

Crude. Volatile ...
and Unavoidable.

How the region
is making sense
of a very different
US president

Cover Story

#Trump in Asia

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Donald Trump's shock election to the US presidency in November 2016 sent waves of uncertainty throughout capitals around the world about the future direction of US foreign policy. In Asia, leaders are coming to terms with what a Trump presidency could mean for the region, especially for hot spots such as North Korea and lingering tensions among Asia's major powers.

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Constructive Engagement: China's Handling of Trump



It is no exaggeration to say that the personal relationship between Chinese President Xi Jinping and US President Donald Trump is among the most consequential of those forged since he took office. Things could easily have turned out differently, given Trump's notorious campaign-trail warning: 'We can't continue to allow China to rape our country.'

If Beijing took note of that rhetoric at the time, it was likely reassured by the conviction that there was no way Trump could win. Startled by his victory, though, China scrambled to put the Sino-US relationship on a constructive path. That effort is paying off, writes Wu Xinbo.

CHINA WAS initially surprised, concerned and anxious about Donald Trump's victory in the 2016 US presidential election. Surprised because his victory was widely deemed impossible, concerned as a result of his campaign rhetoric against China, and anxious because Beijing had almost no contact with the Trump team. Therefore, the most important thing for China after the election was to open a reliable channel to Trump. It acted swiftly to reach out and pursued a strategy of constructive engagement aimed at facilitating a smooth transition of Sino-US relations from the Barack Obama administration, getting the relationship on the right track once Trump assumed office and seeking constructive results through dialogue, co-ordination and co-operation.

Getting Connected

On Nov. 14, 2016, Chinese President Xi Jinping called President-elect Trump to congratulate him on winning the election. Xi emphasized that co-operation is the only correct choice for China and the US, while Trump expressed his admiration for China's great achievements in national development and stressed his desire for better Sino-US relations. This conversation undoubtedly cheered the Chinese side because it revealed Trump's positive attitude toward relations with China. Soon after that, Trump asked Henry Kissinger to visit Beijing to convey a message to the effect that he looked forward to working with China on a wide range of issues. The fact that Trump chose Kissinger as a messenger suggested to Beijing that he was serious about forging better ties with

China. In addition, Kissinger also helped the Chinese ambassador to the US, Cui Tiankai, establish contact with Jared Kushner, Trump's son-in-law. The Cui-Kushner channel later proved to be a very valuable feature for the two sides. Building on the momentum that these interactions generated, Beijing dispatched State Councilor Yang Jiechi to New York in early December, holding talks with Trump's then senior advisor Michael Flynn and Kushner and discussing how to handle bilateral relations going forward.

Although Beijing was quick to connect with the Trump team, it soon discovered one painful fact — Trump is inclined to act recklessly. In early December, the president-elect took a congratulatory phone call from the leader of Taiwan, Tsai Ing-wen, for the first time since normalization of ties between China and the US in 1979. This stirred up widespread unease in both the US and China. To exacerbate the anxiety, Trump claimed in two interviews conducted in December 2016 and early January 2017, respectively, that he would not necessarily abide by the One China Policy unless Beijing made concessions to the US on issues involving its currency and trade.

In shock and fury, Beijing started arm-wrestling Trump. When the US side proposed a meeting or phone calls between Xi and Trump right after the inauguration, Beijing declined both. Only then did the Trump team realize the gravity of the trouble caused by trying to play the Taiwan card. The ensuing quiet diplomacy between the two sides ultimately led to a call by Trump to Xi on Feb. 10 in which he reaffirmed the US commitment to the One China Policy, freeing the bilateral relationship to move forward.

Shaping the Framework and Agenda

During the Feb. 10 phone call, Trump invited Xi to the US for a summit meeting that ultimately took place on April 7-8 at his Mar-a-Lago resort in Florida. To the surprise of many observers, the summit turned out to be quite successful, with a number of achievements.

