

1. Introduction

[T]he US and China are both friends and competitors, but definitely not enemies.
(U.S. Secretary of Defense Chuck Hagel, while on an official visit to China in April
2014, in Wu 2014: 6)

China and the United States are approaching a crossroads where their economic relationship is concerned. Increasing concern over economic security threatens the basis for the industrial collaboration and integration that have produced extensive Sino-American economic interdependence. While political authorities in both states recognize the complementary strengths of American and Chinese industry and value the Sino-American industrial relationship, it is not clear that this will be sufficient to offset increasing concern over the impact of deepening industrial integration. At stake is the very fabric of their economic interdependence and the common ground that helps to underpin the special relationship manifest in the ‘grand bargain’: the tacit understanding that China would accept the general features of the international order promoted by the United States while it welcomed China’s rise.

The requirements of economic security fulfil a crucial role in shaping inter-state economic relations. Attention to economic security in all but the most isolated of states has increased in concert with the emergence and deepening of transnational economic processes, the engagement of which generally is regarded as crucial to economic success. This has been the case with both of the states that are the subject of this study. Economic security concerns lie at the heart of the Sino-American economic relationship, with these states figuring prominently in each other’s economic security planning in both negative and positive respects.

Heightened attention to the economic requirements of national security alongside those stemming from concern over socio-economic issues in an environment of deepening transnational industrial integration highlights the tension between these different facets of economic security. This reflects the distinct logics of what are referred to in this study as national economic security and comprehensive economic security. The distinct policy requirements of these paradigms, which drive approaches that can be summarized as economic nationalism and economic internationalism, respectively, are generally difficult to reconcile. The need to pursue national and comprehensive economic

security in tandem greatly complicates economic security policy in both the United States and China.

Tension between the conflicting demands of national and comprehensive economic security is most readily apparent on the part of the United States, but is increasing in China as the economic gap with the United States narrows and China re-emerges as a great power. What is usefully conceptualized as an economic security policy dilemma now confronts political authorities in both states. Chinese and American authorities face a daunting challenge: comprehensive economic security requirements compel support for the development of extensive and intensive transnational economic ties, but the requirement to sustain the economic basis of national security encourages support for the development of autonomous national capabilities in crucial industrial sectors. There is an uneasy balance between these contrasting models of economic security as authorities pursue their complex industrial agendas in the more politicized atmosphere engendered by heightened attention to the economic requirements of national security. Careful balancing of key industrial activities is necessary if efforts to promote national and comprehensive economic security are not to prove counter-productive.

The national/comprehensive economic security balance does not involve an equilibrium in either China or the United States. The focus of economic security policy in both states has shifted over time and authorities are confronted by the need to accept sometimes-difficult compromises as they pursue conflicting policy requirements. The requirements of national and comprehensive economic security will remain in fundamental tension and the policy dilemma facing Chinese and American authorities will grow more acute as concern over national security increases.

Economic security concerns underlie the complicated course of Sino-American economic relations following the 'normalization' of political ties in the 1970s. While the common ground defined by generally compatible understandings of the requirements of economic progress is considerable, some economic conflict between China and the United States is unavoidable given their distinct interests. Political authorities in both states face multifaceted economic security challenges that drive policy approaches with the potential to compromise the economic interests and thus the economic security of the other state, whether this is intended or not. Two examples suffice to illustrate this point: restrictions on collaborative research and development (R&D) with Chinese enterprises have significant implications for industrial development in China, while China's weak protection of intellectual property rights (IPRs) generates significant concern in the United States, thereby encouraging a more guarded approach to collaboration in high-technology industrial sectors.

