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Discussion Paper Series on Managing Global Disorder No. 3
April 2021

Major Power Rivalry in East Asia

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INTRODUCTION

With the arrival of the Joe Biden administration and the evolution—once again—of a U.S. grand strategy under a new president, a familiar question emerges: after Donald Trump, what idea (or set of ideas) will drive national security policy? The Trump administration replaced the “global war on terror” with “great power competition” as the organizing principle of U.S. national security policy and framed U.S.-China relations as a “strategic competition.”¹ Beijing assumed such centrality because Trump largely discounted threats from Moscow and because Beijing’s external activism and use of coercion grew in scope and frequency. The Biden administration’s early statements and actions indicate it has accepted the frame of strategic competition with China—“extreme competition” in the words of President Biden—but that the policy expressions within this framework will differ substantially from its predecessors.

The trajectory of U.S. strategy and policy toward China is perhaps the most salient issue for the geopolitics of East Asia in the coming decades. This region, more than any other, not only is the crucible for U.S.-China competition but will also be the recipient of the resulting dynamics. U.S.-China relations thus will have a defining influence on the distribution of power across East Asia at the very time that the region becomes the center of global politics, as Europe was during the Cold War. It has become a truism to note that no one in Asia wants to choose between Washington and Beijing and no one wants Beijing to dominate. Asia’s geopolitical reality will be the space between these views. Yet the region’s lingering questions about American commitment and capability will muddle the choices for Asian policymakers, as do projections of China’s growth and influence. In

this context, the shape and contour of competitive dynamics will only become more central to East Asian security and prosperity.

Thus, how the Biden administration will actually pursue such competition with China is now a paramount question for policymakers and analysts in the United States, in Asia, and globally. U.S. and Chinese perceptions of each other are hardening at the very time that China is becoming more capable in multiple domains, which intensifies bilateral competition. The United States' core challenge is to deter a growing diversity of China's behaviors but not increase the risk of a catastrophic conflict—while still advancing U.S. economic interests, many of which are in tension with the former challenge. President Biden's advisors have previously written about pursuing a policy of competitive coexistence with China, but how to achieve such a delicate balance remains an open question.² Policymakers and analysts need to devote more energy and time to identifying and weighing risks of strategic competition—bilaterally, regionally, and globally. They will then need to determine the degree of risk and types of costs the United States and its allies can and should assume to shape and deter China without provoking armed conflict. In other words, the issue of conflict—and conflict prevention—is only becoming more central to China policy and U.S.-China relations as competition becomes the defining frame for U.S. policy.

The U.S.-China relationship currently finds itself in a precarious state due to the damage of the Trump years as well as the accumulating differences in interests and values. The U.S.-China competition is intensifying and diversifying. In particular, it is assuming an overtly ideological dimension, which will only accentuate distrust and deepen the interest-based competition on both sides. The fact that a multitude of immediate issues, including Taiwan and maritime disputes, could produce conflict makes the situation even more precarious. These issues exist against the background of an accelerating arms race between the U.S. and Chinese militaries in the western Pacific and specifically within the first island chain.

Even if the Biden administration adopts a less overtly confrontational approach toward China than the Trump administration's, the risks of conflict are real and growing due to the lack of effective remedies. Washington and Beijing lack the necessary tools to manage this intensifying competition. Many of the past mechanisms have atrophied, including high-level dialogues, crisis communications, and confidence-building measures. In addition, whether cooperation on common challenges—if joint work even materializes—can overcome the tension, friction, and mistrust generated by structural competition

is uncertain. Add to the mix the politicization of U.S.-China relations in both countries, and the result is a cocktail of enduring instability and heightened risk of competition manifesting in conflict.

This situation has left the U.S.-China relationship in a precarious place that will require delicate diplomacy in order to achieve some modicum of coexistence amid the diverging interests. Henry Kissinger famously stated in 2019 that the U.S. relationship with China was “at the foothills of a Cold War.”³ Kissinger would perhaps modify that claim today—namely, to say that the U.S.-China relationship is now beyond the foothills and into more treacherous mountain terrain. As U.S. and Chinese policymakers move into such *terra incognita*, revitalizing the existing tools for managing distrust, reducing the risks of accidents and miscalculations, and generally curbing the intensifying U.S.-China competition will be essential. Even with these steps, the challenge is daunting, and the prospects of success are not robust.

THE CHANGING CONTEXT OF GREAT POWER COMPETITION

One of the most common, and indeed curious, features of the U.S. debate about this new era of major power competition is that it is treated as the latest manifestation of a recurring and timeless phenomenon. However, it would be a mistake to draw that conclusion. As RAND Senior Political Scientist and Georgetown University Professor Michael Mazarr argues, “The emerging era does not match the patterns of the past. Treating it as though it does risks misunderstanding both the character of today’s threats as well as the source of the United States’ comparative advantages.”⁴

The current global context for major power competition differs from previous eras in several important ways that redound to the United States’ benefit.⁵ Contemporary global order is not purely multipolar, which would allow major power competition to achieve its full expression. As Mazarr notes, “Today’s world thus reflects a complex mixture of unipolar, bipolar, and multipolar elements that does not match the classic vision of a colliding set of roughly equivalent great powers.” Moreover, the current order is not the *tabula rasa* world of 1945 in which the system needed to be rebuilt from the ground up. Rather, major power competition is reemerging in the context of a diversity of widely accepted rules, norms, and institutions.⁶ This mediates the competition, affecting both its scope and intensity.

Furthermore, unlike past eras, the ambitions and frustrations of major powers are unfolding under the shadow of the nuclear revolution, the conditions of complex economic interdependence, and the relative prevalence of democracy. In this context, major power competition manifests less as behaviors, such as territorial conquest and major power war, and more as the accretion of political, economic, military, diplomatic, and cultural influence and often the coercive application of

such influence for geopolitical gain.⁷ This context presents the United States and its allies with a different and greater challenge than simply deterring outright aggression. This reality is directly applicable to the challenges presented by China today.

BILATERAL CONTEXT

The changing nature of the U.S.-China relationship is just as essential as the changing global context to understanding the risks of bilateral competition and conflict in the coming years.⁸ Although the tone and some priorities in U.S.-China interactions will change under President Biden going forward, relations will be marked by enduring tensions, occasional crises, and maybe occasional cooperation as well.

Elites in both the United States and China have effectively adopted a new paradigm for thinking about U.S.-China ties. Both sides have shifted from a paradigm of “balancing cooperation and competition” to one of “balancing competition and confrontation.” This shift in thinking, often implicit, reflects the expansion, intensification, and diversification of the arenas of U.S.-China competition as well as a growing skepticism of the possibilities and benefits of cooperation.

