

China's Responses to a Changing External Environment

14 Annual Queen's Institute on Trade Policy

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Growing External Hostility

- Section 232 investigations
- Tariffs
- Investment screenings
- Indo-Pacific Economic Framework (IPEF)
- Export controls
- CHIPS and Science Act

China's RCEA's 04

I. Retaliation

- Carefully calibrated
- Non-escalatory
- Consistent pro-trade rhetoric in *People's Daily*
- Less than proportionate in some cases

II. Diversification

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- - China-Cambodia FTA (2020)
 - China-

II. Diversification



II. Diversification



II. Diversification



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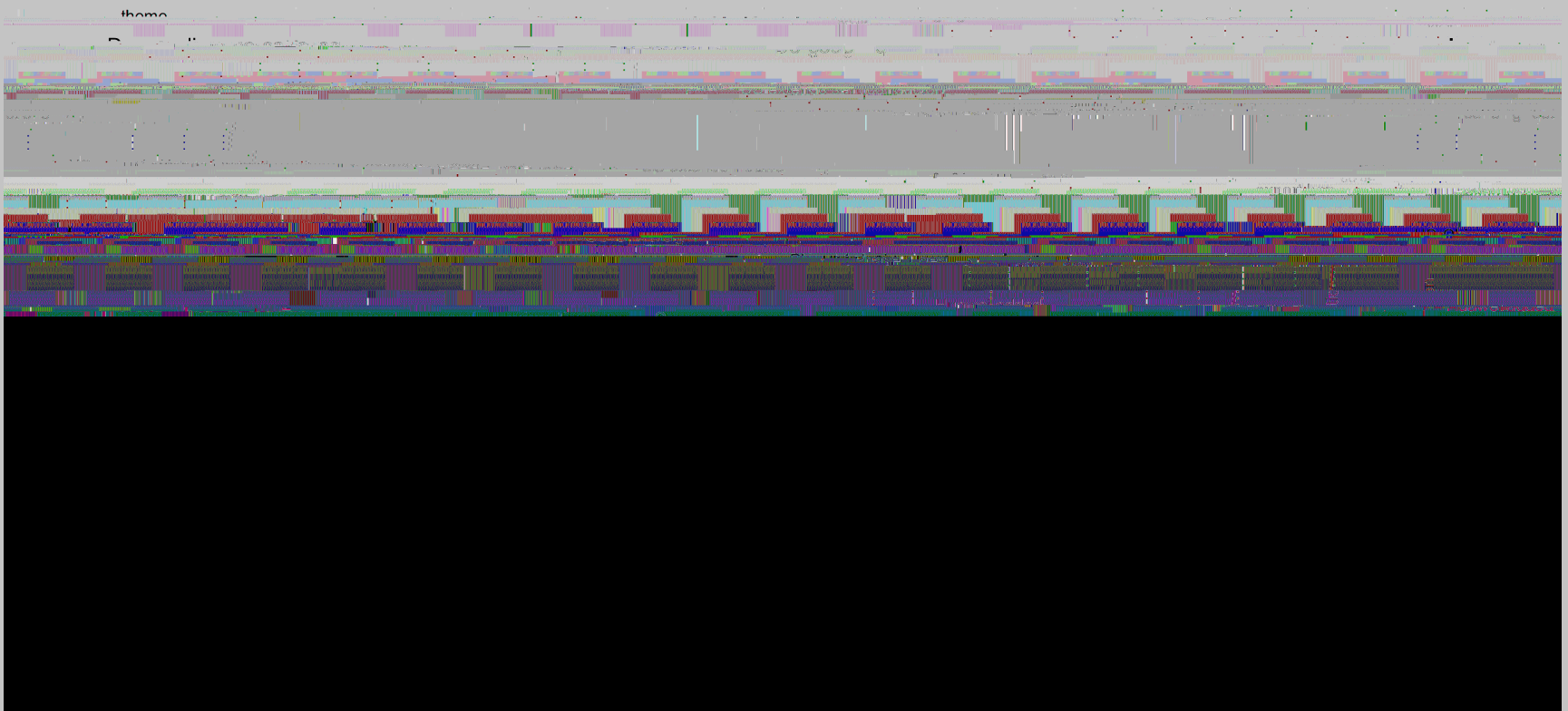


