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China Watcher

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Hi, China Watchers. Today we unpack Beijing's Israel-Gaza conflict messaging motives, parse the cost-benefit ratio of the return of U.S.-China economic dialogues and distill U.S. Ambassador to China Nicholas Burns' latest assessment of bilateral relations. And we profile a book that claims that allegations of Chinese firms — including Huawei! — operating as overseas tools of the Chinese Communist Party reflect “propaganda and fear rather than facts.”

Let's get to it. — Phelim

‘The Chinese are chuckling’ — the holes in Biden's bilateral dialogues

Yes, the U.S. and Chinese governments are talking again. But there are doubts the juice is worth the squeeze.

Treasury Secretary **Janet Yellen** announced two weeks ago that her trip to Beijing in July had produced new [Economic and Financial Working Groups](#). That follows on the heels of Commerce Secretary **Gina Raimondo's** unveiling of a new [working group on commercial issues and a new export control enforcement “information exchange”](#) dialogue in August.

Yellen and Raimondo say the mechanisms are worth a shot. “We are not returning to the days when we had dialogue for dialogue's sake,” Raimondo [said in August](#). Treasury's new working groups are “important forums to communicate America's interests and concerns,” Yellen said last month in [a post on the X social media platform](#).

Treasury has learned the lessons of failed past dialogues hobbled by overly-broad objectives by restricting the new working groups to a limited number of topics, said a Treasury spokesperson granted anonymity because they aren't authorized to speak on the record. The Commerce Department confirmed that conversations within its bilateral working groups continue but declined to provide further details.

China has a preference for economic talks as it seeks to mitigate [targeted export control restrictions](#) and reassure [wary U.S. investors](#) as the Chinese government struggles with [faltering economic growth](#). **Meanwhile Beijing is continuing a now 14-month freeze** on high-level military contacts and suspended cooperation in areas including counternarcotics and transnational crime.

Here we go again. The new groupings under Commerce and Treasury have echoes of past bilateral working groups and dialogues spanning multiple administrations — think President **George W. Bush's** [Strategic and Economic Dialogue](#), the [Obama administration's upgraded version](#) of that forum and President **Donald Trump's** Comprehensive Economic Dialogue. Those [now-defunct mechanisms](#) absorbed significant resources [with arguably underwhelming results](#).

They “never meaningfully addressed structural issues ... and created a process where the United States was hesitant to disrupt the dialogues by pushing back against bad Chinese behavior when it occurred,” said **Hal Brands**, former special assistant to the Secretary of Defense for Strategic Planning from 2015 to 2016. He's now a professor at the Johns Hopkins School of Advanced International Studies.

Skepticism abounds. “I think the Chinese are sort of chuckling, saying ‘these guys really don't change,’” said **Harry Broadman**, former chief of staff of George H.W. Bush's Council of Economic Advisers. The new groupings could allow valuable information exchange, but “it doesn't feel like there is any real negotiation going on,” said **Brad Setser**, who served as deputy assistant secretary for international economic analysis at the Treasury Department during the Obama administration.

Cross your fingers. If Yellen and Raimondo's gamble pays off, the working groups could help "solve issues like intellectual property theft, national security concerns, and the increasing difficulty of doing business in the PRC," said **Raja Krishnamoorthi**, ranking member of the House Select Committee on China. The Biden administration pleads for patience. "We're just begun it, so I can't tell you it's been a roaring success yet ... but the idea that we'd sit down together —and we had not been doing this for several years— is a very good one," U.S. Ambassador to China, **Nicholas Burns**, said during a National Committee on U.S.-China Relations [event on Wednesday](#).

Talk shop peril. But the history of previous dialogues require U.S. officials "to demonstrate that the working groups are more than just talk shops," said **Wendy Cutler**, former acting Deputy U.S. Trade Representative in the Obama administration and current vice president of the Asia Society Policy Institute. That will require Commerce and Treasury officials "to focus on a limited number of 'low hanging fruit' outcomes and build out from there over time," Cutler said.