



# From Economic Cooperation to Strategic Competition: Understanding the US-China Trade Disputes through the Transformed Relations

Zhaohui Wang<sup>1</sup> · Jinghan Zeng<sup>2</sup>

Published online: 8 February 2020

© Journal of Chinese Political Science/Association of Chinese Political Studies 2020

## Abstract

This article investigates the escalation of US-China trade disputes and the implications for Sino-US relations. Both structural realism and liberal institutionalism have failed to pay sufficient attention to the evolution of the US-China economic relationship, and this article strives to highlight this crucial issue. The article employs a historical perspective to examine the transformation of US-China economic relations in the twenty-first century. It argues that the US-China economic relationship is evolving from a symbiotic but asymmetric one between 2001 and 2008, toward an increasingly competitive one after the 2008 global financial crisis, especially in the Trump-Xi era. The changing dynamics of US-China economic relations, as well as the shifting perceptions of the top leadership of each country toward the other, create the impetus for the transformation of Sino-US relations. This article suggests that the recent trade tension is embedded in the growing strategic competition between the two countries.

**Keywords** US-China economic relations · Trade disputes · Sino-US relations · Historical perspective

## Introduction

China's economy has experienced fast growth since Deng Xiaoping's "reform and opening-up" policy in the late 1970s. As the world's second-largest economy, China's

---

✉ Zhaohui Wang  
zhaohuiwang@xmu.edu.cn

Jinghan Zeng  
j.zeng3@lancaster.ac.uk

<sup>1</sup> School of International Relations and Center for Southeast Asian Studies, Xiamen University, 422 Siming South Road, Xiamen, Fujian 361005, China

<sup>2</sup> Department of Politics, Philosophy and Religion, Lancaster University, The Round House, Lancaster University, Lancaster LA1 4YW, UK

gross domestic product (GDP) share of the global total has continued to increase over the past few decades. One important feature of China's economic rise is that China's trade surplus with the rest of the world, especially with the United States (US), increased dramatically after China acceded to the World Trade Organization (WTO) in 2001. While this has helped China's integration into the world, China has often been criticized as a neo-mercantilist country that manipulates its currency to boost exports in the twenty-first century [15, 53]. Many US politicians and pundits have blamed China for maintaining the renminbi (RMB) at undervalued exchange rates against the US dollar to gain unfair trade advantages [13, 24].

This dissatisfaction over China's trade surplus has evolved into a rapid escalation of the trade disputes between the US and China since 2018. Under the Trump administration, the US has made a series of trade policy announcements, in particular tariffs on China, which led to immediate countermeasures by China. At the time of writing, both sides are locked in the ongoing trade disputes, and it remains unclear whether the negative consequences of the trade war will spill over into security and ideological domains. The trade disputes have led to serious concerns over the negative impact on both the American and Chinese economies as well as the global economy at large. This article aims to explain the fundamentals of the escalating US-China trade disputes and the implications for understanding the broader Sino-US relations. The article highlights the evolving nature of Sino-US relations, especially the rising strategic competition between China and the US.

Specifically, this article argues that neither the liberal nor the realist explanation for China's rise can fully capture the evolving nature of Sino-US relations. On the one hand, the liberal institutionalists emphasize the positive consequences of the American engagement policy and China's integration into the international liberal order. It is believed that, should the US reinforce the rules and institutions that Western countries have established over the past century, this could ensure that China will accept the existing norms and exercise its economic power in the existing liberal order [33]. On the other hand, the structural realists underline the inevitable outcome of the structural conflict between Beijing and Washington. It is claimed that, should China continue to grow economically, it will attempt to dominate Asia, and the US will form a balancing coalition to contain Chinese power, which will ultimately result in intense security competition [46].

Although the existing studies are not without merit, liberal institutionalists and structural realists arrive at vastly different readings of the relationship between China and the US (or the US-led international order). More importantly, it is worth noting that the liberal institutionalist account is only valid under the precondition of a cooperative bilateral economic relationship. The liberal institutionalists overlook the possible evolution of the US-China economic relationship from a cooperative one to an increasingly competitive one, thus failing to explain the changing dynamics of Sino-US relations. While structural realists underscore the increasingly conflictual nature of US-China relations along with the power transition between the two countries, they are largely focused on high-politics issues and do not provide nuanced examinations of the changing bilateral economic relations. Therefore, both structural realism and liberal institutionalism have failed to pay sufficient attention to the evolution of the US-China economic relationship.

This article employs a historical approach to examine the transformation of Sino-US relations, emphasizing the continuities and changes in US-China economic relations. We argue that though the US and China largely formed a symbiotic but asymmetric economic relationship in the early 2000s, this relationship is evolving into an increasingly competitive one under the Xi and Trump administrations. The US is increasingly concerned with China's growing competitiveness in high-tech manufacturing and its global ambition in leadership. The article aims to highlight that the changing dynamics of US-China economic relations, as well as the shifting perceptions of the top leadership of both countries regarding each other, create an impetus for the transformation of Sino-US relations which drive the recent escalation of trade disputes.

The article begins by providing a review of the liberal institutionalism and structural realist accounts of US-China relations and discusses the historical perspective to more closely examine the changing dynamics of the bilateral economic relations. The following two sections respectively elaborate on the symbiotic but asymmetric nature of US-China economic relations from 2001 to 2008 and the increasingly competitive US-China economic relationship thereafter. Based on the above analysis, the article discusses the implications of the evolving US-China economic relations with regard to Sino-US relations, followed by concluding remarks.

## Two Mainstream IR Theories and the Historical Perspective

The main debate over Sino-US relations is between two mainstream international relations (IR) theoretical approaches: structural realism and liberal institutionalism. Structural realists believe that Beijing is structurally predisposed to challenge Washington for regional domination and that the US will respond by forming a balancing coalition to contain Chinese power. In contrast, liberal institutionalists suggest that though the US cannot thwart China's rise, the US-crafted liberal international order will not only survive the power transition, but will be strengthened by it [4].

Mearsheimer [46, 47], who put forward the theory of offensive realism, argues that should China continue to grow economically, "great-power politics will return in full force" and "the result will be an intense security competition with considerable potential for war." Allison [1: vii] closely reviews the historical metaphor of "the Thucydides Trap" and further suggests that "China and the United States are currently on a collision course for war – unless both parties take difficult and painful actions to avert it." From this perspective, the Belt and Road Initiative (BRI), Xi Jinping's signature foreign policy, is viewed not simply as China's promotion of regional economic integration, but more importantly, as China's response to the US "Rebalance to Asia" strategy and even China's grand strategy to establish a Sino-centric order in Eurasia [20].

In contrast, Ikenberry, a prominent liberal institutionalist scholar, has a firm belief that the liberal rule-based order is durable and capable of accommodating the rise of China. Though liberal institutionalists admit that the US will probably decline, they insist that the resilience and durability of the liberal international order will not. Ikenberry [34: 6] argues that "although the old American-led hegemonic system is troubled, what is striking about liberal internationalism is its durability." Ikenberry [34: 9] also claims that Russia and China "may not soon or ever fully transform into

liberal states, but the expansive and integrative logic of liberal international order creates incentives for them to do so – and it forecloses opportunities to create alternative global orders.” Specifically, liberals suggest that the increasing trade and investment between the US and China promotes economic development and interdependence, which ensures that both countries exercise their economic powers within the international liberal order [33, 36]. In line with this perspective, Henry Paulson [50], then US Secretary of the Treasury, suggests that Washington’s engagement policy is successful and that the US-China economic relationship is more productive than ever before. Hence, some liberals view China’s BRI as a product of open and inclusive cooperation in the globalization era, which is completely different from the realist account [43].

