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SPECIAL ANALYSIS

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COUNTERING XI JINPING'S CHINA: AN EXISTENTIAL THREAT THAT AMERICA FIRST LEADERSHIP CAN STOP

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TOPLINE POINTS

- China has long been an existential threat to U.S. and global security, but this threat has grown significantly over the past two years due to the weak and incompetent national security policies of the Biden Administration.
- As evidenced by a surge in military provocations against Taiwan and in the South China Sea and by a sharp increase in belligerent rhetoric by Beijing, U.S.-China relations are at their most dangerous level in many years — and much worse than they were at the end of the Trump Administration. China was restrained during the Trump years by a principled U.S. foreign policy based on America First and peace through strength.
- As severe as this threat is, it primarily represents opportunism by China exploiting the Biden administration's weak foreign policy and could be countered by a future U.S. president with a competent, principled, and America First foreign policy.



The Biden Administration's Bungled Relations with China

The Biden Administration has consistently played down the threat from China by referring to China as a “competitor.” We strongly disagree with this term because of China’s hostile behavior and ruthless efforts to displace the U.S. as the world’s leading power. These efforts by China include military provocations, manipulative trade and financial policies, theft of military and trade secrets, and bullying of other nations that criticize China. All of these actions make China an American adversary. The problem with calling China a competitor rather than an adversary is that it normalizes China’s rogue behavior, which includes knowingly allowing the deadly COVID-19 virus to spread around the world and exporting to Mexico the precursor chemicals to make fentanyl. By referring to China as a competitor, the Biden Administration makes China’s actions appear no different than the behavior of any other nation-state. Biden Administration officials either do not understand this or see it as an acceptable risk in pursuing Chinese cooperation on climate change and other progressive priorities.

The Heritage Foundation recently took a similar position, arguing that China is an adversary, not a competitor, and that the U.S. is in a new Cold War with China. This is very different from the Cold War with the Soviet Union because China is more capable and dangerous than the Soviet Union was at the height of its power, according to Heritage.¹

The Biden Administration’s insistence that China is a U.S. competitor also demonstrates that it does not recognize China as a growing and pervasive threat. This has been especially apparent by the Biden Administration’s failure to hold China accountable for the COVID-19 pandemic and its refusal to cooperate with international investigations into the virus’s origin. Fortunately, the House of Representatives formed two special committees this year to investigate the growing threat from China: the Select Committee on the Chinese Communist Party and the House Oversight Committee Select Subcommittee on the Coronavirus Pandemic. These congressional investigations were long overdue.

U.S.-China relations have deteriorated because of the failed and unserious national security policies of the Biden Administration. The disastrous U.S. withdrawal from Afghanistan was a massive hit to American credibility and



leadership on the world stage. The administration's confusing and incoherent statements on global security issues, including several statements that officials quickly walked back on how the U.S. would defend Taiwan, further undermined the administration's credibility and global leadership. The Biden Administration's frivolous national security policies, such as making climate change its number one national security threat, damaged America's global reputation even more.

Moreover, for most of the Biden presidency, there has been little communication between senior Biden Administration and Chinese officials. One of the few high-level meetings that did occur, held in Anchorage, Alaska in March 2021, went very badly when Secretary of State Antony Blinken and National Security Advisor Jake Sullivan started the meeting by criticizing and lecturing the Chinese delegation before the international press. This led the Chinese officials to angrily respond and berate the United States and President Biden for alleged human rights abuses. Despite media predictions that the Biden Administration's national security team was far more qualified than the Trump Administration's officials, this episode represented profound national security incompetence.

Biden also officials snubbed China's former ambassador to the United States Qin Gang by needlessly denying him meetings with senior officials. The Biden Administration's poor treatment of Ambassador Qin could cost the United States because Qin left the U.S. last year and is now China's Minister of Foreign Affairs, the number two position in the ministry.

