

Changing Business Environment: The US China Competition

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1. Cycle of the Rise & Fall of World's Great Powers

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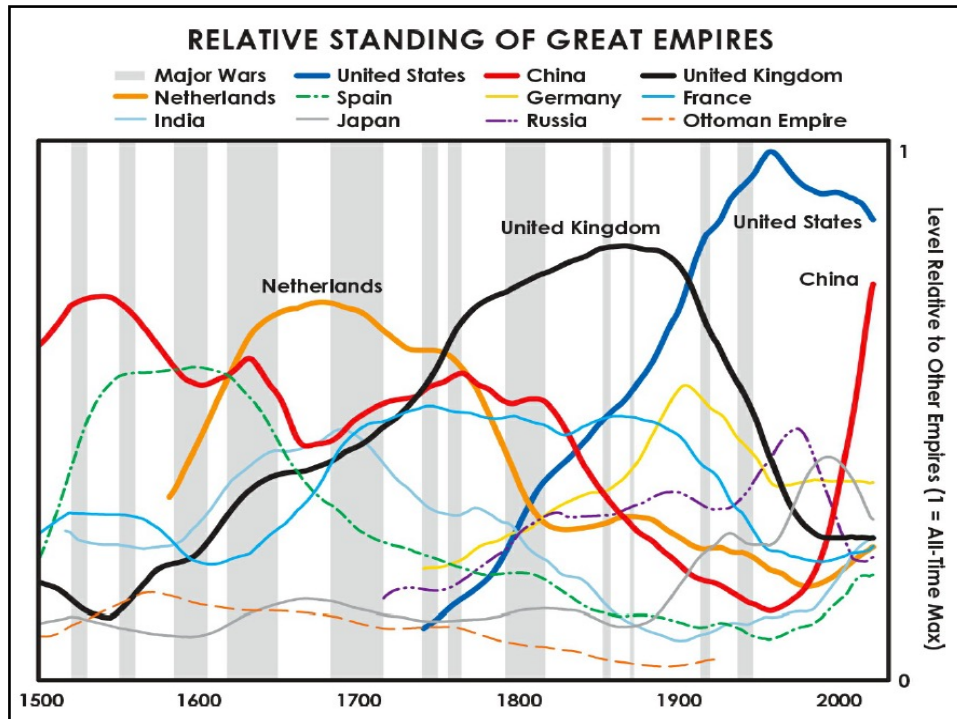
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Principles for Dealing with THE CHANGING WORLD ORDER RAY DALIO

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- China was dominant for centuries (consistently out-competing Europe economically and otherwise), though it entered a steep decline starting in the 1800s.
- The Netherlands, a relatively small country, became the world's reserve currency empire in the 1600s.
- The UK followed a very similar path, peaking in the 1800s.

- Finally, the US rose to become the world's superpower over the last 150 years, though particularly during and after World War II.
- The US is now in relative decline while China is rising again.

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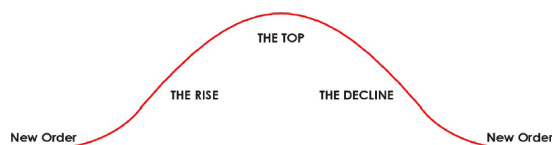
EIGHT DETERMINANTS OF WEALTH AND POWER

The single measure of wealth and power that I showed you for each country in the prior charts is a roughly equal average of 18 measures of **strength**. While we will explore the full list of determinants later, let's begin by focusing on the key eight shown in the next chart: 1) **education**, 2) **competitiveness**, 3) **innovation and technology**, 4) **economic output**, 5) **share of world trade**, 6) **military strength**, 7) **financial center strength**, and 8) **reserve currency status**.

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THE ARCHETYPICAL BIG CYCLE

Broadly speaking, we can look at these rises and declines as happening in three phases:



The Rise:

The rise is the prosperous period of building that comes after a new order. It is when the country is fundamentally strong because there are a) relatively low levels of indebtedness, b) relatively small wealth, values, and political gaps between people, c) people working effectively together to produce prosperity, d) good education and infrastructure, e) strong and capable leadership, and f) a peaceful world order that is guided by one or more dominant world powers, which leads to...

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The Top:

This period is characterized by excesses in the form of a) high levels of indebtedness, b) large wealth, values, and political gaps, c) declining education and infrastructure, d) conflicts between different classes of people within countries, and e) struggles between countries as overextended empires are challenged by emerging rivals, which leads to...

The Decline:

This is the painful period of fighting and restructuring that leads to great conflicts and great changes and the establishment of new internal and external orders. It sets the stage for the next new order and a new period of prosperous building.

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World's No.1 Super Power

- 18th Century: Netherlands
- 19th Century: United Kingdom
- 20th Century: USA
- 21st Century: China (?)

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World's No.1 Super Power

- The UK replaced Netherlands in the 19th Century and US replaced UK and became the No.1 super power in the early 20th Century.
- US has been challenged by **Germany, USSR, and Japan** along the way but US managed to fend off these challenges.
- There is little problem for UK to replace Netherlands, and US to replace UK as they **share similar Values, political system, culture, and ethnicity**.
- US does not like to be over taken by China which has very different Values, political ideology & system, culture, ethnicity.

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2. How the US became a Super Power

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How the US became a Super Power

- Use military strength to benefit from using other countries' resources.
- Talent grabbing: US gets the best students from other countries such as India, China, Israel to study in its top universities (50% of PhD students are foreign born) and allows them to stay after graduation.
- Use the H1B visa to import special skill and science and technology talents.

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How US became a Super Power

- US protects its domestic market, providing financial subsidies to its companies, stole technologies from UK and Germany.
- With the help of the government, US companies GE passed Siemens, GM passed VW, Exxon/Mobile passed BP & Shell.

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The benefits of being no.1

- Dictate the global rule of the game.
- Extend domestic law beyond its border.
- Influence its allies.
- Protect the US dollar as the dominant international currency.
- Dominate the world media, culture and value system.

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3. China's Development Strategies

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China's development strategy

1840 - 1949 Suffered humiliation by the West

1949 - 2049 Regain its position in the world

1. The cycle of rise & fall of powers also happens in the changes of dynasties in the Chinese history.
2. Mao started the great leap forward with the aim of overtaking Britain & US.
1. 1950-60: Didn't want to be under no. 2 USSR but used USSR to help its development.
2. Benefited from the cold war between US & USSR.
3. 1970-2000: Using US assistance to develop its four modernizations.

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China's development strategy

1. 1971 Nixon's visit to China, started to get US aid on foreign investment, technology, political support and access to US market for its products.
2. The US policy makers believed that the economic reform would be followed by a political reform for a democratic government like the US but China didn't not follow that.
3. President Carter sent all kind of assistance to China, including scientists from MIT, Columbia, Stanford; receiving students to study science & technology in US universities, providing weapons & intelligence to counter the USSR.

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China's Strategy to Regain its Position

- China's think tanks studied how the US became no.1 and then followed all the US's strategies.
- China received advice from the World Bank's Beijing office.
- China did not privatize its SOEs like the USSR did.
- China set up its financial system, central bank, stock market, capital market, currency market, and mortgage systems with the help of experts from Hong Kong and the US.

