



***HOW THE NEW NATIONAL SECURITY  
STRATEGY TRANSFORMS US CHINA  
POLICY***

BY BRAD GLOSSERMAN

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*For more from this author, see his recent chapter of [Comparative Connections](#).*

The United States has transformed its policy toward China.

This shift is not plain from the language of the [National Security Strategy](#), released this week, even though that document identifies China as a country with “the intention and, increasingly, the capacity to reshape the international order in favor of one that tilts the global playing field to its benefit.”

Rather, the change becomes visible with the study of speeches by top administration officials, recent presidential executive orders and other actions by the US government.

Previously, the US, along with allies and partners, focused on preventing China from acquiring technology that would improve its military capabilities. The ambition is now much grander: The goal is to constrain the development of China’s high-tech economy, to thwart its rise as a challenger to US (and Western) technological supremacy.

It is a risky strategy and may instead accelerate developments it seeks to thwart.

During the Cold War and the period after, the US approach was one-dimensional—it sought to deny adversaries access to technologies that could better their military capabilities. The policy defined threats narrowly and focused on acquisition through trade.

That perspective reflected the limitations of America’s rival, the Soviet Union, which was unable to muster a challenge beyond that posed by its armed forces.

Today’s primary concern, China, poses a more formidable threat. It is not only a potential military adversary but it can compete with the United States (and the West) economically, in soft power, diplomacy and development aid, and in the contest to develop the most advanced technologies.

It is that latter capacity that is most alarming since leadership in the high-tech arena will determine which country leads the 21st-century economy.

Also worrying is the use of those technologies to construct surveillance systems capable of empowering autocrats or undermining human rights. The technologies strengthen regimes that reject democratic ideals and promote opposing ideologies.

China’s economic success allows it to evade traditional means of controlling tech transfer. China has lots of money, which it can use to invest in or buy companies, or as venture capital to set them up.

The desire by others to crack China’s huge domestic market gives the Beijing government leverage to demand tech transfer as a term of engagement. And the skills of its scientists embed them in the international collaborations that set the frontiers of technology.

US administrations have been tightening the screws for some time. One marker was the adoption, as part of the 2018 National Defense Authorization Act, of the Export Control Reform Act and the Foreign Investment Risk Review Modernization Act. They

expanded and strengthened regulations of strategic trade and foreign investment in the US.

The “entities list” that the Commerce Department uses to restrict destinations of goods and technologies has grown steadily longer as more Chinese companies are added. Companies that make technologies that can be used for [surveillance or repression](#) are being added, too.

Recent decisions have made clear that the US is going further to block China’s ability to compete.

In early October, the Biden administration [announced](#) new rules to limit Chinese access to advanced computer chips and chip-making equipment. Enforcing the foreign direct product rule (FDPR) means that any company that sells advanced chips to Chinese firms or organizations working on artificial intelligence and supercomputing will require a US government license if the company uses US technology to make the chips.

Almost all significant semiconductor companies do. A Boston Consulting Group [analysis](#) concluded that there are at least 23 types of chipmaking equipment for which US companies control more than 65% of global supply, making this restriction a powerful chokepoint in the semiconductor supply chain.

That status prompted Gregory Allen of CSIS, the Washington-based think tank, to conclude that the rule signals “a new US policy of actively strangling large segments of the Chinese technology industry—strangling with an intent to kill.”

A second landmark is an [executive order](#) issued by President Biden last month that provides direction to the interagency Committee on Foreign Investment in the United States to “ensure that it remains responsive to evolving national security risk.”

This executive order, the first issued since CFIUS was established in 1975, identifies five risk factors that the committee must weigh as it evaluates a transaction: 1) supply chain resilience, 2) US technological leadership, 3) aggregate investment trends, 4) cybersecurity and 5) US persons’ sensitive data.

The second factor is the key. CFIUS must now consider a transaction’s effect on US technological leadership in sectors vital to national security—a category that currently includes microelectronics, artificial intelligence, biotechnology, quantum computing, advanced clean energy, climate adaptation technologies and parts of the agricultural industrial base with implications for food security.

“Leadership” is a broad signifier, and the sectors themselves aren’t part of “national security” as traditionally defined. National Security Advisor Jake Sullivan hammered this point home in a [speech](#) last month. First, he noted that “Preserving our edge in science and technology is not a ‘domestic issue’ or ‘national security issue.’ It’s both.”

This merging of economic security and national security has become routine and is a pillar of the national security strategy issued this week.

More intriguing is the claim that “we have to revisit the longstanding premise of maintaining ‘relative’ advantages over competitors in certain key technologies. We previously maintained a ‘sliding scale’ approach that said we need to stay only a couple of generations ahead.”

But, Sullivan went on to say, “That is not the strategic environment we are in today. Given the foundational nature of certain technologies, such as advanced logic and memory chips, we must maintain as large of a lead as possible.”

The US is now alert to deals “that could undermine America’s national security by blunting our technological edge.” This is the context that informs the statement in the National Security Strategy that the United States will “prioritize maintaining an enduring competitive edge over the PRC.” It signals the move away from “traditional national security concerns” that focused on military capabilities toward strategic competition more generally.

To be clear, that does not represent [a complete decoupling](#) with China. That is neither possible nor desirable. It is, however, a call to decouple at the high end, on the frontiers of new technologies where

potential impacts of advances and breakthroughs are greatest.

It is risky, nevertheless. It assumes that the United States can identify technologies that are key to leadership. It assumes that the United States won't be disadvantaged by losing access to Chinese skills and successes. (The impact of cutting off Chinese researchers could be greater than feared: if governments in Europe or Asia do not align with the United States, then their projects will be off limits to American scientists.) It also denies, to the United States, insights into what the Chinese are doing.

This policy will confirm to Chinese that their longstanding complaint that the United States seeks to block their rise is correct. Chinese officials [criticized](#) the new rules as “sci-tech hegemony” that aims “to hobble and suppress the development of emerging markets and developing countries.” It will animate the drive to promote indigenous development and production in China. It will harden divisions between China and the United States.

The policy has no chance of success if the United States goes alone. It must have allies and partners in this effort. This has been a pillar of Biden administration policy and the National Security Strategy hammers home this simple truth.

It is not clear how far allies share this outlook, however. The European Union [Strategic Outlook toward China](#), issued in 2019, called that country a “strategic rival,” but there are disputes among members—and even within countries—when distinguishing between “competition” and “rivalry.”

So far, however, the US and chief allies in Asia and Europe appear to be working together. It isn't clear if that solidarity will be maintained as the new US policy becomes sharper and better defined.

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