At the G7 Summit in May, President Biden stated that he hoped to improve relations with China by holding meetings of senior U.S. and Chinese officials and by establishing a hotline – an emergency communications link between the offices of Presidents Biden and Xi. Although National Security Advisor Jake Sullivan met with Chinese Foreign Minister Wang Yi May 10-11, 2023, and U.S. Ambassador to China Nicholas Burns met with Qin Gang on May 8, China declined a U.S. request for Defense Secretary Lloyd Austin to meet with his Chinese counterpart at a June security conference in Singapore.



Biden Administration Attempts Dialogue with Beijing After Provocations

The Biden Administration changed its approach to diplomacy with China in June and July 2023 by sending a series of senior officials to Beijing to lower tensions. These trips were criticized as desperate and demeaning by Biden Administration critics. This included Senator Tom Cotton (R-Arkansas), who said during a June 4, 2023, Fox News interview, “Biden administration officials should stop chasing after their Chinese communist counterparts like lovestruck teenagers. It’s embarrassing and it’s pathetic.”

Secretary of State Antony Blinken traveled to China on June 18, 2023, for two days of meetings with Chinese officials in an attempt to improve U.S.-China relations. Chinese officials gave Blinken a cool reception and lectured the U.S. just before his arrival, urging the United States to stay out of China’s internal affairs and mind its own business. Blinken proceeded with his trip anyway, ignoring China’s scolding.² U.S. officials also downplayed reports that surfaced just before the Blinken trip that China was building a spy post in Cuba to conduct electronic eavesdropping on the U.S.³

Both sides claimed the Blinken trip helped improve relations. However, Chinese officials structured the visit to snub Blinken and blamed the U.S. for the downturn in relations. President Xi met with Blinken not for a traditional one-on-one meeting but seated at the head of a table before Blinken and other American and Chinese officials, an arrangement that made the U.S. appear subservient to China. Chinese officials also refused Blinken’s request for military-to-military talks or to set up a hotline.

By contrast, Xi held a one-on-one meeting with Microsoft co-founder Bill Gates on June 16, two days before he met with Secretary Blinken.

During his Beijing visit, Blinken was criticized for stating that the U.S. did not support Taiwanese independence.⁴ Although this is technically correct, the actual U.S. approach is that America adheres to a so-called “One China policy,” which does not take a formal position on Taiwan’s sovereignty and independence. This policy also is called “strategic ambiguity.” Blinken’s statement was a propaganda



win for Beijing and was interpreted by some experts as the U.S. siding against Taiwan and giving Beijing a green light to invade.

Whatever Blinken may have achieved with his Beijing trip appeared to be negated when President Biden referred to President Xi as a dictator during a California fundraiser on June 20. This remark led to an angry response from Chinese officials.⁵

The Blinken trip was followed by visits to Beijing by Treasury Secretary Janet Yellen July 7-11 and by climate envoy John Kerry July 16-19.

Yellen's visit did not achieve any breakthroughs in improving U.S.-China relations, although she said the two sides agreed to pursue more frequent communications. Yellen's visit received negative press in the U.S. because of video showing her repeatedly bowing to a senior Chinese official, which Biden Administration critics claimed looked demeaning and seemed like Yellen was kowtowing to China. Yellen met with top Chinese economic policymaking officials during her visit, but she did not meet with President Xi.

John Kerry was criticized for confining the scope of his visit to climate change and stating that this issue must be handled separately from political differences between the United States and China. Furthermore, Kerry's visit did not achieve anything other than reestablishing high-level climate talks. Chinese officials said during Kerry's visit that China would address climate change on its own timetable to become carbon neutral before 2060 and would not be rushed by the Biden Administration to accelerate this schedule. Kerry met only with his Chinese counterpart during his Beijing visit. He did not get a meeting with President Xi.

What Does Xi Jinping Want?

China's recent moves to expand its power and influence are consistent with Chinese President Xi Jinping's writings that predict China will displace the U.S. as the world's leading military and economic power. Xi bases this prediction on the supposed superiority of the Chinese system as well as the corruption and decline of the U.S. and the West. He also believes that China will replace the current



rules-based global order with a new order rooted in Chinese power, rather than American power, which will be more friendly to the Chinese Communist Party.