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4. The Rapid Rise of China

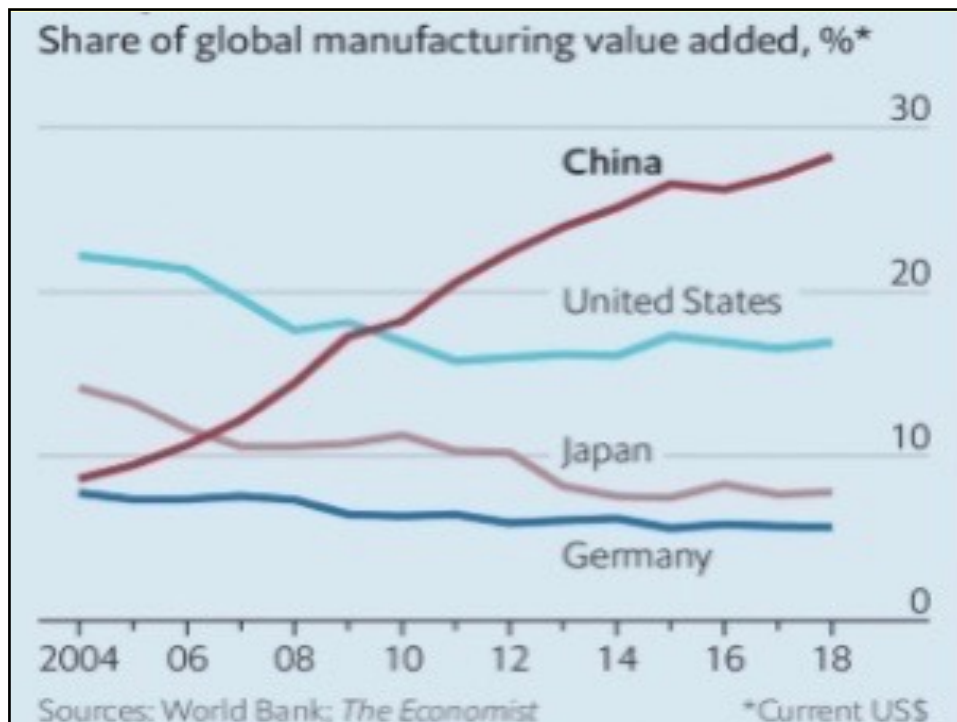
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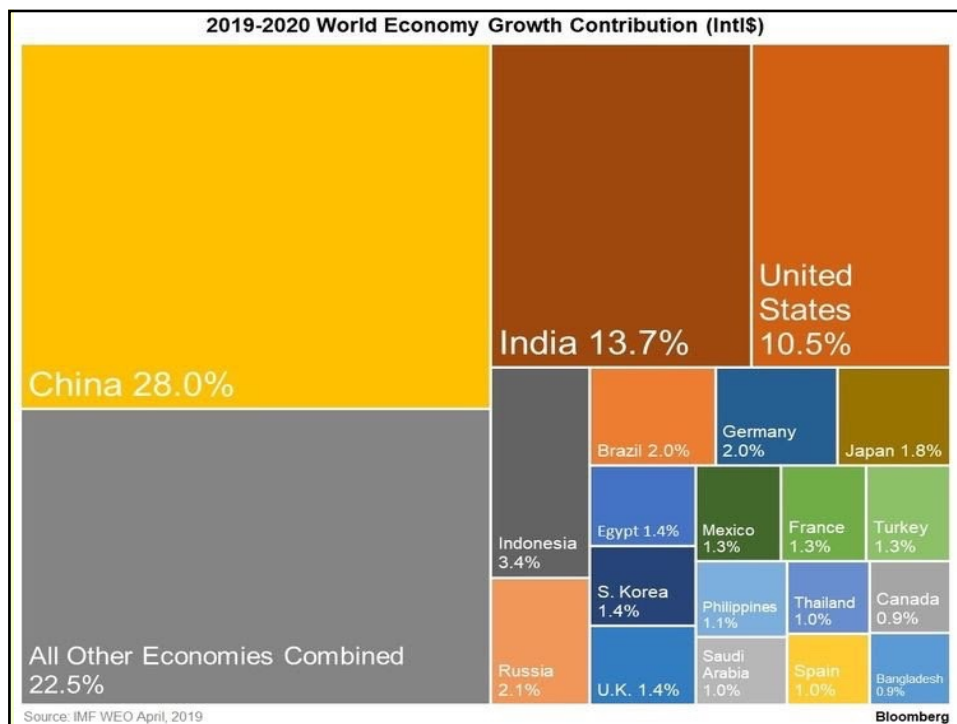
- Over-power with authority, buy people with money.
- Weak in human rights, lack freedom & rule of law.

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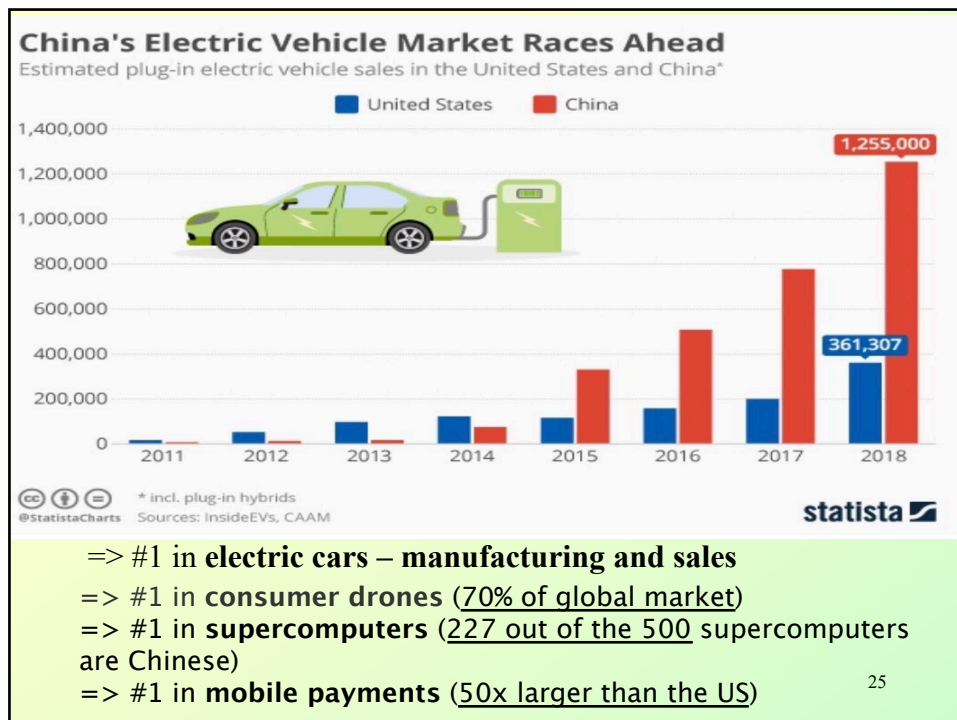
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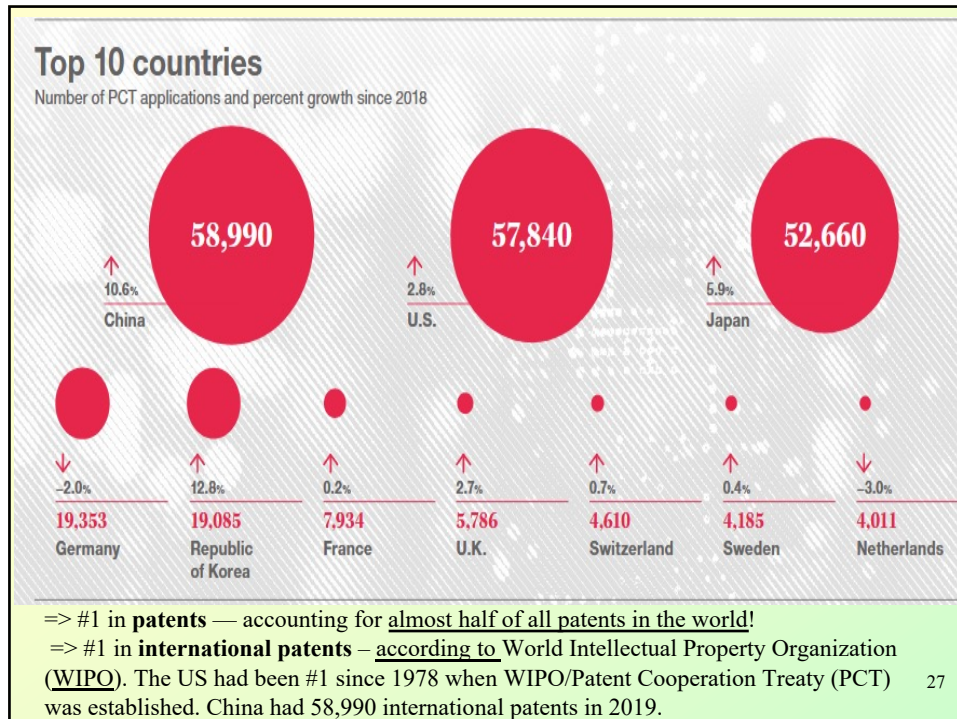
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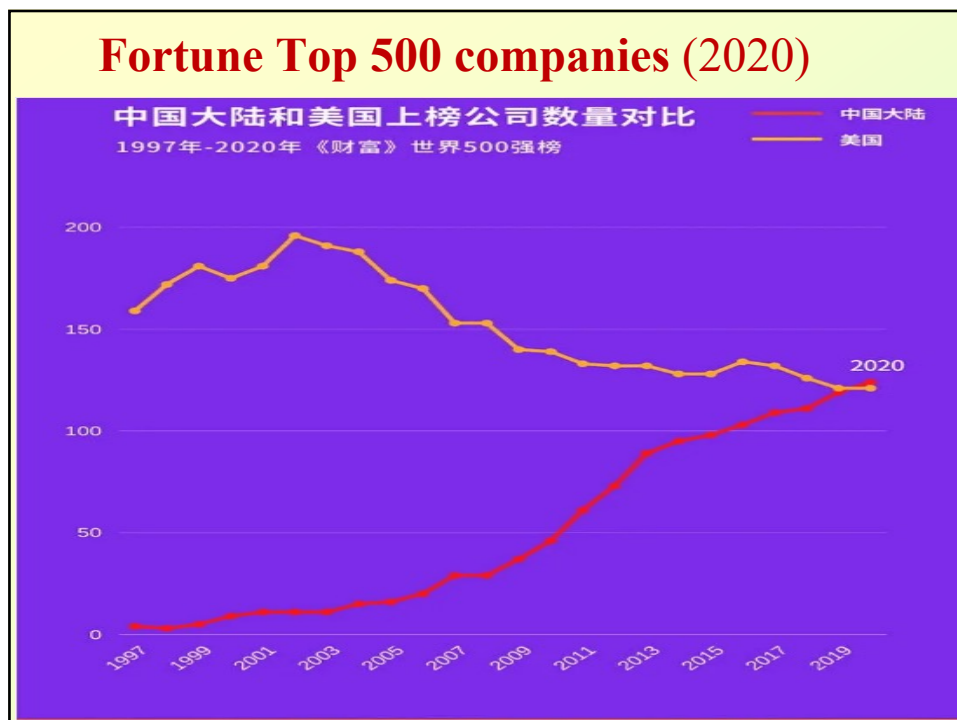
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Fortune Top Ten Countries (8.2022)