New domestic politics in both countries are driving this paradigm shift. In the United States, a majority of elites and the public now view China as a long-term threat. Congress members on both sides of the aisle support a more confrontational approach, with many legislators weaponizing China policy for political gain. The U.S. business community is broadly frustrated with China and unwilling to publicly defend it, as are the U.S. media and many civil society groups that used to operate in China before President Xi Jinping pushed many of

them out. In China, nationalist voices critical of myriad aspects of U.S. policy are on the rise, mostly notably with the emergence of caustic statements from Chinese diplomats in a phenomenon known as wolf warrior diplomacy. The United States and China are entering a phase of their relationship in which domestic politics will play a central, if not defining, role.

Furthermore, new dynamics are at play. Both Washington and Beijing are now pursuing more openly competitive, and sometimes confrontational, policies. China is also more capable now, deploying a larger and more diverse tool kit in the competition for power and influence. Both countries are showing greater tolerance for tension and friction, with some voices actively encouraging friction as a means of shaping the other. The collapse of a cooperative agenda under the Trump administration has accentuated this dynamic. From the outset, the Biden team has been clear that it sees U.S.-China relations as a “strategic competition” and has deep concerns about Beijing’s statements and behaviors. U.S. Secretary of State Antony Blinken stated that China is committing genocide in Xinjiang, and U.S. National Security Advisor Jake Sullivan called out China for “exporting authoritarianism.” That said, the Biden team has stated support for cooperating with China and resuming some measure of bilateral dialogue, unlike its predecessor.

UNDERSTANDING MAJOR POWER COMPETITION IN ASIA

The U.S.-China competition is about both power and ideas. Five core drivers lie at the heart of U.S.-China competition in Asia, and they have been diversifying and intensifying in recent years. This collection of perceptions and interests has led both countries to see the other’s statements and actions as inimical to themselves, now and in the future.

Competing Visions for Asia

The United States and China have contrasting and, by some metrics, competing visions for Asia. These visions are trending toward a high degree of incompatibility as each side’s perception of the other hardens and as capabilities expand and improve in support of these differing visions.

U.S. strategy in Asia, at its core, is about maintaining freedom of action and unrestricted access to the region in support of multiple interests: to protect U.S. security and the security of U.S. allies; to

sustain access to Asia's markets, capital, and technology; and to promote U.S. principles and values, which many U.S. policymakers see as necessary for the former objectives. Preventing the rise of a regional hegemon is a specific manifestation of this broader U.S. objective in Asia.⁹ To be sure, U.S. scholars and analysts are continually debating China's objectives in Asia, such as whether China seeks to exclude the United States from the region.¹⁰

Xi Jinping's vision for Asia is difficult to discern with great precision and is the subject of continual debate in the United States—and some in China as well. The gaps between China's words and behavior are notable.¹¹ Chinese scholars, however, have become more forthright about Xi's ambition. Professor Wu Xinbo of Fudan University writes, "China does not pose an existential threat to the United States, yet it does threaten to dilute U.S. hegemony, share its global leadership role, and demonstrate an alternative to its development and governance model."¹² Xi and Chinese officials are focused on expanding—and using—their economic, diplomatic, and military influence to defend their "core interests." China seeks to create, at minimum, an environment in which it has an effective veto on countries that take actions it deems inimical to its interests and, at maximum, a region in which U.S. influence is gradually but substantially marginalized.¹³ In recent years, China's goals have manifested in actions such as China's military and paramilitary intimidation in the East and South China Seas and its expanding military operations around Taiwan in the past year. Of particular concern is China's growing use of economic coercion to defend its maritime claims and to penalize unwelcome diplomatic and military moves, such as with South Korea over its missile defenses and with Australia over its call for an internal investigation into the origins of COVID-19.

Security Competition

U.S.-China security competition is expanding in scope and intensifying in nature along two dimensions. First, the People's Liberation Army (PLA) has made major strides in the past ten years in its acquisition and deployment of capabilities that support its anti-access/area denial defense strategy, which seeks to obstruct the U.S. military's ability to deploy and sustain air and naval forces within one thousand kilometers of China's coastline. As a result, the costs and risks to the U.S. military of operating in and around Taiwan, as well as within the first island chain in the western Pacific (which begins at the Kuril Islands in the north and extends through the Ryukyu Islands and Taiwan down

to the northern Philippines and Borneo), are substantial and growing. The U.S. military is no longer assured of prevailing in a conflict over Taiwan given the diversity of capabilities the PLA can bring to a fight.¹⁴ The advent of hypersonic missiles and improving space and cyber capabilities will further increase the risks and costs to the U.S. military of operating within one thousand kilometers of China's coastline.

Second, China's use of its coast guard and maritime militia in Asia to conduct coercive actions below the threshold of aggression or violence is vexing for U.S. policymakers.¹⁵ The United States lacks an equivalent capability to respond proportionally to deter further Chinese acts of coercion without prompting escalation. China has been able to use such "grey-zone" operations to advance its maritime claims—such as disputing Japan's administration of the Senkaku/Diaoyu Islands or disrupting Vietnam's ability to conduct hydrocarbon exploration in its exclusive economic zone (EEZ)—with little U.S. recourse. This behavior has only heightened U.S. anxieties about China's goals and capabilities in Asia, increasing the United States' search for ways to resist and ultimately deter Chinese coercion and aggression.

Economic Dynamics

The United States has a variety of concerns about China's economic policies, but they can be distilled to a core of differing ideas about the relative priority of the market versus the state in economic governance, both within China and relating to its actions abroad. The United States most often expresses a concern for the unlevel playing field for U.S. companies in China and increasingly with Chinese companies in Asia and globally.¹⁶ U.S. policymakers, business leaders, and analysts point to a variety of Chinese policies that privilege Chinese companies over foreign ones (including when competing outside China): industrial policy and massive subsidies to state and private companies, various nontariff barriers, lack of protection of intellectual property, forced technology transfer, weak legal and regulatory transparency, and persistent economic espionage. As China's economy has grown in size and importance to the United States and as the goods trade relationship has become less complementary and more competitive, U.S. intolerance for these inequities in the relationship has also grown. In the rest of Asia, U.S. concerns about China's economic behavior extend beyond market competition to China's use of economic coercion for political purposes as well as its use of organizations and institutions to create bilateral dependencies that it can also leverage for diplomatic purposes.

Technology

A fourth area of U.S.-China competition is technology.¹⁷ Policymakers and business leaders in both countries see themselves as locked in a persistent struggle to dominate the foundational technologies critical to future innovation, productivity, and national security. The United States is focused on issues such as competing with China to dominate the critical and emerging technologies of the future, especially given Beijing's massive subsidization of its tech sector; illicit Chinese efforts to acquire an edge in this competition, through regular or cyber-enabled espionage; U.S. vulnerabilities to overreliance on Chinese science and technology, in particular related to manufacturing supply chains; and China's use of technology for political purposes, such as monitoring and suppressing dissent at home and assisting autocrats in other countries.

