DEFENSE & SECURITY

Biden And Xi In San Francisco, Learning to Agree To Disagree?

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The meeting between President Joe Biden and Xi Jinping during the Asia Pacific Economic Cooperation leaders' summit in San Francisco has been the diplomatic event of the year. Xi and Biden didn't come out of their conversation empty-handed, and while it seems that after San Francisco, the relationship between Beijing and Washington hasn't deteriorated, it is still too soon to conclude they have improved.

In recent years, the APEC leader's summit has emerged as an essential event of the international agenda, bringing together leaders from the most dynamic region in the world. In 2016, the APEC summit held in Peru already served as a noteworthy backdrop where Xi Jinping aimed to position China as a global trade advocate, in contrast to Donald Trump's protectionist turn. Although the global landscape has significantly changed since that time, in 2023, the APEC leader's summit continues to serve as a pivotal platform to monitor the evolution of China-US relations.

Different from recent encounters between China and US diplomacy, this time, both Joe Biden and Xi Jinping had strong incentives for not wanting to come empty-handed from their conversation.

With active wars in Ukraine and Gaza, growing global instability, and rising doubts about American leadership, Joe Biden needs to project a moment of distension and international stability while not looking soft on China, planning ahead for the 2024 election.

After lifting the COVID-19 zero policy, China's economy is far from having reached the expected post-reopening surplus, and for two consecutive years, its relative share of the world GDP has gone down. With a general economic slowdown, reduction of exports, and crisis in the

real estate market, China is getting into a delicate situation despite the government's efforts. Xi's visit to San Francisco aims to ease some of the foreign investors' worries. After the pandemic, Xi has limited his international travel to mostly friendly countries, notoriously Russia, and this was the first visit of Xi Jinping to a key Western nation. With this trip, Xi wanted to signal to the international investors who have lost their faith in the Chinese market that China is open for business again.

Trade was the great absence in the conversation.

It appears that both Biden and Xi achieved their respective objectives. Biden secured a military crisis hotline, established an AI guardrail working group, and reached an agreement to combat the fentanyl trade. Meanwhile, Xi had plenty of time to charm the CEOs of some of the most important American tech, finance, and investment companies.

Nonetheless, this is not a reboot of China-US relations. Xi and Biden didn't reach any agreement in any substantial avenue for the long-term US-China cooperation.

Trade seems to be the great absence of the San Francisco summit. Although there were some talks about China lifting the Boing 747 Max purchase freeze and the agreement on cracking down on fentanyl, those are peripheral aspects of the US-China economic relationship. The gathering, taking place in San Francisco, the core of America's tech industry, made the lack of discussion about the elephant in the room, the Chips Act that curtails China's access to US-designed advanced semiconductors, even much more evident.

Trade is, at the same time, the core of the China-US relationship and the major point of disagreement. In 2022 the total volume of trade between the US and China in 2022 was estimated at $758.4 billion. There is a clear tendency in both countries to reinforce their economic capabilities and decrease their reliance on each other. However, we are still far from a situation where even a significant decoupling has been accomplished. Nothing seems to indicate that either China or the US will try to shift their efforts to being less dependent on each other.

Reinforcing a network of allies in the Indo-Pacific.

Indeed, the APEC Summit was not only the stage for a reproachment between China and the US but also another scenario of their competition. Although Xi and Biden's meeting gathered most of the attention, in other sideline meetings, the US used the occasion of the APEC summit to reinforce its alliance network in the Indo-Pacific. President Biden and President Widodo of the Republic of Indonesia elevated the relations between both countries to a Comprehensive Strategic Partnership. The deepening of this relationship comes after a previous joint communique in August about the territorial disputes in South China, which indicates further collaboration among the two nations to counter China's assertiveness.

Xi and his Japanese counterpart, Fumio Kishida, found some time to talk about improving the relations between their countries, which have been especially tense after Japan began dumping Fukushima's radioactive water into the sea and China banned all imports of Japanese fish. Both leaders pledged that Japan and China should find a way to "coexist peacefully." However, at the same time, Japan, South Korea, and the US had a trilateral meeting where they pledged to keep working to reinforce their links against Beijing's threat.

Despite the limits of the San Francisco conversations, it's important to acknowledge the tremendous diplomatic efforts of the Biden administration for this to occur. This is the closest to a moment of rapprochement between China and the US we have seen in the last six years. Regarding China-US relations, the importance of the San Francisco conversations lies in their symbolism more than in their substance.

Learning how to manage their incompatibilities is part of the evolution of China-US relations, so any developments in this field might be an essential improvement.

Nonetheless, taking a closer look at the respective official read-outs of the Biden-Xi meeting released by the White House and the PRC Foreign Ministry, both parties don't seem to even agree on the current state of their relationship. While the US clearly states the existing rivalry between Washington and Beijing, China prefers to stick to its "win-win" rhetoric, reluctant to acknowledge the nature of the current relationship and work along the existing reality. After San Francisco, China and the US are still a long way from learning to agree to disagree.

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