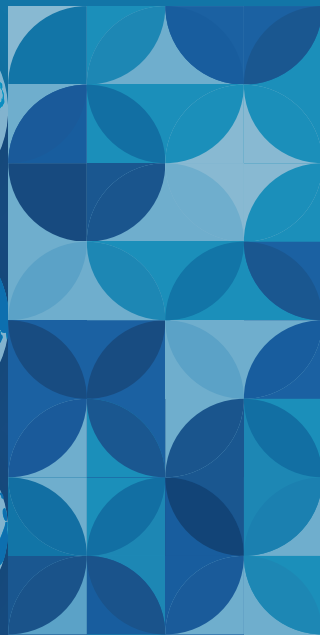


2022-2023 WILSON CHINA FELLOWSHIP

State-level US-China Relations at the Crossroads: Predicaments and Prospects for Subnational Engagement

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Abstract

The subnational level of the US-China relationship has become increasingly important but remains poorly understood. Over the past several decades, many US states have engaged extensively with Chinese official counterparts to promote economic development, educational cooperation, and cultural exchange. Once routine, these forms of subnational interaction with China have attracted fresh scrutiny and grown politically fraught amid worsening US-China relations. In this essay, I examine the stakes of state-level engagement with China and the challenges that have arisen as low politics and high politics blur together, considering the dual risks for US states of unbalanced engagement and radical recoil. To better understand how states are navigating a rapidly changing US-China relationship, I carry out a detailed case study of Indiana-China interaction while also exploring broader nationwide trends. Through this analysis, I develop insights into the drivers of both historical moderation and recent volatility in state-level relations with China, and I distill lessons and recommendations for policymakers at both the state and federal level.

Policy Implications and Key Takeaways

State-level US-China relations, which center around economic links, educational cooperation, and cultural exchange, have become an increasingly prominent and polarizing part of the US-China relationship in the past five years.

- The case of Indiana, a relatively typical state in most respects, highlights the practical significance of subnational ties and the increasing politicization of such ties.
- Indiana's ability over the past five years to chart a middle course between unbalanced engagement and radical recoil has depended on executive-level commitment, dedicated institutional capacity, pragmatic Chinese partners, and limited politicization. However, some of these conditions are in doubt at present.

- States and the federal government should work to forge common guidelines for subnational engagement with China and should expand efforts to educate state- and local-level policymakers on the complex stakes and dynamics of US-China relations.

Introduction

State and local interactions with China form a critical yet often neglected piece of the larger US-China relationship.¹ Though most visible in western states such as California and Washington,² subnational engagement with China extends nationwide, involving the heartland and the coasts, red states and blue states alike. Fifty sister-state/province arrangements and over 200 sister-city relationships have taken shape since Ohio and Hubei became the first pair of regions to formally partner in 1979.³ Subnational engagement in the form of reciprocal official visits, trade- and investment-promotion delegations, university partnerships, science and technology cooperation, and people-to-people exchanges grew especially quickly in the 2000s and 2010s.⁴ Though these subnational links are politically overshadowed by relations between Washington, DC and Beijing, they have been both a mainstay of US-China engagement and, in recent years, an increasingly prominent site of tensions.

Like the foreign relations of states and localities more broadly, or what scholars such as Duchacek and Tavares term “micro-diplomacy” or “paradiplomacy,”⁵ US-China subnational engagement in the early 21st century centered on everyday issue-areas such as economic development, educational cooperation, and cultural exchange. These pragmatic, “low politics” domains traditionally have stood in contrast with the “high politics” of national security and international diplomacy.⁶ For this reason, subnational relations have been regarded by some observers as a form of ballast in an increasingly topsy-turvy US-China relationship.⁷ Consistent with this view, many US states’ and localities’ China ties expanded in the early 2010s even as national-level US-China relations cooled.⁸ During the past five years, however, US-China tensions have threatened to upend subnational engagement with China, as high and low politics issue-areas blur together. Amid overt economic and geopolitical competition, even once-routine forms of state- and local-level US-China interaction have come under scrutiny. And, between 2020 and 2022, the Covid-19 pandemic that originated in Wuhan, China disrupted economic relations and people-to-people contact, worsening an atmosphere of mutual suspicion.

Against this backdrop, subnational US-China relations have experienced unprecedented “securitization.”⁹ At the federal level, officials such as FBI Director Christopher Wray have raised the alarm about how state and local

engagement with China exposes US communities, businesses, and government institutions to malign foreign influence, economic predation, and national security threats.¹⁰ State politicians such as Florida’s Ron DeSantis have also been vocal about concerns of alleged CCP infiltration and have proposed or supported far-reaching measures to restrict official, economic, and educational links with China and PRC-affiliated actors.¹¹ Tapping into public anger and suspicion over the Covid-19 pandemic, state attorneys general from Missouri, Florida, and various other US states have pressed the federal government to hold China’s leadership accountable for the pandemic or have filed lawsuits themselves.¹²

Despite growing politicization, however, subnational engagement with China has not ceased. In recent years, California continued its high-profile cooperation with Chinese central and local government entities: in December 2021, leaders from Los Angeles and Guangzhou marked the 40th anniversary of their Sister-City Relationship,¹³ and in early 2022 the State of California renewed an MOU on climate cooperation with China’s Ministry of Ecology and Environment.¹⁴ Indiana, hardly a west coast liberal bastion, renewed an official partnership with Zhejiang province in 2019 and welcomed the Chinese ambassador to its 2022 Global Economic Summit. There is no question, however, that subnational engagement with China has diminished in recent years and faces major obstacles.

This essay explores how mounting US-China tensions and the disruption of the Covid-19 pandemic have reshaped interaction between US states and PRC counterparts. I examine the challenges state-level actors face as they try to balance the opportunities and risks of cooperating with China, and I trace their changing policy approaches. Three related questions guide the analysis: First, in what ways have pragmatic domains of state-level relations with China become entangled with political and security competition? Second, to what extent have rising tensions—along with the disruption of Covid-19—derailed subnational engagement? Third, how have state leaders navigated a rapidly changing landscape of US-China relations to avoid what I call *unbalanced engagement*, on the one hand, and *radical recoil*, on the other?

To address these questions, I combine a detailed case study of one state’s evolving China approach with discussion of broader trends in subnational US-China relations. As the self-proclaimed “Crossroads of America,” and a

middle-of-the-pack state in most respects, Indiana is a useful case for understanding the larger predicament of state-level ties with China. I trace the recent history of Indiana's official and quasi-official engagement with China, showing how—at least until recently—the state has avoided both complacency and overreaction amid US-China tensions. To gain insights into Indiana's experience and more general dynamics in state-level US-China relations, I draw on evidence from elite interviews, English- and Chinese-language written sources, and a new dataset on subnational US-China ties compiled by Jaros and Newland.¹⁵

Indiana's experience points to the role of executive-level commitment, dedicated institutional capacity, patient partners, and limited politicization in sustaining cooperation for years even as US-China strains mounted. But analysis of the case also underscores the growing political difficulties of working with Chinese partners and the growing risk on the domestic front of hastily crafted China policies that create collateral damage. For policy and practice audiences, the paper attempts to develop new analytical frameworks and policy recommendations relevant to actors at different levels of government. For academic readers, the paper offers new evidence and hypotheses about the dynamics of subnational foreign engagement during a period of rising great power tensions.