The importance of considering the security basis of Sino-American economic relations has grown in concert with their deepening economic inter-

dependence. China's pivotal decision in 1978 to initiate a programme of economic reform paved the way for its progressive engagement of the global economy, leading to the emergence of a mutually beneficial economic partnership with the United States based on their shared interest in economic prosperity. Nevertheless, it is American industry that was the principal architect of the Sino-American economic relationship through its pursuit of opportunities in China. The expansion of Sino-American economic ties continues apace, with increasing collaboration between Chinese and American high-technology firms and enterprises. The transformation involved is a significant yet lesser known feature of the Sino-American economic relationship, which tends to be obscured by debates such as those over IPRs, the convertibility of China's Renminbi currency, and the trade imbalance. Sino-American industrial ties can no longer be reduced to a uni-directional relationship led by American industry. Over the course of time industrial arrangements have progressed well beyond the assembly in China of American-designed products to the licensed production of components, co-production, collaborative development, and the structural integration of industry through long-term partnerships, mergers, and acquisitions (see Friedberg 2010: 37–44). This transformation has been reflected in the fact that by 2014 China had supplanted Japan as the principal foreign supplier of computer equipment to the American market (Morrison 2015: 10). Attention to economic security issues in both states cannot but have been highlighted by the Asian Financial Crisis of 1997–98 and the Global Financial Crisis of 2007–09, the effects of which neither state escaped.

The salience of China and the United States in each other's economic security planning has been high since the establishment of economic relations, but economic security tensions and concern are rising as the points of friction between them expand; the 'honeymoon' of Sino-American relations in the 1980s is over (see Yao 2015: 167). There remain some relative certainties in their economic relationship, and industrial trends in and between China and the United States are not entirely destabilizing, but a number of issues arising from this are affecting their economic security agendas and policies. The economic challenge posed by the declining economic compatibility stemming from the extent and pace of China's industrial development is reinforcing Sino-American economic security tensions.

Their economic relationship is sufficiently important for political authorities in both China and the United States to strive to sustain and even strengthen it, despite the challenges involved. Their efforts are complicated by significant differences in economic security concerns and approaches, which are shaped by dissimilar internal and external factors. The terms in which American and Chinese authorities view the other state are not entirely compatible: Chinese authorities tend to regard the United States as a limitless reservoir of technology, while American authorities generally consider China an inexhaustible

fount of investment funds, and authorities in both states see the other as a lucrative market. Furthermore, the chequered past of Sino-American relations has important implications for how American and Chinese authorities approach economic relations.

Though Chinese and American authorities face broadly comparable problems, their economic security concerns and agendas are only moderately similar. Even where they have similar concerns, they are often presented with different challenges, which they approach in distinct terms. American national economic security concerns are exacerbated by the convergence of the economic trajectories of China and the United States and by concern over China's perceived 'economic power'. Concerns of this nature were evident by the 1990s and now are being raised in the context of a power or economic transition from the United States to China (Dobson 2013b: 261–62; see also Nye 1997–98: 66–68; Christensen 2006: 81; and White and Taylor 2009: 88). In China, by contrast, it is not so much the case that the United States necessarily is regarded as posing a greater economic threat than in the past as the fact that concern over the structural role of the United States in the global economic system is increasing in concert with China's deepening engagement of transnational economic processes and its evolving economic security agenda as it re-emerges as a great power. Heightened concern over economic security is most readily apparent in the United States at this point. The national security-driven politicization of economic relations by the United States can be expected to encourage a similar trend in China, however.

The changing environment and perceived requirements of economic security have far-reaching consequences for both China and the United States. Compatible economic security interests, most notably in terms of shared concern over prosperity, reinforced by complementary economic strengths, have provided the basis for the bilateral economic relationship, facilitating deepening economic interdependence which has in turn contributed to the development of generally positive Sino-American relations (see Dobson 2013a: 30–32; and Friedberg 2005: 13). While they continue to share some key interests, significant tensions lie just beneath the surface. Comprehensive economic security requirements have meant that the bilateral economic relationship has been characterized by competition alongside cooperation. Competitive tensions are increasing, and diverging interests encourage careful consideration of economic security agendas and policy approaches, potentially threatening established norms and arrangements. The Sino-American economic relationship was sufficiently resilient to weather the storms of recent economic crises relatively unscathed, but its capacity to do so over the long term is by no means certain. The pressure for change can only increase in concert with the progressive politicization of Sino-American economic relations. This involves uncharted policy territory for political authorities in both

states. Re-setting the economic relationship to that which existed prior to the normalization of relations is not a viable option for either state, but between the poles of the pre-‘normalization’ state of affairs and that which currently exists there is a broad spectrum of possible terms of engagement.