First, it produced a positive atmosphere for

¹ Chinese Foreign Ministry, "Wang Yi Briefs on Mar-a-Lago Meeting between Heads of State of China and the US," April 8, 2017, www.fmprc.gov.cn/mfa_eng/wjw_663304/zjzg_663340/bmdyzs_664814/gjlb_664818/3432_664920/3435_664926/t1453028.shtml; The White House, Office of the Press Secretary, "Briefing by Secretary Tillerson, Secretary Mnuchin, and Secretary Ross on President Trump's Meetings with President Xi of China," April 7, 2017, www.whitehouse.gov/the-press-office/2017/04/07/briefing-secretary-tillerson-secretary-mnuchin-and-secretary-ross

bilateral ties as the two leaders increased mutual understanding, built good working relations and a personal friendship, and set a constructive tone for the relationship. Trump noted that there was chemistry between him and Xi, and accepted Xi's invitation to visit China later in 2017, signaling a positive beginning in his dealings with China.¹

Second, a new framework was established for the management of bilateral relations. They agreed to set up four high-level dialogue mechanisms — a diplomatic and security dialogue, a comprehensive economic dialogue, a law enforcement and cyber-security dialogue, and a social and cultural dialogue. Over the years, such mechanisms have been valuable for managing an increasingly complex relationship by promoting understanding, addressing differences and expanding co-operation. The four key dialogue mechanisms allowed the two sides to continue an institutionalized approach to their relationship at a time when China faced substantial uncertainty in its dealings with the Trump administration.

Third, the summit also set the agenda for the relationship. Xi and Trump spent most of their time discussing two major issues: the North Korean nuclear program and trade and economic relations. On North Korea, Xi shared Trump's sense of urgency and agreed to increase co-operation with the US, while Trump got a better grasp of the complexity of the issue, particularly with regard to relations between Beijing and Pyongyang. On trade and economic issues, the US side agreed to a Chinese proposal to launch a 100-day Action Plan aimed at achieving some breakthroughs through intensive negotiations so as to mitigate Trump's concern over the US trade imbalance with China. These agreements and the continuing dialogue mechanism laid out the roadmap for the bilateral relationship.

Navigating a Bumpy Road

By early April, Beijing had not only consolidated its connection with the Trump administration, but

also set up the framework and agenda for bilateral relations through a successful summit meeting. There emerged a sense of relaxation and optimism in China about dealing with Trump. Yet, as both sides began to work on concrete bilateral issues, the road soon got bumpy.

The North Korean nuclear issue. From the very beginning of its contact with China, the Trump team noted emphatically that the North Korean nuclear issue was at the top of its agenda and Washington expected strong and effective co-operation from Beijing. China, for its part, felt frustrated and even infuriated at Pyongyang after it conducted two successive nuclear tests in January and September 2016, respectively, breaking a pause in nuclear tests since February 2013. In fact, China endorsed unprecedented and severe sanctions imposed by the United Nations Security Council in November 2016 in response to North Korea's nuclear test on Sept. 9.

After Trump was sworn into office, Beijing began to take stricter measures to implement UN sanctions as well as to constrain North Korean activities in China that might contribute to its nuclear and missile programs. As North Korea conducted more missile and nuclear tests in 2017, China worked with the US to impose a series of harsher UN sanctions against Pyongyang. The latest UN resolution punishing the North's nuclear test on Sept. 3 was passed on Sept. 11, only eight days after the test. Also, in 2017, UN resolutions for the first time put limits on China's oil exports to North Korea, a goal that Washington had long sought, but that Beijing had previously rejected.

Despite China's unprecedented co-operation with the US on North Korea, Trump, in bouts of frustration with Pyongyang, sporadically aired his complaints about China — often on Twitter — for either not doing enough or for not solving the problem. Beijing, for its part, has found such complaints unfair and unreasonable, believing that the Trump administration has not yet worked out a clear and feasible strategy on the issue and relies too much on

pressuring Pyongyang. As such, the North Korean issue has so far been an area of co-operation and co-ordination between the two sides, but also a periodic sore point.

Trade and economic issues. The 100-day Action Plan delivered its initial results in May, with China and the US reaching a consensus on addressing issues in areas including agricultural trade, financial services, investment and energy. The most notable achievement for the Trump administration is that China agreed to lift a ban on the import of US beef.