Although the two mainstream IR theoretical approaches provide critical insights into the future of Sino-US relations and what factors will be influential in determining their course, they remain circumscribed due to their opposite conclusions. More importantly, though the liberal institutionalists recognize the crisis confronting the American-led liberal international order, they claim that it is “a crisis of [US] authority within the old hegemonic organization of liberal order, not a crisis in the deep principles of the order itself” [34: 6]. They largely overlook the changing nature of US-China economic relations and China’s evolving stance toward the liberal international order. The liberal institutionalist account of China’s rise rests on the assumption of a cooperative bilateral economic relationship between the US and China. However, this assumption should not be taken for granted. As this article will suggest in more detail below, the US-China economic relationship is not static but dynamic in nature. Moreover, faced with the challenges posed by Brexit and the Trump administration, it is less plausible that the liberal world order will simply survive. It is also less convincing that the liberal order is so durable that China simply “does not have the ideas, capacities, or incentives to tear down the existing international order and build a new one” [35: 55]. Clearly, China is dissatisfied in many ways with the current global institutional presence, which is particularly evident in China’s call for reform of the international monetary system and promotion of RMB internationalization after the 2008 global financial crisis (GFC) [70, 83]. Many liberals also expected inevitable democratization led by China’s economic development and integration into the liberal international order. However, China has been actively exporting its authoritarian values. China’s promotion of “internet sovereignty” is a clear example of how China has contested global norms to strengthen its authoritarian rule [82]. Therefore, China’s recent rise has led to concerns regarding its impact in undermining rather than strengthening the liberal norms at the global stage.

In contrast, the structural realist account of US-China relations takes into consideration the power distribution of the international system, which is actually changing over time. It effectively explains the increasingly conflictual nature of US-China relations along with the power transition between the two countries. However, the structural realist account is very much focused on security issues, and less attention is paid to the changing bilateral economic relations [51, 57, 58]. Shambaugh [55: 14] argues that “there is one common dominator across the neorealist spectrum – that contemporary and future Sino-American relations have been, and will continue to be, characterized predominantly by strategic competition, geopolitical rivalry, and the possibility of military conflict.” This does not claim that the structural realists downplay the

importance of economic issues but suggests that they have not provided nuanced examination, which is necessary because the US-China relationship is a unique combination of deep interdependence, limited cooperation, and increasing competition [55: 4–5]. More specifically, how did the bilateral economic relationship evolve from a cooperative to a competitive one? To what extent does China's economic growth threaten American security? How do the top leaders of both countries perceive the evolving bilateral relations? Therefore, the structural realist claim – that should China continue to grow economically, there will be intense security competition between China and the US – offers limited insights. In a nutshell, it calls for a closer examination of the evolving bilateral economic relationship and the implications for the broader Sino-US relations.

Therefore, this article suggests that the historical perspective is helpful in incorporating a dimension of time to further examine US-China economic relations. The article assumes that the US-China economic relationship is not static but dynamic in nature. The US-China economic relationship could change from a more cooperative relationship, such as one of free trade, investments, and technology transfers, to a more competitive one, with tariffs and quotas, investment restrictions, and even economic sanctions. Both structural realism and liberal institutionalism have failed to pay sufficient attention to the evolution of the US-China economic relationship, and this article strives to highlight this crucial issue.<sup>1</sup> The historical perspective emphasizes the continuities and changes in the US-China economic relations. The article proceeds in the two subsequent sections to specifically analyze the evolution of the US-China economic relationship in the twenty-first century. The analysis demonstrates that the 2008 GFC is a watershed and that the post-2008 transformation from a cooperative US-China economic relationship to a competitive one did not happen overnight, but rather in a gradual and incremental manner. The tariff war and, more fundamentally, the American classification of China as a strategic competitor mark a phase transformation in the relationship, an instance of the quantity of accumulated issues fundamentally changing the quality of the US-China economic relationship [48].

Furthermore, it is worth noting that the US-China economic relationship evolving from a cooperative to a competitive one does not directly translate into a more competitive Sino-US relationship. The more intense economic competition between the “foreign policy executives” [44] (that is, the Trump and Xi administrations) needs to be perceived and assessed in our study. The perceptions of the top leaders, including Trump's perception of the rising challenge from China's economic aggression and Xi's perception of China's international status in the new era, are important intervening variables in the causal mechanism. This is because, for both the US and China, the top leaders enjoy a pre-eminent position in foreign policy decision-making, owing to the constitutional privileges of their offices and/or their strong personalities [16: 9-10]. An analytical framework for understanding the US-China trade disputes is shown below (Figure. 1). The following sections will examine how the changing dynamics of US-China economic relations, along with the shifting perceptions of the top leadership of

<sup>1</sup> There is a substantial body of literature on the history of Sino-US relations. See, for example, Warren I. Cohen [12], Henry Kissinger [39], David Shambaugh [54], Nancy Bernkopf Tucker [64], and He Kai [28]. However, they are largely focused on security issues, and less attention is paid to the changing bilateral economic relation.

each country toward the other, create an impetus for the transformed Sino-US relations, which drive the recent escalation of trade disputes.

## The Symbiotic but Asymmetric US-China Economic Relationship from 2001 to 2008

This section shows that the US-China economic relationship was more complementary and cooperative in nature from 2001 to 2008. The liberal institutionalist account of the relationship between China and the US (also the US-led international order) relies on this precondition. Specifically, the US and China formed a symbiotic relationship in the capitalist world economy beginning in the late 1990s: the US consumes China's inexpensive exports and pays China in US dollars, and China holds US dollar and Treasury bonds, even providing loans to the US. The foundation of the symbiotic US-China economic relations is twofold: the dollar's core status in the international monetary system and China's dependence on the dollar and the US market.

On the one hand, the US emerged from the two World Wars to become the economically and politically dominant state. The US specialized in the production of the most advanced goods, which involved the use of the most sophisticated technologies and capital-intensive production. The dollar has always been the single dominant currency in the international monetary system, both in the Bretton Woods system of gold exchange standard and in the post-Bretton Woods monetary system of fiat currencies [29]. The international role of the dollar endowed the US with several advantages: issuing dollars as the world trading and reserve currency, the willingness of foreign official institutions to purchase and hold US government bonds, the privilege of running balance-of-payment deficits without implementing structural adjustments like other borrowing countries, and the related and crucial discretion of the Federal Reserve to implement expansionary monetary policy to stimulate a recessionary economy or remove debt with inflation [70]. Under the circumstances, the world's continuous demand for US dollars along with economic growth allowed Americans collectively to consume more than they produced, which generated persistent American trade deficits for around five decades [14].

On the other hand, China has followed the steps of Japan and the newly industrialized economies to stimulate export-oriented growth since Deng Xiaoping's "reform and opening-up" policy in the 1980s. China took measures to create a favorable environment for foreign investment and business, which facilitated its rapid capital accumulation and export-oriented growth after the 1980s. China maintained a roughly

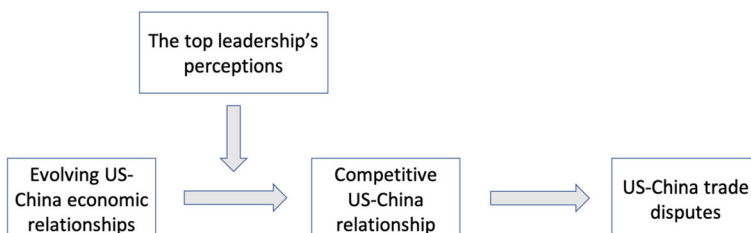


Fig. 1 An analytical framework to understand the US-China trade disputes

fixed exchange rate against the dollar from 1994 to 2005 and allowed very limited appreciation and flexibility in the RMB exchange rate from 2005 to 2008. After China joined the WTO in 2001, China’s low-cost manufacturing and low-level exchange rate made Chinese goods particularly competitive in the world market, which generated large trade surpluses. Furthermore, with China’s increasing trade surplus and economic growth, China’s central bank, the People’s Bank of China, faced enormous pressure of currency appreciation and engaged in sterilized interventions by selling RMB and buying dollars in the foreign exchange market. The result was the continuous expansion of China’s foreign exchange reserves. China also used a part of these foreign reserves to purchase US Treasury bonds in order to finance American balance-of-payment deficits. Figure 2 depicts the symbiotic US-China economic relationship from 2001 to 2008.