Subnational foreign engagement amid great power tensions

Scholars' understanding of subnational foreign relations has largely taken shape over the past four decades, a period of global economic integration and muted great power rivalries. We know less about the dynamics of paradiplomacy when international tensions spike and security concerns come to the fore—as has happened during the past five years in the US-China relationship. Under such circumstances, subnational actors may intentionally take on matters of political and security sensitivity; they may also find that such issues have arrived on their doorsteps unbidden. Less well equipped to navigate foreign affairs and security matters than national governments, subnational actors risk either underreacting or overreacting to changing political conditions.

Blurring low and high politics

Foreign engagement by states, provinces, and localities has a long history but has proliferated in recent decades in tandem with economic globalization and governance rescaling.¹⁶ Subnational diplomacy is least contentious when states, provinces, and cities can venture abroad without wading too far into geopolitics. In his classic account of “micro-diplomacy,” Duchacek notes the centrality of trade and investment promotion, environmental cooperation, transportation, and tourism to the foreign relations of states and cities.¹⁷ Fry discusses how states and localities have gone abroad to protect and advance their economic interests in a rapidly integrating global economy.¹⁸ Similarly, Hocking explains that “complex interdependence” in world economy has invited “localization of foreign policy” in routine issue-areas,¹⁹ while Tavares highlights the emergence in a globalized economy of policy areas that are “intermestic”—neither fully foreign nor fully domestic.²⁰

While central governments typically hold constitutional authority over matters of international security and statecraft, they often allow—or even encourage—subnational authorities to pursue less-sensitive interests abroad. In the US context, states (and lower-level jurisdictions belonging to them) are barred by Article I, Section 10 of the Constitution from entering into any “Treaty, Alliance, or Confederation” with foreign powers. However, they may form foreign “agreements” or “compacts” with the consent of Congress, and, as Scoville explains, “a modern view suggests that, even without congressional consent, states may generally enter international commitments that neither qualify as ‘Treat[ies]’ nor implicate the Compact Clause.”²¹

China’s provincial and sub-provincial jurisdictions have also carved out a sizeable role in foreign relations, albeit one that is strictly subject to central party-state guidance. In a context of great power détente and economic globalization after the 1980s, Chinese provinces and cities enjoyed growing latitude to pursue political relationships and economic opportunities overseas. Work by Summers, Li, and others highlights the agency of provincial actors in China who are able to navigate within the broad parameters of Chinese foreign policy to pursue trade and investment links abroad as part of a larger process of economic internationalization.²² Even scholarship focused on the Xi era highlights the local as well as central interests behind Chinese subnational

outreach and the high degree of provincial and local agency permitted within central policy frameworks such as the Belt and Road Initiative.²³

From the start, however, the distinction in subnational foreign relations between economic and security matters—and low politics and high politics more broadly—has been slippery. Duchacek and Tavares note various cases where the foreign economic interests of subnational governments have collided with the political or security agendas of national authorities.²⁴ Tubilewicz and Ormond discuss the longstanding coexistence of ideologically-driven and economically-minded strands of US-China paradiplomacy.²⁵ More fundamentally, as Hocking notes, high and low politics domains have become interwoven amid economic globalization.²⁶ Such entanglement is tolerable during a period of great power *détente*, but may be problematic when international tensions rise and a zero-sum calculus replaces positive-sum thinking. Of course, the current moment in world politics presents just such a challenge. Economic globalization has paused and possibly shifted into reverse, and great power tensions are spiraling. During the past decade, and especially the past five years, the US-China relationship has veered from cooperation toward competition. Under these conditions, subnational foreign relations become far more politically sensitive.

Relatively little research has considered the plight of subnational foreign engagement amid great power tensions, and what work does exist reaches varying conclusions. Some authors express hope that, by accentuating cooperative areas of foreign relations and giving voice to democratic values, paradiplomacy can play a constructive role amid geopolitical tensions between China and other world powers. Examining interactions between US states and cities and counterparts in China and Taiwan, Tubilewicz and Ormond argue that subnational governments are able to navigate complex international issues and stand up for democratic values.²⁷ Writing in the European Union (EU) context, Kaminski and Ciesielska-Klikowska argue that “promoting and maintaining relations at the sub-state level may be a perfect solution for difficult relations in the triangular relationship between the EU, the United States (US) and China,” given focus on “low politics areas” and given the possibility that subnational relations might even serve as “transmission belts” for European values.²⁸ However, these scholars also acknowledge that paradiplomacy can be weaponized in a context of great power rivalry, noting that

“subnational links may create a channel for the Chinese to further undermine European cohesion,” and that “China may use its relationship with particular regions to convince their authorities to act as agents of Chinese interests.”²⁹ As geopolitical and trade tensions with China have mounted in the United States and Australia, work by policy analysts has increasingly highlighted the risks of subnational engagement. Policy research from the Hoover Institution, Heritage Foundation, and Foundation for Defense of Democracy argues that China’s foreign policy establishment may exploit the openness of the federal US system by cultivating friendly partners at the subnational level,³⁰ while a report from the Australian Strategic Policy Institute provides case studies of successful Chinese efforts to influence subnational policy-making in Australian states.³¹ A Wilson Center study details cases in which PRC officials have threatened the academic freedom and safety of individuals on US college campuses,³² while a 2019 Federal Bureau of Investigation report contends that the US economy suffers an annual cost on the order of hundreds of billions of dollars due to predatory PRC practices such as industrial espionage and counterfeit production.³³

The dual risks of underreaction and overreaction

As rising US-China tensions transform the policy landscape, subnational actors aiming to responsibly *recalibrate* their engagement strategies have to contend with multiple challenges. First, there is the need to keep informed of and appropriately respond to shifting priorities and policies at the federal level. Second, there is the challenge of maintaining up-to-date knowledge of Chinese counterparts—their motives, methods, and the changing political system in which they operate. Third, and related, is the task of identifying risks that accompany subnational engagement with China and addressing these risks in a targeted way. Fourth, there is the challenge of sustaining desirable areas of cooperation with Chinese partners while managing intense politicization of China-related issues at both elite and popular levels.