Breakdown by country

Rank	Country	Companies
1	China	145
2	United States	124
3	Japan	47
4	Germany	28
5	France	25
6	United Kingdom	18
7	South Korea	16
8	Switzerland	14
9	Canada	12
10	Netherlands	11

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Fortune Global 500 Companies of 2022

Rank	Company	Country	Industry	Revenue in USD
1	Walmart	United States	Retail	\$572.8 billion
2	Amazon	United States	Internet Services and Retailing	\$469.8 billion
3	State Grid	China	Energy	\$460.6 billion
4	China National Petroleum	China	Petroleum	\$411.7 billion
5	Sinopec Group	China	Petroleum	\$401.3 billion
6	Saudi Aramco	Saudi Arabia	Energy	\$400.4 billion
7	Apple	United States	Technology	\$365.8 billion
8	Volkswagen	Germany	Automobiles	\$295.8 billion
9	China State Construction Engineering	China	Construction & Engineering	\$293.7 billion
10	CVS Health	United States	Health care	\$292.1 billion

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Top 10 Ten Banks by Brand Value



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Number of Diplomatic Network

- An Australian think tank, the Lowy Institute's **Global Diplomacy Index** tracks diplomatic networks around the world.
- 2011, China lagged 23 posts behind the US.
- 2016, it was eight posts behind, in third place behind the United States and France.
- 2017, it climbed to 2nd place.
- 2019, it moved into first place.

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Number of Diplomatic Network

- In 2024, China has 274 diplomatic posts, including embassies, consulates, and permanent missions to international organizations.
- United States' network stands at 271.

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Factors for China's rapid rise (By Martin Jacques)

1. A mix of socialism and capitalism with strong party leadership under party supervision.
2. The hybrid model: public-owned and market economy, is quite effective.
3. Many people are patriotic to the country. They may quarrel on internal issues, but when they face an external enemy, they are united to fight for national interest. The THAAD incident caused South Korea to lose two-fifths of its market.

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Factors for China's rapid rise

4. Most high-level officials are dedicated to serve the people. They perform well in agricultural taxation reduction, poverty alleviation, and disaster relief.
5. China's leadership selection mechanism focusing on meritocracy produces good leaders.
6. China's strong government can mobilise national financial, human and material resources to do important projects without too many obstacles.

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Factors for China's rapid rise

7. The new generation of young talents is becoming the pillars of the national development. In the fields of China's aerospace, nuclear energy, electronics, chips, and high-speed rail, the average age of those in charge is 40 years old, and 40% are overseas returnees.
8. China has a very complete industrial system covering all sectors.
9. China has huge financial reserves of 4 trillion U.S. dollars and has fiscal surplus. Bank deposits and other reserves are about 8 trillion yuan in total.

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Factors for China's rapid rise

10. The West refers to individual excellent products as brands, while China takes new business model as a brand. The business models created by e-commerce, Alipay, Wechat pay in a short period with high value.
11. China has stable macro-control capabilities. Neither the Asian financial turmoil nor the subprime mortgage crisis created by the US had negative impacts on China's financial market.

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Factors for China's rapid rise

12. China has a huge domestic market & can rely on consumption to drive the economic growth.
13. China has long term five-year & ten-year plans. The Belt and Road Initiative is for several decades.
14. Good policies & plans are passed on for generations of leaders. "Serving the people", "reform & opening up" last for many decades.
15. China's huge infrastructure investment in the past 40 years is a good comprehensive national development strategy.

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5. The US strategies to contain China's rise

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Changes of US strategies on China

1. US helped China's development to counter the influence of the USSR.
2. Since the breakup of USSR in the early 1991 and the rise of China, US's relationship with China has also changed.
3. When China was not that strong, US treated it as a partner and market for the US companies.
4. Now China is the no.2 economy trying to overtake the US, US regards it as a competitor to be contained.

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US strategies to keep its no.1 position

- Using similar strategies to stop the challenge of USSR and Japan in the 1980s and 1990s. For Japan, forced the Yen to rise, weakened the competitiveness of Japanese products, targeted and attacked the top technology companies like Toshiba. For USSR, political breakdown of the Union's states.

US's Strategies: Facing Challenge from China

- Slowdown China's rising speed,
- Target China's top technology companies, like Huawei.
- Team up with its allies to put pressure on China
- Engage China in a trade war
- Engage China in a cold war

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The US-China competition

- **The China 2025 plan alerted the US.**
- Trump's goal is to disrupt the plan & slowdown China's development.
- Trade war is only part of a wide competition between US and China. Other areas including **currency war, technology war, political ideology, culture and value systems.**
- Both US political parties view China as a major competitor and policy towards China won't change regardless which party is in power.
- Biden keeps most of the policies from Trump.
- The China market is too big for any US companies to give up.

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The US-China competition

- The costs of the trade war reflect the structural realities that underpin the relationship between the U.S. and Chinese economies.
- The two great powers should try to find a new equilibrium.
- The logic of nuclear deterrence ensured that a full-scale war between the two sides would never take place.

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US-China Trade War

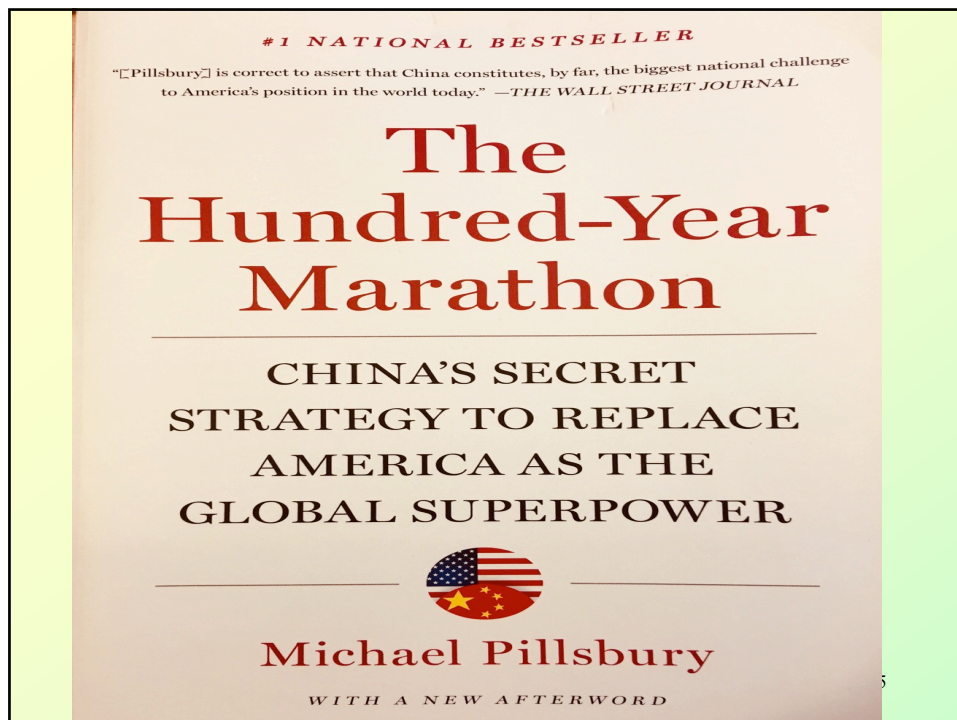
- **More than just on trade**
- **All out competition for No. 1 in the world**