Notably, after China’s accession to the WTO in 2001, China further developed its complementary economic relationship with the US and integrated into the capitalist world economy. Figure 3 demonstrates the increasing importance of export-driven growth for the Chinese economy from 2001 to 2008. Figure 4 shows China’s overall trade surplus and bilateral trade surplus with the US from 1994 to 2008. The real turning point in China’s position in global trade and payments took place after 2001. Its trade surplus rose sharply after 2003, as did its bilateral trade surplus with the US. Figure 5 delineates China’s exchange rate against the dollar from 1994 to 2008. China pegged its currency to the dollar at very competitive rates for around 10 years after 1994 and allowed very gradual appreciation of its currency for three years from 2005 to 2008. Figure 6 shows the corresponding dramatic increase in China’s holdings of foreign reserves and US securities from 2001 to 2008. It is estimated that about two-thirds of China’s reserves were held in the form of dollar debt [68]. Therefore, the symbiotic US-China economic relationship could be seen from the division of labor and the flow of commodities, services, and capital between the two countries. Some observers even perceived the two economies as conjoined twins, “ChinAmerica” or “Chimerica” [22, 38], which was based on Chinese export-led growth and American overconsumption.

Furthermore, it is worth noting that China was more vulnerable in the symbiotic relationship than the US, which was particularly evident with the outbreak of the 2008 GFC. Figure 7 shows the export propensity index for China and the US before the 2008

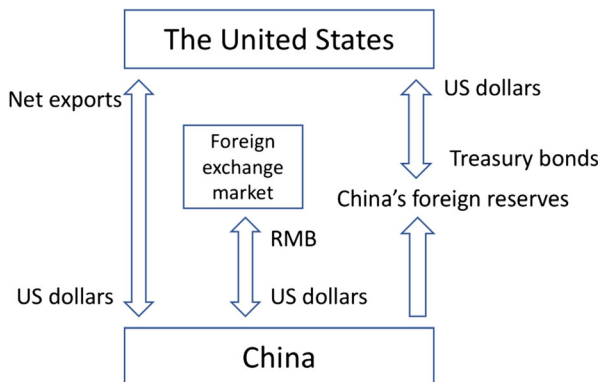
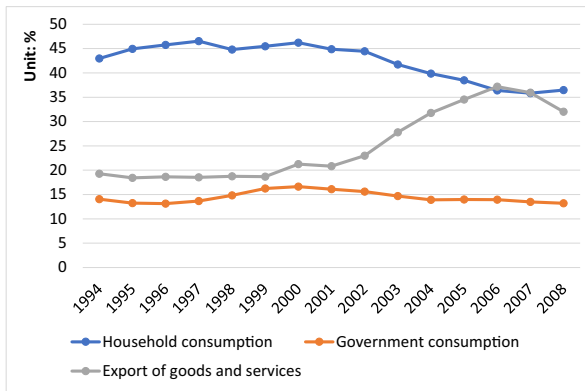


Fig. 2 The symbiotic US-China economic relationship from 2001 to 2008

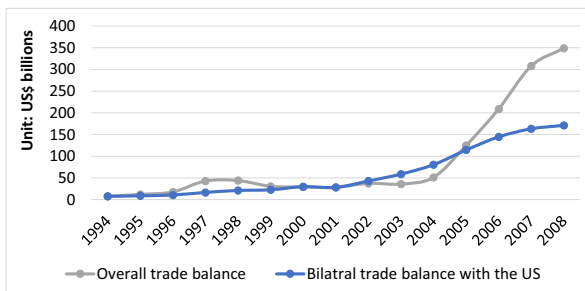




**Fig. 3** China's consumption and export as percentages of GDP, 1994–2008. Source: World Bank Data, <<http://data.worldbank.org/country/china>>

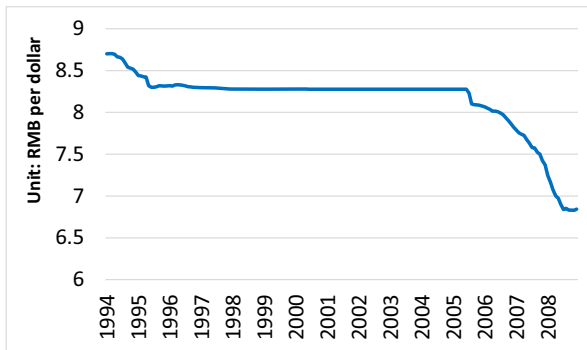
GFC. The index measures the degree of a country's reliance on the foreign market. China's export propensity index was well above 20% after 2000 and reached 30% from 2004 to 2008. With a considerably higher export propensity index, the Chinese economy was more vulnerable to external shocks, which can be seen from the enormous difficulties faced by its manufacturing exports after the 2008 GFC. While its exports grew by an average of more than 20% month-by-month for most of 2008, they fell dramatically by 2.2% in November (see Fig. 8). China's export-oriented industrialization encountered the external shock of the GFC at the end of 2008 and experienced negative growth in 2009. Under these severe conditions, the Chinese government rolled out a series of ad hoc rescue policies, including the mega fiscal stimulus plan and expansionary monetary policy in 2009.

Above all, it reflects the symbiotic but asymmetric nature of the US-China economic relationship from 2001 to 2008. China's export-driven growth and its accumulation of dollar reserves and US debt are closely intertwined with the dollar hegemony in the international monetary system and America's increasing over-drafting consumption and trade deficit [18, 19, 29, 31, 32]. Keynes suggested that "If you owe your bank manager a thousand pounds, you are at his mercy. If you owe him a million pounds, he is at your mercy" [17]. This logic applies to US-China economic relations as well. China was more vulnerable in the symbiotic relationship of its own making. Chinese leaders were very aware of China's disadvantaged



**Fig. 4** China's overall trade surplus and bilateral trade surplus with the US, 1994–2008. Source: IMF Direction of Trade Statistics, <<http://data.imf.org/?sk=9D6028D4-F14A-464C-A2F2-59B2CD424B85>>





**Fig. 5** RMB exchange rate against the US dollar, 1994–2008. Source: IMF International Financial Statistics, <<http://data.imf.org/?sk=5DABAFF2-C5AD-4D27-A175-1253419C02D1>>

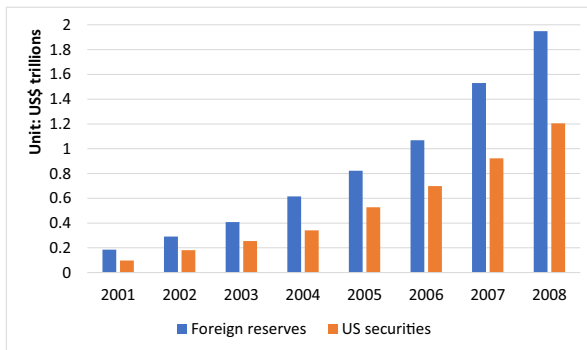
position in the asymmetric US-China economic relationship and intended to make some changes after the crisis was resolved.

A contradiction is worth noting: while China's unbalanced trade relationship with the US and the “dollar trap” in which it was mired during the 2001–2008 period show China's disadvantaged position, many American politicians and analysts criticized China's unfair trade practices, which had hurt American workers and industries since then.<sup>2</sup> Our position is that the US and China have had their respective gains and losses in economic globalization, but there are also winners and losers in economic globalization within each country. Specifically, China's export-oriented industrialization is coupled with the repression of wages and domestic private consumption [32]. China's foreign reserves shrank with the declining value of the US dollar after the global financial crisis, which was largely attributable to the quantitative easing (QE) programs conducted by the US Federal Reserve starting in 2008. It is understandable that many US officials and analysts think that America suffered from the outsourcing of US industries and manufacturing jobs. However, it is more accurate to say that outsourcing generated redistributive effects within the US. The capital owners and multinational corporations benefited from lower costs and higher profits abroad, while the US manufacturing workers suffered from the outsourcing. Moreover, it is worth noting that the US consumers benefited significantly from the low-cost Chinese goods. This is closely linked to our previous discussion of “dollar hegemony in the international monetary system and America's over-drafting consumption and trade deficit”.

## The Increasingly Competitive US-China Economic Relationship after 2008

The 2008 GFC marked an important turning point in US-China economic relations, heralding a transformation from the original symbiotic relationship between 2001 and 2008 toward an increasingly competitive one after 2008, especially in the Trump-Xi era. The present article argues that this is the result of a variety of factors, including China's domestic economic reforms and growing ambition in global economic

<sup>2</sup> We would like to thank the reviewer for suggesting this contradiction.



