participate in military exercises and free navigation, the bilateral relationship between China and Europe has reached a freezing point in recent years. However, German Chancellor Angela Merkel and French President Emmanuel Macron, in a video conference with Xi Jinping on July 5, both expressed the hope that the Sino-European investment agreement would be approved as soon as possible, and it was rumored that the two sides had already made preparations for technical issues such as the translation of documents.<sup>13</sup> The disorderly withdrawal of U.S. troops from Afghanistan has triggered a crisis of

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<sup>12</sup> Flynn, "New Zealand's foreign minister says uncomfortable with expanding Five Eyes remit, describes relations with China as water beasts and dragons," *French Radio International*, April 19, 2021, <https://reurl.cc/jgM7QL>.

<sup>13</sup> "China's Ministry of Commerce: China-EU Investment Agreement begins technical preparations," *Central News Agency*, July 8, 2021, <https://www.cna.com.tw/news/aopl/202107080230.aspx>.

confidence in the United States. It is also worth observing whether such actions may enhance the effectiveness of China's economic poker game.

## V. Conclusion

It is probably a serious strategic misjudgment Beijing has made that Washington will eventually play the role of a “coward” in the U.S.-China rivalry as long as China sticks to its hard-line approach and the U.S. chooses to retreat to avoid a full-scale conflict with China. In addition, it is debatable whether the strengths of the East and the West have entered a golden crossover, as Beijing has judged. In order to allay the grave concerns of U.S. allies and to salvage the declining public support and the possible loss of the 2022 midterm elections, the Biden administration is more likely to take a hard-line approach in the Indo-Pacific region. In particular, the withdrawal of troops from the Middle East for strategic reorientation would leave Washington better positioned to meet Beijing's challenge. If the Republican Party returns to power in 2022 and 2024, it can be expected that its policy toward China will only be more aggressive than the current Biden administration, both in terms of economic disengagement and military confrontation. In short, no matter which party is in power in Washington, there will be no reason for the new American government to reconcile with China. When both sides must take a confrontational route, the worst-case scenario is that the relationship between China and the United States will enter a “Chicken Games” dilemma. Even if a full-scale military conflict does not break out, it can be expected to enter a long-term confrontation with clear-cut barriers, then both China and the U.S. will try to make the relevant countries join their camp, and the ambiguity of “not choosing sides” for the Indo-Pacific countries will be compressed to the minimum extent.