Extensive Sino-American industrial integration is poorly supported by official state-to-state engagement. Formal instruments for economic engagement remain relatively underdeveloped despite the importance of the relationship and the heavy policy demands of the American and Chinese economic security agendas. The avenues for engagement have expanded in recent years, and now include the high-level Joint Commission on Commerce and Trade (JCCT) and the annual Strategic Economic Dialogue (SED) process inaugurated by President George W. Bush in 2006, which was renamed the US–China Strategic and Economic Dialogue (S&ED) in 2009 (Morrison 2015: 49; see also Freeman 2013: 202–203). Bilateral engagement has failed to keep pace with the development of industrial ties and increasing tensions, however. Multilateral forums such as the World Trade Organization (WTO) and Asia-Pacific Economic Cooperation (APEC) potentially provide valuable points of contact, particularly where structural issues are concerned, but this only partly offsets the inadequacies of bilateral mechanisms. The value of established multilateral economic processes as sites of Sino-American engagement is threatened by the increasingly contested international economic environment. Tension at this level is growing as China’s leaders seek to promote an economic order more conducive to Chinese interests. It is important to bear in mind China’s late acceptance of the value of multilateral instruments, which traditionally have been regarded as dominated by other states, and its potentially weak commitment to established processes as a result (see Jiang 2013: 9–10). The underdevelopment of official avenues of engagement contributes to the challenge of addressing economic security concerns.

The points at which American and Chinese authorities can act in pursuing their economic security agendas are not limited to inter-governmental relations, though these remain an important focus of attention. Political authorities in both states engage industry in the pursuit of economic security. There has been a major shift for China where economic reforms are complicating the task of industrial engagement and the direct engagement of foreign industry is increasingly important. President Xi Jinping’s decision to meet with executives from American high-technology firms during the course of his September 2015 visit to the United States testifies to the importance attached to ties to American industry as much as China’s importance to American industry (see Fryer-Biggs 2015a: 30).

THE CHALLENGES OF ECONOMIC SECURITY AND ECONOMIC SECURITY POLICY

Analysing economic security policy is rendered difficult by the nature of the issues involved. Economic security, which is understood here as encompassing internal and external facets and the security of sub- and non-state actors as well as states, is a contested concept that encompasses a broad range of overlapping issues that concern diverse policy areas. Delimiting the boundaries of economic security and economic security policy can prove a difficult exercise as a result. While there are some characteristic policy approaches, there are no definitive economic security strategies. The pursuit of economic security is particularly complex where policy agendas encompass conflicting objectives that are difficult to reconcile, such as those stemming from the conflicting requirements of national and comprehensive economic security. These contending paradigms promote industrial autonomy and industrial integration, respectively; rarely is a parity of objectives a viable option under such circumstances. This encourages development of a hierarchy of objectives, but a definitive prioritization of objectives often proves difficult to establish and sustain in practice. This can produce a particular form of security dilemma as efforts to promote economic security in one area undermine it in another.

The pursuit of economic security poses a major challenge for political authorities in both of the states that are the subject of this study. Economic security agendas in the United States and China are broad and ambitious, in both cases encompassing national and comprehensive economic security requirements. While the simple explanation is that American and Chinese authorities will seek to strike an even balance between their conflicting requirements, this is far from the case. Thus authorities in both states can be found endeavouring to support local industry against their competitors through promoting innovation and competitiveness, while accepting if not facilitating the development of transnational industrial linkages that may threaten local firms and enterprises over the long term.