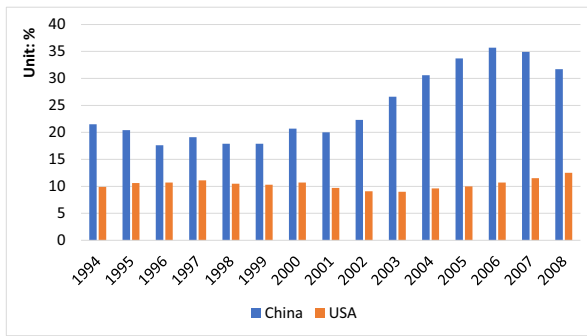
**Fig. 6** China's foreign reserves and holdings of US securities, 2001–2008. Source: IMF International Financial Statistics, <<http://data.imf.org/?sk=5DABAFF2-C5AD-4D27-A175-1253419C02D1>>; US Treasury Department, <<https://ticdata.treasury.gov/Publish/shla2012r.pdf>>

governance. The Chinese economic transformation plans at home and abroad advanced through three successive stages over the past ten years: (1) from 2009 to 2012, the Chinese leadership (Hu and Wen) was very aware of the disadvantages of overdependence on the US market and dollar, but placed priority on growth and stability and put domestic economic reforms as a secondary priority; (2) from 2013 to 2016, the Chinese leadership (especially Xi) was very confident and capable in carrying out substantial reforms in both domestic and international domains; (3) from 2017 to 2019, with the Trump administration defining China as a strategic competitor, China resisted bowing to America's demand for structural changes in China's industrial and technology policies and continued to chart its own course in economic reforms.<sup>3</sup> They have contributed to the growing competitive nature of US-China economic relations; therefore, the trade friction has deep roots.

As mentioned earlier, the 2008 GFC had an immediate negative effect on Chinese exports and, thus, threatened China's economic trajectory significantly, revealing the vulnerability of China's export-oriented economic growth model. From 2009 to 2012, the Chinese leadership recognized the negative consequences of excessive external dependence on the dollar and the foreign market. For instance, Wen Jiabao, the Premier at the time, stated that the Chinese economy was “unbalanced, uncoordinated and unsustainable” and that China needed to restructure and rebalance its economy for sustainable growth [74]. However, in practice, the Chinese leadership's immediate response in the face of the global financial crisis and economic downturn was to spare no effort in maintaining economic growth, which provided important sources for social stability. The economic transition and rebalancing, which was conducive to China's economy in the long term, was given secondary importance [3: 79–80, 37: 361].

After the crisis was resolved, the Chinese economic transformation plans were more effectively enforced at home and abroad under the Xi administration. Domestically, China put forward comprehensive deepening reforms, including market-price mechanisms, fiscal and taxation systems, land and residence registration systems, and financial liberalization, all of which aim to enhance China's economic transformation and

<sup>3</sup> We would like to thank the reviewer for suggesting the gradual and incremental evolution of the US-China competitive economic relationship.



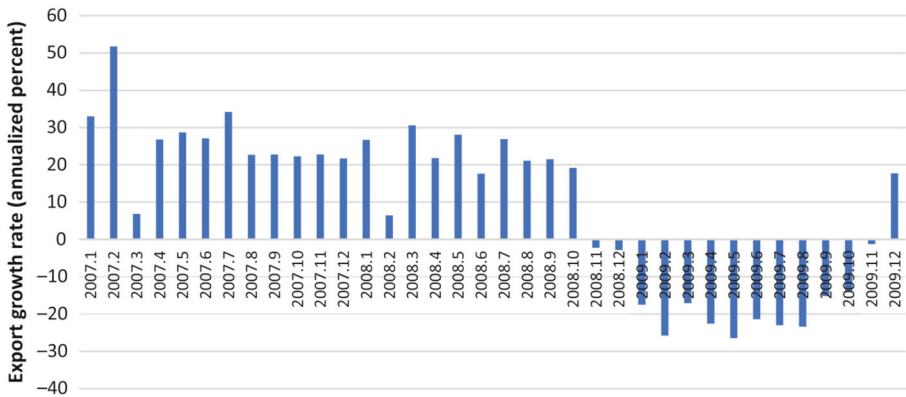
**Fig. 7** Export propensity index for China and the US, 1994–2008. Source: UN Comtrade Database, <<https://comtrade.un.org/>>

improvement [75]. Xi also stated that the Chinese economy has entered a “new normal” that allows a medium-to-high growth rate, with more balanced and sustainable growth. Indeed, China’s economic slowdown was caused more by the domestic economic structure embedded in the country’s labor-intensive and export-oriented growth model than the sluggish demand from the foreign market.<sup>4</sup> Therefore, Xi clearly aimed to transform China’s growth model from one of inexpensive exports and low-efficiency investments to one driven by domestic consumption and innovation [76]. China’s lower economic growth target, announced by the top leadership, reduced the obsession with the GDP and gave more leeway for economic transformation and improvement. If successful, this implies that China’s economic growth will become less reliant on the US market, or, in other words, it may become less “dependent” on the US. To some Chinese scholars, this will help to make China less vulnerable when dealing with the US and, thus, more capable of taking harsh actions toward the US [10, 11].

More importantly, China’s reform plans reveal its ambition to compete with leading global innovators, such as the US. For example, China’s State Council released a national blueprint for promoting manufacturing innovation called “Made in China 2025” on 19 May 2015. The plan identified ten key sectors for China’s innovation-driven development, including new information technology, numerical-controlled machine tools and robotics, aerospace equipment, and ocean engineering equipment [77]. Not only did China demonstrate its plan to steer away from labor-intensive industries to high-tech manufacturing; it also showed its ambition to become a global leader in innovation. The guideline pledges that “China will be an innovative nation by 2020, an international leader in innovation by 2030, and a world powerhouse of scientific and technological innovation by 2050” [59]. To employ the terms of world-system theory, China upgraded from periphery to semi-periphery after three decades of “reform and opening-up” policy, and is further proceeding to semi-core (and even core) in the three decades after the 2008 GFC. Therefore, China’s manufactured products are expected to encounter more intense competition with advanced/industrialized countries like the US, Germany, and Japan.

Internationally, China became a more proactive participant in global economic governance. Xi Jinping put forward the “Silk Road Economic Belt” and “21st-Century Maritime Silk Road” initiatives in Kazakhstan and Indonesia, respectively, in 2013. To

<sup>4</sup> We would like to thank the reviewer for suggesting this point.



**Fig. 8** China's monthly export growth rate, 2007–2009. Source: National Bureau of Statistics, People's Republic of China, <<http://data.stats.gov.cn/english/easyquery.htm?cn=A01>>

Beijing, China's BRI is expected to serve the function of bridging the reforms across the domestic and international domains. Domestically, it aims to resolve two problems in the Chinese economy, overcapacity and excessive foreign reserve [69]; internationally, it aims to further promote the internationalization of the RMB [41]. With deepening regional economic integration, not only will the BRI provide new markets for China's manufacturing goods, but it will also boost RMB internationalization by increasing RMB-denominated investments and trade. This is not to say that the BRI will necessarily unfold according to Beijing's plan. Nonetheless, the point to emphasize is that this kind of plan creates anxiety over China's global ambition and contributes to the competitive elements of Sino-US relations. Under these circumstances, the US-China economic relationship is evolving from a symbiotic relationship between 2001 and 2008 toward an increasingly competitive relationship after the 2008 GFC, especially in the Trump-Xi era. The reasons behind the ongoing evolution are largely from a series of China's domestic and global economic plans.

Moreover, driven by the need to support infrastructure development in Asia, China put forward the Asian Infrastructure Investment Bank (AIIB) to fund infrastructure projects in Asia. While China claims that the AIIB has a supplementary role relative to existing organizations such as the IMF and the World Bank, many consider the AIIB as China's challenge to the pillars of the US-crafted global financial order.<sup>5</sup> The story of how China built an alliance to create the AIIB and the US's failure to contain it demonstrates the contention between the US and China for leadership in global economic governance [42]. Although there is continued debate about China's motivation behind the AIIB, AIIB at least represents an example of China's quest for global economic governance reform in an incremental way [49]. Xi stated the following at the AIIB inauguration ceremony: "The founding and opening of the AIIB means a great deal to the reform of the global economic governance system. It is consistent with the

<sup>5</sup> For those who view AIIB as a challenge to the IMF and World Bank, see for example Paola Subacchi [56]. For those who regard AIIB as supplementary to IMF and World Bank, see for example Ren Xiao [52]. For those who take an evolutionary perspective and provide more nuanced analysis, see for example Jeffrey D. Wilson [73] and Shahar Hameiri and Lee Jones [26].

evolving trend of the global economic landscape and will help make the global economic governance system more just, equitable and effective [78].

