



# ICAS BULLETIN

## Institute for China-America Studies

### A Survey of Scholarship on U.S.-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 U.S. are listed here alongside information about events at U.S.-based institutions.*

#### In the News

##### **Quiet Success for China at G20 as Xi Avoids Drama and Spotlight**

Ben Blanchard

*Reuters*, July 10, 2017

Chinese President Xi Jinping managed to avoid controversial topics during the G20 summit, such as China's stance on the Korean peninsula and the border standoff with India in Doklam. The Chinese side emphasized positive aspects of its engagement with the global economy, with Beijing's relationship with Washington taking center stage. Although reports have emerged that the U.S.-Chinese "honeymoon" is coming to an end, U.S. Treasury Secretary Steven Mnuchin appeared to rebuff that notion. He said that "the Trump-Xi meeting lasted more than an hour-and-a-half, and would have gone on longer had they not had to leave for other engagements."

##### **China Sends Troops to Djibouti, Establishes First Overseas Military Base**

Brad Lendon and Steve George

*CNN*, July 12, 2017

China sent an undisclosed number of troops to its first overseas base in Djibouti, a move that the Chinese Foreign Ministry said would "help China better fulfill its international obligations." The base in Djibouti is in a key strategic location that gives China access to the Bab-el-Mandeb Strait where millions of barrels of oil and petroleum products pass through daily. With this base, which China refers to as a "support base" rather than a military base, China joins the United States, France and Japan as countries with a permanent base in Djibouti.

**Apple Sets up China Data Center to Meet New Cyber-Security Rules**

Cate Cadell and Brenda Goh

*Reuters*, July 12, 2017

Apple announced that it would comply with China's new cyber-security rules by establishing a data center in Guizhou province. The center is part of a \$1 billion dollar investment in the province. The announcement makes Apple the first foreign firm to comply with China's new June 1, 2017 rules regulating how foreign firms store data in China. Chinese authorities framed the policy in terms of cybersecurity and anti-terrorism efforts and said it was not designed to disadvantage foreign firms.

**China's Economic Growth Holds Steady Despite Slowdown Fears**

Joe McDonald

*Associated Press*, July 16, 2017

China's economy saw stronger than predicted growth in the second quarter of 2017. The economy grew at a rate of 6.9 percent, 0.4 percent greater than the government's target growth rate of 6.5 percent. Despite this, analysts still consider debt to be the biggest threat to China's economy, a concern that helped drive Moody's May 25, 2017 decision to downgrade China's credit rating. At a weekend meeting on Chinese financial strategy, President Xi called for reforms in the state-dominated financial system to "prevent and contain financial risk."

**China Pushes Hard in Border Dispute With India**

Vindi Doshi and Simon Denyer

*The Washington Post*, July 19, 2017

The standoff between India and China in the disputed Doklam territory continues with China threatening to take military action against India. The standoff began after China brought in construction workers to build roads in Doklam, territory that is subject to a legal dispute between Bhutan and China. The Indian intervention came following a formal request from the government of Bhutan. Despite being elected as a pro-China Prime Minister, Modi has undertaken a number of policies that have antagonized China, including allowing the Dalai Lama to engage in political activities on Indian soil, and refusing to join the Belt and Road Initiative.

**China Showers Myanmar With Attention, As Trump Looks Elsewhere**

Jane Perlez

*The New York Times*, July 19, 2017

Myanmar's relationship with China has gradually warmed as the Trump administration's foreign policy has largely overlooked Myanmar. In addition to deeper economic engagement with Myanmar, China has also been overseeing peace talks aimed at resolving Myanmar's internal strife. These actions are seen as

part of a broader policy push by China to assert soft power in areas that have traditionally been part of the United States' sphere of influence.

### **Trump's Honeymoon With China Comes to an End**

Andrew Mayeda and Saleha Mohsin

*Bloomberg*, July 19, 2017

The Comprehensive Economic Dialogue between the United States and China was unable to produce a joint statement or a press conference. U.S. Secretary of Commerce Wilbur Ross commented in blunt terms that the trade imbalance was not a result of natural market forces and was therefore unacceptable, emphasizing that trade should be "fair, equitable and reciprocal." Vice Premier Wang Yang said that while dialogue cannot immediately help, confrontation would immediately hurt the trade relationship.

## Articles and Analysis

### **Time for Trump to Get Tough on China**

Anthony Ruggiero

*Politico*, July 6, 2017

After North Korea's July 4th ICBM launch, the author suggests that the United States should toughen its stance on Chinese banks and companies that enable North Korea to evade sanctions. The crux of the argument is that a harder stance is needed for U.S. policy makers "because [China] fears instability in North Korea even more than it fears a nuclear North Korea." The author's suggest in order to effect change in China's overly lenient behavior, United States should use significant fines to drive a wedge between the banks and other sanctions evasions system and Chinese political leaders who are soft on North Korea.

### **China's Quest to End its Century of Shame**

Howard French

*The New York Times*, July 13, 2017

French interprets China's actions in the South China Sea as a signal that China is seeking to dominate the region and exclude foreign powers. He attributes these goals to not just geopolitics, but also to shoring up nationalism and political legitimacy domestically. To this end, the most visible parts of China's foreign policy such as the nine-dash line in the South China Sea have been promoted in places like Chinese passports and Chinese manufactured globes. The implication of this nationalist growth is that as China tries to restore what it perceives to be its rightful place, it will become more difficult to work with.

