

## WHAT DOES BIDEN-XI CALL INDICATE ABOUT THE CHINA-U.S. RELATIONS?

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April 26, 2024

*(Views expressed in the brief are those of the author, and do not represent those of ISSI)*



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### Background

On April 02, President Joe Biden and Xi Jinping held a telephone conversation to discuss China-U.S. relations. The call was the first high-level interaction between both presidents since the Woodside Summit in San Francisco in November 2023, and the first by phone since 2022.<sup>1</sup> Both sides agreed on maintaining cooperation for common issue areas including regional peace, military-to-military communication, counter-narcotics, addressing climate change, AI risks and people-to-people relations. Trade and technological competition persisted as areas of contention on both sides. The call came amid a number of steps indicating de-escalation.

The readouts from China's Ministry of Foreign Affairs and the White House on the conversation between the two presidents differed significantly. The Chinese readout has been longer, with expressions including the much emphasized "San Francisco vision" and President Xi Jinping comparing the perception of China-U.S. relations "just like the first button of a shirt that must be put right".<sup>2</sup> The readout from the Chinese side emphasized peace, stability and credibility, reiterated the

1 Ji Siqi and Igor Patrick, "Call between Xi Jinping and Joe Biden conveys stability, deep disconnect in US-China ties: analysts," *South China Morning Post*, April 02, 2024, <https://www.scmp.com/news/china/diplomacy/article/3257549/xi-jinping-joe-biden-conclude-phone-call-xinhua-says>.

2 "President Xi Jinping Speaks with U.S. President Joe Biden on the Phone," Ministry of Foreign Affairs of the People's Republic of China, April 02, 2024, [https://www.fmprc.gov.cn/eng/zxxx\\_662805/202404/t20240403\\_11275451.html](https://www.fmprc.gov.cn/eng/zxxx_662805/202404/t20240403_11275451.html).

U.S. commitment to “One-China Policy” and protested against imposition of sanctions on Chinese entities. Chinese comments on the high-tech sector were particularly stern, where President Xi Jinping stated that if the United States continues to impede China’s right to development “China is not going to sit back and watch.”

The U.S. readout was relatively shorter and conveyed U.S. concerns vis-a-vis China.<sup>3</sup> It focused on maintaining peace and stability across the Taiwan strait and respecting the rule of law and freedom of navigation in the South China Sea. President Joe Biden also raised concerns over China’s support for the Russian defence industry, reiterated U.S. commitment to denuclearization of the Korean peninsula, and mentioned concerns over China’s trade policies. He also emphasised that the U.S. shall “continue to take necessary actions to prevent advanced U.S. technologies from being used to undermine our national security,” a reiteration of the newly introduced “de-risking” concept.<sup>4</sup> Interestingly, unlike the Chinese readout, the readout from the White House did not mention the One-China Policy or reassurances on Taiwan.

The Chinese expression regarding Taiwan was not without substance, however. On the same day before the call took place, the Taiwan military announced the decision to cancel live-fire drills near Quemoy/Kinmin Islands, nearly adjacent to mainland China, citing bad weather.<sup>5</sup> Quemoy drills were one of the steps that have been recently criticised by China for being a targeted provocation. A Taipei-based newspaper later quoted Taiwan military command stating one of the reasons for delaying exercises to be to “avoid provocation.”<sup>6</sup>

A week prior, senior Chinese leadership also engaged in a number of meetings that concerned areas of “low politics”. On March 27, President Xi Jinping along with three ministers met a delegation of 20 U.S. business leaders including CEOs of chip manufacturer Qualcomm, delivery services provider FedEx, and equity firm Blackstone.<sup>7</sup> Foreign Minister Wang Yi met Graham Allison, the famous Harvard professor and former Assistant Secretary of Defense to President Bill Clinton. Allison also attended the March 27 meeting with Xi Jinping and recalled Xi’s metaphor “I am in you, and you are

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<sup>3</sup> “Readout of President Joe Biden’s Call with President Xi Jinping of the People’s Republic of China,” April 02, 2024, <https://www.whitehouse.gov/briefing-room/statements-releases/2024/04/02/readout-of-president-joe-bidens-call-with-president-xi-jinping-of-the-peoples-republic-of-china/>.

<sup>4</sup> Emily Benson and Gloria Sicilia, “A Closer Look at De-Risking,” Center for Strategic and International Studies, December 20, 2023, <https://www.csis.org/analysis/closer-look-de-risking>.

<sup>5</sup> Lawrence Chung, “Taiwan puts Quemoy live-fire drills on hold after Beijing warns against ‘targeted’ provocation,” *South China Morning Post*, April 02, 2024, <https://www.scmp.com/news/china/politics/article/3257570/taiwan-puts-quemoy-live-fire-drills-hold-after-beijing-warns-against-targeted-provocation>.

<sup>6</sup> Chung, “Taiwan puts Quemoy live-fire drills on hold after Beijing warns against ‘targeted’ provocation.”

<sup>7</sup> Joe Cash, “China’s President Xi meets US executives in Beijing as investment wanes,” *Reuters*, March 27, 2024, <https://www.reuters.com/world/chinas-president-xi-met-us-executives-academics-beijing-state-media-say-2024-03-27/>.

in me” with respect to the China-U.S. relations, to which Xi replied saying “exchange, cooperation and eventually accommodation,” is the way forward for deeply intertwined nations.<sup>8</sup> These exchanges of Allison with China’s top leadership reflected positive messaging, particularly coming from the celebrity scholar whose work on Thucydides’ Trap has often been cited to justify intensifying China-U.S. rivalry.