Governance and Ideology

A final arena of U.S.-China competition in Asia, and even globally, concerns concepts of governance and, fundamentally, values and ideology. At the heart of the relationship, U.S. and Chinese leaders hold intrinsically different views about both domestic and international governance. Xi's ambitions for China to be a leader in "global governance reform" and for the Chinese Communist Party (CCP) to lead political, economic, and social governance at home are feeding a perception in the United States of a competition of ideas and values. Xi is on track to do more to remake China's role in the world and the party-state system at home than arguably any previous reform-era leader, and he is doing so quickly and efficiently. Much of the Western world, especially the United States and the European Union, is taking notice. Xi's turn toward greater CCP control at home, combined with an active effort to legitimize, if not promote, these beliefs internationally, has opened a more competitive chapter in U.S.-China debates about democracy and markets. Competition over ideas has played out in various ways in Asia, including in China's ongoing repression in Hong Kong and Xinjiang.¹⁸ The U.S. discussion and debate about an ideological competition is further fueling the sense of a long-term bilateral rivalry.

RISKS OF CONFLICT IN EAST ASIA

As these competitive dynamics evolve, one of the greatest risks is that competition—if not managed carefully—could produce direct military confrontation. This risk is real already, and the likelihood is growing due to the intensifying and diversifying nature of U.S.-China competition. Distrust of each other's intentions and insecurity about each other's actions are both rising in this era of strategic competition. Added to this is the fact that China is more present and capable, offering it more occasions, venues, and tools with which to challenge multiple U.S. interests, often simultaneously. In certain domains, U.S. policymakers are struggling to respond effectively, increasing the risk that competition could result in conflict.

Currently, at least four current flash points could produce armed conflict between the United States and China: Taiwan, the Korean Peninsula, the East China Sea, and the South China Sea. The prospect of actual armed confrontation can be measured in each setting by examining three variables: interests, capabilities, and scenarios or pathways toward military conflict (e.g., intentional, accidental, or miscalculation). Before assessing specific scenarios for U.S.-China conflict, it is useful to take a step back to assess the incentives and disincentives influencing Chinese and U.S. policymakers regarding the risks of conflict.

RISK FACTORS

For Chinese policymakers, five general factors will influence their calculus regarding military action in the coming years.¹⁹ First and most obviously, successive Chinese leaders have defined protecting sovereignty and territorial integrity as a “core interest” worth fighting over,

with Taiwan at the top of the list. Xi has leaned into this framework with more assertive tactics to advance China's maritime territorial claims. Many of the military's modernization efforts have been framed in terms of facilitating the sovereignty protection mission. At the same time, China appears to have an implicit hierarchy of sovereignty interests, with Hong Kong, Taiwan, Tibet, and Xinjiang at the top, followed by the South and East China Seas. Regarding the South China Sea, rigid Chinese claims to the Paracel Islands accompany more ambiguous claims to other islands in the region. In the East China Sea, China seeks to undermine Japan's administration of the Senkaku/Diaoyu Islands as opposed to taking them over.

A second consideration affecting China's calculus is the time frame. In the next two to three years, China is holding several important events whose success is critical to Xi's long-term political fortunes and national ambitions. These include the one hundredth anniversary of the founding of the CCP in July 2021, the 2022 Winter Olympics, and the twentieth National Congress of the CCP in the fall of 2022 (where Xi will endeavor to be confirmed for a third term). Although some could argue that Xi needs to project strength to domestic audiences and thus could take an even more assertive posture abroad, on balance these events are more of a disincentive to conflict. A U.S.-China confrontation would distract Xi's preparation for these events, could subject him to internal criticism, and could derail these events, especially the Olympics. Historically, Chinese leaders have responded to domestic challenges by reducing external risk, not increasing it.²⁰

Third, any major Chinese use of force in the region and conflict with the United States would likely ensure that U.S.-China relations become confrontational for at least several decades and could consolidate the

formation of a regional coalition focused on counterbalancing China. Xi seeks to avoid this at a critical time for his domestic agenda. Fourth, China does not necessarily need to use outright military aggression—and risk U.S.-China confrontation—to achieve its goals, because grey-zone tools such as maritime operations and economic coercion have been effective so far. Fifth, China has historically used large-scale force to prevent further decline in worsening situations. Right now, Chinese leaders believe they enjoy a relatively advantageous position in Asia and that time is on their side when considering their economic trajectory, military capabilities, and ability to leverage them both.

U.S. thinking about its long-term interests in Asia and the risks of conflict in the region reflects consistency across multiple presidencies, though it is evolving under the new Biden team. In addition to the foundational issue of protecting the homeland, the most important U.S. considerations in Asia are credibility and access. U.S. policymakers will defend the credibility of their security commitments to U.S. allies. This responsibility becomes problematic in situations where the precise scope of U.S. commitments is vague, such as with the Philippines under an existing treaty or with Taiwan, with which no treaty-based commitment has been made. Similarly, if an adversary sought to deny the United States access to Asia, the United States would consider using force to resolve the obstruction. Moreover, the consistency in U.S. thinking about its strategic interests in Asia is tempered by the nature of U.S.-China competition and Chinese capabilities, both which are changing. The intensifying U.S.-China strategic competition colors the way U.S. policymakers perceive China's actions and shape U.S. reactions accordingly. For example, major Chinese military coercion against Taiwan could quickly evolve from being about Taiwan into being framed as the first battle in a broader U.S.-China contest for access and influence in East Asia, further increasing U.S. incentives to respond to Chinese coercion and aggression.²¹ China's improving capabilities—economic, military, and technologic—will augment American threat perceptions of China, which could bring new problems to the fore or complicate resolution of existing differences.

TAIWAN

The Taiwan issue is the driving force of U.S.-China security competition, and the risk of conflict is only growing, albeit gradually. U.S. and Chinese interests are increasingly in direct contention with each other over the future of Taiwan. For CCP leaders, unification with Taiwan is a

core interest and essential to the CCP's legitimacy and longevity. China has more and better capabilities it is using to put pressure on Taiwan and to try to deter U.S. involvement. Chinese anxieties about Taiwan's future are rising, driven in part by recent and growing connections between events in Hong Kong and events in Taiwan and the changing generation of political leaders in Taipei who now reject Beijing's "one country, two systems" model.

The United States' interests in Taiwan are diverse and evolving. U.S. policy has long been to support cross-strait stability and, ultimately, peaceful resolution of the Taiwan issue, which is why the United States encourages cross-strait dialogue and supports Taiwan's efforts to improve its domestic, economic, and defense capabilities. In this sense, a primary U.S. interest is Taiwan's security: to ensure that a fellow democracy—with long-standing cultural and historical ties to the United States—is free from mainland coercion or aggression in choosing its future. For many in the United States, such a peaceful and uncoerced outcome looks increasingly unlikely as Taiwan's elites and public move further away from China's "one country, two systems" model and China becomes more anxious about trends on the island and in U.S.-Taiwan relations.