Xi's approach differs from that of his predecessors, whose domestic, economic, and foreign policies promoted China's participation and success in a world order led by the United States. Former Australian Prime Minister Kevin Rudd has called this a new form of "Marxist nationalism" which has "pushed politics to the Leninist left, economics to the Marxist left, and foreign policy to the nationalist right."⁶

Under this approach, Xi calls for a new international system that is "fairer and more just" than the current global order. Although Xi refers to this new system as "multipolar," Xi intends it to be led by China. To make this system "fair," China wants to remove what it views as Western culture and values, such as UN resolutions on human rights, democracy, and free trade.

Xi also wants to establish the Chinese yuan as the new global reserve currency because he thinks it is unfair for the U.S. dollar to serve as the world's reserve currency. According to Xi, the U.S. dollar serving as the global reserve currency gives the U.S. control over global finance and the ability to impose and enforce trade sanctions, sometimes unilaterally. Many rogue states, including Russia, share Xi's concerns.

Growing Military Threats from China

The deterioration of U.S.-China relations over the past two years, coupled with stepped-up and provocative Chinese military maneuvers in the waters and skies near Taiwan, has led many U.S. experts to assess that Beijing could be planning to use military force to annex Taiwan in the next few years. Although official Chinese doctrine says China plans to seize Taiwan by 2049, in March 2021, Admiral Philip Davidson, then the head of U.S. Indo-Pacific Command, said China may be planning to invade the island "in the next six years." CIA Director William Burns made a similar assessment in February 2023 when he said President Xi had instructed his army to be ready by 2027 "to conduct a successful invasion" of Taiwan.⁷



A 7.2% increase in China's defense spending in 2023 marks the second year in a row that it will exceed 7% and exceeds Beijing's tepid prediction of 5% GDP growth this year. This increased military spending reflects Xi Jinping's priority of modernizing the Chinese military so it can be a world-class and more efficient fighting force by 2049 and capable before that time of invading Taiwan and engaging in military conflict with the U.S.

China is upgrading its naval and air forces to operate longer at sea and farther from China's shores. China's navy surpassed the U.S. Navy as the world's largest naval force in 2020 with about 340 ships, compared to under 300 for the U.S. China plans to have 400 ships by 2024; the U.S. hopes to have 350 by 2045. Furthermore, China's third aircraft carrier is expected to enter service next year.

China also continues to expand and modernize its nuclear and missile forces. The Pentagon believes China has more than 400 operational nuclear warheads in its stockpile and could have about 1,500 warheads by 2035. The Pentagon reported to Congress in February 2023 that China has more land-based intercontinental-range missile launchers than the U.S. The U.S. still has far more nuclear warheads than China, as well as air and naval delivery platforms, which give it a larger nuclear delivery capability. However, the growth of China's ICBM program indicates Beijing's determination to increase the size and capabilities of its nuclear arsenal, free from the bilateral agreements and understandings that governed the size and disposition of U.S. and Soviet, and now U.S. and Russian, arsenals.

China also has recently deployed several advanced missiles, including hypersonic missiles, an air-launched ballistic missile, and a next-generation submarine-launched ballistic missile. China's heavy investments in space warfare are intended to undermine U.S. global leadership in space and to jam, hack, and destroy civilian and military satellites.

Growth of China's Military has Coincided with a Surge in Coercive Military Behavior

China has accelerated its efforts in recent years to enforce its sovereignty claims to the entire South China Sea by building military bases and airstrips on tiny islands and shoals in this region. The Philippines, Vietnam, and Taiwan claim some



of these islands. China has used military threats and air and naval confrontations to bully regional states and the U.S. into recognizing its territorial claims. This has included several incidents of Chinese air force jets flying dangerously close to U.S. Navy aircraft. There have also been several reckless maneuvers by Chinese ships in the South China Sea, such as ramming Vietnamese and Philippine ships and sailing too close to U.S. Navy ships.