The American and Chinese pursuit of economic security is rendered less straightforward by the fact that their agendas encompass objectives that are difficult, if not impossible, to attain in the absence of participation in transnational economic processes. The international environment in which these processes are situated is far from anarchic, but is structured in part by economic forces that are beyond state control, which have not attracted the degree of policy attention that might have been expected given the implications. As one commentator noted some time ago, of the major states, 'the United States is the least conscious of the spiralling impact of international economic interdependence' (Cohen 2000: 27). Transnational industrial processes are the

subject of increasing attention in American policy circles, but only gradually has this translated into policy. Chinese authorities have been cognizant of the dangers as well as the opportunities of economic globalization for far longer than their American counterparts, but this greater familiarity has not allayed their concern. Striking the proper balance between diverse economic security requirements in this environment promises to remain a challenge for authorities in both China and the United States.

As will be discussed more fully in Chapter 2, analysis of many economic security issues remains underdeveloped. There are extensive literatures addressing many aspects of economic security in the United States and China and Sino-American economic relations, but a number of important issues remain poorly explored. This includes the interplay between economic security requirements, the operationalization of economic security requirements other than those of national security, and the impact of the drive for economic security on Sino-American industrial relations. Extant studies of Sino-American relations approach this in discrete economic or security terms, with little attempt to bridge this divide. While expanding Sino-American industrial ties have attracted scholarly attention, there remains no account that situates this in a broader security context. The present study addresses this lacuna by examining the American and Chinese pursuit of economic security in the more uncertain environment structured by deepening industrial integration and heightened concern over national security.

EAST ASIA AND THE SEARCH FOR ECONOMIC SECURITY

It is important to contextualize the American and Chinese pursuit of economic security at the regional level. The United States and China are deeply embedded in an economic order which imposes constraints as well as providing opportunities. While political authorities in both states pursue their economic security agendas on a global scale, the region encompassing Northeast and Southeast Asia constitutes a key site of engagement. American and Chinese high-technology industrial engagement of East Asian states is extensive and is evolving as Chinese high-technology industry matures; the mutual importance of Chinese and American high-technology industry is increasing and industrial relations with the United States and China are important across the region.

East Asia represents a unique regional environment. The region is distinguished by extensive and intensive transnational industrial integration featuring complex economic relationships that link American, Chinese, and other states' firms in a dense network of production and R&D arrangements. Successive American administrations have recognized the East Asian region's importance in economic security terms (see, for example, United States, DoD

2012: 2). The region has been no less important to China since it embarked upon its economic reform programme. East Asian firms are investing heavily in China and have developed functional relationships that contribute significantly to China's industrial progress, including in terms of innovation in high-technology industrial sectors (see Jiang 2013: 14–16; and Chen 2008: 67–76).

Important features of the East Asian economic landscape are a product of the relatively complementary economic interests of key states, which in many cases reflect comprehensive economic security requirements. Interest in enhancing popular welfare through prosperity and regime legitimacy through economic performance is widespread in the region (Chan 2012: 115–116; see also Wanandi 1987: 61–62). This drives official acceptance of efforts by industry to organize their operations transnationally in the interest of efficiency and profitability. Political authorities in most East Asian states support transnational industrial integration. Economic synergies thus have paved the way for regional economic interdependence, which is supported by a dense network of bilateral and multilateral agreements. Regional economic forums such as APEC facilitate trade and investment liberalization. Economic interdependence has helped to offset politico-military tensions within the region, including between China and the United States (Stubbs 2005: 238), and has deepened despite the risk of the 'contagion effect' from economic downturns.

The importance of economic relations with China and the United States ensures that the effects of their pursuit of economic security extend well beyond these states. How the search for economic security by the United States and China will impact on East Asian states remains an open question, however. Economic relationships and the challenges and opportunities stemming from the pursuit of economic security in the United States and China vary from state to state. The impact of American and Chinese policies necessarily differs given the regional division of labour, the asymmetrical nature of economic relations, and the diversity of economic security concerns, even within the ranks of the high-performing economies (HPEs). There is a general threat to the basis for regional economic interdependence, particularly in the event that Sino-American tensions prompt a general regional politicization of economic relations. Some politicization can be expected given the regional economic profiles of the United States and China, but the regional impact of American and Chinese policy trends is not yet apparent.