For U.S. policymakers, the nature of U.S. obligations is intensely political, further complicating the U.S. calculus. The United States does not have a legal security commitment to defend Taiwan under the 1979 Taiwan Relations Act (TRA), but the TRA's language on this issue is nonetheless robust. The TRA states that the United States will "maintain the capacity of the United States to resist any resort to force or other forms of coercion that would jeopardize the security, or the social or economic system, of the people on Taiwan," and the United States "would consider any effort to determine the future of Taiwan by other than peaceful means ... a threat to the peace of the Western Pacific area of grave concern to the U.S." Thus, major Chinese aggression against Taiwan would test the credibility of U.S. commitments throughout Asia. Many U.S. policymakers and strategists argue that if the United States did nothing to help Taiwan in the face of Chinese aggression, the credibility of U.S. commitments (formal and informal) would dissipate. America's Asia strategy would then gradually fall apart as a result of a lack of confidence to stand up to Chinese aggression. For this and other reasons, recent polling data from the Center for Strategic and International Studies indicates that U.S. elite and public opinion strongly supports defending Taiwan in the face of Chinese aggression.²²

When assessing the interaction between U.S. and Chinese interests, a common Chinese misperception increases the risk of conflict. Many Chinese officials argue—both as explanation and persuasion—that Beijing cares more about Taipei than Washington does. This Chinese perception undervalues the extent to which the Taiwan issue is rapidly becoming linked to the broader U.S. interests in the region. Chinese leaders do not appear to recognize that U.S. policymakers and strategists will interpret Chinese aggression against Taiwan not as about the future of Taiwan but rather as the first battle of the U.S.-China contest over the future of Asia.

The relative extent of U.S. and Chinese military capabilities over Taiwan adds to the risks of conflict and escalation. Since the mid-1990s, Chinese military modernization has focused on preparing for conflict over Taiwan; a clear priority of that effort is to hold U.S. military assets at risk to deter U.S. involvement in a conflict. Chinese military advances in the past twenty-five years have substantially raised the costs for the U.S. military of operating around Taiwan—as well as raised questions about America’s ability to project and sustain military power in the entire western Pacific. This in turn has prompted a U.S. response—albeit gradually and fitfully—that involves rethinking U.S. doctrine, capabilities, and deployments in Asia to ensure that the United States can deter Chinese aggression and prevail in a conflict over Taiwan and elsewhere in Asia. The February 2021 Defense Department review of its China strategy is the latest manifestation of this and could produce some major changes in U.S. defense planning and posture.²³ In short, the United States and China are involved in a conventional arms race around Taiwan: as China builds up its anti-access/area denial capabilities, the United States is responding by reconfiguring the ways in which it projects and sustains military power in contested environments.

In terms of scenarios and pathways toward a conflict, absent a major and unexpected provocation by Taiwan, the most likely scenario for direct U.S.-China military confrontation is in response to deliberate Chinese aggression against Taiwan. That aggression does not need to be an attempt at a complete invasion of Taiwan or even a major action such as a blockade. Beijing knows that mobilization and execution of such an operation is risky and complicated and would offer Washington and its allies many opportunities to disrupt it. Rather, a more probable set of scenarios involves Chinese military and economic coercion—in varying ways and intensities depending on the precipitating conditions—to give the people in Taiwan a sense of inevitable unification with the mainland

on China's terms. The faster Beijing can do this the better, in order to prevent Washington's involvement.

The precipitants of such Chinese actions are many and hard to specify. Absent a clear and specific provocation, general triggers for Chinese actions likely include its anxieties that Taiwan is substantially drifting away from it or its perception that the United States is seeking to substantially expand its ties with Taiwan. Either scenario is likely to be the result of cumulative actions rather than any single act by Taiwan or the United States.

In reaction, China could replay the 1995 and 1996 crises, in which it conducted major exercises including launching short-range missiles into the waters around Taiwan, but with a far more capable PLA that shuts down all air and sea travel in and around Taiwan for a few days. This aggression could include cyber operations against Taiwan that shut down the internet or otherwise disrupt daily life for the people of Taiwan. As a signal to Taiwan of its vulnerability, mainland China could seize some of the offshore islands, such as the Dongsha Islands or Taiwan's other outer islands such as Matsu, Kinmen, and Penghu, to stress the urgency of reaching a negotiated solution with the mainland.

The United States would likely respond by deploying forces to the region in a show of support and in preparation for future action, but how close these forces get to Taiwan would be an issue of substantial debate. The possible involvement of U.S. forces in Japan and South Korea would also be a subject of much debate. From that point forward, the specific pathways to a military conflict are myriad. Conflict could involve intentional action, strategic miscalculation, or an accident. The United States could seek to disrupt Chinese military operations, precipitating a conflict. The United States could also seek to supply Taiwan, similar to the Berlin crisis of 1948, precipitating Chinese escalation. Or an accident between U.S. and Chinese forces operating around Taiwan could escalate.

KOREA

The risks of U.S.-China confrontation on the Korean Peninsula differ substantially from those surrounding Taiwan in terms of both interests and manifestations. U.S. and Chinese interests on the Korean Peninsula do not substantially diverge, but they also do not align well (even as officials on both sides tend to focus more on such alignment); this situation opens the door to confrontation. The United States is committed to protecting its treaty ally South Korea against coercion

and aggression from outside forces, principally North Korea. The United States is also committed to the denuclearization of the Korean Peninsula, not just in support of the principle of nonproliferation but also because North Korea's capabilities threaten U.S. allies in Asia (namely, Japan and South Korea) as well as the U.S. homeland. Whether Beijing fully appreciates the severity of U.S. threat perceptions remains unclear.

Beijing has long believed that the Korean Peninsula is a source of vulnerability to the Chinese mainland given its geographic proximity and China's historical influence there. Some Chinese analysts believe Korea belongs within a Chinese sphere of influence. These beliefs motivate a Chinese desire to control events on the peninsula, including by limiting not only North Korea but also U.S. involvement and influence. China has long objected to the presence of U.S. troops in South Korea and the alliance more broadly. As much as China dislikes North Korea's possession of nuclear weapons and ballistic missiles and associated tests, it dislikes expanded U.S. influence on the Korean Peninsula even more.

The capabilities equation on the Korean Peninsula is interesting when looked at in the context of differing U.S. and Chinese perceptions and interests. The United States deploys some 28,500 forces in South Korea, and these forces train and operate in close cooperation with South Korea's military of 600,000. The U.S. military also bases some fifty thousand additional troops in nearby Japan, including a mix of ground, air, and naval capabilities. In a crisis on the Korean Peninsula, the United States is well postured to act quickly and with a diversity of capabilities. China's new Northern Theater Command, covering all of its northeast territory including the entire border with North Korea, is a combination of three large group armies as well as substantial naval and air force capabilities. Many of these units are believed to have trained for various North Korea scenarios, including a collapse and resulting humanitarian crisis. In the Barack Obama administration, the Pentagon proposed—and China rejected—holding bilateral military conversations about de-conflicting U.S. and Chinese operations on the Korean Peninsula in the event of regime collapse. Beijing feared that holding such conversations could make such an outcome more likely by signaling its tacit support for it.