The Chinese navy has tried to bully Japan over its control of the disputed Senkaku Islands in the East China Sea. As part of its claim that Taiwan is part of China, Beijing claims sovereignty over the Taiwan Strait. Despite China's protests, the U.S. and other navies regularly transit this strait to reaffirm that it is an international waterway.

In addition, China has been holding an increasing number of joint military exercises with Russia and other states. The Russian and Chinese navies held a joint exercise in the East China Sea in December 2022. In February 2023, Russian, Chinese, and South African naval forces conducted a joint exercise in the Indian Ocean off the coast of South Africa. In March 2023, Russia, China, and Iran conducted joint naval exercises in the Arabian Sea. In July 2023, Russia and China held their largest joint naval and air exercise in the Sea of Japan.

The Arabian Sea joint exercise was probably intended to provoke the United States by including Iran and to irritate India by having Chinese naval vessels operating off India's west coast. This exercise came at a time of growing tensions between India and China due to an increase in violent incursions by Chinese forces into disputed border territory in the Arunachal Pradesh region in eastern India.

The Arunachal Pradesh border region, a desolate territory in the high Himalayas, has long been a flashpoint between the two countries. Chinese maps show the region as part of China. There have been several skirmishes at the disputed line of control between Chinese and Indian troops since 2020. Experts believe China has been conducting probe attacks in this region over the last few years to test the capabilities of the Indian military for a possible major land grab in the future. China also appears to be preparing for this land grab by building infrastructure



and roads in the area. India has responded in kind with its own infrastructure projects.

Other acts of Chinese aggression and belligerence have also taken place over the last two years, including flying a giant spy balloon across the U.S. in February 2023, Chinese President Xi Jinping telling the annual meeting of China's parliament in March 2023 that he is preparing his country for war, and press reports surfacing in June 2023 that China has established spy facilities in Cuba to collect U.S. electronic communications.

On June 8, 2023, the *Wall Street Journal* reported that China had agreed to pay Cuba several billion dollars to establish an electronic eavesdropping facility on the island to spy against the United States.⁸ Biden Administration officials first dismissed this story but then claimed China had been spying against the United States for years from multiple facilities. The Biden Administration also claimed this Chinese spying from Cuba began during the Trump Administration.⁹

Former Director of National Intelligence John Ratcliffe disputed these claims by Biden Administration officials and said China was not engaged in this spying from Cuba when President Trump was in office.¹⁰

Another Chinese provocation in Cuba surfaced on June 20, 2023, when the *Wall Street Journal* reported that Havana and Beijing were in talks to establish a joint military training facility in Cuba. A final decision to establish the facility had not been reached, but the talks are in an advanced stage, according to the article. The *Journal* article also reported that the facility would be part of "Project 241," a Chinese military initiative to expand its military and logistical base around the world.¹¹

China Uses Non-Military Tools to Advance Xi's Agenda

Beijing is using other non-military tools in conjunction with military power to advance Xi's pursuit of a China-led new world order. These tools include financial pressure economics, supply chains, technology, diplomacy, and asymmetric warfare such as espionage, cyber warfare, disinformation, and social media



(TikTok). China has carried out these efforts by exploiting the freedom of democratic societies and the free market.

China has aggressively used its economic power to advance its global agenda. China is a major international player in global finance and trade and is the largest trading partner for the most of the world's countries.^{12 13} Beijing uses its economic power to steal trade and defense secrets and bully nations that disagree with or criticize China.

China is attempting to build its worldwide influence and secure access to energy and mineral resources through investment in the developing world. Much of this has been done through China's Belt and Road Initiative (BRI), a massive infrastructure project to connect Asia, Europe, and Africa through a network of roads, railways, and ports. Mainly through the BRI, China has loaned more than \$1.5 trillion to developing countries since 2000 and \$104 billion since 2019, making it the world's largest bilateral creditor. China has been criticized for loaning more funds than creditor states can repay and for making loans to states that are bad credit risks. China has not hesitated to make BRI loans to brutal dictatorships and states with poor human rights records.