With China's continued economic transformation, it has been upgrading its exports from labor-intensive to more capital- and technology-intensive products, which creates greater competition with products manufactured in advanced/industrialized countries like the US, Germany, and Japan. With the internationalization of the RMB, China reduces its dependence on the US dollar to some extent, at least in regional trade, investment, and reserve currency arrangements [5, 8]. The unfolding of the BRI and the establishment of the AIIB are claimed to facilitate regional development and cooperation to create a favorable environment for China's economic transformation and RMB internationalization. Should the BRI be carried out according to Beijing's plan, it might result in a Sino-centric regional order in Asia. It is not suggested that there is a guaranteed success for China's developments in the above three programs, but that the process will be accompanied by more intense economic competition between the US and China.

This growing competitive nature of US-China economic relations after the 2008 GFC has also been captured by empirical studies. Caporale, Sova and Sova confirm the significant change in China's trade structure, associated with a shift from labor-intensive to capital- and technology-intensive exports [6]. Hamia [27] finds that the competitiveness indices of China's manufactured goods increased rapidly after 2010, surpassing those of US industries in international markets. Should "Made in China 2025" be implemented successfully, the gap is expected to further widen. Kwan [40] finds that owing to China's increasingly sophisticated trade structure in recent years, its complementarity with industrialized countries (the United States, Japan, and Germany) has been diminishing, and competition with newly industrializing economies (India and Indonesia) and resource countries (Australia and Russia) has also been decreasing.

This is, of course, not to say that the US and China have no or little economic complementarity at present. Economic indicators such as US-China bilateral trade volume and China's holdings of US Treasury bonds suggest that the two countries are still very important economic partners to each other. It would be a mistake, or at least too early, at this stage to say that the nature of US-China economic relations has fundamentally changed. The emphasis of this article is not on the transformed consequence but on the evolutionary process, in which the US experiences increasing anxiety regarding China's growing competitiveness. Several key US government agencies and think tanks expressed such concerns in 2017.

For instance, the US-China Economic and Security Review Commission (USCC) [67] declared that "the Chinese government is implementing a comprehensive, long-term industrial strategy to ensure its global dominance." In the USCC's 2017 annual report submitted to the US Congress, "Made in China 2025" was described as Beijing's strategy to unfairly make China's companies more competitive than foreign companies, first at home and then abroad. The USCC also views China's BRI as having strong intentions to expand China's leverage and influence over strategically important places.

---

<sup>0</sup> For those who view AIIB as a challenge to the IMF and World Bank, see for example Paola Subacchi [56]. For those who regard AIIB as supplementary to IMF and World Bank, see for example Ren Xiao [52]. For those who take an evolutionary perspective and provide more nuanced analysis, see for example Jeffrey D. Wilson [73] and Shahar Hameiri and Lee Jones [26].

Like the USCC, the US Trade Representative (USTR) [66] attributed the rising US-China economic competition to China's state-directed approach for achieving dominance in advanced technology. The USTR's 2017 annual report to the US Congress raised serious concerns about "Made in China 2025", which included state intervention and support to promote China's high-tech industries at the expense of foreign enterprises. Members of other government associations and think tanks, such as the National Defense Industrial Association and the Center for Strategic and International Studies, also accused China of stealing American intellectual property, which unfairly erodes US competitiveness and weakens US industries [62].

Above all, China's growing economic competitiveness has increased the perception of China as a significant threat to the US. As suggested by realists, statesmen are unlikely to avert relative-gain considerations, particularly in the process of an economic relationship evolving from a symbiotic to a more competitive one: "each side not only considers its individual gain, but also how well it does compared to the other side" [45: 12]. As will be discussed in the following section, this growing American concern regarding China's economic competitiveness gives rise to a more strategically competitive Sino-US relationship, which sows the seeds of trade tension between the two countries.

## Strategically Competitive Sino-US Relationship Taking Shape

With the US-China economic relationship evolving from a symbiotic toward a more competitive one, the Sino-US relationship is undergoing significant transformation as well. While the Bush administration focused on both economic and strategic engagement with China, the Obama administration maintained economic cooperation with China but made some strategic adjustments ("Asia Rebalancing" and then "Pivot to Asia"). In contrast, Trump criticized his predecessors for what he called the false premise that engagement and cooperation with China would be conducive to productive Sino-US relations. The Trump administration is presently concerned with China's growing economic strength and military capability, which could erode American prosperity and security; therefore, the administration is taking strategic actions to compete with China.

The 2017 US National Security Strategy (NSS) report represents a significant shift in America's China policy. The White House [63] released the Trump administration's first NSS report on December 2017, and Trump declared that the publication was a milestone for his presidency. China was mentioned thirty-three times in Trump's NSS in 2017, compared with twelve times in Obama's NSS in 2015 (no NSS was produced in 2016). In Obama's NSS in 2015, although the US recognized that there would be some competition between the two countries, the Obama administration welcomed "the rise of a stable, peaceful, and prosperous China" and sought to "develop a constructive relationship with China" [60]. However, Trump's NSS in 2017 clearly pointed out that the US should reverse the Obama administration's strategy on China:

"For decades, U.S. policy was rooted in the belief that support for China's rise and for its integration into the post-war international order would liberalize China; contrary to our hopes, China expanded its power at the expense of the sovereignty of others" [61].

Instead, it clearly defined China as a revisionist power with the ambition to expand its economic and military influences regionally and globally. The NSS put America first and further proposed that the US must protect four vital national interests in this competitive world: first, to protect the American people, the homeland, and the American way of life; second, to promote American prosperity; third, to preserve peace through strength; and fourth, to advance American influence [61]. As China was considered to undermine America's prosperity and influence, the NSS declared that the US must be fully prepared to compete with China: "we will raise our competitive game to meet that challenge, to protect American interests, and to advance our values" [61].

Furthermore, the US Department of Defense issued the National Defense Strategy (NDS) in January 2018 to support Trump's 2017 NSS. The NDS identified China as a "strategic competitor that uses predatory economics to coerce its neighbors" and defined "the reemergence of long-term, strategic competition by China as the central challenge to U.S. prosperity and security" [65]. Accordingly, the NDS declared that "long-term strategic competitions with China are the principal priorities for the Department" [65]. It also proposed to expand the competitive space and required "combined actions with the U.S. interagency to employ all dimensions of national power" [65]. This proposal from the NDS helps to explain the US export ban against Huawei, a prominent example that America will mobilize multiple elements of national power – diplomacy, information, economics, and intelligence – to win the 5G technology race against China. Therefore, the escalation of US-China trade tension from a tariff war to a technology war was fundamentally rooted in the strategic competition between the two countries.

It is evident that both NSS and NDS reveal that a more strategically competitive Sino-US relationship is taking shape under the Trump administration. China's incremental reforms after the 2008 GFC reflect its desire to stimulate industrial and technological upgrading domestically, to promote international economic governance reform, and to establish a Sino-centric regional order internationally. From Trump's perspective, China's economic development and expansion substantially undermine American interests, influence, and leadership in the global political economy. Both the NSS and NDS suggest that the Trump administration will not stand by and let this power transition continue. However, they have not provided clear operational guidelines regarding what strategic competition means on the ground. What we can see from practice for now is that the US is sparing no effort to slow China's economic development and technological advancement and to contain China's growing influence. In a nutshell, the US and China are essentially competing for global leadership: with China demonstrating growing economic competitiveness in high-tech manufacturing and its ambition of leadership in global economic governance, Trump is committed to "making America great again" and retaining America's leadership role.