On the Korean Peninsula, the pathways to U.S.-China conflict are weighted more toward a miscalculation or accident than a premeditated action. The intensifying U.S.-China strategic competition and mutual insecurities about the other's plans for the Korean Peninsula accentuate

these risks. The most probable scenarios involve the collapse of a nuclearized North Korea in which both South Korean and U.S. forces rush in to stabilize the country and secure possession of its nuclear weapons and missiles. China would likely do the same to ensure that South Korea and the United States do not take control of the territory of North Korea, let alone its nuclear weapons.

In such a scenario, in the absence of pre-agreed procedures to avoid conflicts between military forces, U.S. and South Korean forces could come into contact with and confront Chinese forces that are seeking to secure either large geographies or specific military facilities. Adding to the confusion is the likely presence of armed North Korean groups (i.e., former North Korean military) roving around the country looking for valuable goods. Although such a situation does not guarantee confrontation, the risks of a military accident or a miscalculation are substantial given the differing security interests and the confusion of regime collapse. The possible involvement of air or naval forces from any of these actors only increases these risks.

EAST CHINA SEA

At the center of the East China Sea situation are competing Japanese and Chinese claims to sovereignty over the Senkaku/Diaoyu Islands. In defense of their claims, Japanese and Chinese coast guard forces are in frequent and close proximity to each other, with their respective navies in standoff positions. China's national interest is in defending and advancing its claim to sovereignty over the Senkaku/Diaoyu Islands, even though these islands offer no immediate economic or military benefit to China. For China, this is about protecting its "core interest" in sovereignty and territorial integrity and weakening the U.S.-Japan alliance. An immediate goal for China is to undermine Japan's effective administration of the islands through a constant coast guard presence in the area. China's strategy is to establish dual administration. Neither Japan nor China has deployed people or prepositioned supplies on any of the Senkaku/Diaoyu Islands.

U.S. interests in the East China Sea dispute are mediated through its security commitment to Japan. Unlike for other territorial disputes in Asia, the United States recognizes neither China's nor Japan's claim to the islands, but it does accept Japan's administration of them. As a result of that recognition, the islands are covered under Article V of the U.S.-Japan Defense Treaty, which means the United States has pledged to defend Japan in a conflict over them. The United States has been public

about this stance, including in a statement by President Obama during his April 2014 state visit to Japan (the first ever by a U.S. president). As an expression of this commitment, the United States has sought to deter and respond to Chinese assertions around the Senkaku/Diaoyu Islands. These U.S. actions in defense of Japan began as early as the fall of 2012.

The East China Sea could open the door to U.S.-China military confrontation because it directly implicates the credibility of U.S. alliance commitments—which is a global interest. (The only other maritime scenario to which this credibility issue applies is regarding the Philippines' claims to the South China Sea, discussed below.) During a crisis in the East China Sea, the United States' interest in protecting Japan would take on added significance given China's efforts in recent years to put pressure on a number of U.S. Asian allies. Many others in Asia would likely also see the United States' willingness to assist Japan as a litmus test of U.S. resolve in the face of Chinese aggression against an ally.

Whereas both China and Japan use their coast guard and naval capabilities to defend their claims, the U.S. Navy is not regularly active in the area. Japan operates patrols around the islands on a daily basis. Chinese coast guard vessels are regularly present within the twenty-four-nautical-mile contiguous zones around the islands; in addition, Chinese vessels sail within the twelve-nautical-mile territorial seas around the islands on a fairly regular and predictable basis, usually two to three times each month. The number and size of Chinese vessels as well as the frequency and locations of the incursions are carefully calibrated by China and monitored by Japan as an indicator of China's intentions. China's strategy is to undermine Japan's effective administration of the islands so as to establish dual administration of them.

Given this context, the greatest risk of a U.S.-China confrontation involves an accident or miscalculation by either Japan or China that draws in U.S. forces to assist Japan. Neither Japan nor China has shown any inclination to deliberately land forces on the islands, provoking a crisis and escalation. An accidental scenario could involve two ships hitting each other, triggering a situation that draws in Japanese and Chinese naval forces, which then escalates. Understanding the precise pathways to a crisis and from crisis to escalation is important given the political sensitivities in Beijing and Tokyo and the historic role of public sentiment as an accelerant in China-Japan crises.

Distinct from an accident, a miscalculation is possible by either side. The Japanese government's nationalization of the islands in 2012,

which was driven by a nationalist politician, is the singular action that triggered China's decision to deploy coast guard vessels around the islands to push for dual administration. Some future action by Japan, such as a move to nationalize more islands or to deploy Japanese people or equipment on them, could similarly trigger an escalation in the situation. A miscalculation by Beijing is also possible, given its history of probing and testing the limits of acceptable behavior. Since 2012, China has pushed the boundaries of its claims in its own ways, such as aerial flights over the islands in late 2012 (to try to extend its claims to the airspace above the islands), the air defense identification zone deployment in late 2013, or multiple deployments of maritime militia and fishing fleets around the disputed islands to put pressure on Japan. Either or both parties could misstep in future actions and trigger a crisis, drawing in the United States.

SOUTH CHINA SEA

China states it is defending its sovereignty claims in the South China Sea but is intentionally vague about the scope of its claims. The basis of China's vague claims in the South China Sea is China's so-called nine-dash line, which is a line drawn on a 1947 Chinese map that extends from southern China throughout much of the South China Sea. In the northern part of this nine-dash line is the Paracel island chain, which Taiwan and Vietnam also claim. Beijing does not consider the Paracels to even be disputed and has deployed a significant military presence on them. As such, China treats its claims to the Paracel Islands as more resolute than its other claims in the South China Sea, such as to the Spratly island chain in the southern part of the nine-dash line.

In the Spratly Islands, the locus of the current disputes, China claims its seven artificial islands as sovereign territory but is vague about its claims to maritime jurisdiction in the waters around these artificial islands. China has claimed both EEZ rights and "historic rights" in these waters but has not delineated their geographic scope. In the most expansive view, China could claim such maritime rights within the entirety of the nine-dash line. International law does not recognize China's undefined notion of historic rights, and a 2016 ruling by the Permanent Court of Arbitration invalidated the legal basis for most of China's EEZ claims around the several artificial islands. Further complicating the situation, China's claims in the South China Sea could be considered less of a core national interest than its sovereignty claims to Taiwan, Tibet, Xinjiang, and Hong Kong. Chinese officials seldom if

ever list the South China Sea when discussing this other set of issues, but they are willing to acknowledge publicly that a dispute over these islands exists, unlike with the Paracels. Until the 2010s, the South China Sea issue was not high on Beijing's agenda. The South China Sea has only become more important to China as Southeast Asian claimants and later the United States have contested its claims, suggesting this posturing is in part a contest for power and influence in Asia as well as a reflection of the dynamics of territorial disputes.