More certain is the impact of the structural transformation of the Sino-American industrial relationship on the complexity of the regional industrial landscape. Increasing competition as China's development narrows the qualitative gap with American industry, and the evolving relationship between American and Chinese high-technology firms and between these firms and their home governments is producing an increasingly complex economic envi-

ronment, where the boundaries of state–state and state–industry interaction are not clearly defined and states’ economic frontiers are highly permeable.

THE OBJECTIVE OF THIS STUDY

The principal objective of this volume is the development of a framework for understanding the impact of economic security concerns on Sino-American high-technology industrial ties. A secondary objective of this study is to consider how national and comprehensive economic security requirements are evolving in these states. As well as informing analyses of the crucial Sino-American relationship, this will contribute to our understanding of economic security in other cases where authorities are confronted by similar policy challenges due to the requirement to address both national and comprehensive economic security concerns. In the process, this volume seeks to contribute to policy as well as scholarly debates, though it does not seek to offer policy prescriptions.

These objectives require examination of a number of issues. These include the basis for economic security and how industrial issues factor into considerations of economic security, how economic security is understood and approached in the United States and China, and how political authorities are responding to the challenge of accommodating the requirements of national and comprehensive economic security in the changing industrial and security environment. This necessitates considering the extent to which economic security policy in either of the states that are the subject of this study involves some ‘grand strategy’ or is an *ad hoc* response to changing requirements.

The central theme of this book is that tension between the conflicting imperatives of national and comprehensive economic security is generating policy responses that further complicate the pursuit of economic security. Heightened concern over national security is only partially offset by the continuing importance of comprehensive economic security, resulting in the progressive politicization of Sino-American industrial relations. This is manifest in efforts to manage transnational production and technological ties and to determine the parameters of the structural integration of industry. In this the United States leads the way, but a similar trend is evident in China as well. While this is not resulting in the absolute subordination of the requirements of comprehensive economic security to those of national economic security in either state, their more systematic efforts to define the terms of Sino-American high-technology industrial engagement have the effect of rendering it more difficult for these states to pursue their economic security agendas. This effect can be expected to deepen over time.

THE APPROACH OF THIS STUDY

While this volume does not set out to survey all aspects of economic security and economic security policy in the United States and China, its focus necessarily is relatively broad. Space limitations preclude providing a comprehensive account of Sino-American industrial relations. Instead, this volume seeks to present an integrated account that examines key trends and developments in economic security and economic security policy as a means of providing a critical appraisal of the impact of the pursuit of economic security by American and Chinese authorities.

This study examines Chinese and American policy with respect to high-technology industrial sectors. The label 'high-technology' is applied here to technologies that are notable as much for their developmental requirements as for the extent to which they push technological frontiers in their respective fields. As well as being relatively advanced and subject to rapid obsolescence, high technologies are crucial to multiple product categories and are highly research intensive, requiring substantial capital investment on a sustained basis (Boutin 2013: 19). While much of the discussion in this study concerns the aerospace and electronics sectors, the latter encompassing information and communications technology (ICT), this is relevant to high-technology industry in general, including the biotechnology and nanotechnology fields. Analysing American and Chinese policy in high-technology industrial sectors, which are central to efforts to promote both national and comprehensive economic security, sheds important light on the tension between contending economic security paradigms and the implications this has for the pursuit of economic security.

This study considers civil and defence-industrial relations. This encompasses activities ranging from R&D in the form of basic research and product development to technological diffusion and production. It examines relevant trends and developments in terms of production arrangements, technological relations, and the structural integration of industry. These areas of deepening Sino-American industrial engagement are crucial in economic security terms, and as such are the subject of sustained policy attention in China and the United States. The distinction between production relations, technology, and structural integration, which are treated in this study as separate issues, is necessarily imprecise and somewhat artificial, given the inter-relatedness of industrial trends and developments, but is constructive. This approach facilitates analysis of the ways in which economic security considerations are shaping Sino-American industrial relations, as well as demonstrating the breadth and complexity of American and Chinese high-technology industrial linkages.