The competition areas:

1. Trade
2. Finance, currency, monetary
3. Technology - 5G
4. Military - South China Sea
5. Geopolitics – Hong Kong, Taiwan, Tibet, Xinjiang
6. International organization rules - World bank, IMF, WTO, UN
7. Media - 7 of top 10 English media groups are from US

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Current situation: US is trapped in a downward spiral

- US is trapped in the unchecked militarism.
- The monopolization of capital by the military drives US debt to \$30 trillion, \$6 trillion more than its GDP of \$24 trillion. Servicing this debt costs \$300 billion a year.
- US military spending-\$ 813 billion for 2023, more than the next 9 countries, including China and Russia, combined.
- US pays heavy social, political, and economic costs for militarism and watches passively the deterioration of the social and physical environments.
- U.S. may need to reduce its nearly 800 overseas military installations.

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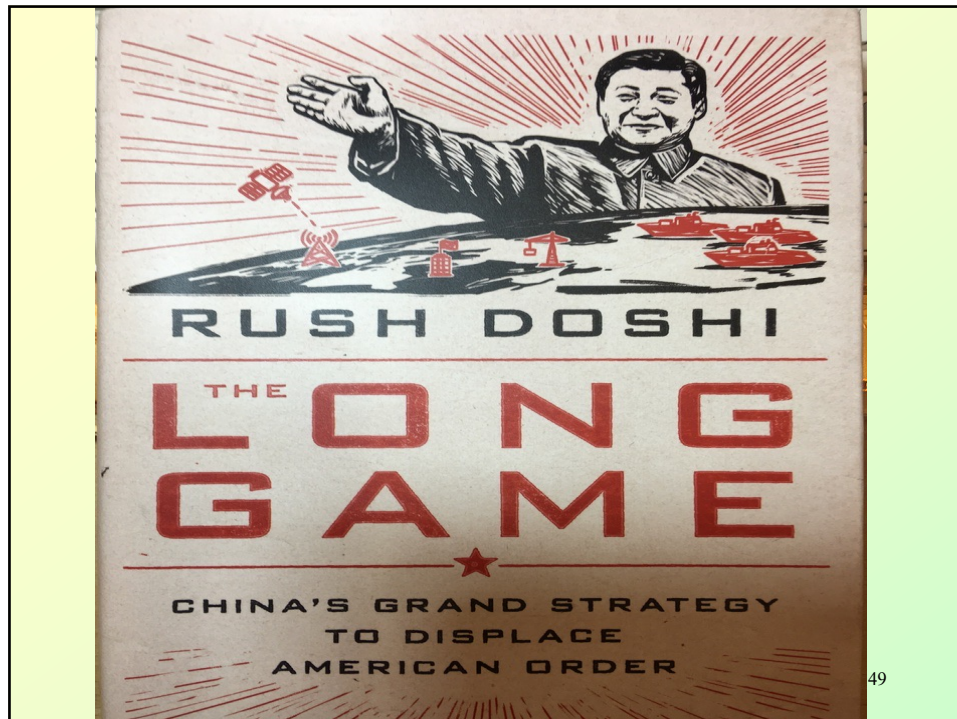
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Current situation: US is trapped in a downward spiral

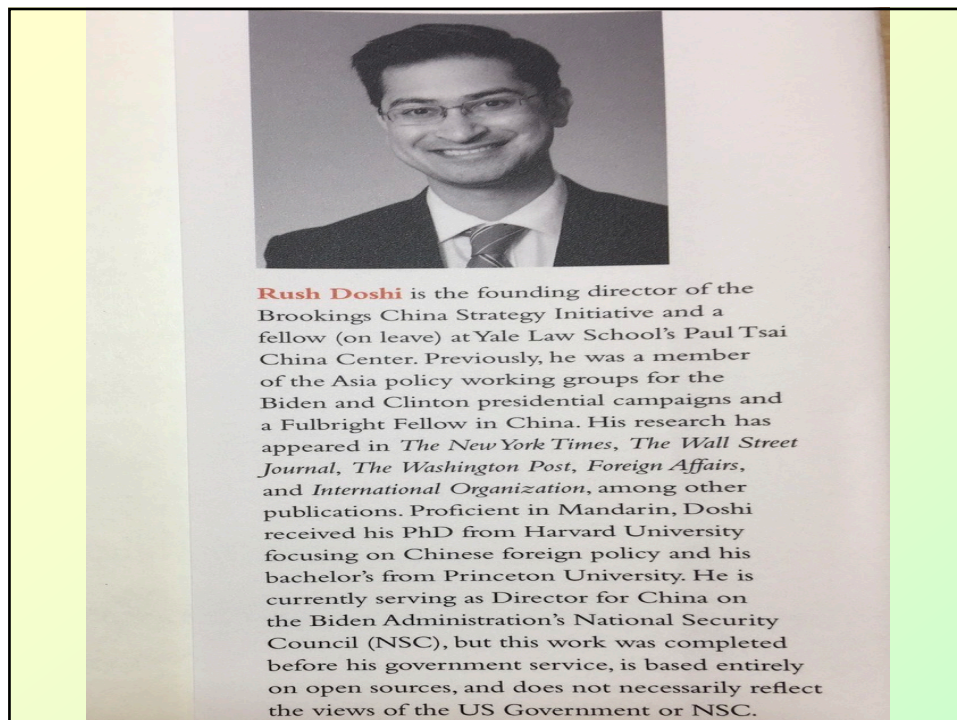
- U.S. dollar is in decline as world's reserve currency and the alternative to SWIFT is emerging.
- Washington's democracy and supposed respect for human rights and civil liberties is badly tarnished and irrecoverable.
- Its economic decline, with China's manufacturing 70 percent higher than that of the U.S. is irreversible.
- War is a desperate Hail Mary employed by dying empires throughout history with catastrophic consequences.
- All US proposed solutions are military. This military adventurism accelerates the decline.
- US believes war and sanctions will cripple Russia and curb the growing economic and military clout of China.

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The Long Game (By Rush Doshi, OUP, 2021)

- No adversaries- Nazi Germany, Imperial Japan, or the Soviet Union- has ever reached 60% of US GDP. China is the sole exception, and it is fast emerging into a global superpower that could rival, if not eclipse the US.
- What does China want, does it have a grand strategy to achieve it, and what should the US do about it?

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The Long Game

- China's long methodical game to displace US's hegemonic position through 3 sequential strategy of displacement.
- 1. In the beginning of 1980s, China focused for two decades on "hiding capabilities and biding time" (韜光養晦).
- 2. After the 2008 Global Financial Crisis, it became more assertive regionally, following a policy of "actually accomplishing something" (積極有所作為).
- 3. Finally, in the aftermath populist elections of 2016, China shifted to an even more aggressive strategy for undermining US hegemony, adopting the phase "great changes unseen in a century" (百年變局).

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The Long Game

- After charting how China's long game has evolved, Doshi offers a comprehensive asymmetric plan for an effective US response.
- His Proposed approach take a page from Beijing's own strategic playbook to undermine China's ambitions and strengthen US order without competing dollar-for-dollar, ship-for-ship. Or loan-for-loan.

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The Long Game

Accommodating China

1. Full unilateral territorial accommodation;
2. A maximalist grand bargain;
3. A more careful minimalist grand bargain that phases in mutual accommodation.

Asymmetric strategy

- Tactical and operational reassurance at political and military levels.

