After Pence slams China in new speech, Beijing says he's 'confusing right and wrong'

Huileng Tan CNBC, 8 Oct 2018

Beijing lashed out on Friday at U.S. Vice President Mike Pence after Washington's No.2 lobbed multiple allegations at China.

Pence delivered his Thursday address at Washington's Hudson Institute and he accused China of "malign" efforts to undermine U.S. President Donald Trump ahead of next month's congressional elections. He also charged that Beijing had directed reckless military actions in the South China Sea.

Beyond the upcoming midterms, Pence alleged, China was targeting Trump's 2020 re-election bid with "covert actors, front groups, and propaganda outlets to shift Americans' perception of Chinese policies" and was using its tariffs to hurt states where Trump has strong support.

"China wants a different American president," Pence said.

Pence also said China had deployed anti-ship and anti-air missiles on artificial islands in the disputed South China Sea, despite promises not to militarize them. He accused Beijing of "reckless harassment" in an incident on Sunday in which a Chinese naval vessel nearly collided with a U.S. destroyer near the Spratly islands.

Beijing struck back on Friday, saying his remarks were "unwarranted accusations against China's domestic and foreign policies and slandered China by claiming that China meddles in U.S. internal affairs and elections."

"This is nothing but speaking on hearsay evidence, confusing right and wrong and creating something out of thin air. The Chinese side is firmly opposed to it," Chinese foreign ministry spokeswoman Hua Chunying said in a statement on Friday.

A 'broader shift'

Pence's "speech is indicative of a broader shift across the U.S. government towards a more confrontational stance towards China," said consultancy the Eurasia Group in a note on Thursday.

Although U.S. officials have criticized aspects of Chinese policies — including Trump's accusation last week that China has interfered in U.S. elections — Pence's remarks on Thursday were the first time that a senior official had delivered a broadside against China across such an extensive array of issues, Eurasia added.

But "much of the tariff dispute centers on the US-China technology and innovation rivalry, which has a strong link to national security concerns and military competition between the two countries," the consultancy added.

On China's side, "the more open tone of confrontation from Pence will strengthen the perception in China that the ultimate US objective in the dispute is to contain China's rise. Policymakers in Beijing will be skeptical that any deal that China puts on the table short of outright surrender on core issues — will be enough to blunt this push from the United States," added the Eurasia Group.

— Reuters contributed to this report.

WATCH: This trade deal may be what Trump needs to take on China