Under the circumstances, Trump has reversed his predecessors' strategy regarding China and commenced all-around competition to keep ahead of China. Economically, Trump has attempted to use the leverage of tariffs and American purchasing power to compel China to address the trade deficit and correct its behavior of "unfair" competition, such as China's restricted market access and state support for industrial production. The complaints against China's state-led economic regime arise primarily because of the size of China's economy and the enhanced role of the state, which many see as making its enterprises unfairly more competitive than foreign companies [30]. Financially, the US Treasury recently designated China as a currency manipulator, which



intensified the danger of a currency war. Militarily, the Trump administration coined and pursued an Indo-Pacific strategy to counterbalance China's growing influence along with the BRI. Technologically, the US has striven to maintain world leadership in technological innovation, which has fueled both its economic advantage and military predominance. As mentioned, a prominent example is the fact that both Republicans and Democrats believed that it was time to cut Huawei down to size, as Trump declared that "we cannot allow any other country to out-compete the United States in this powerful industry of the future. ... The race to 5G is a race America must win" [2]. Last but not least, the Trump administration undermined the One-China framework by approving the Taiwan Travel Act and "routinized" arms sale to Taiwan. Despite the danger of further escalation, Taiwan is still an important card for Washington to play against mainland China. It is quite obvious that there has been a shift toward tougher US policies on China in various areas, which reflects a high degree of consensus across the political, business, and academic communities [72].

The shifting American perception of China did not happen in a vacuum. China has also gradually changed its US policy because of the shifting international landscape. Since the late 1980s and early 1990s, Deng Xiaoping's "keeping a low profile and never striving for leadership" principle has been hailed by the Chinese government as a fundamental principle of its foreign policy. This is particularly applicable to (if not specifically designed for) the Sino-US relationship. On the one hand, maintaining a good relationship with the US is considered crucial to practicing this principle. On the other hand, China's priority lies in domestic economic development, with little interest in claiming global economic leadership. This has contributed to the cooperative nature of Sino-US relations in global governance.

This principle of "keeping a low profile and never striving for leadership", however, has been increasingly challenged within China. Many argue that the principle no longer suits China's national interests in light of the shifting international landscape [21]. It is argued that the Chinese economy has become so large that it has to take on more international responsibilities. Thus, China should adopt the principle of "striving for achievement", which suggests a proactive approach to striving for global leadership [79]. The financial crisis has advanced the debate by giving more credit to those who advocate for abandoning the "keeping a low profile" strategy. It has led to an intense debate over the strength of the capitalist world economy and the future liberal international order with and without China. The crisis led to the reflection of China's strategic community on China's role in the global order and the future of US leadership.

Combined with the change in domestic leadership, China has gradually indicated increasing interest in global economic governance. The concept of a "New Type of Great Power Relations" pushed by Xi Jinping's leadership is a clear example. Arguably, it is "G2" with Chinese characteristics, in which China plays an equally powerful role with the US in the global governance architecture [81]. This is an idea that was clearly rejected by China in 2009. After the 2008 GFC, many expected China to play a larger role in global economic governance to prevent another global financial crisis. The ideas of "G2" and "Chimerica", for example, were highlighted at the time as alternative global governance models. However, guided by the principle of "keeping a low profile", China clearly rejected those ideas at the time, as many argued that China was not ready for global leadership [9]. Nonetheless, the financial crisis led to China's domestic reflections on its limited role in global economic governance, and many argue

that such global governance would be very ineffective if China continued its “keeping a low profile” approach and remained limited in its contribution or participation on the international stage [25]. Since China became the second-largest world economy in 2010, the size of the Chinese economy dictates that it can no longer be a “free rider.” This domestic reflection, combined with China’s leadership change, led to Xi Jinping’s push for a “New Type of Great Power Relations” in 2012. This Chinese-coined concept based on an equal power status of bilateral relations marks a different Chinese understanding of Sino-US relations, focused more on the asymmetric elements of this bilateral relationship.

While the idea of a New Type of Great Power Relations failed to win an enthusiastic response from the US, it did not prevent China from realizing its ambition in global economic governance. Following the shift in its foreign policy principle from “keeping a low profile and never striving for leadership” to “striving for achievement”, China has gradually become an active participant in global economic governance, as demonstrated by the aforementioned case of the AIIB. This marks a clear departure from Deng Xiaoping’s doctrine of “never striving for leadership.” Xi even declared in 2015 that “we are unprecedentedly close to the center of the world stage, unprecedentedly close to achieving the goal of China’s great rejuvenation, and unprecedentedly equipped with the ability and confidence to achieve this goal” [7]. All of this reflects China’s top leadership’s perception of China’s international status and its global ambition shifting from a norm/system-taker toward a norm/system-maker [80]. The increasingly competitive US-China economic relations and the shifting perceptions of the top leaders regarding each other contribute to the increasingly competitive nature of Sino-US relations on the international stage.

Returning to the recent US-China trade disputes, US domestic politics and Trump’s personality could have an important influence on the trade disputes under the rising US-China competition, but this article suggests that the trade tension is embedded in the strategic competition between the two countries. Based on the above analyses, this trade tension could be likened to the tip of an iceberg above the surface of the water, since it represents only 10% of the issues between the two countries, while the strategic competition between the countries is more fundamental and represents 90% of the issues, representing the mass of the iceberg that is underwater [71]. Garrett’s [23] insightful comments indicate that “recent trade skirmishes between China and the United States are less about steel and soybeans and more about which country will be the leader in global innovation in the 21st century.” Although it remains unclear whether the two countries will further escalate the trade war to other areas, it is expected that the trade tension will not be resolved simply by a few rounds of negotiations. Further escalation is very likely on the way. It will be a prolonged and complicated effort for Washington and Beijing to put the trade disputes on hold and prevent a broader trade war.

## Conclusion

The recent intensified trade tension between the US and China has once again heightened global concerns that a trade war between the two largest economies would have serious consequences for the world economy. This article has explored the fundamentals of the rapidly escalating US-China trade disputes and the implications

for Sino-US relations. Based on a critical review of the two mainstream IR theories, liberal institutionalism and structural realism, the article suggests a historical perspective to incorporate the dimension of time to examine US-China economic relations. It sheds light on the historical evolution of US-China economic relations from a symbiotic relationship between 2001 and 2008, toward an increasingly competitive relationship after the 2008 GFC. It shows that the driving factors largely come from the Chinese government's ambitious economic transformation plans at home and abroad. The Chinese leadership, especially under the Xi administration, has also demonstrated confidence in China's leading role in global economic governance. The evolutionary process intensified America's concern about China's growing economic competitiveness in high-tech manufacturing and its ambition of leadership in global economic governance. There was a clear shift in America's stance toward China at the end of 2017. The most recent NSS and NDS clearly demonstrate that the Trump administration regards China more as a strategic competitor than as an economic partner.

In this sense, the rapid escalation of trade disputes could be better understood in the context of such a strategically competitive Sino-US relationship. The high-level trade talks between the two countries turned out to be quite difficult and inconclusive, and it is expected that the trade dispute will not be resolved simply by negotiations. In light of the rising US-China competition, trade friction between the two countries is likely to increase under the Trump-Xi administrations.

**Funding** This research has been supported by Special Research Funds for Area Studies by Ministry of Education of the People's Republic of China (grant number: 19GBQY068), Project Funds by Fujian Federation of Social Science Circles (grant number: FJ2019B011) and Fundamental Research Funds for the Central Universities (grant number: 20820181018).

## References

- Allison, Graham. 2017. *Destined for war: Can America and China escape Thucydides's trap?* New York: Houghton Mifflin Harcourt.
- Bases, Daniel. 2019. 'The race to 5G is a race America must win', Donald Trump says as US announces plans to accelerate high-speed wireless development. *South China Morning Post*, April 13. Retrieved from <https://www.scmp.com/news/world/united-states-canada/article/3005988/us-announce-large-scale-5g-development-plans-race>.
- Breslin, Shaun. 2012. China and the crisis: Global power, domestic caution and local initiative. In *East Asia and the global crisis*, ed. Shaun Breslin, 77–92. London: Routledge.
- Callahan, William A. 2016. China's "Asia dream": The belt road initiative and the new regional order. *Asian Journal of Comparative Politics* 1 (3): 226–243.
- Campanella, Miriam L. 2014. *The Internationalization of the Renminbi and the Rise of a Multipolar Currency System*. European Centre for International Political Economy Working Paper No. 01/2014. Retrieved from <http://ecipe.org/publications/internationalization-renminbi-and-rise-multipolar-currency-system>. Accessed 15 June 2018.
- Caporale, Guglielmo Maria, Anamaria Sova, and Robert Sova. 2015. Trade flows and trade specialisation: The case of China. *China Economic Review* 34: 261–273.
- Chen, Yuxiang and Guangyuan Xue. 2015. "Three unprecedented": Scientific judgment of the historical position of contemporary China. *Xinhua*, November 8. Retrieved from [http://www.xinhuanet.com/politics/2015-11/08/c\\_128405116.htm](http://www.xinhuanet.com/politics/2015-11/08/c_128405116.htm). Accessed 18 June 2018.
- Chin, Gregory. 2014. China's rising monetary power. In *The Great Wall of money: Power and politics in China's international monetary relations*, ed. Eric Helleiner and Jonathan Kirshner, 184–212. New York: Cornell University Press.

