

## US/CHINA: New working groups will promote bilateral stability

- In recent weeks, Beijing and Washington have established formal dialogue mechanisms on security, economic, financial, commercial, and technology issues.
- The new working groups do not indicate that policy breakthroughs are imminent, but they raise the likelihood of a meeting between the US and Chinese presidents at the APEC summit.
- The groups apparently seek to lock in whatever meager progress recent bilateral meetings have achieved, before US election politics narrow the space for further rapprochement.

The establishment of working groups are the closest thing to a concrete deliverable to emerge from the string of high level US-China meetings that began with US Secretary of State Antony Blinken's [visit to Beijing](#) in June. While these groups are unlikely to undo the damage from the last five years, they may plausibly serve to prevent further deterioration. By reducing reliance on *ad hoc* meetings, the working groups will likely facilitate more frequent high-level interactions, which enable both sides to communicate intentions, reduce misunderstandings, and perhaps increase bilateral trust.

But these working groups may represent a high-water mark for the recent bilateral détente. By early next year, elections politics will renew pressure for US politicians to bolster their "tough on China" credentials. On the Chinese side, once APEC has passed, President Xi Jinping will face reduced incentives to seek positive momentum in the bilateral relationship.

### *Structured mechanisms*

#### *Business and technology*

Following US Commerce Secretary Gina Raimondo's visit to China on 28 August, the US Commerce Department and China's Commerce Ministry announced two dialogue mechanisms. The first is a commercial issues working group intended to address specific issues facing companies. The group will meet twice yearly at the vice minister level, and representatives from affected companies will also participate.

The second is an "information exchange" mechanism on export controls. Raimondo emphasized that this mechanism is "not a working group on export controls to seek concessions" but is instead "an opportunity to share information and increase transparency." This point of emphasis reflects political constraints in Washington, where a strong bipartisan consensus favors tough US export controls to block the sale of advanced US technology to China, [especially in semiconductors](#) and artificial intelligence. Any hint that the Biden administration is willing to roll back existing controls would face strong pushback.

#### *Economics and finance*

US Treasury Secretary Janet Yellen's Yellen and Chinese Vice Premier He Lifeng will oversee two other groups, an Economic Working Group and a Financial Working Group. The US Treasury Department and China's Finance Ministry announced the two groups on 22 September, but their establishment was likely agreed to during [Yellen's visit to Beijing](#) in early July, when Yellen met with He and Finance Minister Liu Kun. On the Chinese side, the People's Bank of China will lead the Financial Working Group, while the Finance Ministry will take charge of the Economic Group, with both groups holding "regular" meetings at the vice minister level.

#### *Security and foreign policy*

The two sides agreed on a third set of structured dialogues following US National Security Advisor Jake Sullivan's meeting with Wang Yi, the China's [foreign minister](#) and the Communist Party's top foreign policy official, in Malta on 16-17 September. The three issues areas are Asia-Pacific affairs, maritime affairs, and foreign policy, according to China's foreign

ministry. A US official also mentioned arms control, though Beijing's readout omitted that topic, which Beijing has previously refused to discuss in bilateral settings.

### Stability not improvement

In a moderately optimistic scenario, the two sides might achieve substantive progress on minor issues like increasing direct US-China flights, granting journalist visas, and easing regulatory hurdles facing US companies in China. In an even more optimistic and therefore less likely scenario, progress on these minor issues could establish a foundation of trust that leads to more significant policy changes. These might include increased efforts by Beijing to block exports of precursor chemicals used to produce fentanyl or a slower pace of US flyovers and sail-throughs around the Taiwan Strait and South China Sea.

Even if the optimistic scenarios above do not materialize, the recent string of high-level meetings—which yielded positive readouts from both sides—raise the chances that Xi will meet US President Joe Biden at APEC in November. Chinese official media have also publicized a series of open letters from Xi replying to letters received from various US-China friendship organizations, which emphasize the role of ordinary citizens in promoting friendly bilateral relations. By portraying Xi as generously reciprocating entreaties from the US side, these letters appear to mark an effort to lay domestic political groundwork for a trip to the US.

### Window of opportunity closing

For the Biden administration, the working groups are apparently also an effort to lock in whatever meager progress recent high-level meetings have achieved, before election politics narrow the space for further rapprochement. As [previously discussed](#), by early next year, fear of "soft on China" political attacks will make for Biden and congressional Democrats more reluctant to pursue further improvement in bilateral relations.

Even the working groups are likely to prompt criticism. China hawks in Washington have warned of so-called "zombie engagement," which would repeat the mistakes of failed dialogue mechanisms of the 2000s and early 2010. Critics argue that Beijing used mechanisms like the Strategic and Economic Dialogue to forestall tough actions from Washington.

Congressional pressure will continue to restrain Biden's freedom to pursue detente. US Senate Majority Leader Charles Schumer and Republican Senator Mike Crap are planning to lead a bipartisan delegation to China in October. Rather than validating the Biden administration's efforts to stabilize relations, this trip may embolden senators to pursue the Schumer-led "China Competition 2.0" bill, which revives elements of last year's [US Innovation and Competition Act](#).

The annual year-end Pentagon funding bill is similarly emerging as a venue for promoting various pieces of anti-China legislation. For example, the Senate version of that bill includes the Outbound Investment Transparency Act, which would expand disclosure requirements for US investment in China beyond those contained in Biden's [recent executive order](#). Legislators may also seek to attach provisions banning or restricting TikTok.

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