A prime example of BRI-related "debt trap diplomacy" is the 70% CCP-owned China-Laos Railway, which helped boost Laotian public debt to \$14.5 billion, half of which is owed to China.¹⁴ In 2021, China was accused of engineering the seizure of Uganda's sole international airport if the country defaulted on a \$200 million Chinese loan to expand the facility.¹⁵ Chinese officials denied this allegation, and the airport is still controlled by the Ugandan government.

BRI projects often double as military assets. China loaned Sri Lanka \$1 billion to build the massive Hambantota port, but Sri Lanka defaulted in 2017 and China seized control of the port on a 99-year lease. In August 2022, a Chinese "survey ship," identified by security experts as a PLA intelligence ship docked there, alarming nearby India and its allies.¹⁶

American land is not immune from the malign targeting of the CCP, as the BRI promotes the hoarding of strategic resources and sensitive commodities worldwide. According to USDA reports, Chinese investors controlled about \$1.9



billion of U.S. agricultural land in 2020, with holdings surging 5,300% in a decade, raising its land ownership from 13,720 acres in 2010 to 352,140 acres in 2020.¹⁷ China is also working toward dominating global food supply chains while undercutting U.S. food security and independence. The U.S. military has designated agricultural assets near military bases and critical infrastructure as potential perches for surveillance and sabotage.¹⁸ This encroachment has provoked a flurry of state and national legislation in Arkansas, Florida, Montana, North Dakota, Tennessee, Utah, and Virginia in 2023. All seven states passed measures to prevent the CCP from acquiring agricultural land within their borders.

China has recently engaged in much more extensive use of diplomacy to advance its interests than it has in the past. This has included exploiting the Biden Administration's foreign policy missteps in the Middle East to build stronger Chinese economic and trade relationships with Saudi Arabia and other Persian Gulf states. Xi attended two summits with leaders from Arab, Persian Gulf, and African countries in Saudi Arabia last December. Xi also mediated an agreement in March to normalize relations between Iran and Saudi Arabia.

China is also committed to the "de-dollarization" of global trade. It has worked with the BRICS group – Brazil, Russia, India, China, and South Africa – to counter the Western-led global financial system and the U.S. dollar as the world's reserve currency. In 2017, China and the other BRICS nations launched the Shanghai-based New Development Bank, often called the "BRICS Bank," as an alternative to the Western-dominated World Bank.

China also negotiated agreements to build an oil refinery in Saudi Arabia and to buy some Saudi oil in Chinese currency, the yuan, instead of the U.S. dollar. And in March 2023, China signed an agreement with Brazil to drop the U.S. dollar in favor of their own currencies in trade transactions.

The China/Russia "Friendship Without Limits"

Xi Jinping's highest-profile diplomatic moves over the past year have concerned building a closer relationship with Russian President Vladimir Putin after Russia invaded Ukraine. This relationship, which Putin and Xi described at a February



2022 summit in Beijing as a “friendship without limits,” has made some experts worry that Russia and China are forming a new anti-U.S. axis that will be the basis for an adversarial-led world order. As part of this relationship, Xi has refused to condemn Russia for its war on Ukraine and has blamed it on NATO and the United States. Just before Xi left Moscow after a lavish three-day visit in March, he made a statement that the two countries are involved in changes not seen in 100 years. This statement was deliberately made in front of the international press to send a message to the West.

Although there is no evidence that China has sent or will be sending weapons to Russia for the Ukraine war, it is still supporting Russia’s war effort by increasing energy purchases, selling Russia microchips for advanced weapons and aircraft parts, and allowing Russia to bypass U.S. sanctions by purchasing goods from China in yuan.

Western sanctions in response to Russia’s invasion of Ukraine have pushed the Russian and Chinese economies into closer synergy. Chinese exports to Russia totaled \$42.96 billion between January and early June 2023, a 75.6% increase over the same period in 2022.¹⁹ Meanwhile, Russian exports to China, largely consisting of fossil fuels that could no longer reach Western markets, increased by 43.4% in 2022.²⁰ In 2022, Russia was China’s second-largest supplier of crude oil, coal, and pipeline gas and its fourth-largest supplier of liquefied natural gas.²¹

Russia is clearly the junior partner in the relationship, with one-tenth the population and one-tenth the economy of China. President Xi probably regards his leverage over Putin as useful for strategic depth, Russia’s veto power in the UN Security Council, and for making trouble with the U.S.