9. China Daily. 2009. Wen rejects allegation of China, US monopolizing world affairs in future. May 21. Retrieved from [http://www.chinadaily.com.cn/china/2009-05/21/content\\_7920906.htm](http://www.chinadaily.com.cn/china/2009-05/21/content_7920906.htm). Accessed 2 June 2018.
10. Chu, Shulong, and Liwei Fang. 2010. Long-term trend of Sino-US relations. *Contemporary International Relations* 6: 20–24.
11. Chu, Shulong, and Chen Ying. 2012. Rational thoughts and the prospect of Sino-US relations. *Contemporary World and Socialism* 4: 25–28.
12. Cohen, Warren I. 2010. *America's response to China: A history of Sino-American relations*. New York: Columbia University Press.
13. Coudert, Virginie, and Cécile Couharde. 2007. Real equilibrium exchange rate in China: Is the renminbi undervalued? *Journal of Asian Economics* 18 (4): 568–594.
14. Coy, Peter. 2018. The tyranny of the U.S. dollar. *Bloomberg*, October 3. Retrieved from <https://www.bloomberg.com/news/articles/2018-10-03/the-tyranny-of-the-u-s-dollar>. Accessed 2 July 2019.
15. Cwik, Paul F. 2011. The new neo-mercantilism: Currency manipulation as a form of protectionism. *Economic Affairs* 31 (3): 7–11.
16. Dosch, Jörn. 2014. Mahathirism and its legacy in Malaysia's foreign policy. *European Journal of East Asian Studies* 13 (1): 5–32.
17. Eichengreen, Barry. 2009. The dollar dilemma: The world's top currency faces competition. *Foreign Affairs* 88 (5): 53–68.
18. Eichengreen, Barry. 2010. *Global imbalances and the lessons of Bretton woods*. Cambridge, Massachusetts: The MIT Press.
19. Eichengreen, Barry. 2011. *Exorbitant privilege: The rise and fall of the Dollar and the future of the international monetary system*. New York: Oxford University Press.
20. Fallon, Theresa. 2015. The new silk road: Xi Jinping's grand strategy for Eurasia. *American Foreign Policy Interests* 37 (3): 140–147.
21. Fan, Qinghua. 2011. Sino-US relations: How to develop healthily. *World Affairs* 5: 24–26.
22. Ferguson, Niall, and Moritz Schularick. 2007. 'Chimerica' and the global asset market boom. *International Finance* 10 (3): 215–239.
23. Garrett, Geoffrey. 2018. Why the U.S.-China 'trade war' is really about the future of innovation. *Knowledge@Wharton*, April 9. Retrieved from <http://knowledge.wharton.upenn.edu/article/u-s-china-trade-war-really-future-innovation>. Accessed 18 November 2018.
24. Goldstein, Morris, and Nicholas Lardy. 2006. China's exchange rate policy dilemma. *The American Economic Review* 96 (2): 422–426.
25. Guang Ming Daily. 2014. China, a responsible power participating in global governance. July, 17. Retrieved from [http://epaper.gmw.cn/gmrb/html/2014-07/17/nw.D110000gmrb\\_20140717\\_2-02.htm](http://epaper.gmw.cn/gmrb/html/2014-07/17/nw.D110000gmrb_20140717_2-02.htm). Accessed 2 July 2018.
26. Hameiri, Shahar and Lee Jones. 2018. China challenges global governance? Chinese international development finance and the AIIB. *International Affairs* 94 (3): 573–593.
27. Hamia, Mohamad Abou. 2016. The US and Chinese International Trade Indices: A Comprehensive Empirical Survey. *LinkedIn*, November 1. Retrieved from <https://www.linkedin.com/pulse/us-chinese-international-trade-indices-comprehensive-abou-hamia>. Accessed 28 June 2018.
28. He, Kai. 2017. Explaining United States-China relations: Neoclassical realism and the nexus of threat-interest perceptions. *Pacific Review* 30 (2): 133–151.
29. Helleiner, Eric. 2014. *The status quo crisis: Global financial governance after the 2008 meltdown*. New York: Oxford University Press.
30. Huang, Yukon. 2019. U.S.-China economic tensions: Origins and global implications. *China International Strategy Review* 1 (1): 127–138.
31. Hung, Ho-fung. 2009. America's head servant? The PRC's dilemma in the global crisis. *New Left Review* 60: 5–25.
32. Hung, Ho-fung. 2013. China: Savior or challenger of the dollar hegemony? *Development and Change* 44 (6): 1341–1361.
33. Ikenberry, John. 2008. The rise of China and the future of the west: Can the liberal system survive? *Foreign Affairs* 87 (1): 23–37.
34. Ikenberry, John. 2011. *Liberal leviathan: The origins, crisis, and transformation of the American world order*. Princeton, NJ: Princeton University Press.
35. Ikenberry, John. 2013. The rise of China, the United States, and the future of the liberal international order. In *Tangled titans: The United States and China*, ed. David L. Shambaugh, 53–74. New York: Rowman & Littlefield Publishers.
36. Ikenberry, John. 2018. Why the liberal world order will survive. *Ethics & International Affairs* 32 (1): 17–29.

