

Opinion **US-China trade dispute**

China, America and a global struggle for power and influence

The whole world risks losing from the rivalry between Washington and Beijing

GIDEON RACHMAN



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Gideon Rachman YESTERDAY

American and Chinese foreign policy sometimes feel like mirror images. The Americans are obsessed by containing Chinese power. The Chinese are obsessed by containing American power.

But the mirroring stops when it comes to how these policies are executed. Washington and Beijing bring different strengths to their battle for power and influence. As a result, they are pursuing different strategies.

America's singular strength is its military might and its willingness to offer security guarantees to its allies. The US has collective defence [agreements](#) with 56 countries around the world, in Europe, Asia and the Americas. It also provides crucial military aid to other countries, such as Israel and Ukraine, that are not formal treaty allies.

China, by contrast, has a mutual defence treaty with just one country — North Korea. Unlike the US, it also has territorial disputes with many of its neighbours, which tends to push them in the direction of America.

But when it comes to economic relations, China has the advantage.

Australia's Lowy Institute calculates that 128 countries now [trade more](#) with China than with the US. Over the last decade. China has spent more than a trillion dollars

in more than 140 countries on infrastructure investment, becoming the world's largest creditor and the world's largest trading power in the process. The results are on display all over the world, whether it is high-speed rail in Indonesia, ports and bridges in Africa or an intercontinental highway crossing central Asia.

Western countries can and do point to the flaws in China's Belt and Road Initiative, notably the huge debts owed to Chinese lenders that weigh on countries such as Pakistan, Sri Lanka and Zambia. But for developing countries that are seeking to make rapid economic progress, the Chinese offer remains attractive. As Daniel Runde, a former USAID official, [told](#) Congress this year: "From project identification to signing, commencing and completing — China is much faster and cheaper than the United States at virtually every stage."

The US is trying to push back. Last year, America's Eximbank signed a deal to finance more than a billion dollars' worth of transport and power projects in Angola. But with a yawning US budget deficit and new trade deals off the table in Congress, it will be all but impossible for America to rival China's economic offer.

Instead, the Americans are doubling down on what they do best. As the Biden administration seeks to contain Chinese power in the Indo-Pacific, the US has bolstered its regional security ties and "put a lot of points on the board", in the words of a senior official. During the Biden years, the US can point to a tightening of the US-Japan security treaty, the launch of the Aukus security pact with Australia and Britain, the strengthening of security ties with the Philippines and India and a rapprochement between two key US allies — South Korea and Japan.

However, America's security-based strategy for building its influence may be reaching its limits. China is currently flexing its muscles in the South China Sea. Violent [clashes](#) between Chinese and Filipino vessels threaten to test the depth of Washington's security commitments.

In an effort to contain growing Chinese influence in the Middle East and secure a regional peace deal, the Biden administration is also seriously considering a security guarantee to Saudi Arabia. But the autocratic nature of the Saudi regime would make that a highly controversial move in Washington. It would also heap further burdens on the US armed forces, which are already stretched thin by their commitments in Europe and the Indo-Pacific.

But as the US reaches the limits of its security-based diplomacy, China's trade and investment-based strategy is also running into trouble. Xi's efforts to revive China's

domestic economy through a renewed export drive is unsettling many developing countries, which fear their domestic industries are being undermined. Indonesia, Mexico, Brazil, India and Chile have all recently raised tariffs on Chinese goods, highlighting what the author James Crabtree [calls](#) “a major strategic dilemma for China, as policies designed to restore its domestic economy threaten to undermine its ties with the global south”.

It is true that American support for Israel has damaged the US in the global south, particularly in Muslim countries. But China has paid a heavy reputational cost in Europe because of its support for Russia.

The competition between the US and China is not all bad, as far as many third countries are concerned. Nations such as Saudi Arabia, South Africa, the Philippines and Brazil feel they have more freedom to defy either Washington or Beijing in a bipolar system.

But even for the non-aligned, there are considerable downsides to the growing rivalry between the US and China.

Protectionism and the bifurcation of the global economy will ultimately damage economic growth for everyone. A new arms race is a waste of resources and increases the risk of a catastrophic war. And the rivalry between China and the US also makes it much less likely that the two countries will work together on the global challenges that threaten everybody — such as unregulated artificial intelligence and unconstrained global warming.

The joys of a new cold war can be greatly exaggerated.

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