Recalibration of subnational foreign relations is a learning process and a balancing act for state-level policymakers, not a one-size-fits-all prescription. Indeed, it is reasonable for different states to approach economic, educational, and exchange relations with China differently insofar as China-

related opportunities and risks are not evenly distributed across the country. At the same time, there is a growing need for all state-level policymakers to remain sensitive both to the existing benefits of subnational relationships with China and to evolving risk environments in their communities, in Washington, DC, and in China.

On the one hand, state-level policymakers face the risk of *unbalanced engagement*—expanding or deepening linkages with China at a moment when it is difficult to separate political and security concerns from pragmatic areas of interaction. Far-reaching institutional cooperation with China may involve first-order risks such as unwanted foreign influence in state and local politics, but it may also lead to second-order political difficulties. If state-level actors deepen partnerships with Chinese official actors at a time when other states or national-level actors are pulling back, this might facilitate the use of “divide and conquer” tactics by China’s foreign policy establishment or create counterproductive friction with national-level authorities.³⁴

The case of Australia’s Victoria state offers a cautionary tale. Victoria sought close cooperation with China and granted high levels of policy access and influence to individuals with political links to China even as Canberra’s China policy hardened. State premier Daniel Andrews, who maintained warm ties with Melbourne’s overseas Chinese community and outlined an ambitious economic agenda for the state that depended on large-scale Chinese investment, deepened cooperation with several Chinese provinces and signed on to China’s Belt and Road Initiative in 2017 despite pushback from Canberra. Many observers worried that Andrews’s courting of China reflected influence from a multicultural adviser who had strong links to China and the overseas Chinese community rather than consultation with other experts and stakeholders.³⁵ Ultimately, the national government moved to overrule Victoria’s decision using authority from new laws adopted in 2021 that allowed Canberra to vet state-level foreign agreements, declaring Victoria’s deals “inconsistent with Australia’s foreign policy or adverse to our foreign relations.”³⁶

On the other hand, there is the risk of *radical recoil*, whereby subnational units shut down foreign cooperation in a sudden or arbitrary way that creates collateral damage. Arguably, it is this risk, rather than that of unbalanced engagement, that looms largest in US states at present. At the subnational level, where foreign relations are less institutionalized or norm-bound than

at the federal level, rapid swings in policy are possible. The impulse toward recoil comes from growing awareness of risks that accompany economic, educational, and exchange ties with China, but healthy vigilance can mutate into overreaction. The example that looms largest is Florida, where Governor Ron DeSantis, Attorney General Ashley Moody, and state legislators have decried the CCP’s “pervasive, nefarious influence” and quickly closed doors to China opened under previous administrations.³⁷ Between 2020–2023, DeSantis spoke out vehemently against China and supported a slew of executive actions and legislation meant to hold China accountable for the Covid pandemic, require businesses and universities to divulge ties to China, pressure the state pension fund to divest from China, restrict university engagement with China, and—most dramatically—prohibit real estate purchases by Chinese nationals.³⁸ While some state-level threats from China are real, Florida’s approach has focused single-mindedly on security concerns—rather than making an effort to balance the risks and rewards of subnational engagement with China. This state-level policy posture risks fanning xenophobia and anti-Asian racism, harming the prospects of businesses or universities that benefit from Chinese talent, and compounding national-level US-China tensions.³⁹

A variety of economic, social, and political factors may affect states’ postures toward China and their ability to dynamically balance risks and rewards, but these factors are not clear at the outset. The goal for the empirical analysis that follows is therefore to highlight the specific challenges states face in finding a balanced approach to subnational relations with China and to identify some of the conditions that may help or hinder states in managing these challenges.

Searching for a middle way: Indiana’s relations with China

To gain insight into the contemporary predicament of state-level US-China relations, I examine the case of Indiana in depth while also situating this case within the larger national context. Indiana’s experience is useful for understanding the emergence, recalibration, and—most recently—crisis, of a middle-of-the-road approach to China engagement. The case sheds light on both the practical and political challenges facing subnational engagement and the

factors that have sustained some forms of interaction with China through a turbulent period.

Besides highlighting the dynamics of recalibration and retrenchment in state-level relations with China, the choice of Indiana as a case for in-depth analysis has three main virtues. First, as the self-professed “Crossroads of America,” Indiana is a relatively typical state in most regards, if such a thing exists. Besides its heartland location, the state ranks in the middle of the pack on metrics such as population (17th), GDP (19th), per capita GDP (31st), and foreign-born population (32nd). Though solidly Republican for the past decade, Indiana went for Barack Obama in 2008 and elected a Democratic senator in 2012, and the state contains sizeable Democratic enclaves. While no longer a battleground state, it embodies the blue-city, red-country dynamic common across the country.

Second, Indiana’s industrial structure speaks to the paradoxical mix of competition and cooperation in US-China economic relations. While unexceptional in most respects, Indiana has a higher manufacturing share of GDP (28.6 percent in 2017)⁴⁰ than any other US state; indeed, it outstrips nearby Michigan and Ohio by a large margin. Indiana thus has grappled with the challenge of maintaining competitiveness amid the larger decline of manufacturing in the US economy over the past several decades. China is at once a partner and threat to Hoosier firms; Indiana’s business community has both suffered in some ways and benefited in others as a result of deteriorating US-China trade and investment relations. The overall trend, however, has been one of growing Indiana exports to China: the state’s goods exports to China rose from \$2.7bn to \$4.6bn between 2016–2021, and China made up 11 percent of all global exports in 2021.⁴¹

A final consideration is proximity and access. As a researcher based at an Indiana university, I have been able to observe recent developments in the state at close range and to identify and interact with key stakeholders. I had the opportunity to interview over a dozen direct participants in Indiana-China relations, which supplemented and helped me contextualize information gleaned from written sources. Of course, proximity also creates ethical complexities for a researcher. Given the sensitivity of US-China relations, I have sought to protect the identities of interviewees and respect their preferences about what material is on/off the record.

In what follows, I first examine the high point of subnational US-China relations reached during the early and mid-2010s across the country, broadly, and in Indiana specifically. I then trace the shift in subnational US-China relations that accompanied the confrontational policies of the Donald J. Trump administration and the upheaval of the Covid-19 pandemic, exploring how this period played out in Indiana, specifically. Finally, I look at how state-level actors have recalibrated China policies, where they have succeeded, and where they have overshot the mark.

