



BRIEFING NOTES

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THE U.S.-CHINA COMPETITION AND IMPACTS OF COVID-19 PANDEMIC

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SUMMARY

- ✚ Since China is a rising power, even before the COVID-19 pandemic, there were several sources of conflicts between China and U.S. including cyber security and IP, South China Sea, Taiwan/Hong Kong, and the trade war.
- ✚ The COVID-19 pandemic has stimulated and reinforced the US-China competition.
- ✚ The COVID-19 pandemic has caused a shift in power from the West (the U.S. in particular) to the East (China and Southeast Asian countries).
- ✚ The US is not actively and championing its traditional world leadership role, and instead it has allowed China to be demonstrating itself as the “savior of the world” under this pandemic.
- ✚ The COVID-19 pandemic has demonstrated that globalization in all commodities and resources is not a resilient approach for supply chain and manufacturing. Hence, governments need to focus inward after this pandemic has passed, and nationalism on certain essential goods and services should be reinforced and maintained.
- ✚ Given China’s significant economic growth during the past two decades due to opening their market and globalization, Chinese people and its government still believe in globalization. Consequently, a new form of regional globalization could be carried out that intensifies their influence in East and Southeast Asia.

PURPOSE

- ✚ To provide perspectives and analysis on current policies, trends, and issues regarding the impact of COVID-19 pandemic on US-China relationship and global competition.
- ✚ To narrow down and identify key challenges from a large volume and list of open-source information on global competition between US and China.

The U.S.-China Competition Before COVID-19 Pandemic

- ✚ According to [variants of power transition theory](#), conflicts most likely occur when a dissatisfied rising power attempts to attain an even distribution of political, economic, and military capabilities in presence of a dominant power.
- ✚ [In December 2003](#), the Chinese premier Wen Jiabao has announced “peaceful rise” aspirations and intention of China. This was in response to fears of Chinese “takeover” and China’s need for a peaceful environment to [maintain its growth rate](#).
- ✚ The current president of China Xi Jinping [has targeted to make China](#) a “global leader of composite national strength and international influence.” In this vision, China, with an

emphasis on respecting differences in values and politics, seeks for “win-win” solutions as opposed to the “zero-sum” power politics.





- ✚ China has implemented plans to become a [“fully modern economy and society”](#) by 2035.
- ✚ The emergence of China as a rising power has led into conflicts with the current dominant power, the U.S., most notably in the areas of intellectual property (IP) and commerce/trade war between these two countries.
- ✚ Following the trade war between U.S. and China, in Phase One of the trade deal, China has committed to purchase \$200 billion worth of products and services from U.S. Given the current circumstances (COVID-19 pandemic) and the estimated [1.2% economic growth of China in 2020](#), it seems to be highly unlikely that these target can be met. Consequently, it falls under U.S. decision to seek a trade balance or insist on American exports to China.

The Impact of COVID-19 Pandemic on the U.S.-China Competition

- ✚ President Donald Trump’s new national security strategy that was announced in 2017 is focused on great-power competition. The COVID-19 pandemic reveals that this strategy is inadequate. In case of transnational threats such as COVID-19 pandemic and climate change, the American power by itself will not be sufficient, and the key to managing these global crises would be is international cooperation and solidarity. The doctrine of “Great Power competition” prevents and damages the international solidarity; also it also results in “soft power” [competition between China and the US](#).
- ✚ Traditionally, during global crises, [the United States would step forward](#) to offer global leadership, given its unique economic, political, and military capabilities to foster and urge forward international efforts along the same direction. For example, in cases of Southeast Asian tsunami, global financial crisis and outbreak of Ebola in East Africa, the U.S. leadership in all fronts have been essential and instrumental for other countries to manage the challenges.
- ✚ Now, according to some general views among certain U.S. policymakers, coordination with China in case of COVID-19 pandemic is considered as a zero-sum competition. This can only damage and harm the U.S.’s global leadership for future challenges.
- ✚ The U.S. absence and role as an international leader during the COVID-19 pandemic has enabled China, through supplying and providing medical assistant to various countries, to position itself as a leader and champion from [the creator of the virus to a global savior](#).
- ✚ The ability of South Korea, Singapore, and China to respond and overcome to COVID-19 pandemic will [cause a shift in power from West to East](#).
- ✚ The U.S. model in fighting the pandemic has not been fully successful and by many international standards has failed. Meanwhile, South Korea, Singapore, Taiwan, and Japan are demonstrating successful measures, decisions, and policies that protect the social [liberties of people as opposed to the Chinese approach](#).

