



# ICAS BULLETIN

## Institute for China-America Studies

### A Survey of Scholarship on US-China Relations

*Twice a month, the ICAS Bulletin updates a global audience on American perspectives regarding the world's most important bilateral relationship. Research papers, journal articles, and other prominent work published in the US are listed here alongside information about events at US-*

Commentary: Will Donald Trump Abandon Asia? p. 5

#### Highlighted Publications

##### **Managing Asia's Security Threats in the Trump Era**

Michael Swaine

Carnegie Endowment for International Peace, January 19, 2017

Swaine discusses the three greatest security challenges for the US in Asia: North Korea, Taiwan, and the maritime territorial disputes. Evaluating what he sees are emerging Trump administration views on each of these issues, he warns that the risk of miscalculation on the part of the US and China is great, and the related stakes are very high. Swaine worries that the Trump administration will overestimate the degree to which China can coerce the DPRK, disregard the importance of the One-China principle to US-China relations, and misjudge China's behavior in the South China Sea to be primarily a test of American resolve. At the same time, China may overestimate its own power or underestimate American power or resolve. Swaine contends that "pragmatic, cooperative US relations with China will almost certainly become increasingly critical to the continued protection of all of Washington's security interests in Asia." Nonetheless, if the views he describes prevail, the new administration could unnecessarily bring about "disastrous consequences" like a new cold war or even conflict on the Korean peninsula or between the US and China.

##### **Dealing with China: Tough Engagement and Managed Competition**

David Shambaugh

*Asia Policy*, No. 23, January 2017

Shambaugh describes the US-China relationship as being full of competition and intrinsic tensions. Managing and mitigating these tensions should be the principal goal of statecraft for both countries. He describes bilateral issues that both support and work against collaboration, and identifies structural

elements like the “Thucydides trap” and entrenched and ideologically fueled perceptions of the other that contribute to the competitive aspect of the relationship. Shambaugh notes that today, given intensified strategic competition in the maritime space and the new US president’s apparent stances, the relationship faces “unpredictability and instability...not witnessed since 1989.” While the US-China relationship may be a “bad marriage,” it is nonetheless a marriage in which “divorce is not an option.”

### **Will Engaging China Promote Good Governance?**

Jamie Horsley

Brookings, January 2017

This report focuses on some aspects of governance reform in China that are less known to US audiences. It reviews progress and challenges in rule of law, government transparency, civic participation, and public participation. The author contends that fundamental changes are taking place in China’s governance and recommends that US policymakers acknowledge these changes, and highlights areas where both countries have key interests in deepening cooperation regarding governance reform in China.

### **In the Wake of Arbitration**

CSIS Report, January, 2017

This report is a compilation of papers submitted for the 6<sup>th</sup> CSIS South China Sea Conference. These papers reflect a wide array of perspectives on the South China Sea issue in four areas: political, legal, military, and environmental issues.

## Commentary and Analysis

### **China Prepares for Rocky Relations in 2017**

Bonnie Glaser, Alexandra Viers

*Comparative Connections*. Vol 18 no. 3, January 2017

Glaser and Viers provide an annotated timeline of US-China diplomatic relations from September through the end of 2016. They discuss the final two meetings between Xi Jinping and Barack Obama, North Korea’s nuclear test, the South China Sea UUV incident and the incidents surrounding comments by (then) President-elect Donald Trump.

### **US-China challenges: Time for China to Step Up**

Jeffrey Bader

Brookings, January 12, 2017

Bader shares his concerns over potential “rumblings” in US-China relations under the new administration. He suggests that it is time for China to take the initiative in the bilateral relationship with new thinking. Bader offers four suggestions to China: renegotiate bilateral investment with the US, work more constructively with the US on North Korea, ease tensions in the South China Sea, and formulate a more practical Taiwan policy.

**Can Donald Trump Avoid a Dangerous South China Sea Showdown?**

Jim Steinberg and Michael O'Hanlon

*The National Interest*, January 18, 2017

Despite significant concerns, the authors describe US-China security relations as a “glass half full.” They call on both the US and China to avoid taking premature actions and maintain stable security relations. The authors suggest that the Trump administration should “combine resoluteness with reassurance” when dealing with key issues in the US-China relations, and work to bolster positive elements of the relationship rather than exacerbate spirals of mistrust.