The height of subnational engagement: Indiana-China ties in the early and mid 2010s

For Indiana, as for many states across the US, the early 2010s represented a high-water mark for engagement with China. The state's links with the PRC dated back decades, with Cummins Inc., an engine-maker based in Columbus, Indiana, making inroads into the China market in the mid-1970s⁴² and Governor Robert Orr launching an Indiana-Zhejiang sister-state/province relationship in 1987.⁴³ However, it was under Governor Mitch Daniels (2005–2013) that relations entered high gear. Daniels's tenure, during which Indiana prioritized global economic links, saw the establishment of two organizations that would shape Indiana-China relations over the following years. One of Daniels's first and most significant moves as governor was to create the Indiana Economic Development Corporation (IEDC), a public-private partnership tasked with promoting economic growth, trade, and investment for the state.⁴⁴ Led by the state secretary of commerce on a day-to-day basis but answering to the governor, who served as board chairman, this quasi-governmental entity took the lead in Indiana's domestic and global economic development work in the years to follow. Later, in 2011, Daniels attended the inaugural meeting of the America China Society of Indiana (ACSI), a membership-based, non-profit organization with a mission to foster Indiana-China trade and investment ties.⁴⁵ Over the following decade, the ACSI would work alongside the IEDC in facilitating Indiana's economic links with China.

With the active involvement of the governor and help from these organizations, Indiana's subnational China outreach accelerated. In the aftermath of the global financial crisis, Daniels relied on the IEDC to organize official

trade delegations to China in 2009 and 2010, where he visited Zhejiang and Shanghai. In 2012, Indiana's China engagement continued as lieutenant governor Becky Stillman marked the 25th anniversary of the Indiana-Zhejiang partnership by leading a 37-person trade mission to China.⁴⁶

Although Governor Mike Pence (2013–2017) invested less energy into building China ties than Daniels, he carried on with regular engagement. Under the Pence administration, regular business and educational contacts between China and Indiana continued, with the IEDC, the ACSI, and major state universities playing an active role as facilitators. During Pence's administration, the ACSI hosted various delegations from China,⁴⁷ and Pence made an IEDC-supported visit to Zhejiang and Shanghai in May 2015 during which Indiana renewed its partnership with Zhejiang through an MOU with the Zhejiang provincial leadership that called for continued cooperation on economic, educational, and cultural fronts.⁴⁸ Following Pence's trip, lieutenant governor Sue Ellspermann led a trade delegation to China in June 2015.⁴⁹

Alongside Indiana's governmental outreach to China under Daniels and Pence, various cities and universities across the state upgraded their own relationships with China. New sister-city arrangements were unveiled, including agreements between Logansport and Jiashan (Zhejiang), Carmel and Xiangyang (Hubei), and Kokomo and Dongyang (Zhejiang). According to an individual involved in building sister-city relationships at the time, many of these agreements were driven by Chinese cities but were welcomed by Indiana localities as a way to promote economic links with China and to foster globally minded citizens.⁵⁰ By the end of the 2010s, as many as 23 such agreements were on the books, even if only a handful remained active.⁵¹

Meanwhile, public and private institutions such as Purdue University, Indiana University-Bloomington, the University of Notre Dame, and the Rose-Hulman Institute of Technology established educational partnerships with Chinese universities and business groups. As one university administrator recalls, the Daniels administration "gave sanction" to and actively supported Indiana universities' formation of partnerships in China, especially in Zhejiang.⁵² Purdue was especially active on this front, launching educational initiatives as well as efforts to promote economic cooperation between Indiana localities and China.⁵³ For its part, Zhejiang was energetic

in promoting higher education cooperation with Indiana, with both provincial officials and universities approaching Indiana institutions to float ideas for joint projects or exchanges. Unlike today, the political atmosphere was optimistic. With both sides focused on expanding cooperation, security concerns and ideological differences did not seem to weigh heavily on state officials' or university leaders' minds.⁵⁴ Chinese government-funded Confucius Institutes had been established at Purdue University in 2007, Indiana University-Purdue University Indianapolis in 2007, and Valparaiso University in 2008, and these entities remained active through the late 2010s. Besides on-campus programming related to Chinese language and culture, Confucius Institutes also engaged in broader outreach and publicity efforts to promote China-Indiana ties.⁵⁵

Institutionalized Indiana-China cooperation spurred growing trade and investment ties and surging Chinese student enrollment at Indiana universities. As one former business association official put it, "the metronome of constant contact and visits...made it worthwhile for a lot of folks."⁵⁶ Indiana's goods and services exports to China reached \$3.5bn in 2016, up from \$3.1bn in 2012.⁵⁷ Indiana also imported over \$7.8bn in goods from China in 2016, with China ranking as the state's second-largest import source. Outbound FDI from China to Indiana climbed from \$72mn in 2012 to \$173mn in 2016.⁵⁸ On the educational side, ties continued to grow rapidly in the early 2010s; by 2016, over 10,000 international students from China were studying in the state.⁵⁹

Indiana's experience under Daniels and Pence paralleled a broader warming in subnational US-China relations. The period between 2012–2016 saw least 52 visits by US governors and lieutenant governors to the PRC, several hundred reported interactions between state and local officials and Chinese consulates,⁶⁰ and dozens of MOUs and other agreements between US states and Chinese counterparts.⁶¹ This period is remembered by frontline actors in subnational US-China relations, both in Indiana and beyond, as the most active period for state and local relations with China—a time of heady optimism. However, the subnational ties that were quickly built up during this period came under scrutiny in the following years, as mounting US-China difficulties during the Trump presidency spilled over to the subnational level.

From low politics to high politics: the late 2010s and Covid-19 years

In the second half of the decade, competitive elements of US-China relations surged while cooperation receded. Shifts in US policy toward China had already been visible during Obama's presidency, as the administration deepened its geopolitical "Pivot to Asia" and made demarches to Beijing over China's economic and security espionage in the United States.⁶² However, the Obama administration avoided full-fledged confrontation with China, holding to the premise that pragmatic aspects of the US-China relationship such as climate cooperation, higher education exchange, and trade could be separated from intensifying security competition. The first two years of the Trump administration, which saw an escalating tariff war and a more aggressive security posture toward China, thus marked a major inflection point. Trump and top administration officials made clear that they viewed not only the security relationship with China but also the economic relationship in zero-sum terms. At a speech to the Hudson Institute in October 2018, for example, Vice President (and former Indiana governor) Mike Pence suggested that the United States, in its willingness to patiently and pragmatically engage with China, had left itself vulnerable to abusive trade practices, espionage, and influence from CCP operatives.⁶³