- ✚ China will become the center of the economic recovery in the East and Southeast Asia following the COVID-19 pandemic. Therefore, this will allow China to set the rules of a new geopolitical order and engagement in that region. One reason can be attributed to the fact that these countries cannot count on U.S. or the EU to [intensify their economic interdependency](#).
- ✚ One of significant impacts of the COVID-19 pandemic will be the reinforcement and resurgence of nationalism. Governments will be required to employ and develop their own independent types of [measures to manage the crisis](#).
- ✚ The idea of mutually beneficial globalization will take its place to nationalism and self-centered economies and supply chains.
- ✚ Due to the COVID-19 pandemic, governments and companies will be and forced to and focused on strengthening their internal capacity to overcome long periods of [economic self-isolation](#).
- ✚ Governments will intervene as well, pushing what they consider as strategic industries to have domestic backup plans and reserves. Profitability will fall (higher supply chain costs), but supply stability should rise.
- ✚ One of advantages of globalization has been that companies were able to bypass the costs of warehousing by outsourcing their manufacturing processes all over the world and distribute their products to markets on a just-in-time basis. The COVID-19 pandemic has interrupted this process of just-in-time based supply chain and production market.
- ✚ The principal idea and selling point of globalization was based on “efficiency”. However, the COVID-19 pandemic has shown that countries and governments require “resiliency” under emergency challenges and situations. Consequently, this new reality will result in security of supply chain at the expense of [sacrificing cost, quality, and choice](#).
- ✚ Globalization will be expanded at a *regional* level; however, it might slow down globally and across the world. Following this new reality, China will attempt to be more eager in direction of globalization within the East and South East Asia region. It will also reduce their economic relationships with U.S. as this will be their priority. Leading countries within each region and location will stimulate their own so-called *local* globalization since it will be [vital to their national interests](#).
- ✚ It seems majority of current policy makers in the U.S. government have lost faith in globalization and international trade. On the other hand, China has not lost this belief since its rapid economic growth during the past few decades has been the result of global engagement and investment. Moreover, the Chinese people have now gained confidence that makes them [believe they can compete anywhere](#).

NEXT STEPS (If applicable)

-  Governments need to be prepared to identify strategic resources, such as protective masks and personal protective equipment (PPE) in case of COVID-19, and other essential products in case of other natural disasters and future pandemics. This should be supported through local manufacturers that could produce these products within their own border, regardless of the fact that these products will not necessarily be market efficient in terms of production costs. This would lead to becoming a more resilient country to pandemics and natural disasters as *resiliency* should replace *efficiency* when it comes to strategic goods, necessities, and products.
-  Despite the focus on nationalism in the economy, majority of countries should strengthen their political relationship with their allies since they will not be capable of competing with China alone. The strategic allies for Canada continue to be U.S., European countries such as U.K. and France, as well as Australia (the Five Eyes).
-  The U.S. is faced with two choices; first, to engage in a zero-sum political and economic competition with China that would lead to global primacy; and second, cooperating with China that could lead to improvements to American public well-being. Canada, as the U.S. ally is faced with the same choices as well. Australia is another country that is following the U.S. political policy in regards to China.
-  The western countries, including U.S. and Canada, should provide support to Southeast Asian countries during the COVID-19 pandemic. Since Southeast Asian countries economy is becoming more fragile due to the COVID-19 pandemic, China will have a significant opportunity to win over trust of its former rivals in this region and turn them into its allies. On the other hand, the western countries need to seize on this opportunity and support Southeast Asian countries that had been their allies before this COVID-19 pandemic.

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