Another indication of thawing relations around the time when the Biden-Xi call took place came from academic interactions between leading think tanks in both countries. Prior to Allison’s engagement with Chinese political leadership, the Center for China and Globalization (CCG) also hosted a book launch on “Escaping Thucydides Trap: Dialogue with Graham Allison on China-U.S. Relations.”<sup>9</sup> On March 27, one of the leading U.S. think tanks, the Center for Strategic and International Studies (CSIS), also published the report of a two-year-long project with Peking University on “U.S.-China Scholarly Recoupling: Advancing Mutual Understanding in an Era of Intense Rivalry”.<sup>10</sup> These events have been seen as encouraging developments to thaw the relations and give a positive indication to observers who have usually taken hawkish positions in recent years.

Positive indications notwithstanding, however, a lot seems to persist to keep a gloomy picture. First, is the domestic political environment within the United States that increasingly relies on anti-China rhetoric. This is further reinforced by the U.S. public opinion polls on China. About 83 per cent of adults in the United States view China negatively, according to a Pew survey.<sup>11</sup> Whereas another survey finds 58 per cent of Americans viewing China as a critical threat to the United States.<sup>12</sup>

Furthermore, the competition in trade and high-tech is set to intensify further as an area of contention. In addition to the exchange in the Biden-Xi call, this fact has been reflected recently by Intel CEO Patrick Gelsinger when he downplayed \$7 billion in losses by Intel as a cost of maintaining hi-tech supremacy, stating that “the national security and the economic engine” are his primary

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<sup>8</sup> Graham Allison (@GrahamTAllison), “Having returned from a whirlwind tour of 9 intense days of meetings in Beijing, reflecting on my discussion with Xi Jinping;,” Twitter, April 03, 2024, <https://twitter.com/GrahamTAllison/status/1775275573159592021>.

<sup>9</sup> Ziluan Zeng and Yuxuan Jia, “CCG’s speeches at the book launch of “Escaping Thucydides’ Trap”,” CCG Update Substack, April 07, 2024, [https://open.substack.com/pub/ccgupdate/p/ccgs-speeches-at-the-book-launch?r=2572rv&utm\\_campaign=post&utm\\_medium=web](https://open.substack.com/pub/ccgupdate/p/ccgs-speeches-at-the-book-launch?r=2572rv&utm_campaign=post&utm_medium=web).

<sup>10</sup> Scott Kennedy, “U.S.-China Scholarly Recoupling: Advancing Mutual Understanding in an Era of Intense Rivalry,” Center for Strategic and International Studies, March 27, 2024, <https://www.csis.org/analysis/us-china-scholarly-recoupling-advancing-mutual-understanding-era-intense-rivalry>.

<sup>11</sup> Laura Silver, Christine Huang, Laura Clancy and Moira Fagan, “Americans Are Critical of China’s Global Role – as Well as Its Relationship With Russia” Pew Research Center, April 12, 2023, <https://www.pewresearch.org/global/2023/04/12/americans-are-critical-of-chinas-global-role-as-well-as-its-relationship-with-russia/>.

<sup>12</sup> Craig Kafura, “Americans Feel More Threat from China Now Than in past Three Decades,” Chicago Council on Global Affairs, November 12, 2023, <https://globalaffairs.org/research/public-opinion-survey/americans-feel-more-threat-china-now-past-three-decades>.

investors.<sup>13</sup> The U.S. President also announced \$19.5 billion in support to Intel out of the \$52.7 billion in subsidies earmarked for the semiconductor industry, to boost Intel's manufacturing capacity which declined globally from 40% in the 1990s to around 12% in recent years.<sup>14</sup> The shift in manufacturing comes accompanied by restrictions by the United States on companies, both domestic and foreign, from supplying manufacturing equipment to China.

Despite the positive messaging and apparent warmth around the Biden-Xi call, key issues persist between both countries. Though the United States conceded some ground on Taiwan, which it does occasionally, and indicated cooperative messaging in recent academic and scholarly exchanges, the sharp rhetoric about China cannot be expected to dilute anytime soon. The competition for hi-tech and trade balance shall further exacerbate this. Ultimately, however, such interactions may help "clarify the upper limit of the development of bilateral relations and the bottom line for [potential] conflict," in the words of Peking University Dean, Wang Jisi.<sup>15</sup>

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<sup>13</sup> Khushboo Razdan, "Tech war: Intel's US\$7 billion loss a cost of winning back American supremacy in chip production, says chief executive," *South China Morning Post*, April 05, 2024, <https://www.scmp.com/news/china/article/3257915/tech-war-intels-us7-billion-loss-cost-winning-back-american-supremacy-chip-production-says-chief>.

<sup>14</sup> "The CHIPS Act: What it means for the semiconductor ecosystem," PwC, accessed April 07, 2024, <https://www.pwc.com/us/en/library/chips-act.html>.

<sup>15</sup> Thomas Des Garets Geddes, "Da Wei and Wang Jisi on US-China Relations," *Sinification*, April 05, 2024, [https://www.sinification.com/p/wang-jisi-and-da-wei-on-us-china?r=2572rv&utm\\_campaign=post&utm\\_medium=web](https://www.sinification.com/p/wang-jisi-and-da-wei-on-us-china?r=2572rv&utm_campaign=post&utm_medium=web).