This reframing of the US-China relationship, which called into question a clear line between pragmatic domains and securitized areas, challenged the assumptions behind US states' decades-long engagement with China. While curtailing subnational US-China engagement was not the first order of business for the Trump administration, which spent the period between 2017 and 2019 engaged in brinksmanship with Beijing over trade protection, IP theft, and addition of Chinese companies to the Commerce Department's Entity List, officials such as Secretary of State Mike Pompeo and FBI Director Christopher Wray also called for guarding against subnational manipulation by the PRC. In 2018, the Department of Justice (DOJ) launched a China Initiative aimed at "countering Chinese national security threats" across the country related to industrial espionage, critical infrastructure, and political influence.⁶⁴ The same year, Trump signed into law the Foreign Investment Risk Review Modernization Act, which clarified and expanded the powers of the Committee on Foreign Investment in

the United States, a federal interagency body, to bar foreign investments on a national security basis.⁶⁵ In a February 2020 speech at the National Governors Association winter meeting, Pompeo cautioned state leaders that they were being cultivated and manipulated by PRC officials, telling them “competition with China is happening inside of your state, and it affects our capacity to perform America’s vital national security functions.”⁶⁶ In a July 2020 speech at the Hudson Institute, Wray echoed these themes and highlighted lobbying efforts and the use of economic carrots and sticks by PRC officials to pressure state officials to adopt pro-PRC statements and policy stances on sensitive issues such as Taiwan and Covid-19.⁶⁷

During the first three years of the Trump administration, states and localities were simultaneously confronted with impacts of the US-China trade war and with growing federal pressure to take China-related political and security risks seriously. This created an uncertain environment for subnational engagement with China, and indicators of cooperation declined. Whereas the three-year period between 2014–2016 saw at least 23 visits to China by US governors, the period from 2017–2019 recorded only 12.⁶⁸ Many universities paused further expansion of cooperative programs with Chinese partners and dozens shuttered their existing Confucius Institutes.⁶⁹ Some observers felt such closures were politically motivated rather than based on specific problems. As an administrator from a large research university explained, “we never thought there was any issue or harm [with the Confucius Institute]—it was all perception. Legislators were knocking on the door.”⁷⁰

On top of these political difficulties, the outbreak of Covid-19 and declaration of a global pandemic in early 2020 damaged state-level ties to China. By bringing US-China travel to a halt, creating economic turmoil, and amplifying anti-China sentiment in the United States, the pandemic presented an existential challenge to state-level engagement. International travel and in-person events—and the preparation for such events—had been the bread-and-butter for state and local engagement with China across the educational, business, and cultural realms. As one business association official said, “Not being able to travel has hurt. A lot of business is done when you have a meal and communicate. I definitely haven’t had that connection [to Chinese actors] at the subnational level to the same extent as before the pandemic.” In this person’s view, “visits drive the interaction [with Chinese counterparts].”⁷¹

With in-person events delayed indefinitely, much of the activity of trade and investment promotion, educational cooperation, and people-to-people exchange ground to a halt. Though some activities pivoted online, and though many Chinese provinces and cities made a point of sending personal protective equipment to their sister regions in the United States,⁷² the regular rhythms of subnational engagement were badly disrupted. This is seen, for example, in the flatlining of US governor visits to China between 2020–2022 and the sharp drop-off in reported PRC consulate events with state-level actors, which almost entirely ceased during the height of the pandemic.⁷³

The experience of Indiana, more specifically, highlights the mounting challenges for subnational US-China engagement since 2017 and the securitization of what had previously been routine cooperation. As the Trump administration adopted a hardline posture toward China and escalated trade conflicts, many Indiana businesses with China ties were buffeted by political uncertainty, rising import tariffs, and stricter regulations.⁷⁴ The Covid-19 pandemic compounded the impacts of the tariff war, upending global supply chains and international people movements. As one former business association official noted, China's "Zero Covid" policy was disastrous for Indiana companies with investments or partners in China, because businesses "need to be able to check on manufacturing facilities in China."⁷⁵ Heightened security and human rights-related restrictions imposed on trade and investment with China in recent years, especially following the Uyghur Forced Labor Prevention Act of 2021, have also forced business actors to fundamentally rethink their practices. As one business consultant noted, "As a person interested in China, you have to draw this diagram yourself. Where is the party? Or Xinjiang? This is new. In twenty years of doing business in China, I never thought about how a company was connected to the party-state."⁷⁶

Indiana's universities, which host thousands of PRC international students and maintain a variety of China partnerships, have had to deal with high-profile cases involving alleged wrongdoing by Chinese nationals on campus and have come under criticism from state officials. At Indiana University-Bloomington, federal investigators indicted a PRC national doctoral student in informatics in 2020 for allegedly lying about his links to the PLA.⁷⁷ In 2021, students of PRC nationality at Purdue University allegedly harassed a fellow Chinese national after he circulated an open letter lauding 1989

Tiananmen Square student protestors.⁷⁸ In 2021, Indiana Attorney General Todd Rokita launched an investigation into what he insinuated was unlawful activity at Valparaiso University's Confucius Institute.⁷⁹ Using inflammatory language, Rokita's office argued that "the Chinese Communist Party operates in the state of Indiana via Valparaiso University."⁸⁰ While the university strongly denied any wrongdoing, it announced plans to close the Confucius Institute shortly thereafter.⁸¹ As one administrator from a different institution explained, security concerns have been front and center in recent years, and universities are now very carefully vetting agreements with institutions in China and carrying out background checks for international visitors.⁸² A faculty member from another university observed that "many faculty who used to be engaged with China in STEM fields started to pull back or disengage when the [DOJ's] China Initiative was at its peak."⁸³

The political headwinds for state-level engagement with China only continued to stiffen after Trump left office. Despite breaking with its predecessor on many issues, the Biden administration maintained a hard line on China. Federal legislators, particularly (but not exclusively) Republicans, called for even more aggressive efforts to combat PRC influence, challenge China's geopolitical rise, and enhance US economic competitiveness vis-à-vis China. Several of Indiana's US senators and representatives, including CHIPS and Science Act sponsor Sen. Todd Young and House China Select Committee Member Rep. Jim Banks (IN-03), were especially outspoken in this regard. Banks, for example, has touted his status as the foremost anti-China Twitter user in Congress.⁸⁴ Russia's full-fledged invasion of Ukraine in February 2022, coming shortly after the declaration of a "no-limits" partnership between the PRC and Russia, only deepened suspicion of China in Washington, DC.⁸⁵

At the state level, lawmakers have put forward several bills in recent years to limit aspects of economic and educational engagement with China seen as problematic. Legislation to curb Indiana state pension investments in the PRC was proposed in 2021 and 2022; a similar bill would become law in 2023.⁸⁶ In 2022, Indiana passed legislation requiring higher education institutions to report foreign gifts and that barred foreign businesses from agricultural land purchases over 320 acres.⁸⁷ Indiana also passed a law in 2023 to bar entities from China and other geopolitical rivals of the United States from taking part in critical infrastructure work or purchasing land directly adjacent to military

installations.⁸⁸ Following his investigation of Valparaiso University, Attorney General Rokita took further action on the China front, launching twin lawsuits against video-sharing app maker TikTok, Inc., which is owned by China-based ByteDance, Ltd..⁸⁹

Outside of government, too, many voices in both local and national media outlets have harshly criticized not only the PRC but also US elites or institutions deemed to be too soft on China. National outlets such as Fox News and Breitbart as well as local news organizations such as the Seymour Tribune took US politicians and university elites to task for being overly cozy with China.⁹⁰ Overall, political and public sentiment turned more sharply against the PRC after 2017 and especially after 2020—particularly among Republicans, who remain dominant in Indiana state politics.⁹¹ In short, state and local officials in Indiana have come under growing pressure to reduce cooperation with China.