During the first round of the Comprehensive Economic Dialogue (CED) held in Washington on July 19, however, the two sides could not agree on measures to redress the trade imbalance or on the content of the follow-up One-Year Plan. The lack of progress was largely attributed to the tough stance adopted by Trump and his senior aides such as Chief Strategist Steve Bannon, Director of the White House National Trade Council Peter Navarro and US Trade Representative Robert Lighthizer. Furthermore, these aides are also inclined to restrict Chinese acquisition of US technology through technology transfer from US firms in China or Chinese investment in the US.

Under these circumstances, on Aug. 14, Lighthizer launched a "Super 301" trade investigation of China on intellectual property-related areas, and in early September, Trump blocked a group that includes a Chinese venture capital firm from purchasing Lattice Semiconductor Corporation over national-security concerns. During his visit to China in September, US Commerce Secretary Wilbur Ross pushed the Chinese on market access for US exports and investment as well as intellectual property protection. Under the growing US pressure, during Trump's November visit to Beijing, China greeted him with a big gift pack, including more than US\$250 billion of commercial deals and investment agreements, as well as the opening of its financial sector. Hopefully, such concessions will help stabilize bilateral economic and trade relations.

Taiwan. Since Trump reaffirmed his commitment to the One China Policy to Xi in February, the Taiwan issue had been quiet until Trump in late June approved the sale of US\$1.42 billion in arms to Taiwan. Beijing angrily protested, accusing the US of undermining trust between the two countries and contradicting the spirit and consensus of the two leaders' meeting in Mar-a-Lago. In China, the arms sale was interpreted as either the result of pressure by pro-Taiwan interests in the US Congress and the military-industrial complex, or an indication that Trump intends to play the Taiwan card again as leverage over China on either or both of the North Korean nuclear program and trade. Meanwhile, as the US Congress began to push in the summer for an exchange of naval visits between the US and Taiwan, Beijing became more vigilant on the Taiwan issue. Therefore, during Secretary of State Rex Tillerson's visit to Beijing in September, Chinese Foreign Minister Wang Yi urged the Trump administration to handle this issue carefully. When Xi met Trump in Beijing in November, he also brought up the Taiwan issue.

South China Sea. The Trump administration didn't launch any Freedom of Navigation operations in the South China Sea until late May. Since then, US naval ships and aircraft have conducted several such operations, yet the Trump administration has kept a low profile on the issue compared with the Obama administration, presumably intending to treat such activity as routine rather than as a special occurrence. It is likely that the US may conduct more frequent such operations in the South China Sea in the future, but they will be less conspicuous on the radar of Sino-US relations, so the challenge is how to avoid unintended accidents between the two militaries in the air and on the sea.

Conclusion

Within a relatively short period of time following Trump's election, Beijing connected with the Trump team and put the relationship on a new track. This

demonstrates the remarkable experiences and resources China has accumulated in dealing with the US over the years.

Being a staunch proponent of an "America First" policy, Trump cares more about enhancing America's economic interests and strengthening its power rather than pursuing international leadership and influence. As a result, the Asia-Pacific policy of the Trump administration has so far not highlighted a need to constrain or contain China's regional influence, which was a thrust of Obama's rebalancing to Asia strategy. Even though Trump and his senior aides have recently begun to promote the concept of "a free and open Indo-Pacific region," this does not appear to be something akin to Obama's rebalancing, and thus Sino-US geopolitical rivalry in the region appears unlikely for now.

Given his transactional proclivities, Trump's focus on economic issues and the North Korean nuclear threat actually provides more opportunities for Sino-US co-operation. With growing economic leverage, Beijing can accommodate some of Trump's concerns on trade and investment while also bargaining for economic concessions from the US side. On North Korea, Xi is willing and capable of doing more to pressure Pyongyang, and co-ordination and co-operation on the nuclear issue has been a positive impetus behind bilateral relations.

Because Trump's November visit to Beijing strengthened his personal relationship with Xi and made progress on trade and economic issues as well as the North Korean nuclear issue, Sino-US ties have stabilized and are likely to move along a positive track. Overall, Beijing has reason to be satisfied with the state of bilateral relations during Trump's first year in office.

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