It is too early to conclude that the closer relationship between China and Russia will lead to a formal military alliance or axis. Although China values this relationship to counter U.S. interests and implement a new global order, China may see this relationship primarily as a way to subjugate Russia and lock in access to Russian energy and other natural resources at lower prices. Moreover, although China has condemned the U.S. and NATO for causing the war in Ukraine and has traded with Russia despite international sanctions, it has not been willing



to provide Russia with lethal military aid, probably to avoid new Western sanctions on trade with China and to maintain trade with Europe.

Xi's March 2023 trip to Moscow probably was aimed at shoring up Putin and taking advantage of his weakness. Xi does not want Putin to be overthrown or lose the Ukraine war. At the same time, Xi and his military advisers are probably deeply troubled by how badly Russia has done in the Ukraine war and worry about China being more directly involved. Chinese officials also are clearly concerned about Putin's threats to use nuclear weapons and have made some subtle remarks taking issue with these threats.

An April 2023 statement by the Chinese ambassador to the European Union that China was not on Russia's side in the war in Ukraine and that the supposed new "no limit" Russia-China relationship is nothing but rhetoric supports our view of China's true position on the war in Ukraine.²²

Xi also is trying to improve China's global image — and counter criticism of China for threatening Taiwan and its military buildup on the South China Sea — by portraying himself as a peacemaker. He has attempted to build on the Saudi-Iran agreement he mediated in March by putting forward a peace plan to end the Ukraine war. So far, Ukrainian President Zelensky has not accepted this agreement because it would require his country to make territorial concessions, something he is not currently prepared to do.

The National Security Threat from TikTok

Social media has been another important non-military vector of attack for China. TikTok is a short-form video content mobile application controlled by the Chinese Communist Party as a subsidiary of Beijing-based ByteDance, Ltd. It serves as an ingenious data-harvesting weapon for the CCP, disguised as a social media platform, and has become a dominant force in American youth culture. It was the most downloaded app of 2020 with one billion daily users. The app's developers have been able to target and track specific individuals, including reporters who were critical of ByteDance.²³



In November 2022, FCC Commissioner Brendon Carr called on the Committee on Foreign Investment in the U.S. (CFIUS)²⁴ to ban TikTok, and FBI Director Christopher Wray warned lawmakers that the Chinese government could use the app to influence users or control their devices.²⁵

In a December interview on “PBS NewsHour,” CIA Director William Burns said that he agreed with Director Wray’s assessment that TikTok is a threat to national security and that “the Chinese government is able to insist upon extracting the private data of a lot of TikTok users in this country.”

The Biden Administration’s Weakness Will Allow China’s Influence to Continue to Grow...but its Dominance is Not Inevitable

Despite some decisions by President Biden to counter China, such as maintaining President Trump’s tariffs and imposing new sanctions on computer chip exports to China, the Biden Administration’s weak national security policies and mishandling of America’s global relationships will continue to present opportunities for China to exploit. There likely will be more Xi peace plans and grand gestures, such as a summit he will host later this year in Beijing with Iran and Gulf Cooperation Council countries.

China also will continue to expand its influence in other ways by making trade deals, providing loans through its Belt and Road Initiative, encouraging states to trade in yuan instead of dollars, carrying out espionage, exploiting social media, stealing technology, infiltrating Western societies, and buying American farmland, among other actions.

However, China’s dominance is not inevitable. Most of the recent major advances in China’s global interests were the result of Beijing exploiting opportunities created by weak American leadership and foreign policy.