The approach of this study is statist in that it is primarily concerned with state policies. This study recognizes that China and the United States are by no means unitary actors, however, and provides a more nuanced treatment of the subject by considering the role and contribution of key actors within and outside state structures where this is relevant. Bureaucratic actors may manifest distinct policy perspectives and objectives and the internal dynamics of policy communities can have a significant outcome on policy outcomes. Economic security policy in both China and the United States involves referent objects of security beyond the state and accords an important role to non-state industrial actors. American and increasingly Chinese commercial enterprises demonstrate considerable independence and are important drivers of deepening cross-border industrial ties. Industry in both states is driven by economic imperatives which overlap with but are by no means identical to state objectives of economic prosperity. The tenuous correlation between state and industry objectives is manifest in often-uneasy relations, particularly in the United States. For this reason, political authorities in both states seek to manage key industrial processes and to engage industry at the domestic and in some cases international levels in an effort to align it more closely with national requirements.

The time frame of this study is that of the post-Cold War period. While the end of the Cold War did not have a significant impact on Chinese considerations of economic security, it did provide crucial space for American authorities to devote greater attention to the requirements of comprehensive economic security, and more generally helped to de-secure industrial relations, contributing to a more permissive environment for industry. The decades since 1990 have seen the progressive integration of American and Chinese firms into transnational industrial processes; this is now the subject of growing national security concern, particularly in the United States. It is necessary, however, to consider the background provided by the Cold War. Political and economic developments in China and the United States, and trends and developments in their relationship following the 'normalization' of political ties – which in a number of cases are closely related – provide the foundations for deepening industrial interdependence. It also is important to outline the evolving structural environment within which Sino-American economic relations are embedded.

This study features more extensive discussion of trends and developments in the United States than China. This reflects the depth of security concern in the United States and the resulting tension between the requirements of national and comprehensive economic security, which is somewhat greater than in China at the present time. This weighting also reflects greater policy transparency on the part of the United States. There is a marked imbalance in the available information, with official American thinking on economic

security and relevant policies far better documented than is the case for China. Both the primary and secondary literature on China are sparser than that which discusses the United States. The unevenness of the data is greatest in terms of institutional perspectives and policy contributions. The sensitivity of national security issues in China is such that this can be expected to remain the case for the foreseeable future. This imbalance constitutes less of an issue than it might as it is the United States where tension between the requirements of national and comprehensive economic security resulting from increasing attention to the requirements of the former is greatest.

THE OUTLINE OF THE VOLUME

The first part of this volume (Chapters 2–4) provides the context of economic security and economic security policy in the United States and China. This includes outlining their economic security concerns and perspectives, and general policy approaches. The second part (Chapters 5–8) analyses American and Chinese economic security policy, how this is evolving in response to changing security requirements, and the implications that this has.

Chapter 2 provides the conceptual framework for this study by discussing the nature of economic security. The principal objective of this chapter is to unpack this complex concept, discussing the distinct paradigms of national economic security and comprehensive economic security. As well as explaining their nature, this chapter outlines their conceptual basis and general policy imperatives. It examines the principal facets of each approach, including their core concerns, and identifies areas of compatibility and incompatibility, highlighting the key issues facing political authorities. The chapter then discusses the economic security implications of the structural transformation engendered by processes of economic globalization, within which both American and Chinese industry loom large. Understanding the key features of economic security and how this is affected by the structural transformation of the global economy is essential to understanding changing economic security views and approaches in China and the United States. This chapter concludes by situating economic security in the East Asian regional context and discussing the requirements of analysing economic security policy.

The third and fourth chapters focus on the environment for economic security in China and the United States, respectively. These chapters outline the political and economic basis of security in each state and provide an overview of economic security perspectives and agendas in each state, highlighting their distinct circumstances and interests. They set out areas of change and continuity, outlining the general features of domestic policy environments, including the basis and nature of economic security in each state. Past experiences condition the economic security approaches of authorities in both cases.

The intention is not to impose a linear structure on economic security policy in either state, which in neither involves necessary stages on a road to a particular destination, but to provide a point of departure for the analytical chapters that follow.