**Trump’s 19th Century Foreign Policy**

Thomas Wright

*Politico*, January 20, 2017

Wright argues that Trump’s policy vision has shown consistency and coherence over time, rather than simply being comprised of opportunistic or extemporaneous comments. He identifies longstanding trends in Trump’s unconventional views on US leadership, alliances, and trade. Wright observes how Trump’s worldview is characterized by anger towards those that seemingly take advantage of the United States. He is particularly aggrieved by allies seen to be engaged in this behavior, which he believes make the US a laughingstock. Wright concludes by observing that contrary to Trump’s views, the United States maintains such alliance relationships because they primarily benefit Americans.

**China Stressed a Growing Interest in Global Trade and Governance at Davos**

Timothy Heath

RAND, January 24, 2017

President Xi’s speech at Davos reveals China’s stronger interest in reshaping the global economic order. Heath finds that China has initiated many development programs in addition to Western-led efforts, but some of them may cause greater tensions between the US and China. He questions China’s optimism about the global economy as international collaboration has become increasingly difficult as a result of a populist, anti-globalist wave in the West.

**China Won’t Run from a Fight with Trump**

Michael Auslin

AEI, January 25, 2017

Auslin describes how Donald Trump has broken with a longstanding tradition among US presidents to prioritize stability and avoid antagonizing China. Instead he has “turned the tables” on China by seizing the initiative in assertive behavior. Auslin contends that Xi Jinping is unlikely to back down from these provocations, and that China may in fact respond to this new posture from the Trump administration by intensifying pressure on US allies, stepping up assertions of its rights and interests, or undermining US efforts regarding North Korea.

## Events and Discussions

### **Setting up US-China Ties in a New Administration: A Conversation with Evan Medeiros**

China Power Project Podcast, CSIS, January 24, 2017

Bonnie Glaser discussed the topic of formulating US-China relations during a presidential transition period with former Obama advisor Evan Medeiros. Medeiros discussed some of the general challenges in the US-China relationship associated with transitions and noted some particular challenges associated with this transition.

### **US-China Relations in Transition: The Trump Administration and the 19<sup>th</sup> Party Congress**

Brookings, January 24, 2017

Brookings hosted a half-day program featuring an address from former Commerce Secretary Barbara Franklin, who highlighted several sticking points in the bilateral economic relationship. Franklin observed that while campaign rhetoric often goes by the wayside after a new president is inaugurated, the composition of the administration and the tenor of Trump's campaign suggests that this time it is different. Cheng Li presented the findings of his latest book, *Chinese Politics in the Xi Jinping Era*, and a panel discussion including David Lampton, Evan Osnos, Dennis Wilder and Richard McGregor examined the prospects for conflict and cooperation between Xi Jinping and Donald Trump.

### **Asia Forecast 2017**

CSIS, January 25, 2017

This half-day program featured three panel discussions on trade, alliances, and maritime issues, along with a keynote discussion from General Robert Brown, Commander of US Army Pacific. Each panel touched upon US-China relations in significant ways.

### **What Should the Trump Administration Do in Asia? 11 Experts Weigh In**

Asia Society, January 26, 2017

A wide-ranging discussion of US-Asia relations was organized around the construct of brief pitches to the administration for future policy options. Discussion of US-China policy was led by Evan Medeiros, Orville Schell and Scott Kennedy.

## Commentary

### Will Donald Trump Turn America's Back on Asia?

Sourabh Gupta

Placing his palm on the same Bible that President Lincoln used at his inauguration, Donald J. Trump was sworn in amid pomp and protest as the 45th president of the United States on 20 January. On the same day 156 years ago, with the Civil War looming, Lincoln had counselled his countrymen to renew the common ties that bound them. 'We are not enemies, but friends ... we are not, we must not be aliens or enemies but fellow countrymen and brethren' he had vainly noted. President Trump's message, by contrast, was hardly intended to appeal to the better angels of America's nature. Yet as he gets down to the grueling task at hand, Trump would be wise to apply Lincoln's appeals to his international allies and partners, notably in the Asia Pacific.