U.S. security interests are less immediately implicated in the South China Sea than in the East China Sea (with the important and notable exception of its ally the Philippines). U.S. policymakers highlight the defense of principles in opposing Chinese behavior in the South China Sea, including respect for international law, peaceful resolution of disputes, and freedom of navigation. China has compromised all of these principles in its island-building campaign and its continued harassment of claimants for activities within China's nine-dash line zone. That China to date has been unwilling to define the precise nature of its maritime claims (i.e., what it claims within the nine-dash line) adds to U.S. concerns about the ultimate scope of China's ambitions in the South China Sea.

Since 2010, these contending interests have manifested in successive diplomatic confrontations and increased U.S. and Chinese presence around the disputed islands. Beginning in 2014, the U.S. Navy increased the number of freedom of navigation operations around the seven contested features to demonstrate its rejection of the legal validity of China's claims, asserting that some features cannot be claimed as sovereign territory by any country and thus do not generate a twelve-nautical-mile territorial sea. The resulting proximity of U.S. and Chinese naval vessels in and around the South China Sea could result in conflict. As of today, the most likely scenario is an accident that escalates: U.S. and Chinese naval vessels operating in the South China Sea could crash into one another, triggering an escalation that draws in other powers.

A distinct but related miscalculation scenario is one in which China, believing that the United States would not support the Philippines over an unclear claim to an obscure maritime feature such as Scarborough Shoal or Second Thomas Shoal, seeks to pressure the Philippines to weaken or renounce its claims. Nevertheless, Washington ultimately comes to the aid of Manila due its alliance commitment.²⁴ This possibility is not without precedent. In the spring of 2016, China was preparing to conduct land reclamation at Scarborough Shoal. When

Washington found out about this, President Obama successfully pressured Xi to stop by threatening U.S. involvement and citing the alliance commitment.²⁵ U.S.-Philippines relations have been strained since Filipino President Rodrigo Duterte came to power in mid-2016, as he has sought to bolster ties with China and distance the Philippines from the United States. Beijing could calculate that it has an opening to advance its claims near the Philippines with minimal pushback from both Manila and Washington given their frayed ties. Such an action could trigger direct U.S. involvement to defend a treaty ally, likely pushed by a Filipino public and military that remain pro-America.

MANAGING MAJOR POWER CRISIS AND CONFRONTATION IN ASIA

The United States, individually or collectively with its allies, should think through the range of options to deter China's use of coercion and predation, while also taking steps to lessen the risks of conflict with China in a manner that protects U.S. interests in Asia.

Options fall into two categories: strategies for conflict management and prevention and policy tools focused on risk reduction. These two categories should not be treated as mutually exclusive; some strategies utilize the policy options more than others.

STRATEGY OPTIONS

The three basic strategy options include: a major regional defense buildup premised on a “peace through strength” logic and promoting U.S. primacy, a limited regional buildup that relies more on allies and regional diplomacy and invests in risk-reduction steps with China, or a grand bargain between Washington and Beijing for power sharing in East Asia.

The first option is a modern version of President Ronald Reagan's 1980s defense buildup at home and in Europe. A defense buildup would be premised on the logic of deterring Chinese aggression through clearly superior capabilities with the specific goal of reestablishing U.S. military primacy in the western Pacific. This option reflects the belief that deterrence is best achieved through both denial and punishment, albeit with a preference for the latter.²⁶ As such, this option is focused on acquiring and aggregating military capabilities—both conventional and nuclear—to threaten wider and severer consequences for an attack. This option could also require the United States to clarify its defense commitments, eliminating some of the existing ambiguities. This

strategy would require substantial and consistent investments in a variety of capabilities—air, naval, missile, space, and cyber—to project and sustain power from the U.S. homeland. It would require U.S. allies such as Australia and Japan to become fortress-like in their own defense postures. The risks and costs of this option, such as ensuring sufficient resources for implementation and securing the politically controversial support of allies and partners, are substantial. This option would produce a more confrontational U.S.-China relationship, which could undermine support from allies in Asia. The United States runs the risk of isolating itself in Asia if the situation is not handled carefully.

Option two mixes deterrence and diplomacy to achieve the goals of conflict prevention and competition management. It would bolster deterrence through a targeted modernization of specific U.S. capabilities at home and in Asia. These actions would deploy more and newer capabilities as well as operate in innovative ways to exploit the Chinese military's weaknesses. This option is focused on deterrence by denial, building out sufficient military capabilities to defend U.S. and allies' interests. Its goal is not regional military primacy but a balance of power that preserves stability—albeit one that favors the United States and its allies. It would encourage allies to invest in their own defense capabilities in support of the U.S. strategy and facilitate interoperability between the United States and other Asian nations. This strategy envisions greater U.S. defense cooperation with Australia, India, Japan, Vietnam, and others in Asia, in part to distribute U.S. capabilities across the region. This option focuses more on collective capabilities to deter China than on reliance on the United States and one or two allies. Under this strategy, the United States would also invest in dialogue and practical risk-reduction measures with China

to help manage the distrust and moderate the competition, including through the judicious and targeted use of reassurance messages as a means of setting boundaries in support of deterrence. The challenges this option would face include finding sufficient resources for defense modernization, building and sustaining allied support for what could be risky defense cooperation with the United States, building and sustaining political support at home, and achieving a stable, workable relationship with China amid this buildup.

Option three envisions a fundamentally different approach to conflict prevention: negotiating a grand bargain for U.S.-China power sharing in Asia.²⁷ Power sharing could take multiple forms, from a formal agreement to more implicit norms. The most explicit arrangement would involve a Potsdam- or Yalta-like agreement in which the two sides divide Asia into clear geographic spheres of influence (e.g., the United States gives up contesting the South China Sea). A less explicit variety involves agreement on a common vision for Asia in which both sides reject the pursuit of hegemony or primacy but maintain limited military forces in the region, perhaps subject to arms control agreements. For such a vision to have meaning, the United States and China would have to agree on accepted behaviors regarding the most contested issues, such as U.S. alliances, Taiwan, maritime disputes, and U.S. and Chinese military operations in the western Pacific. An even less formal agreement could outline “rules of the road” or norms of behavior regarding competing interests in sensitive areas such as the South China Sea or the East China Sea; for example, both sides could agree not to contest the other’s interests as they are currently configured in the region.