Navigating between unbalanced engagement and radical recoil

Amid the shifting political landscape of the past five years, state-level actors in Indiana and elsewhere have faced conflicting pressures in their approaches to China. As just noted, there have been calls from some quarters to sever ties with China. But, at the same time, many subnational stakeholders have sought to protect economic, educational, and cultural exchange relationships built up over years of painstaking back-and-forth. Meanwhile, Chinese central, provincial, and local government actors have doubled down on subnational outreach in the US at a time of sharply deteriorating national-level relations, offering opportunities for state-level actors still willing to cooperate with China.

In many states, anti-China sentiment has led to retrenchment of China ties and state-level efforts to curb Chinese economic and political influence through executive orders and/or legislation. Jaros and Newland track a surge in state-level anti-China legislation across the United States, with 81 proposed or adopted bills emerging between 2017–2022, compared with only 3 between 2012–2016.⁹² In states such as Florida, governors and attorneys general have made confronting China a core piece of their policy agenda. Even states that had until recently pursued close business ties with China

have rapidly changed course. In Tennessee, Governor Bill Lee in 2021 shuttered the state's China investment office and moved to prohibit Confucius Institutes, just one year after state officials had made of point of encouraging investment from China.⁹³

But even as elite and public sentiment has turned against China, many businesses and universities in Indiana and elsewhere have worked to maintain existing links—even if they have balked at further deepening ties. Indiana's goods and services exports to China spiked between 2017–2021, from \$3.8bn to \$5.2bn, deepening the country's importance as a foreign market.⁹⁴ During the same period, the state recorded almost \$200mn in inbound Chinese FDI.⁹⁵ Major multinationals such as Eli Lilly and Cummins retained strong links to the China market and major in-country presences,⁹⁶ and a wider array of Indiana manufacturers continued to rely on China-based supply chains. According to one business consultant, “[Indiana businesses] want to source from China but they don't want to say anything about it.”⁹⁷ As he explained, firms have tried to reduce supply-chain risks by having Chinese vendors ship goods on consignment or working with vendors who are moving some of their own operations out of China.

Universities, too, have had important reasons to preserve ties with China despite the difficult political climate. Indiana's universities continue to enroll several thousand Chinese students and still seek to maintain their own access to China for alumni relations, study abroad programs, and research cooperation. As one university administrator notes, higher education institutions in both Indiana and China have worked hard to adapt to the challenges of Covid-19 and worsening bilateral relations and have cooperated to keep many partnerships afloat. The administrator observes that “the bridge is not severed.... But [the current path] is uphill and not downhill.”⁹⁸ In the view of a former government official working at a university in the state, Indiana is likely to keep protecting the educational relationships built up with China, albeit in a low-key way. At a time when the private sector and government often have conflicting interests with respect to China, he sees universities—with their knowledge-creation and sharing function—as having a unique role to play. In his view, some sensitive areas of research can be cordoned off while cooperation in another areas, such as agriculture, environmental protection, and standards-setting for new materials and nanotechnology, should be continued.⁹⁹

For its part, the administration of Governor Eric Holcomb (2017–present) has taken an approach to relations with China one former business association official describes as “100 percent pragmatic.”¹⁰⁰ While his predecessor, Mike Pence, had cooled on China by 2016, publicly criticizing Chinese trade practices,¹⁰¹ Holcomb placed Indiana-China ties on a functional footing from the outset. In 2017, Holcomb celebrated the 30th anniversary of the Indiana-Zhejiang partnership, hosting Zhejiang party secretary Che Jun and a large Chinese delegation. Two years later, in the thick of Trump’s trade war, Holcomb and Commerce Secretary Jim Schellinger traveled to China with an IEDC-funded delegation to visit Zhejiang, Beijing, and Shanghai and promote Indiana-China business links. Criticized by some politicians back home in Indiana for traveling to China amid trade frictions, Holcomb argued that “it’s the perfect time to be making the trip.”¹⁰² Sensing eagerness from Chinese counterparts to strengthen links with Indiana, Holcomb also approved the IEDC’s reopening of an office in China to promote trade and investment. Although the Covid-19 pandemic hampered Indiana-China interactions in the following years, the IEDC and ACSI took some business promotion work virtual, with a Zhejiang-Indiana Virtual Roundtable and an online China Business Conference in fall 2021.¹⁰³ By May 2022, in-person China-Indiana activities resumed on a large scale as the IEDC held its inaugural Indiana Global Economic Summit. Chinese ambassador Qin Gang made a high-profile appearance at the summit, and the ACSI also hosted a Chinese subnational business delegation and officials from the Chinese Consulate in Chicago.¹⁰⁴

Holcomb’s business-oriented engagement with China was reciprocated by Chinese central and subnational government officials, who themselves were actively promoting cooperation with Indiana and other states and using state-level platforms to try to steer US-China relations in a more positive direction. In 2017, Consul General Hong Lei made an appearance at Purdue University at which he praised ongoing economic, educational, and cultural cooperation between the United States and China and expressed hopes for a constructive relationship with the Trump administration.¹⁰⁵ More generally, Chinese consulates across the United States engaged in regular outreach, with nearly 300 reported events with state and local officials between 2017–2019 in 35 states for which data are available.¹⁰⁶ Indeed, as it became clear from 2018 onward that the Trump administration would adopt an aggressive approach to China

on both the economic and security fronts, the Chinese government redoubled its subnational outreach. Ambassador Cui Tiankai and his successor Qin Gang both engaged with state-level officials in an effort to amplify cooperative voices in the US-China relationship.¹⁰⁷

As US-China frictions worsened further under the Biden administration, the Holcomb administration remained open to engagement with China but also sought to diversify its East Asia links. Among other things, this meant strengthening cooperation with Taiwan, even if doing so irked Chinese officials. By 2022, with Covid-19 travel restrictions easing, US-China tensions mounting, and Indiana taking an interest in microelectronics as a growth industry, Governor Holcomb felt the timing was right for a trade promotion visit to Taiwan.

Indiana had long maintained economic ties, official exchanges, and state- and city-level partnerships with Taiwan, but no Indiana governor had visited Taiwan since Mitch Daniels's trip in 2005. Interviews with knowledgeable individuals suggest that the scheduling of Holcomb's trip just weeks after US House Speaker Nancy Pelosi's wave-making visit to Taipei and Biden's signing of the CHIPS Act, in August 2022, was coincidental.

