[**Compete and contain**](https://www.dawn.com/news/1716641/compete-and-contain)

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ON the eve of the 20th Chinese Communist Party congress, which later confirmed a [historic third term](https://www.dawn.com/news/1716504) for President Xi Jinping, the US announced its [National Security Strategy](https://www.dawn.com/news/1714960), reiterating its overwhelming priority is to “outcompete China”. The timing may have been coincidental. But it was telling that while President Xi was proclaiming China’s global power had increased, the US was resolving to deal with its “greatest geopolitical challenge” — China. Asserting that the post-Cold War era is over, the NSS said competition was now underway between the major powers to shape the future of the international order in the “decisive decade” ahead.

The US document affirmed that the country’s principal strategic goal was to prevail in the competition with China, the only nation with the economic, military, diplomatic and technological muscle to reshape the global order. To pursue this aim, it sought to strengthen coalitions it was building, through Nato, the AUKUS security partnership, the Quad, Five Eyes group as well as its Indo-Pacific policy. Russia needed to be constrained but the challenge it posed was different. While it constituted an immediate threat evidenced by the Ukraine war, it lacked China’s broad-spectrum capabilities.

Given the politically fractured and polarised state of the US today, the NSS acknowledged America needed to fix its damaged democracy to be able to compete abroad. Claiming the national security strategy had “broken down the dividing line between foreign and domestic policy”, it said internal shortcomings would have to be remedied. Apart from a challenged democracy, it mentioned the threat from “domestic violent extremists”, including those “motivated by racial or ethnic prejudice”. Building internal strength meant investment in innovation, infrastructure, industrial and technological progress.

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The theme of building domestic strength dominated President Xi’s address to the party congress. With development the top priority, his emphasis was on renewing “high-quality” economic growth by focusing on innovation and education and accelerating self-reliance in science and technology. But in urging preparedness to navigate “strong winds and high waves” and “danger in times of peace”, he called for stepped-up efforts to build a “world-class military”.

Despite the tech war and tensions over Taiwan, economic decoupling is a distant possibility.

The goals marshalled out by the US and China are no surprise. Nor indeed their efforts to empower themselves for a more intense phase of competition that both agree is taking place in an unstable international environment. But in the near term, their stance on Taiwan might be the most consequential to their relationship and to international peace and security. President Xi’s pronouncements on the issue were unambiguous. Warning of “dangerous storms ahead”, he again drew a strategic red line in reiterating Beijing’s opposition to Taiwan’s independence. China sought peaceful reunification with Taiwan but it was for Beijing to decide its timing. He said China reserved the right to use force and other necessary measures but explained this message was “directed solely at interference by outside forces and the few separatists seeking Taiwan independence” and not the people of Taiwan.

China should be reassured by the reiteration of the One China policy in America’s NSS as well as the claim it does not support Taiwanese independence. But the document also says Washington would oppose any unilateral effort to change the status quo. Beijing can take little comfort in combative statements by President Biden and back-to-back provocative US actions. Beijing sees these as contradicting Washington’s other more reasonable pronouncements in deliberate erosion of its One China policy. Biden has [said](https://www.dawn.com/news/1711014) several times he would be prepared to use military force if Taiwan was attacked by China. Even Western analysts construe this as a reversal of what was long described as a policy of ‘strategic ambiguity’, which stopped short of committing to militarily defend Taiwan while voicing concern for the island’s security. Recently, Washington also announced a billion-dollar [arms package](https://www.dawn.com/news/1708314) for Taiwan. This came on the heels of controversial visits by US House Speaker Nancy Pelosi and other Congresspersons to Taipei. They were denounced by Beijing, which conducted missile tests around the Taiwan strait in a show of force. The US Congress is now set to authorise $10 billion in military aid over five years for Taipei.

While Taiwan represents the most dangerous arena of US-China confrontation, tensions are escalating on other fronts too. Washington is engaged in a battle to maintain supremacy in technology, where the NSS states the aim is to outpace China. Earlier this month, the US announced [wide-ranging measures](https://www.dawn.com/news/1714088) to bar American companies from exporting chips and advanced chip equipment to China in order to cripple its semiconductor industry, that manufactures chips and circuits needed in modern electronics ranging from supercomputers and smartphones to automobiles. Semiconductors are also a vital element in the development of artificial intelligence, in which US experts believe China currently has the edge. These restrictions were the latest in the ‘chip war’ and described as “the biggest shift in US policy” on tech exports to China since the 1990s. In response, Xi promised tech self-reliance in his address to the party congress.

American companies will also suffer by the US move. An important question is how far Washington is prepared to go in high-end technology decoupling and whether high-tech companies from other countries, none of whom were consulted, will follow these unilateral measures. This has far-reaching implications for countries across the world especially if decoupling results in a potentially disruptive bifurcation of the digital world.

None of this means the two global powers will not continue to be economically interdependent. China remains the largest source of imports for the US, which provides its people goods at low prices. It is also one of the largest markets for US manufactures and products. The trade war waged by the US against China by slapping higher tariffs on imports and China’s counter measures hasn’t changed that ineluctable reality. American companies benefit greatly from doing business in China. China also continues to own a substantial amount of US debt — around $1 trillion – in Treasury securities. This makes economic decoupling a distant possibility. But the question is whether this can act as a sufficient brake on tensions between the world’s two largest economies and urge them towards what Henry Kissinger calls “co-evolution” even as they engage in intense competition and a high-end tech war.

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