The prospects of success for any form of a grand bargain are low. First, the depth and diversity of competing U.S. and Chinese interests preclude both explicit spheres and a common vision. For example, the U.S. alliance footprint spans the region, and China is unwilling to accept the permanent separation of Taiwan. U.S. economic interests also span the region and are connected to the global economy, undermining the prospects of agreed-upon constraints. Second, as China’s economy grows, its regional and global footprint expands and its military becomes more capable of region-wide operations. As doubts about U.S. resolve grow, Beijing likely sees greater opportunities for itself in Asia and is unlikely to self-constrain. Third, the United States and China tried to reach agreement on a basic shared vision for the relationship in 2013–14, and the effort ultimately failed. Beginning in 2013, both sides put forward the idea of building a “new model of great power

relations,” which was premised on the idea that confrontation between an established power and a rising one is not inevitable. This vision was meant to manifest at first as a series of bilateral risk-reduction measures. The agreement quickly foundered for many reasons: China viewed it as the United States accepting its “core interests,” China began selling it in Asia as a U.S.-China condominium, U.S. allies became concerned about it undercutting U.S. commitments, and the Obama administration started facing domestic and congressional criticism.

RISK-REDUCTION OPTIONS

The United States and China could adopt several specific policy actions to reduce mistrust, manage disagreements, bound competition, and moderate the degree to which the remaining competition is militarized. These policies are not alternatives to the strategy options above but should be seen as possible instruments of each one, varying in their application and efficacy. To be sure, many policy tools for risk reduction have been tried before and offer unclear promise given structural constraints on both sides of the relationship. In particular, the centralization of decision-making under Xi, the accumulating distrust about each other’s future intentions, and China’s expanding military and paramilitary capabilities undermine the incentives for investing in such options.

Strategic Dialogue

Strategic dialogue is an often-advocated but seldom-analyzed tool in U.S.-China relations. Advocates often refer to the extended conversations about global order between Henry Kissinger and Zhou Enlai in the 1970s. In its ideal form, strategic dialogue involves one or several channels for communication between top national security policymakers, including senior military officers. These discussions are meant to focus on each side’s respective perceptions, interests, strategies, and policies toward the other, in Asia and globally. Strategic dialogues seek to both reduce mistrust and build trust, in the hope of constructing a political *modus vivendi* for stable relations.

However, the U.S. track record for such strategic dialogues in past administrations is modest. These mechanisms have faced many limitations: U.S. officials lack high-quality counterparts with equivalent political influence, Chinese officials seldom share useful information and often recite familiar points, and Chinese officials have used such dialogues, especially on the economic front, to play for time. When

such dialogues contributed to joint efforts, it usually involved narrow regional issues that directly and negatively implicated Chinese material interests, such as its oil investments; Chinese cooperation in the late 2000s to help stop the genocide in the Darfur region of Sudan is one such case.²⁸ By contrast, despite the hundreds of hours of U.S.-China discussions about North Korea's and Iran's nuclear programs, the cooperation was modest, and substantial disagreements persist. As a result, forty years into this relationship, Beijing has arguably used such dialogues more to manage U.S. expectations than to solve bilateral problems. Even with these limitations, these dialogues can be useful means for Washington to communicate its views—such as about U.S. perceptions of Chinese intentions and strategies—as a way to set boundaries and expectations about U.S. reactions to Chinese moves, reinforcing deterrence and conflict prevention. In this sense, strategic dialogue in the U.S.-China context is, at best, about managing distrust but unlikely to generate much trust, at least until Beijing sustainably invests in it.

Cooperation on Shared Challenges

Cooperating on shared security challenges is distinct from strategic dialogues in that it is not a singular policy but rather a collection of them across a diversity of functional areas. Such cooperation is focused on moderating competition by building trust (as opposed to just reducing mistrust). The theory is that working together on shared challenges helps diminish suspicion, sustain lines of communication, foster personal relationships, offset areas of disagreement, and reduce overall tensions by giving both sides a stake in stable and productive relations. This thinking has been a staple of U.S. strategy toward China for the past forty-one years: counterbalancing Soviet power during the Cold War, countering terrorism after 9/11, embracing economic globalization in the 2000s, sustaining the global economy during the global financial crisis, and cooperating on climate change in the 2010s. Despite these narratives, the history of relations over the past forty years has also been marked by volatility, persistent differences, and growing divergence on a host of economic and security issues. Even in some of the areas of purported common interests, such as nuclear nonproliferation, differences persist and constrain meaningful cooperation.

Today, the opportunities for bilateral cooperation include global financial stability, climate change, pandemic eradication, and nonproliferation. Whether meaningful cooperation on any or all of these

common challenges can be achieved and then leveraged to prevent U.S.-China relations from becoming even more adversarial is unclear. Although common interests could be the basis for cooperation in specific areas, fundamental differences are likely to persist that will constrain the realization of such cooperation and limit the stability and trust that can be generated from such cooperation. Thus, whether such cooperation—even when it can be negotiated—can create a viable strategic basis for the relationship that offsets the diversity of diverging interests remains unclear. As U.S.-China differences broaden and deepen, the arenas of cooperation will be less likely to outweigh the distrust and competition at the heart of U.S.-China ties.

Confidence-Building Measures

Given the growing frequency and proximity of U.S. and Chinese military forces in Asia, the United States and China could invest further in military confidence-building measures (CBMs). They could include: de-confliction of forces on the Korean Peninsula during a North Korean collapse scenario, additional rules to guide contact between U.S. and Chinese air forces and navies, and notifications of major military exercises, among others. The two militaries already have the latter two types of agreements, negotiated in 2014 and 2015. How useful or operative they have been is unclear given the continued incidents between U.S. and Chinese naval forces, such as in the South China Sea. China's military has regularly approached CBMs with trepidation and inconsistent adherence, undermining their value.²⁹

Crisis Communications

High-level communications during crises could help prevent conflicts from breaking out or keep them from escalating once started. Currently, hotline-like communication links run between the White House and the Zhongnanhai leadership compound and between the Pentagon and PLA leadership. These communication links could be expanded to include the Joint Staff and Indo-Pacific Command and their Chinese counterparts. The challenge with the current communications links is that they have not historically worked. Most phone calls between military officials take some forty-eight to seventy-two hours to arrange.³⁰ Beijing prefers to schedule calls weeks in advance and to use the calls as diplomatic signaling devices of amity or displeasure. In a crisis, scheduling would probably be even slower. China's top political leadership

generally meets and decides a course of action before engaging with U.S. counterparts. In past crises, such as when U.S.-led North Atlantic Treaty Organization (NATO) forces accidentally bombed the Chinese embassy in Belgrade in 1999 or when a Chinese fighter collided with a U.S. EP3 intelligence collection plane in international airspace over Hainan Island in 2001, it was several days before China was willing to engage with the United States.³¹ China's unwillingness to use communications links is rooted in the CCP's political culture and the high degree of centralization under Xi, indicating that these problems will not be addressed quickly or easily.

RECOMMENDATIONS

The United States and China are now involved in a broad-spectrum strategic competition: their interests diverge more than they converge on a broad set of issues. Both are determined to maximize their relative power and freedom of action in Asia—at the very time that the region is becoming central to geopolitics. Washington and Beijing also hold competing views of political and economic governance—domestically and internationally. China is increasingly confident in its governance choices, raising questions about whether China is promoting an alternative to democratic capitalism. Chinese policymakers remain dissatisfied with many features of current international systems and are seeking new and creative ways to shape rules, norms, and institutions to serve Chinese interests. Distrust of China’s current and future intentions is substantial and growing in the United States, as elite and public opinions on this issue converge. The politicization of China policy in Washington will further accentuate these trends, fostering the domestic foundation for long-term rivalry.