37. Jiang, Yang. 2015. Vulgarisation of Keynesianism in China's response to the global financial crisis. *Review of International Political Economy* 22 (2): 360–390.
38. Jones, Handel. 2010. *CHINAMERICA: The uneasy partnership that will change the world*. New York: McGraw-Hill.
39. Kissinger, Henry. 2012. *On China*. New York: Penguin.
40. Kwan, Chi Hung. 2013. *Trade Structure of China Becoming More Sophisticated: Changing complementary and competitive relationships with other countries*. Research Institute of Economy, Trade and Industry, June 5. Retrieved from <https://www.rieti.go.jp/en/china/13060502.html>. Accessed 28 June 2018.
41. Landry, David G. and Heiwai Tang. 2017. Rise of the redback: Internationalizing the Chinese renminbi. *The Diplomat*, September 16. Retrieved from <https://thediplomat.com/2017/09/rise-of-the-redback-internationalizing-the-chinese-renminbi>. Accessed 10 July 2018.
42. Le Corre, Philippe. 2015. *Dividing the West: China's new investment bank and America's diplomatic failure*. Brookings, March 17. Retrieved from <https://www.brookings.edu/blog/order-from-chaos/2015/03/17/dividing-the-west-chinas-new-investment-bank-and-americas-diplomatic-failure>. Accessed 25 June 2018.
43. Liu, Weidong, and Michael Dunford. 2016. Inclusive globalization: Unpacking China's belt and road initiative. *Area Development and Policy* 1 (3): 323–340.
44. Lobell, Steven E., Norrin M. Ripsman, and Jeffrey W. Taliaferro. 2009. *Neoclassical realism, the state, and foreign policy*. Cambridge, Massachusetts: Cambridge University Press.
45. Mearsheimer, John. 1994. The false promise of international institutions. *International Security* 19 (3): 5–49.
46. Mearsheimer, John. 2014. Can China rise peacefully? *The National Interest*, October 25. Retrieved from <http://nationalinterest.org/commentary/can-china-rise-peacefully-10204>. Accessed 6 June 2018.
47. Mearsheimer, John. 2018. *The great delusion: Liberal dreams and international realities*. New Haven: Yale University Press.
48. Menon, Shivshankar. 2019. Worse China-US relations: An Indian view. *China International Strategy Review* 1 (1): 33–38.
49. Paradise, James F. 2019. China's quest for global economic governance reform. *Journal of Chinese Political Science* 24: 471–493.
50. Paulson, Henry M. 2008. A strategic economic engagement: Strengthening U.S.-Chinese ties. *Foreign Affairs* 87 (5): 59–77.
51. Pillsbury, Michael. 2016. *The hundred-year Marathon: China's secret strategy to replace America as the global superpower*. New York: Henry Holt and Company.
52. Ren, Xiao. 2016. China as an institution-builder: The case of the AIIB. *The Pacific Review* 29 (3): 435–442.
53. Rodrik, Dani. 2013. The new mercantilist challenge. *Project Syndicate*, January 9. Retrieved from <https://www.project-syndicate.org/commentary/the-return-of-mercantilism-by-dani-rodrik>. Accessed 18 June 2018.
54. Shambaugh, David. 2000. Sino-American strategic relations: From partners to competitors. *Global Politics and Strategy* 42 (1): 97–115.
55. Shambaugh, David. 2012. *Tangled titans: The United States and China*. New York: Rowman & Littlefield Publishers.
56. Subacchi, Paola. 2015. The AIIB is a threat to global economic governance. *Foreign Policy*, March 31. Retrieved from <http://foreignpolicy.com/2015/03/31/the-aiib-is-a-threat-to-global-economic-governance-china>. Accessed 10 July 2018.
57. Sutter, Robert. 2010. *U.S.-Chinese relations: Perilous past, pragmatic present*. Lanham, MD: Rowman & Littlefield Publishers.
58. Sutter, Robert. 2012. *Chinese foreign relations: Power and policy since the cold war*. Lanham, MD: Rowman & Littlefield Publishers.
59. The State Council of People's Republic of China. 2016. *Guideline for China's innovation-driven development published*. May 20. Retrieved from [http://english.gov.cn/policies/latest\\_releases/2016/05/20/content\\_281475353682191.htm](http://english.gov.cn/policies/latest_releases/2016/05/20/content_281475353682191.htm). Accessed 16 June 2018.
60. The White House. 2015. *National Security Strategy 2015*. February 6. Retrieved from <http://nssarchive.us/national-security-strategy-2015>. Accessed 25 June 2018.
61. The White House. 2017. *National Security Strategy 2017*. December 18. Retrieved from <http://nssarchive.us/national-security-strategy-2017>. Accessed 25 June 2018.
62. The White House. 2017. *wSupport for President Donald J. Trump's Section 301 Trade Actions*. March 23. Retrieved from <https://www.whitehouse.gov/briefings-statements/saying-support-president-donald-j-trumps-section-301-trade-actions>. Accessed 25 June 2018.
63. The White House. 2017. *A New National Security Strategy for a New Era*. December 18. Retrieved from <https://www.whitehouse.gov/articles/new-national-security-strategy-new-era>. Accessed 25 June 2018.

64. Tucker, Nancy Bernkopf. 2012. The evolution of U.S.-China relations. In *Tangled titans: The United States and China*, ed. David L. Shambaugh, 29–50. New York: Rowman & Littlefield Publishers.
65. United States Department of Defense. 2018. *Summary of the 2018 National Defense Strategy of the United States of America*. Retrieved from <https://www.defense.gov/Portals/1/Documents/pubs/2018-National-Defense-Strategy-Summary.pdf>. Accessed 25 June 2018.
66. US Trade Representative. 2018. *2017 Report to Congress on China's WTO Compliance*. Retrieved from <https://ustr.gov/sites/default/files/files/Press/Reports/China%202017%20WTO%20Report.pdf>. Accessed 10 December 2018.
67. US-China Economic and Security Review Commission. 2017. *2017 Report to Congress of the U.S.-China Economic and Security Review Commission*. Retrieved from [https://www.uscc.gov/sites/default/files/annual\\_reports/2017\\_Annual\\_Report\\_to\\_Congress.pdf](https://www.uscc.gov/sites/default/files/annual_reports/2017_Annual_Report_to_Congress.pdf). Accessed 10 December 2018.
68. Walter, Andrew. 2013. Addressing global imbalances. In *China across the divide: The domestic and global in politics and society*, ed. Rosemary Foot, 152–175. New York: Oxford University Press.
69. Wang, Yong. 2016. Offensive for defensive: The belt and road initiative and China's new grand strategy. *The Pacific Review* 29 (3): 455–463.
70. Wang, Zhaohui. 2017. The economic rise of China: Rule-taker, rule-maker, or rule-breaker? *Asian Survey* 57 (4): 595–617.
71. Wang, Yong. 2019. Interpreting US-China trade war background, negotiations and consequences. *China International Strategy Review* 1 (1): 111–125.
72. Wang, Jisi, and Ran Hu. 2019. From cooperative partnership to strategic competition: A review of China-U.S. relations 2009-2019. *China International Strategy Review* 1 (1): 1–10.
73. Wilson, Jeffrey D. 2017. The evolution of China's Asian Infrastructure Investment Bank: From a revisionist to status-seeking agenda. *International Relations of the Asia-Pacific* 19 (1): 147–176.
74. Xinhua. 2010. Premier Wen Jiabao press conference. March 14. Retrieved from [http://www.xinhuanet.com/politics/2010lh/zljzh\\_index.htm](http://www.xinhuanet.com/politics/2010lh/zljzh_index.htm). Accessed 8 July 2018.
75. Xinhua. 2013. CPC announces decision on comprehensive reform. November 12. Retrieved from [http://news.xinhuanet.com/english/china/2013-11/12/c\\_132882325.htm](http://news.xinhuanet.com/english/china/2013-11/12/c_132882325.htm). Accessed 8 July 2018.
76. Xinhua. 2014. Xi's "new normal" theory. November 9. Retrieved from [http://news.xinhuanet.com/english/china/2014-11/09/c\\_133776839.htm](http://news.xinhuanet.com/english/china/2014-11/09/c_133776839.htm). Accessed 8 July 2018.
77. Xinhua. 2015. "Made in China 2025" plan unveiled. May 19. Retrieved from [http://www.xinhuanet.com/english/2015-05/19/c\\_134251770.htm](http://www.xinhuanet.com/english/2015-05/19/c_134251770.htm). Accessed 8 July 2018.
78. Xinhua. 2016. Full text of Chinese President Xi Jinping's address at AIIB inauguration ceremony. January 16. Retrieved from [http://www.xinhuanet.com/politics/2016-01/16/c\\_1117796389.htm](http://www.xinhuanet.com/politics/2016-01/16/c_1117796389.htm). Accessed 8 July 2018.
79. Yan, Xuetong. 2014. From keeping a low profile to striving for achievement. *The Chinese Journal of International Politics* 7 (2): 153–184.
80. Zeng, Jinghan. 2016. Constructing "new type of great power relations": The state of debate in China (1998-2014). *British Journal of Politics and International Relations* 18 (2): 422–442.
81. Zeng, Jinghan, and Shaun Breslin. 2016. China's 'new type of great power relations': A G2 with Chinese characteristics? *International Affairs* 92 (4): 773–794.
82. Zeng, Jinghan, Tim Stevens, and Yaru Chen. 2017. China's solution to global cyber governance: Unpacking the domestic discourse of "internet sovereignty". *Politics and Policy* 45 (3): 432–464.
83. Zhou, Xiaochuan. 2009. *Reflections on the reform of the international monetary system*. People's Bank of China, March 23. Retrieved from <http://www.pbc.gov.cn/hanglingdao/128697/128719/128772/825742>. Accessed 2 July 2018.

**Zhaohui Wang** is Assistant Professor at the School of International Relations and the Center for Southeast Asian Studies, Xiamen University, China. His research focuses on politics and international relations, China studies and Southeast Asian studies. His academic articles have appeared in *Asian Studies Review*, *Asian Survey* and *Journal of Contemporary China* among others.

**Jinghan Zeng** is Professor of China and International Studies in the Department of Politics, Philosophy and Religion at Lancaster University. His research lies in the field of China's domestic and international politics. He is the author of *The Chinese Communist Party's Capacity to Rule: Ideology, Legitimacy and Party Cohesion* (2015). His academic papers have appeared in *The Pacific Review*, *Journal of Contemporary China*, *International Affairs*, *JCMS: Journal of Common Market Studies* among others.