Xi Jinping will continue to advance his overall plan to establish a new Chinese-led world order and his political, economic, and security agenda at America’s expense as long as the Biden Administration continues its weak and unserious national security policies. As a result, the chances of a military confrontation with China — possibly by miscalculation — will increase over the next 18 months due to growth



in the size and capabilities of China's military, China's militarization of the South China Sea, increasing chances of an invasion of Taiwan, and possible military conflict with India.

However, China's growing economic problems will slow its efforts to displace the United States as the world's leading power and create opportunities that America could exploit. China's ability to continue using massive loans to developing states to buy influence and gain access to energy and other natural resources will become increasingly difficult due to China's domestic economic problems and bad loans made under the Belt and Road Initiative. China was forced to scale back the BRI last year because of bad loans that it resisted restructuring. China also faces a severe debt problem at home because of bad loans made by Chinese banks and local governments facing \$1 trillion in budget shortfalls in 2023.

In addition, although the Chinese government's National Bureau of Statistics said the July 2023 youth unemployment for people between the ages of 16 and 24 was at a very high rate of 19.7%, Peking University professor Zhang Dandan wrote in a July 17 online article that the actual rate was close to 50%, according to a Reuters report. Zhang's paper was quickly taken down.²⁶

Beijing's reputation in the developing world took a hit in May 2023 when it began to call in loans made to dozens of countries as part of its Belt and Road Initiative. In addition, the *Wall Street Journal* reported in June 2023 that the Shanghai-based New Development Bank (the BRICS Bank) mostly stopped making loans and was having trouble raising dollar funds to pay its debts. The bank's problems reportedly resulted from the war in Ukraine, the reluctance of Wall Street to loan to a bank that is nearly 20% owned by Russia, and Xi's closer ties with Putin.²⁷

The *Journal* article reported that another China-based development bank, the Asian Infrastructure Investment Bank, also was in trouble because a former employee accused it in June 2023 of being controlled by the Chinese Communist Party. As a result, Canada halted all activity with the bank.²⁸

Prospects for China's and Russia's effort to establish a new BRICS currency were set back just before an August 2023 BRICS summit in South Africa when India backed away from this idea. India's external affairs minister, S. Jaishankar, said on



July 3, 2023, that there are no plans for a new BRICS currency and India's focus is on strengthening the rupee. The New Development Bank followed this statement with a press release that said there are no immediate plans for a BRICS currency. On July 20, a South African official said about this issue and the August BRICS summit: "There's never been talk of a BRICS currency, it's not on the agenda."^{29 30}

Add to this that Xi Jinping's efforts to move the Chinese economy back toward a more inward-looking Marxism and away from global trade are expected to drive down Chinese GDP growth and cause foreign investors and Chinese firms to flee China. This could significantly reduce China's global power and influence. Strong U.S. leadership could exploit China's growing economic problems by promoting American economic prosperity, secure and sustainable supply chains, energy independence, and a military strong enough to deter Chinese threats against Taiwan and the greater region. We must strategically decouple our economy from China's to restore our strategic independence and protect our intellectual property, vulnerable land assets, and critical infrastructure.

On the diplomatic front, a future U.S. administration with a competent national security strategy and a good understanding of the importance of maintaining America's key alliances, such as the crucial U.S. relationship with Saudi Arabia, could close the door to many of the global opportunities that China is currently exploiting.

A future strong administration should recognize that few nations trust China or want to live in a China-led world order and be prepared to take advantage of this. Most nations will never agree to a Chinese reserve currency based on China's unpredictable economy subject to the whims of the Chinese Communist Party. However, if America refuses to lead, these countries will make deals with China and allow it to advance its interests at America's expense.

Regardless of who leads the next administration, there is increasing bipartisan pressure from Congress for the executive branch to take a harder line to defend America from the whole range of growing threats from China.

America needs to take China seriously as an existential and ruthless threat to American freedom and security. But China's dominance is far from guaranteed



and can be countered by sound and decisive U.S. presidential leadership. The Biden Administration's incompetence and unserious national security policy mean China will likely make major and dangerous gains at America's expense until we get a new administration prepared to exercise such leadership.

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ENDNOTES

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