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**The Biden Administration Employs
Asymmetric strategy-**
Tactical and operational reassurance at
political and military levels:

**A Full Court Press Strategy
to Contain China's Development**

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I. What is the US worry about?

**1. As China's GDP is getting closer, US is worry about
losing its no. 1 position and hegemony.**

- China's GDP approaches the US at a rate of about 4% per year. In 2019, it was 66% , 2020 was 70%, and it is predicted to reach 74% in 2021.
- In terms of purchasing power parity terms, China's GDP in 2017 has surpassed the US, and was 1.15 times in 2020.
- The US has successfully dismantled the two approaching challengers of the former Soviet Union (60%) and Japan (70%), but facing a stronger China, it feels uncomfortable to do so.

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I. What is the US worry about?

2. US worries that the socialist system with Chinese characteristics will impact the Western democratic political system.

- Although China has pursued a strategy of not exporting ideologies and values to other countries but the US still worries. If China becomes the world's top economy, it will show the **superiority of the Chinese socialist political system and values.**
- This may lead some countries to abandon the Western system and follow the Chinese one.

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I. What is the US worry about?

3. US's inability to face China's initiation of the reunification with Taiwan.

- If the Chinese economy and military continue to grow rapidly and when its strength reaches the level that the US cannot intervene, China will naturally complete the reunification of Taiwan, making US's role valueless.
- In the first island chain in China's coastal waters, US's military force has no confidence in winning the battle.

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II. Why Do US Use Full-court Press Strategy?

- Since China's GDP has reached about 66% of that of the US, it begun to adopt a comprehensive containment strategy against China.
- US politicians use China as an external enemy to diffuse the domestic deep-seated problems, such as excessive debt, inflation, racial conflicts, hollowing out of industries, and poor performance in dealing with the COVID-19 pandemic.

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III. What tactics do the US use: All out war

1. Encircle China through forming many alliance groups

- AUKUS.
- Five Eyes.
- G7 warships frequently enter the South China Sea.
- QUAD (Quadrilateral Security Dialogue) between the United States, Australia, Japan, and India.
- Instigate and disintegrate the relationship between ASEAN and China.
- Support India in provoking and confronting China.
- Suppress China's new energy developments in Myanmar and Pakistan.
- Disrupt the construction of Myanmar's Kyaukphyu port and Pakistan's Gwadar port.
- Support Myanmar civil disturbance and Pakistan's terrorist attacks.
- Disrupt the Belt and Road Initiative.

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III. What tactics do the US use: All out war

2. Technology war

- Blacklist Chinese high-tech companies.
- Disrupt the industrial supply chain.
- Ban Chinese high-tech companies such as Huawei, Tencent, and Tiktok.

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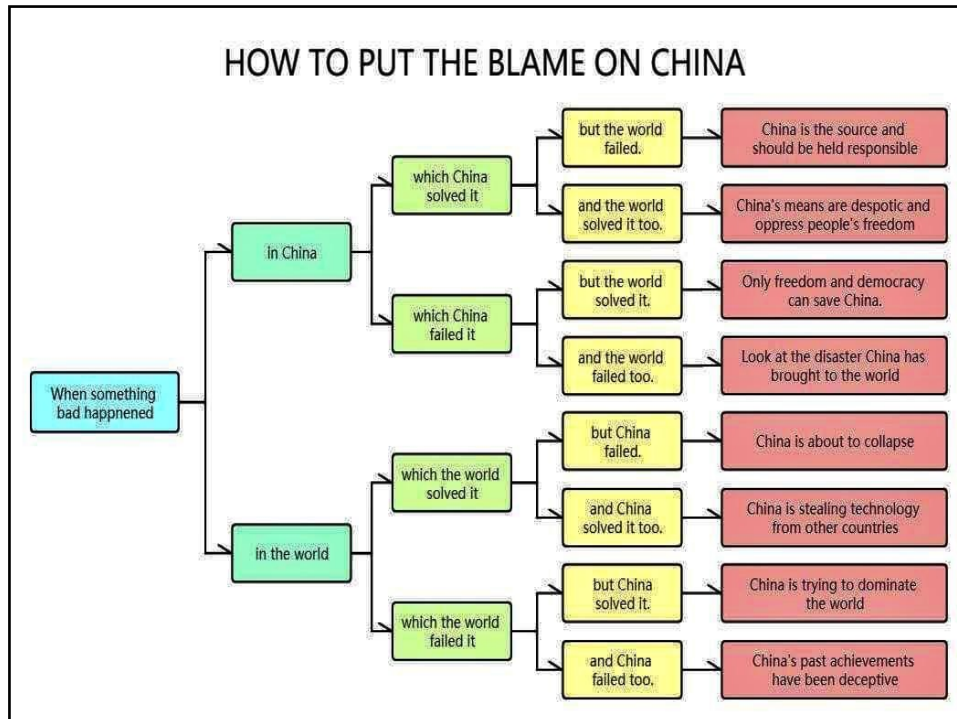
III. What tactics do the US use: All out war

3. Use bias Western media to demonize China

- Create false human rights issues in Xinjiang, Hong Kong, and Tibet.
- Sanction Mainland and Hong Kong officials.
- Blame China for originating the COVID-19 virus.
- Call for the boycott the Beijing Olympic Winter Games in 2022.

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III. What tactics do the US use: All out war

4. Military moves in China's door step

- Withdraw troops from Afghanistan and the Middle East to concentrate its strength in the Pacific on East and South China Seas.
- Conduct military exercises in the East and South China Seas to contain and disturb China.
- Play with fire and may risk a hot military war.

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III. What tactics do the US use: All out war

5. Financial war

- Prohibit or restrict Chinese companies from listing in New York Stock Exchange.
- Remove Hong Kong's tariff preferential treatment status.
- Try to weaken HK's status as an international financial center.
- Sanction financial institutions in dealing with Iran.

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III. What tactics do the US use: All out war

6. Create troubles in China's neighbours

- Instigate and support social unrest in Hong Kong.
- Remove East Turkistan terrorist group from the global terrorist organizations.
- Support territorial border disputes against China with India, Vietnam, the Philippines, and Japan.

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III. What tactics do the US use: All out war

7. The Taiwan card

- Send military ships to cross the Taiwan Strait frequently.
- US military aircrafts to land at Taiwan's airport to test the Chinese red line.
- Pass laws to ban printing Taiwan and the South China Sea islands on the map of China.
- Continue arm sales to Taiwan.
- Strengthen the Taiwan independence forces.
- Support and encourage Lithuania to lead the change the name of its office to Taiwan.
- Threaten to invite Taiwan to participate in the World Summit on democracy.

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IV. What does the US really want to achieve?

1. Suppress China's economic growth so that its GDP cannot surpass the US for a long time.

- Gradually close the market, forcing US companies to shut down or relocate from China.
- Suppress existing high-tech companies by technology blockade.

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IV. What does the US really want to achieve?

2. Request China to cooperate with the US to divert its economic crisis and reduce inflationary pressure.

- The US has a high debt of 28 trillion US dollars.
- The hollowing out of the manufacturing industries.
- Accumulate huge bubbles in the financial market.
- The pandemic causes heavy blow on consumption.
- The US economy is on the verge of a crisis.
- It can only respond by issuing additional US dollar notes and using the US dollar hegemony to defer the crisis.
- US needs China's support in reducing export tariffs, providing cheap goods, and purchasing US agricultural products.

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IV. What does the US really want to achieve?

3. By suppressing China, US hope to maintain its leadership position as the sole super power.

- To defuse the adverse image of the dying manufacturing industries, high debt bubbles, losing military actions around the world, declining national power, especially in the Trump administration who advocated the American first, selfishness, and evasion of the responsibilities.

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IV. What does the US really want to achieve?

4. Maintaining the dominance of the U.S. dollar in the international settlement and payment system.

- The U.S. dollar's global status has been declining. The share of U.S. dollar foreign exchange reserves has dropped from 85% during the peak period to 58% in 2021.
- The dollar's share of international settlements and payments has been surpassed by the euro. US must suppress the EU and China to maintain the dominance of the US dollar.
- The U.S. dollar is vital for the US to maintain its hegemony. If it continues to decline, it will definitely hit the hegemony status.

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IV. What does the US really want to achieve?

5. Maintain its global dominance in technological innovation and high-end sector, forcing China to continue to complement in the low-end and mid-range sectors.