**Six Months Of President Trump's China Policy**

Emily Bulkely

*U.S. China Policy Foundation*, July 14, 2017

Bulkely reviews the U.S.-China relationship under the Trump presidency and notes that since the Mar-a-Lago meeting in April, the relationship has been underpinned by the crisis on the Korean peninsula. China's inability to reign in North Korea's nuclear program has frustrated the Trump administration, and other areas of the relationship are similarly worsening. Issues of contention include protectionist measures being leveraged against American businesses operating in China, the continuation of the South China Sea dispute, and disagreements over Taiwan. In response, the Trump administration is considering expanding the powers of the Committee on Foreign Investment in the United States to subject Chinese investors to restrictions, and conducting additional, and more routinized freedom of navigation operations in the South China Sea.

**Expect More Process than Progress at U.S. China Comprehensive Economic Dialogue**

David Dollar and Ryan Hass

*Brookings*, July 19, 2017

As Dollar and Hass predicted, the U.S.-China Comprehensive Economic Dialogue did not bear any major fruits in terms of easing the trade tensions between the two sides. They offer several reasons for this outcome, including internal pressures in China due to the upcoming 19th Party Congress, potential U.S. steel tariffs overshadowing the talks, and a general unwillingness on both sides to give in on major issues.

**Should the U.S. Play Hardball With China on Trade?**

Tom Hoffecker and Duncan Innes-Ker

*ChinaFile*, July 20, 2017

With the United States considering placing steel tariffs on China, the authors analyze the pros and cons of such a move. Hoffecker notes that while steel tariffs would likely bring about a short-term political win for the Trump administration, it would worsen the relationship in the long run, potentially harming U.S. producers who rely on imports from China. The authors recommend that the administration find avenues other than steel tariffs in responding to China.

**Events, Videos, and Discussion****Joint U.S.-China Think-Tank Project on the Future of U.S.-China Relations**

Event hosted by CSIS July 6, 2017

On July 6th, CSIS hosted an event to release a major report on U.S.-China relations, written by a group of academic and policy specialists from China, as well as Asia policy experts from some of America's leading foreign policy think tanks. The report is the product of a year-long effort in which American and Chinese experts prepared parallel reports with analyses and policy recommendations on several critical areas that shape the relationship: military relations, the Asia-Pacific region, economic relations, global governance, and domestic politics.

The panelists provided a balanced and sober analysis of the most pressing issues facing the relationship, from regional issues such as North Korea and the South China Sea to the bilateral economic relationship to the evolving rules surrounding global governance. The reports identify areas of common understanding but also substantial differences in perspective between the American and Chinese governments. The report offers proposals for how to manage these differences as well as promote cooperation in areas of mutual interest.

#### **Cross-Strait Relations Re-examined: Towards a New Normal?**

Event hosted by *CSIS* July 13, 2017

This conference on cross-strait relations examined the United States' role in the trilateral relationship between Taiwan, China and the United States. The all day session provided an overview of the status quo and discussed possible scenarios for the future of the trilateral relationship. Policy recommendations included increased Taiwan-U.S. ties through actions such as a potential free trade agreement, with a secondary emphasis on moderating Chinese actions.

#### **Cybersecurity of Protectionism? Defusing the Most Volatile Issue in the U.S.-China Relationship**

Daniel Ikenson

Report hosted by *Cato Institute*, July 18, 2017

This report analyzes the cyber dimension of the U.S.-China relationship, and finds that both parties are deeply engaged in a technology trade war under the pretext of national security. While there is a legitimate threat posed by cybersecurity, cyber theft and cyber espionage, the report finds that governments "are also obligated to minimize the collateral damage" stemming from their cybersecurity efforts. The report urges both sides to adopt cybersecurity policies that combine "valid statistical methods with best business practices."

#### **Seventh Annual CSIS South China Sea Conference**

Event hosted by *CSIS* July 18, 2017

This full-day conference provided for in-depth discussion and analysis of the future of the South China Sea disputes, and potential responses, amid policy shifts in Beijing, Manila, and Washington. ICAS's

Executive Director Nong Hong participated in the conference, as well as experts from throughout the region, including claimant countries. Experts reviewed recent developments, legal and environmental issues, the strategic balance between the United States and China, and U.S. policy under the Trump administration.

**The Power of Ideas: The Rising Influence of Thinkers and Think Tanks in China**

Event hosted by Brookings China, July 20, 2017

Under President Xi Jinping's leadership, think tanks have become increasingly important to assessing and crafting domestic and foreign policy in China. What are the leading think tanks in China and who are the key players in these institutions? What are the dynamics between the Chinese government and think tanks? Are China's efforts to promote new types of think tanks likely to succeed?

On July 20, the Brookings-Tsinghua Center for Public Policy and the Penn Wharton China Center co-hosted a discussion on "The power of ideas: The rising influence of thinkers and think tanks in China," in an attempt to address these questions and better understand the environment that Chinese think-tanks operate in.