The three chapters that follow examine economic security in the context of key areas of Sino-American industrial relations. Chapter 5 addresses the issue of production relations. It examines the features of 'production security' in each state and how production relations are evolving. The focus here is on the operational integration of high-technology production processes through the distributed manufacture of components or by drawing on foreign capability partners for their products. This basic dimension of industrial integration is well developed in the case of China and the United States and has provided the foundation for expanded technological diffusion and structural integration through the control of industrial processes, which are the subjects of Chapters 6 and 7, respectively. This chapter analyses the impact of production trends in national and comprehensive economic security terms and how political authorities in the United States and China are pursuing their economic security agendas in light of the challenges involved.

Chapter 6 examines the Sino-American industrial relationship in terms of technological development and diffusion. This encompasses both basic research and applied development, or science and technology (S&T) as this often is referred to in the United States. Concern over this issue predates the normalization of relations in the 1970s, but has strengthened alongside the deepening integration of production processes. In the process, the American focus on technological diffusion has expanded to encompass comprehensive as well as national economic security concerns. Chinese attention to technological issues is growing as American policy trends threaten access to the technological assets of American industry. This chapter examines trends in the development and application of technology in China and the United States and how these are impacting in economic security terms before proceeding to analyse the economic security policy approaches of each of these states.

In Chapter 7 the focus shifts to the structural integration of high-technology industry. This focuses on the ownership and control of high-technology firms and enterprises. This is an emerging economic security issue in the United States which is the foreseeable consequence of the deepening ties engendered by increasing transnational production and technology transfers between American and Chinese firms and enterprises. The structural integration of Chinese and American industry has progressed well beyond collaboration through joint ventures (JVs), 'strategic alliances', and other relatively limited, often project-specific, arrangements, however long term these may be. This chapter examines the restructuring of the industrial landscape as firms and enterprises transform their relationships with offshore capability partners

through mergers and acquisitions in the interest of building on their strengths or acquiring new capabilities. In this Chinese enterprises are following a well-trodden path, but are generating considerable concern in American policy circles, while American efforts to facilitate structural integration within China are cause for concern there. This chapter examines trends in Sino-American structural integration and their impact in national and comprehensive economic security terms, before analysing how economic security concerns are driving the American and Chinese approaches to this issue.

The final chapter offers some conclusions and considers the wider significance of the pursuit of economic security by American and Chinese authorities in an environment of deepening industrial integration. This discussion will focus on the implications for economic security in the United States and China, but will discuss this in the context of the East Asian region as well. The importance of the United States and China in regional economic processes means that their quest for economic security potentially impacts on economic security throughout East Asia.

The importance of economic security to political authorities in the United States and China is clear. In both cases economic security agendas are multifaceted, encompassing the industrial requirements of both national and comprehensive economic security. China and the United States feature prominently in each other's economic security considerations and the Sino-American industrial relationship is complex as a result, with numerous points of contention as well as areas of concord. Economic security perspectives and policies in both states continue to evolve in concert with domestic and international economic trends and developments.

China and the United States have developed a mutually beneficial industrial relationship over the past four decades that has supported the requirements of comprehensive economic security, and to a lesser extent national economic security. Economic security trends, which are seeing authorities devote greater attention to the economic basis of national security, will test this relationship. The evidence suggests that the trend of heightened attention to national economic security will continue. This trend first emerged and is most advanced in the United States, where this is driving mounting efforts to influence and regulate commercial activities in high-technology industrial sectors. There is evidence of this in China as well, although this is not nearly as developed as in the United States at this point.

Heightened attention to the economic concerns of national security is encouraging more competitive approaches which are inconsistent with the requirements of industrial collaboration in important respects, potentially undermining the basis of the industrial integration which is so important to comprehensive economic security. Economic security issues are growing more complex as Sino-American industrial integration deepens and it becomes

more difficult to pursue national and comprehensive economic security in relative isolation from each other. The continuing importance of the latter to both the United States and China exacerbates the impact of the shifting policy balance between national and comprehensive economic security. Increasing concern over the requirements of national economic security is driving closer attention to the terms of industrial engagement than has been the case since the 'normalization' of Sino-American relations in the 1970s. This has important consequences for the pursuit of economic security in the United States and China over the long term.