- For decades, China and the United States have formed complementary cooperation.
- High-end technology and manufacturing are dominated by the US, while low-end technology and manufacturing are dominated by China.
- In this division of labour, both parties have achieved considerable development in a win-win situation.
- Things have changed in recent decades, China's total industrial output value has reached 3 times of the US and leading in the internet, aerospace technology, 5G, and AI.
- China will not compromise its development.

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IV. What does the US really want to achieve?

6. Stop the momentum of China's rise by creating its internal breakdown, attempting to replicate the Soviet Union's collapse in China.

- US through the Western controlled media, create divisions in public opinion and ideology amongst the Chinese in Hong Kong, Taiwan, and other parts of the world.
- Arouse dissatisfactions against the Chinese government and the CCP.
- Fabricate human rights issues in Xinjiang, supports East Turkistan terrorist organization to create social instabilities.
- Instigate social unrest through the color revolution in Hong Kong.
- Incite Taiwan's mainstream to promote its independence.
- Support the Dalai Lama's exile forces in India.

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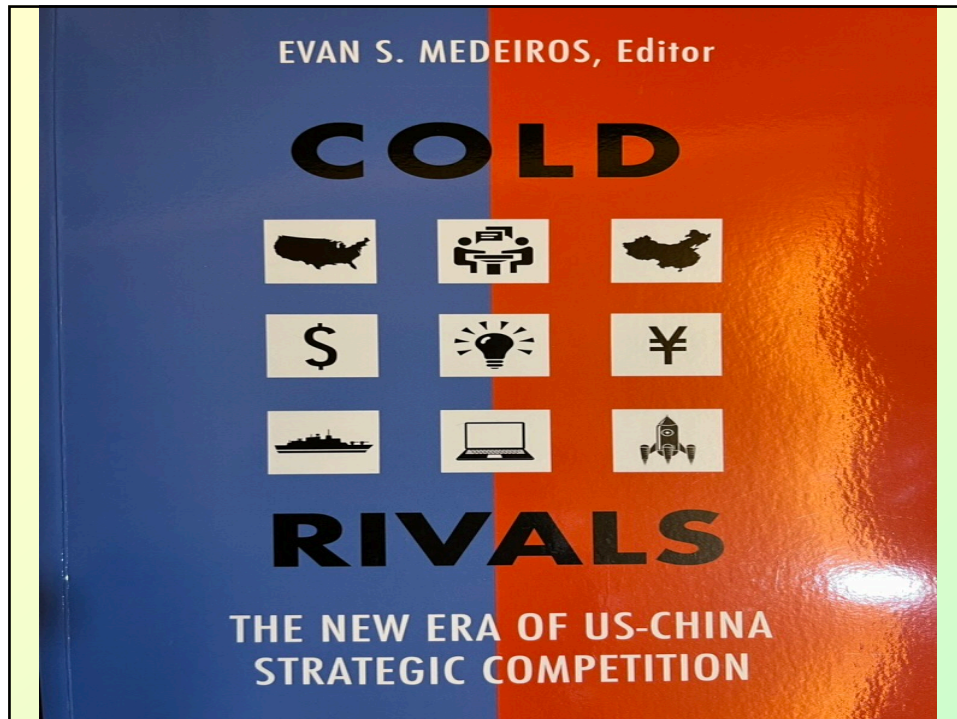
Cold Rivals: The New Area of US-China Strategic Competition

Book Talk with Evan Medeiros

11 Sep 2023 1:05-2:10 pm
Asia Society
Hong Kong

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How did US and China get to where they are today?

- At least **four areas of interest diverging** more than converging: security, economics, technology, governance (particularly global governance).
- **Traditional sources of ballast** (including economic relationships and advocacy by business groups before Congress) **no longer exist**.
- **Loss of stabilisers** in bilateral relations **becomes a structural trend rather than a cyclical trend**.
- Domestic politics accentuate differences and shrink space for parties to cooperate. Bureaucratic-wise, the rise of national security entities in both US and China produce policy outcomes that become a hurdle to cooperation.

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What does competition mean? How do the powers co-exist while still compete with each other?

- Competition itself is value-neutral and a natural element of state-to-state relations. The US has competed with other countries in the past, e.g. quite intensively with Japan in the 80s and 90s.
- Competing with China is that it is **more intensive on the security front, which makes it harder for leaders to manage.**
- US and China are involved in a conventional arms race in East Asia, centred on the prospect of conflict over Taiwan.
- Nuclear weapons are moving to the forefront and dramatically change the character of the US-China relationship.
- Xi's vision and ambition on global order that differs much from the US makes the competitive dimensions of the relationship much worse.
- Inaccurate for politicians to reminisce current competition with the Cold War era.
- Disinformation campaigns have negative effects on democracy, which makes the competitive dimensions of the relationship so dangerous.

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Is the US-China relationship structurally broken or going through a cyclical down path? How can it get back on track?

- US-China relationship is in a **period of cyclical stability amid a structural downturn.**
- Compared with the Cold War, the Cold War had phases, including a substantial one of détente in the 1970s marked by arms control agreements,
- **What is worrisome today is that neither side appears to be interested in strategic restraint as a mechanism for stabilising the strategic competition.**
- Delicate issues such as Taiwan which tests on leaders' ability to manage in the era of strategic competition.

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**What are the areas that there can be still be cooperation?
Has the rivalry become so intense that there is no form of
cooperation even in areas that need global participation?**

- **Prospects of cooperation remain very modest.** In the past, China was never a major issue and certainly not a defining issue in elections. This changed in 2020 amid COVID-19 when it became a major issue under Trump's rhetoric. China became a defining issue in the 2022 Midterms and 2024 presidential election.
- Safe prediction that the **China will be a defining issue in the 2024 Presidential Election, where candidates are going to compete with each other to be tougher.**

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Xi Jinping and Biden Met in 2022

In 2022, the heads of state of China and the United States met in Bali and reached five commitments:

The United States promises:

1. Not to seek a new Cold War,
2. Not to seek to change China's system,
3. Not to seek to strengthen alliances against China,
4. Not to support Taiwan's independence,
5. Not to have conflicts with China.

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Xi Jinping and Biden meeting

San Francisco 15 November 2023

Xi Jinping proposed five pillars of Sino-US relations:

1. Establish a correct understanding together
2. Jointly manage differences effectively
3. Jointly promote nursing cooperation
4. Jointly shoulder the responsibilities of a major country
5. Jointly promote people-to-people exchanges

- China is committed to building a stable, healthy and sustainable Sino-US relationship. At the same time, it also has interests that must be safeguarded, principles that must be defended, and bottom lines that must be adhered to. Hope that the two countries can be partners, respect each other, and coexist peacefully.

- The United States stops arming Taiwan, lifts sanctions on companies, and treats Chinese companies fairly.

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➤ PAGE A3



The two sides would touch on issues including Taiwan, China's human rights record and economic growth, Kirby said just before the summit, adding: "It is a fact that President Xi has domestic economic challenges."

"Clearly, one can imagine that [Xi] wants to encourage more American investment in China."



A3 · 宋芝齡現身節目
無綫9月錄早排期

B1 · 阿里首次派息
雲業務等攤置分析

A15 · 29年港單車隊總教練
七旬沈金康年底離任

《JUMP》隨報附送

D12版

開眼

沉默將遺忘

報明

Ming Pao Daily News

A1 要聞 港聞 教育 體育 中國 國際

港幣10元正 出紙5疊23張 星期五 2023-11-17 癸卯年十月初五日

編輯/李理揚 美術/陳強麟

會拜登20多共識 習否認武統有期

華冀闢「三藩市願景」 拜登：迄今最具成果討論

習拜會 中國國家主席習近平與美國總統拜登的三藩市會晤於當地時間15日如期舉行。雙方達成20多項共識，最受矚目的是恢復一系列軍事聯繫機制。拜登形容這次會談是雙方迄今「最具建設性、而且最富有成果的討論」。他也重申了人權、台灣問題等立場。習近平提出中美關係穩定發展「五根支柱」，開闢「三藩市願景」，並要求美方停止武裝台灣，強調「中國終將統一」，也必然統一。但否認計劃2027年或2035年武力統一台灣。