Despite this, the image of a previously friendly US governor following in Pelosi's wake, meeting with Taiwan's president, and forging tighter ties with Taiwan angered Indiana's Chinese counterparts. Officials from the Chinese consulate attempted to dissuade Holcomb from making the trip, but to no avail. China's Foreign Ministry condemned the visit,¹⁰⁸ and following Holcomb's trip Indiana received the cold shoulder from Chinese officials at various levels of government. For months, the state was largely cut off from communication with official Chinese counterparts and excluded from certain trade promotion events in China and the United States. In the words of a former business association official, "You know it's bad when it's Chinese New Year and you don't hear from anyone on the Chinese side."¹⁰⁹ However, a business consultant viewed the episode differently, seeing the fallout from Holcomb's visit to Taiwan as mostly a "talking point" that did not affect businesses' day-to-day activities with China too severely. In his words, "it came and went, and was not as big as the Pelosi or McCarthy visits."¹¹⁰ By mid-2023, Indiana's engagement with Chinese trade associations was resuming and signs of an official thaw were appearing.

If Indiana's strengthening of economic ties with Taiwan marks an appropriate recalibration of China policies, there have also been impulses of anti-China recoil. As noted above, the Indiana General Assembly passed multiple pieces of legislation during the 2022 and 2023 sessions that took aim at China. While concerns about Chinese-controlled entities gaining access to military installations and critical infrastructure in the state appeared genuine, more nebulous fears and surging anti-China sentiment were also in play. Senate Bill 268, which passed both houses of the General Assembly with unanimous bipartisan support and was subsequently signed into law by Governor Holcomb, required Indiana's state pension fund (INPRS) to divest from most of its \$1bn-plus portfolio of Chinese investments over five years. The bill's author, Sen. Chris Garten, used extreme rhetoric, arguing that China was "engaged in multi-dimensional warfare with every Hoosier who is invested in these funds" and claiming that "at any time that \$1bn in investments could be zeroed out by the rogue Communist government."¹¹ Whatever the merits of divesting from China, it is striking that a bill that had direct financial consequences for thousands of Indiana employees and their families and that lacked the endorsement of the pension fund passed both houses of the General Assembly with minimal debate and little discussion of potential negative consequences or precedents. Also striking is that the political climate for discussion of China had evolved to the point where the sweeping assertion, written into SB 268, that "economic support for and investment in Chinese entities unnecessarily increase the risk to the security and welfare of the United States and the people of Indiana", went unchallenged. Given that SB 268, like the other pieces of anti-China legislation adopted in Indiana's 2022 and 2023 sessions, had overwhelming and veto-proof support, it is unclear how much to read into Holcomb's decision to sign the bill. But the governor's approval suggested that his own political position on China was also evolving beyond the pragmatism of prior years.

Notwithstanding the recent tilt toward recoil, Indiana has managed to preserve much of the substance of its business, educational, and cultural links with China even as more politically sensitive aspects of the relationship are curtailed. At least some participants in the Indiana-China relationship remain optimistic about the prospects for meaningful, if more low-key, cooperation in the coming years. As a university professor noted, there are

stable and strong ties with China on both the student and faculty side, and Chinese higher education institutions' commitment to working with Indiana will probably continue.¹¹² An expert on sister-city ties saw Indiana-China relationships as able to weather geopolitical ups and downs: "For every negative, there are positives there. Whether it's from industry or from municipal leadership, there is still plenty of opportunity for peace-building and citizen diplomacy."¹¹³ Even a Republican state legislator involved in anti-China legislative efforts acknowledged the possibility of a continued constructive economic and cultural relationship with China, provided bilateral tensions could be kept under control. In his words, "The Chinese economy is a powerhouse and it's no secret that they're a huge trade partner, and there are advantages from an economic standpoint. But if things escalate much further, the executive in the state would need to pump the brakes."¹¹⁴

Discussion and policy implications

Over the past five years, Indiana has recalibrated its relationship with China, preserving many aspects of cooperation with China while limiting further deepening of the relationship and standing up to pressure from China on issues such as Taiwan engagement. What factors have been conducive to moderation in Indiana's approach, and what factors are threatening to upend such moderation now? More broadly, what lessons and policy implications for other states can be drawn from Indiana's experience?

Analysis of Indiana's experience over the past several years calls attention to four factors that have helped Indiana navigate between unbalanced engagement and radical recoil, and which may contribute to balanced subnational postures toward China more broadly. Indiana's experience also suggests specific policy measures that could be adopted at the state and federal level to assist states as they grapple with conflicting pressures on China policy.

Sources of moderation in Indiana's approach to China

One source of moderation in Indiana's approach has been sustained *executive-level commitment* to working with China as part of a larger strategy of global outreach. From Mitch Daniels to Eric Holcomb, recent Indiana governors

have invested political and organizational capital in building international economic, educational, and cultural exchange links for the state. As part of these larger efforts—but never as the only part—governors have recognized the importance of China as the world’s most populous country and second-largest economy, and they have supported the building of institutionalized partnerships that bracket ideological differences and highlight shared interests. From paradiplomacy in the form of reciprocal delegation visits to the day-to-day work of economic development and higher education cooperation, Indiana’s governors have pursued an effective working relationship with China. This has created political space for key institutions in the state, from the IEDC, to universities, to municipal governments, to build pragmatic links of their own. However, by positioning official cooperation with China as the means to an end rather than an end in itself, avoiding endorsement of Chinese talking points, and balancing China links with robust ties to Taiwan, Japan, and other East Asian and global partners, Indiana’s leaders have not become overly beholden to China.

A second factor contributing to Indiana’s moderation has been *dedicated institutional capacity*. Many states and subnational entities have limited expertise and organizational capacity to draw on in managing relations with China, placing them in a passive position when interacting with Chinese officials and institutions. Because Indiana is home to two institutions—the IEDC and ACSI—that communicate and work closely with state government and with one another, the state has enjoyed greater institutional memory and organizational capacity for China dealings than some of its peers.¹¹⁵ The IEDC’s public-private partnership model is such that it keeps economic development work aligned with the governor’s priorities while partially insulating engagement with China from partisan politics.¹¹⁶ In addition, Indiana’s major universities have developed substantial know-how and institutional capacity for dealing with China and East Asia more broadly, in part because of the presence of large numbers of ethnically Chinese or Chinese-American faculty members. In the case of Purdue, university leadership has also been a key factor: Mitch Daniels served as Purdue University president after leaving the governor’s office, while Purdue’s current president is of Chinese descent.