For the better part of 70 years, the United States has, by and large, been a force for stability in Asia, deploying its superior strength and resolve in the service of secure sea lanes, open markets and durable politics. Non-reciprocal market access for Asia's light manufacturing exports was at the core of this strategy. The US Navy's Seventh Fleet was, secondarily, tasked with protecting the sea lanes that delivered the energy resources that fueled this manufacturing-driven engine of prosperity in Asia. But under the weight of Trump's outsize personality and a set of anti-trade (and anti-immigrant) beliefs, which he shares with his core advisors, the US stands poised to forfeit the patent on the Asian geopolitical 'operating system' that it laboriously conceived, constructed and managed over the past seven decades.

Four of seven points that constitute the centerpiece of President's Trump's economic plan to protect the United States 'from the ravages of other countries making our products [and] stealing our companies' bear direct, negative connotations for the Asia Pacific.

First, the Trans-Pacific Partnership agreement is to be torn down, devaluing in the process the immense political capital expended in the negotiations by leaders of the Asia Pacific's richest (Japan and Australia) as well as one of its poorest (Vietnam) economies. A 'border tax' that will be applied to all imports, irrespective of origin, will add insult to injury. It may ironically fall upon China to rescue the United States' trade footprint in Asia by way of its leadership of — and US engagement within — the Free Trade Area of the Asia-Pacific (FTAAP) discussions.

Second, the Asia Pacific's largest economy (China) is to be labelled a currency manipulator and, in time, presumably hit with countervailing duties. Treating a currency's value to be an actionable subsidy would be a violation of international trade law. Only enterprise-specific, industry-specific, region-specific or export-contingent subsidies that cause injury in foreign markets are legally challengeable through countervailing action. Naming China a currency manipulator would also fall afoul of the IMF's surveillance-related rules. Even if the People's Bank of China had not been propping up the yuan's value,

IMF guidelines require the offending country's exchange rate to be misaligned for the *purpose* of securing an increase in net exports. The fact that its policies merely have this effect is insufficient.

Third, Trump's trade policy team — Wilbur Ross at Commerce Department, Robert Lighthizer at United States Trade Representative, and Peter Navarro at National Trade Council — have promised to use every lawful exercise of presidential trade enforcement authority to remedy the supposedly illegal activities that have precipitated the United States' trade deficits with Asia. But pressed to identify specific violation/s by China of international trade rules, they are unable to lay out a legally durable case. More problematically, they have hinted that adverse WTO dispute settlement rulings may not be complied with, given that such rulings amount to instrumental law that is 'only worthy of compliance to the extent that compliance makes [the American] people better off'.

Parenthetically, 30 years of badgering Japan with what was an even broader toolkit of trade penalties did nothing to reverse the bilateral trade imbalance. Rather, it produced an appreciation in the yen's value, which in turn inflicted deflation and stagnation on the economy of the United States' foremost ally in the Asia Pacific.

Finally, Asia's fastest growing economy — India — is not to be spared either. Information technology-enabled services have in recent times assumed an outsized role in elevating India's image as a modern and globally competitive society. But in the eyes of Steve Bannon, President Trump's chief strategist, the disproportionately large representation of South Asians in Silicon Valley represents a cultural assault. The wheels are in motion to restructure the H1-B work visa program — emulating the past efforts of incoming attorney-general Jeff Sessions to raid the very program that has aided the rise of India on the back of its outsourcing prowess and deepened US–India people-to-people ties.

Quoting Charles Dickens in his keynote address at the World Economic Forum annual meeting in Davos, Switzerland, on 17 January 2017, Chinese President Xi Jinping extended a stretched hand to his regional and global counterparts and welcomed them aboard the express train of China's development. 70 years earlier Harry Truman had extended a similar handshake, and ride, to Asia. Whether Trump — the greatest come-from-behind victor in US presidential politics since Truman himself in 1948 — will relinquish his predecessors' legacy and the United States' standing and goodwill in Asia remains to be seen.

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