【相關新聞A16】

在費羅麗莊園舉行的「習拜會」歷時4個小時，儘管會後沒有發表聯合聲明，但雙方各自發布的新聞稿顯示，兩國元首在政治外交、人文交流、全球治理、軍事安全等領域達成20多項共識（見表）。

習提中美關係五支柱 共構正確認知

央視報道，習近平說，這次三藩市會晤，中美應該有新的願景，共同努力構築中美關係五根支柱。一是共同樹立正確認知：中國始終致力於構建穩定、健康、可持續的中美關係；同時，中國有必須維護的利益，必須捍衛的原則，必須堅守的底線，希望兩國做夥伴、相親相善、相安無事。



美國西岸時間11月15日中午，習拜會結束後，美國總統拜登為國家主席習近平舉行午餐。午餐過後，拜登（右）與習近平（左）一同在費羅麗莊園散步（圖）。

拜登手機展習舊照
問「認識這年輕人嗎？」

一同在莊園散步後，拜登（前左）親自送習近平（前右）到上車處道別。拜登看到習近平的專車時說：「漂亮的車！」習近平笑着回應：「這是中國的國產車，紅旗車。」（新華社）

外交部長助理、發言人華春瑩昨在社交平台發文稱，習拜會期間，拜登

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Xi Jinping and Biden met - Reached more than 20 consensuses

習近平和拜登會面 - 達成20多項共識

習拜會重點範疇及會談共識

資料來源：綜合報道

會談重點範疇	會談共識
- 中美競爭 - 打擊全球非法藥物、包括諸如芬太尼等合成藥物的製造和販運 - 兩軍溝通	政治 強調要相互尊重、和平共處、保持溝通、防止衝突，恪守《聯合國憲章》，在有共同利益領域開展合作，負責任管控雙邊關係中的競爭因素
	外交 決定加強高層交往，推進並啟動在商業、經濟、金融、出口管制、亞太事務、海洋、軍控和防擴散、外交政策規劃、聯合作戰、殘疾人等各領域的機制磋商。雙方同意啟動續簽《中美科技合作協定》磋商，重啟中美農業聯委會
人工智能的風險	人文交流 同意明年早些時候大幅增加兩國直航航班，就中美教育合作達成一致，鼓勵擴大留學生規模，加強文化、體育、青年、工商界交流
關鍵的地區與全球挑戰，包括印太地區、俄烏戰爭、以巴衝突等	全球治理領域 兩國元首強調當前中美應加快努力應對氣候危機
	軍事安全和執法領域 雙方同意在平等和尊重基礎上恢復兩軍高層溝通，恢復中美國防部工作會晤、中美海上軍事安全磋商機制會議，開展中美兩軍戰區領導對話；雙方宣布成立中美禁毒合作工作組，開展禁毒合作

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Xi Jinping and Biden met - **Reached more than 20 consensuses**

- Agree to resume military communication, resume the Sino-US Defense Department working meeting, and the maritime military security consultation mechanism meeting,
- The two sides announced the establishment of the China-US Anti-Drug Cooperation Working Group,
- In terms of people-to-people exchanges, increase the number of flights between the two countries,
- Increase Sino-US educational cooperation and expand the number of international students,
- Strengthen cultural, sports, youth and business exchanges.

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Xi Jinping and Biden Meeting: **Strategic outcomes**

- Meeting in San Francisco to re-stabilize Sino-US relations.
- China and the United States strengthen climate cooperation and pave a straight path for global negotiations on the Framework Convention on Climate Change.
- Xi Jinping invites 50,000 American youths to visit China next year.
- It will have a positive impact on the world.
- May bring Sino-US relations out of the bottom.
- The United States should support China's peaceful reunification.
- Xi Jinping emphasized: "China will eventually be reunified and will inevitably be reunified."

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Xi Jinping and Biden Meeting: Strategic outcomes

- The meeting in San Francisco is unlikely to change the pattern of fierce competition between China and the United States.
- Nor will it change the speed at which the United States suppresses China's development.
- Because the United States will still contain China in terms of trade, technology, and military.
- The meeting can reduce the continued deterioration of relations between the two countries. There are still many uncertain factors in the future.
- Because next year is an election year in the United States, it is impossible for Biden to show weakness towards China.
- Because most American voters still have a negative view of China.

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鳳凰秀

1. 戀愛期：1971-1979
2. 蜜月期：1979-1991
3. 磕碰期：1991-2001
4. 曖昧期：2001-2009
5. 遏制期：2009-2016
6. 敲打期：2017-2021
7. 敵對期：2021-

美關係半世紀巨大演變：沒有最壞 只有更壞

US China Relationship

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US China Relationship

1. Courting : 1971–1979
2. Honeymooning : 1979–1991
3. Arguing : 1919–2001
4. Naive : 2001–2009
5. Suppressing : 2009–2016
6. Fighting : 2017–2021
7. Hostile : 2021–

(From Phoenix TV)

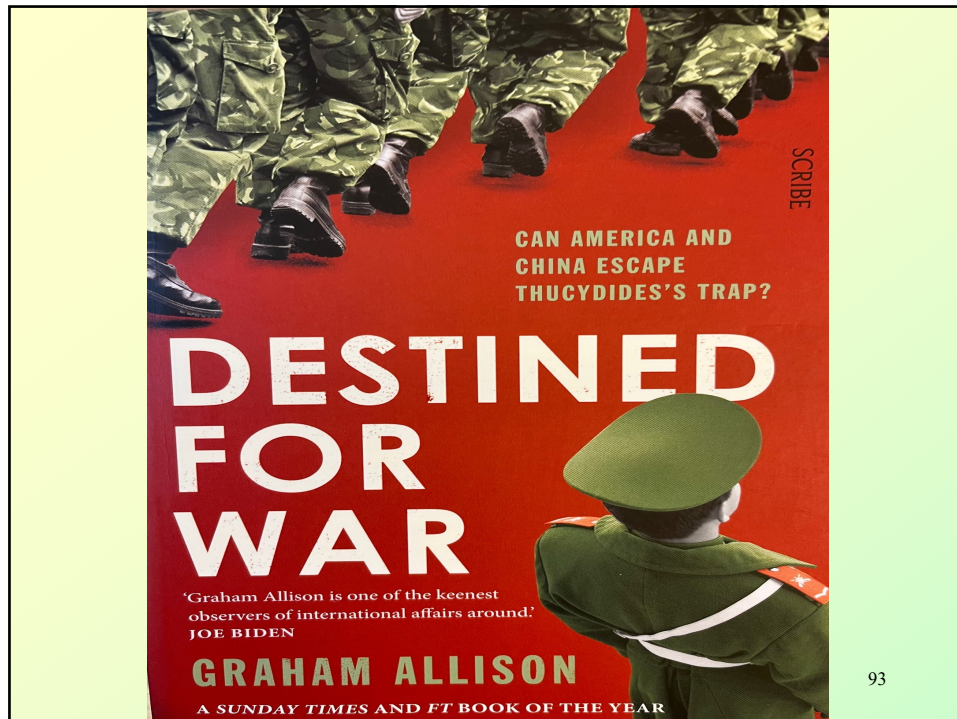
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6. The US-China Competition: Potential Outcomes

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V. US China competition: potential outcomes

The confrontation between the no.1 and no.2 powers will most likely end with a lose-lose result.

- As China's overall strength is relatively not as strong as the US, it is not willing to confront the US.
- Facing US's all out attack, China can only try to mitigate and defend.
- The US-China competition will be a long-term battle with a full court press strategy used by the US.
- It would be a long battle and whoever makes fewer mistakes will gain the upper position.
- The US-China competition may end up with the following three potential outcomes:

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V. US China competition: potential outcomes

1. China will become the world's largest economy and enter the developed countries club.

- China continues to grow at an annual growth rate of more than 5%, while the United States still maintains a growth rate of less than 3%. China GDP will surpass that of the US in 8 to 10 years and become the world's largest economy.
- China's GDP per capita will increase from US\$12,000 to US\$20,000 in 15 years or so, thus entering the clubs of developed countries.
- These have been written into China's mid-term plan for 2035 and long term strategies for 2050.
- China will become the new world leader, reunited with Taiwan with no one dare to intervene.

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V. US China competition: potential outcomes

2. Under the US's suppression, China's fast economic growth momentum has been curbed, and it will maintain its status as the second largest economy for a long time.

- Through its military and currency hegemonic power, US successfully overcomes its economic crisis and inflation.
- China's economic growth slows down further. China's GDP will not be able to surpass the United States for a long time.