A third factor limiting volatility in Indiana’s relations with China has been the role of *patient and committed counterparts*. During the 1980s, Indiana

entered into a partnership with a province that would become one of China's most prosperous, innovative, and economically open regions by the 21st century. Unlike some sister-state/province relationships, which have served mainly ceremonial purposes, the Indiana-Zhejiang partnership has proved increasingly substantive over time and both partners have worked to maintain it, using the relationship as a platform for deepening business, educational, and cultural exchange ties. Despite its radically improving fortunes and the fact that its population outnumbers that of Indiana by a factor of eight, Zhejiang province consistently invested in its ties with Indiana and remained engaged even when further deepening of cooperation became politically difficult. That said, there are serious questions about whether a similar relationship with Zhejiang can be maintained during a second decade of Xi Jinping rule in which China has further centralized its governance of paradiplomacy and more forcefully injected geopolitics into the conduct of subnational outreach.¹¹⁷

A final factor enabling Indiana's middle-of-the-road approach has been *limited politicization* of Indiana's ties with China, though this factor is increasingly in doubt. For most of the past two decades, Indiana has been led by business-minded Republican governors committed to engaging globally in pursuit of economic advantage for the state. Until recently, the question of China has been subsumed under the heading of economic development in a state that has remained single-mindedly committed to growth.

However, Indiana, like many other states, has seen greater politicization of China issues as US-China relations have grown more confrontational. Under the influence of federal China policy debates, increasingly feverish media coverage of China, and shifting public sentiment, state legislators and state attorneys general have asserted a much larger role on policy questions related to China. While growing concern about security risks from China on the part of various state-level officials is warranted, such actors' relative unfamiliarity with the subject matter makes it easier for extreme—and potentially harmful—rhetoric to prevail in policy discussions. Along these lines, Indiana's 2023 legislative session showed the potential for sweeping anti-China measures to gain ground quickly and with little debate. Moving forward, increasing involvement by legislators and the attorney general's office in shaping Indiana's relationship with China raises the likelihood of sharp swings in policy and may make it harder to balance risks against rewards.

Policy recommendations

Lessons from the experience of Indiana, a relatively typical state, point to broader priorities for subnational engagement with China and specific measures that could be adopted to help states avoid either unbalanced engagement or radical recoil.

A first priority is to keep state-level policymakers—and closely associated actors in economic development agencies, universities, business chambers, and community organizations—fully informed about the evolving risks and opportunities involved in working with PRC partners. At present, governors, state legislators, and attorneys general across the United States are making increasingly consequential policy decisions and public statements related to China. These actions not only affect the future economic, educational, and exchange relationships states have with China; they also affect national-level US-China relations and many groups in society, not least Chinese nationals, Chinese-Americans, and the Asian-American community more broadly. It is therefore critical to push state-level policymakers beyond a Manichean view of China and US-China relations, and help them appreciate the various stakeholders and complex dynamics of the US-China relationship. It is dangerous for state-level policymakers to ignore the risks that come with China engagement; it is also dangerous for them to focus single-mindedly on such risks to the exclusion of potential benefits of interaction.

A second priority is to help states develop common norms and red lines for engagement with Chinese counterparts. State-level approaches toward China have cross-state, national, and even international externalities, and should not be crafted in isolation. To the extent that there are risks to US national security involved in engagement with China, such risks do not begin or stop at state boundaries.¹¹⁸ And when xenophobic rhetoric or highly confrontational policy measures are adopted in one state, they may have ramifications for other states and the communities within them as well. States rightfully enjoy the autonomy to determine many aspects of subnational foreign relations, but it would benefit them to agree to shared floors and ceilings for economic, educational, and cultural engagement with the PRC. If it is problematic for PRC-controlled businesses to invest in critical energy infrastructure in one state, it is problematic everywhere. And if it is unacceptable to bar Chinese students from public universities in one state based on nationality alone, it is unacceptable everywhere.

A third priority is to counter efforts by the PRC to instrumentalize subnational economic, educational, and exchange linkages for the purposes of covert political influence, espionage, or national security advantage. Of course, amid breathless warnings from some politicians and media personalities that any PRC-connected investment project and educational institute in the United States is a trojan horse for the CCP, there is a risk of significantly exaggerating the security risks that accompany routine subnational engagement. However, growing paranoia about malign PRC-backed activities in states and localities has grown out of demonstrated cases in which the Chinese government has leveraged links with state politicians to push for US government policy changes or used sister city relationships and ostensibly apolitical organizations such as Chinese Students and Scholars Association branches for overtly political goals such as limiting US engagement with Taiwanese officials and Chinese dissidents.¹¹⁹ To the extent possible, Chinese government actors should be persuaded that it is not in their interest to inject national security priorities into subnational outreach. If state and local engagement with China can be at least partly insulated from the dynamics of great-power competition, subnational actors will be better positioned to play a stabilizing role in the US-China relationship.

To address these priorities, several more specific measures could be pursued by US state and/or federal-level policymakers:

Provide financial support to enable state governments and major city governments to develop in-house or closely aligned institutional capacity for foreign relations work generally, and China relations specifically.

Organize more learning days and seminars for state and local government officials to familiarize themselves with the changing landscape of risks and opportunities around subnational engagement with China. Presenters should include a diverse mix of policymakers and researchers from federal government agencies, think tanks, and in-state universities.

Conduct public outreach and education to help US businesses, universities, and ordinary citizens understand the structure and nature of the Chinese party-state and its links with the business world and non-governmental organization sector, including the party-state's ties with organizations such as Chinese People's Association for Friendship with Foreign Countries, the Chinese Students and Scholars Association, and the China General Chamber of Commerce.

Enhance state-to-state communication and coordination around approaches to China relations to share best practices and develop common baselines. Platforms such as the National Governors Association, National Conference of State Legislatures, and the US Conference of Mayors should play leading roles in this regard.

Strengthen mechanisms at the federal level for intergovernmental communication and coordination around China relations. The creation of a seven-person office of the Special Representative for City and State Diplomacy at the Department of State is a valuable first step, but the staffing and funding of the organization remains inadequate at present. Other federal agencies, such as the Department of Commerce, should consider creating similar entities. In addition, intergovernmental dialogues between government, businesses, and research institutions on how to appropriately manage scientific and technological cooperation with China, such as those recently convened by the National Academies of Science, Engineering, and Medicine, should be expanded.

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Notes

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115. Indeed, in recent years a staff member from the IEDC has served as Board Chair for the ACSI, underscoring the close links between the non-profit and state government.
116. One business consultant praises the non-partisan and hard-headed economic logic of the IEDC, noting that "they don't just throw incentives at companies" and that they emphasize the question of "does this make any economic sense?" April 2023 interview with business consultant.
117. Xi Jinping himself served as acting governor and party secretary of Zhejiang between 2002–2007. It is unclear what specific role, if any, he has played in shaping Indiana-Zhejiang relations and Indiana-China relations more broadly.
118. See Jaros and Newland 2023a.
119. For specific examples, see Diamond and Schell, eds. 2019; de la Bruyère and Picarsic. 2021.