II. Diversification



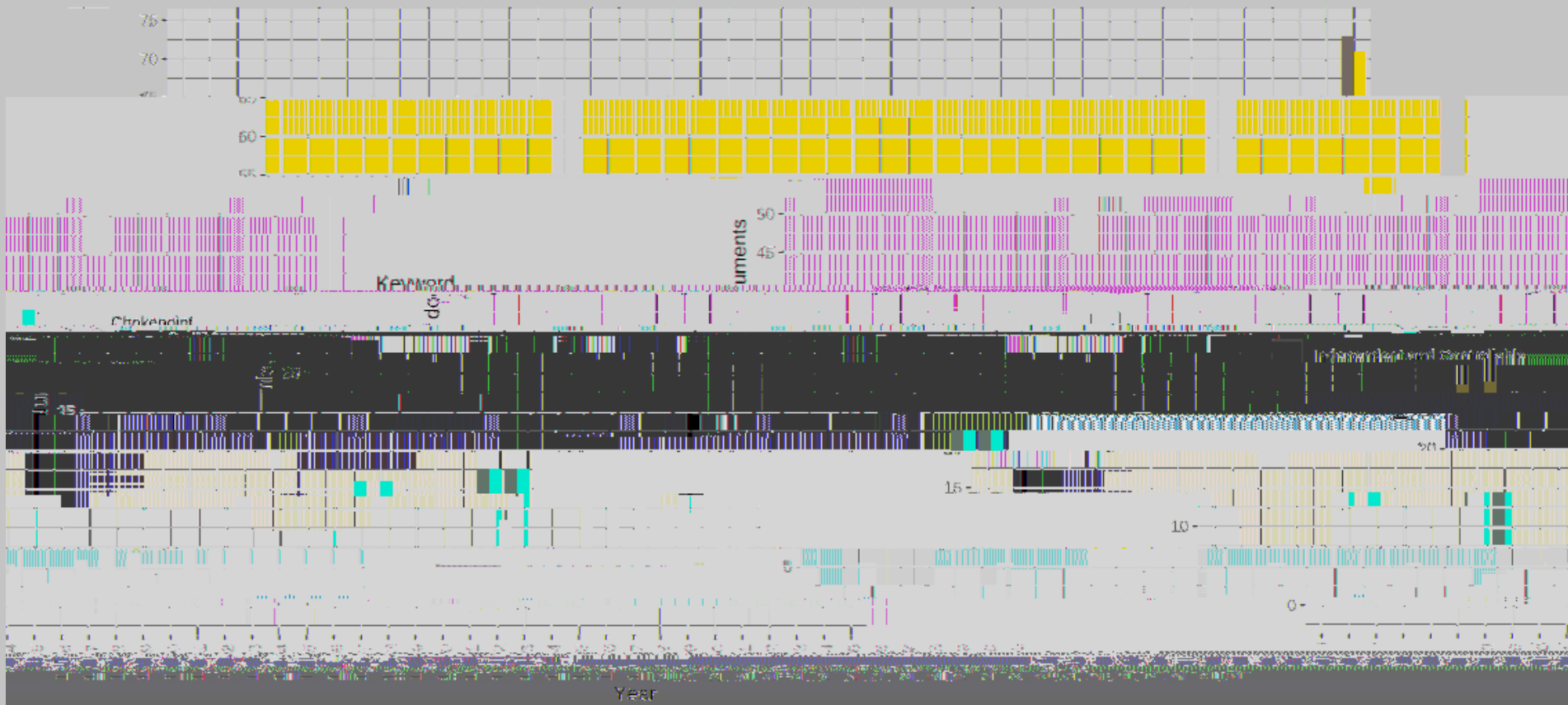
III. Securitization

- Shift in elite thinking: integration as a source of vulnerability



III. Securitization

- Increasing policy emphasis on economic vulnerabilities and



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! Security mentioned 17 times

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! National strength needed in **ac** i e l e b n d i n g h e

III. Securitization

- Solidification of the “containment” narrative
- *People’s Daily* response to IPEF launch:
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III. Securitization

- Formal shift in the CCP's threat assessment
- Xi Jinping's 2017 Party Congress report:
 - "Our country has entered a period when strategic opportunity **coexists with risks and challenges, and uncertainties and unforeseen factors are rising**"
 - "the world has entered a period of turbulence and transformation."

Implications

China's multi-faceted responses

- Retaliate without escalation
 - Diversify
 - Securitize
- } Dual circulation

Dual Circulation

- Doctrinal formalization of long-standing trends/concerns
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Implications

- US-China securitization spiral
- US actions fuel a containment narrative in China → justifies further securitization → negative feedback loop to US
- Whose strategic interests does this serve?
- Need for a clear articulation of the desired political and economic relationship with China
- “Competition” is a stance, not a strategy