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V. US China competition: potential outcomes

3. China and the US compromise and lead the world forward in a healthy competition and cooperation.

- In the past forty years, China and the US have both been the world's biggest beneficiaries of cooperation.
- The two countries' current GDP accounts for 38% of the world.
- Both countries are aware of cooperation with win-win result while confrontation will result in a lose-lose situation.
- US acknowledges that their heyday is over, unable to act as the world's policeman, can't impose its values on other countries.
- Both countries accept normal competition, abandon the zero-sum game, step out of the Thucydides trap, and achieve win-win results.
- The share of the GDP of the two countries will also continue to grow, and may reach 50% of the world in a few years.
- The result of a healthy competition and cooperation will lead the world forward with a bigger pie for all.

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7. The Future of China and Hong Kong

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Guangdong-Hong Kong-Macao Greater Bay Area: Background

- 1. On July 1, 2017, under the witness of President Xi Jinping, the National Development and Reform Commission and the governments of Guangdong, Hong Kong and Macao signed the "Framework Agreement on Deepening Cooperation between Guangdong, Hong Kong and Macao to Promote the Development of the Greater Bay Area" in Hong Kong.
- 2. The "Outline Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area" was announced in February 2019. These goals are expected to be achieved by 2035.
- 3. The strategy is an important part of the Belt and Road Initiative.
- 4. The goal is to build the Greater Bay Area into China's most open, market-oriented and innovative economic growth pole.

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Guangdong-Hong Kong-Macao Greater Bay Area: Background

- 5. The major national development strategies planned, deployed and promoted by President Xi Jinping reflect the strong determination and ambition of the Chinese government.
- 6. The joint efforts of the government and society - the market, private enterprises and professional groups will play a key role.
- 7. The central and local governments should work together to enhance regional competitiveness through economic integration, complementary advantages, and division of labor.
- 8. The Greater Bay Area covers Southern China and will become a powerful driving force for China's overall development.

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Guangdong-Hong Kong-Macao Greater Bay Area: National Strategy

Mission

- Comprehensive opening up, new attempts and new breakthroughs
- Further promote the practice of "one country, two systems"

Six basic principles

- Driven by innovation and led by reform
- Coordinate development and overall planning
- Pursue green development and ecological civilization
- Open cooperation to achieve win-win results
- Share development results and improve people's livelihood
- Adhere to "one country, two systems" and act in accordance with the law

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Guangdong-Hong Kong-Macao Greater Bay Area

Seven major development areas

- Develop an international innovation and technology center
- Accelerate infrastructure interconnection
- Build a modern industrial system with global competitiveness
- Promote the construction of ecological civilization
- Create a high-quality living area suitable for living, working and traveling
- Strengthen cooperation and jointly participate in the construction of the "Belt and Road"
- Jointly build a cooperation platform for Guangdong, Hong Kong and Macao

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Recent measures to remove barriers between cities in the Greater Bay Area

- In June, the Cyberspace Administration of China signed a memorandum of understanding with the Innovation, Technology and Industry Bureau of Hong Kong to formulate data transmission rules for the Greater Bay Area under China's data security framework. This will help establish Hong Kong as a global data center.
- Smartphones, artificial intelligence, biomedicine, new energy, new materials and other industries will push the Greater Bay Area into the stage of knowledge economy.
- The interconnection of innovation & technology materials, capital, data & talents will build Hong Kong into an international city.
- In March 2023, Hong Kong signed a number of agreements with other city governments on innovation and technology, finance, smart city development, and drug and medical device supervision.

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Recent measures to remove barriers between cities in the Greater Bay Area

Living in the Greater Bay Area

The development of the metropolitan area in the northern part of the Hong Kong-Shenzhen border will further drive the integration of Hong Kong with Shenzhen and the GBA.

The completion and opening of high-speed rail lines such as the Shenzhen-Zhongshan Bridge in June 2024 will enable every destination in the GBA ecosystem to be reached within one hour, which is called the "one-hour living circle."

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GBA in comparison with other key Bay Areas in the world				
	① Guangdong-HK-Macao GBA	② Tokyo Bay Area	③ New York Bay Area	④ San Francisco Bay Area
Area (km2)	56,098	36,898	17,312	17,887
Population (mn)	87	44.4	19.3	7.7
GDP (US\$ tn)	1.7	2.0	1.8	1.0
Services Industry as % in GDP	64.8%	84.7%	77.1%	72.8%
Key Industries	Finance, Technology, Professional services & Manufacturing	Automobiles, Petroleum & Finance	Finance, Real Estate, Medical & Healthcare	Technology & Professional Services

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Comparison of the China-US Bay Areas		
China	U.S. Bay Area	
Hong Kong and Shenzhen	New York	San Francisco
Finance + Technology	Finance	Technology

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The future of Hong Kong: **To connect within the Greater Bay Area**



Hong Kong Section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link



Hong Kong-Zhuhai-Macao Bridge

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Hong Kong's role in the GBA

- 1. The "Guangdong-Hong Kong-Macao Greater Bay Area Development Plan Outline" stipulates that Hong Kong's main function is to consolidate and strengthen its status as an international financial, shipping, and trade center.
- 2. Strengthen the status of offshore RMB business center, international asset management center and risk management center.
- 3. Finance, commerce, logistics and professional services are developing towards high-end and high value-added.

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Hong Kong's role in the GBA

- 4. Vigorously promote innovative technology.
- 5. Cultivate emerging industries; build Hong Kong as an international legal and arbitration service center; build a competitive international metropolis.
- 6. Hong Kong is one of the four core cities in the Greater Bay Area along with Guangzhou, Shenzhen and Macau. It has comparative advantages such as complete institutions, sound legal system, abundant talents, free information circulation, advanced financial and service systems, and extensive international exchanges. Contact person, who should perform key, coordinating and central functions in the GBA.

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Hong Kong's role in the GBA

- 7. As an important part of the Greater Bay Area, the central government hopes and supports the development of Hong Kong into the hub of the Greater Bay Area and connects the Greater Bay Area with the world by leveraging Hong Kong's status as an international metropolis.
- 8. The Greater Bay Area will enable Hong Kong to fully integrate into national development. Hong Kong can leverage the advantages of "one country, two systems" to contribute to the country and pave the way for the Greater Bay Area to further connect with the world.

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Hong Kong's role in the GBA

- Basic research
- Applied research
- Prototype development
- Testing and Certification
- Marketing and other professional support
(Intellectual property protection, etc.)
- Mass production and manufacturing
- Raising funds from capital markets
- A bridge connecting the GBA, Mainland China and the world

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Hong Kong's Main Advantages

- The unique advantages of “one country, two systems”
- Free flow of talent, capital, and information
- Act according to law
- Safe and low crime rate
- Clean government
- Independent legal and judicial system
- Sound intellectual property protection system
- Friendly and relaxed business environment
- Low and simple tax system
- Diversified and international talent pool
- World-renowned universities, scientific research institutes, and high-tech locations
- Good transportation and communication infrastructure

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8. Conclusions

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Conclusions: Where should Hong Kong be heading

1. Do a good job in national education, grasp the return of people's hearts,
2. Grab talents and attract emigrants to return,
3. Take advantages of the two systems and integrate into the national development of the Greater Bay Area,
4. Strengthen the functions of super connector, test field, and firewall,
5. Move forward towards the Belt and Road Initiative (RCEP and Middle East),
6. Actively promote the development of a new type of international financial and technology centre,
7. Maintain the linked exchange rate of the Hong Kong dollar,
8. Promote the peaceful reunification of the two sides of the Taiwan Strait.

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Conclusions:
Global Super Powers-US & China

- US will try to maintain its no.1 position as long as possible and use all means to disrupt and slowdown China's development.
- Hong Kong is very open and can be used to create disturbance since US can't do much in other Chinese cities.
- The all out competition between China and US will continue but a real military war is not likely to happen as both side has the capability of destroying the other.

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Conclusions:
Global Super Powers-US & China

- The political issues in HK have been tackled by the Central government.
- Business between China and US companies will continue as the two markets are too big and not easy to decouple.
- The bi-polar world leaded by the US and China will continue for sometime in the next decade.
- The US is in the decline and is not likely to win the Long Game.
- China's long term strategic goal of winning the hundred-year marathon is likely to be achieved by 2049.

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