As this strategic competition intensifies and diversifies, the risk of armed conflict is growing. Credible scenarios for accidents, miscalculations, or deliberate actions exist and carry a heightened risk of escalation to armed conflict. Both sides are taking risks as they probe the limits of the other, motivated by both ambition and frustration—as well as new capabilities. Adding to these risks of conflict are accumulating suspicion, mistrust, and weak communication, especially on crisis management. Thus, a strategy for U.S.-China conflict prevention is needed immediately. It should address both the causes and the manifestations of militarized security competition in Asia, with an emphasis on managing and ameliorating risks as opposed to eliminating them. The following recommendations relate to the risk-management side of that equation:

- The United States needs to strengthen deterrence in East Asia, both the general and specific varieties. The United States should begin by updating its regional force posture given the myriad ways the PLA threatens U.S. power projection capabilities, especially within the first island chain. This approach would involve deploying more capable forces throughout the region, with a focus on modernization, diversification, and resilience. The recently passed Pacific Deterrence Initiative offers an initial blueprint for doing so. The U.S. military should develop new concepts of operations for fighting in highly contested environments, including new ways to project force from the continental United States to the region. This approach reflects an embrace of deterrence by both punishment and denial, depending on the issue being contested.
- The United States should pursue greater horizontal military cooperation among U.S. allies and security partners in Asia. These connections should be more focused on specific military mission sets, such as area denial in the South China Sea. Such connectivity should involve both better hub-and-spoke alignment (i.e., the United States with its current allies and partners) as well as more spoke-to-spoke alignment (e.g., encouraging Japan and Vietnam or Australia and India, as well as other pairings, to do more together). Expanding the defense mandate of the Quadrilateral Security Dialogue—the strategic forum of the United States, Australia, India, and Japan—is a good starting point. This kind of connectivity, at a basic level, reduces allies’ insecurity in the face of China’s coercive threats and, at the higher end of the spectrum, could strengthen deterrence. These kinds of arrangements—depending on their evolution—could also open the door to politically sensitive conversations about expanding the locations of U.S. deployments in the region, such as in the Philippines. Washington should coordinate with European allies about their security interests in the region, perhaps by judiciously connecting with the emerging transatlantic Quad structure: the United States, France, Germany, and the United Kingdom. The deterrent value of these steps will vary, but, at a minimum, they serve as one more barrier to China’s effort to isolate and punish countries over diplomatic disagreements.
- U.S. policymakers should review the United States’ security commitments to ensure they are maximally credible. In doing so, Washington will need to strike a balance between reassuring allies and partners and not provoking Beijing, which would alienate U.S. allies. First and foremost, this review applies to U.S. allies subject to China’s paramilitary

coercion in maritime disputes. The United States may want to clarify its commitment to the Philippines, for example. Second, the United States should privately review its position on Taiwan's security and possible responses to military coercion or aggression in order to be prepared for a variety of scenarios, such as the seizure of offshore islands. Third, in updating and in some cases clarifying the nature of its commitments, the United States should address allies' concerns about the credibility of extended deterrence—and the conditions under which U.S. pledges become operative. This review should be linked to discussions about force structure modernization.

U.S.-CHINA ACTIONS

Beyond policy actions in Asia around China, the United States should consider taking a variety of actions regarding its direct diplomacy with China. Building a credible and sustainable policy of competitive coexistence that prevents a slow drift toward armed conflict requires a deliberate approach toward interaction with Chinese officials.

- The United States and China should restart high-level dialogues but stop short of establishing highly formalized mechanisms such as the Obama administration's Strategic and Economic Dialogue. These dialogues should be among the top diplomatic, economic, and military advisors to both presidents. Given their inherent limits and the history of such dialogues, the United States should approach their value judiciously and prioritize conversations about security issues that are most likely to result in a crisis. In such talks, U.S. policymakers should focus on communicating U.S. interests, priorities, boundaries, and possible reactions to Chinese actions. Such conversations, even if the quality of the exchange is limited, will help to avoid a miscalculation by making clear to Beijing Washington's views on sensitive issues. The top issues for consideration include the Korean Peninsula, Taiwan, the East China Sea, and the South China Sea.
- The U.S. military should improve the functioning of the current constellation of CBMs and crisis communication mechanisms. Existing CBMs are useful, if underdeveloped and underutilized, tools for preventing accidents; they keep the pressure on the PLA to be more professional in its air and naval operations in contested areas but could be doing much more. Similarly, the United States should pursue more

robust procedures and communication channels for crisis management with top Chinese leaders, keeping in mind the limitations of past efforts and of China's political system. U.S. policymakers should expand such discussions about military de-confliction from the focus on Asia to more global applications. U.S. policymakers should more consistently use telephone links to Chinese leaders to foster habits of communication that lower the political barriers to talking with their U.S. counterparts during periods of heightened tensions or a crisis.

- The United States should explore meaningful areas of cooperation with China while remaining mindful of past limitations. This approach has several components:
 - Both sides should agree on practical and tangible *actions* by both sides—as opposed to just parallel statements—about common problems and how they can coordinate to address them. The two most obvious opportunities for collaboration right now are climate change and the pandemic. The precise agenda for meaningful coordinated actions should be explicit, and both sides should agree on benchmarks for accountability.
 - The United States should leverage China's growing capabilities to press them to do more on common transnational issues. In Asia, this could involve Chinese assistance with humanitarian aid and relief operations in countries afflicted by natural disasters. The United States and China already have some track record of working together on pandemic response based on their cooperation on Africa's Ebola epidemic.
 - The United States should be prepared to resist Chinese efforts to link such cooperation to contentious issues in the relationship in order to extract concessions from the United States.

CONCLUSION

As with past presidential transitions, U.S.-China relations are at the beginning of a new era. But this time the transition is not suffused with optimism and opportunity. The Biden team is coming to grips with the meaning of a broad-spectrum strategic competition between the United States and China. Indeed, by many metrics, this competition will be far more challenging than the Cold War. Beijing is more of a peer competitor than Moscow ever was; at the same time, the deep interdependence between the United States and China creates risks and vulnerabilities that will be difficult and costly to unwind. U.S. policymakers should heed the rising risk of armed conflict as the U.S.-China competition becomes even more militarized. The issues of war and peace will soon become front and center once again in global politics in ways not seen in decades. U.S. policymakers need an updated and larger tool kit of strategy and policy responses as they face the combination of strategic competition and deep economic and technological interdependence with China.

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*Cover photo: The Pudong district is reflected in the waterfront
in Shanghai, China.*
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