



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.

Commentary:
The Effect of China's Development on Its Policies
By Nathaniel Wong



In the News

How China and India Have Come to the Brink Over a Remote Mountain Pass

Steven Lee Myers, Ellen Barry and Max Fisher

The New York Times, July 26, 2017

“On a remote pass through Himalayan peaks, China and India, two nuclear-armed nations, have come near the brink of conflict over an unpaved road.” The standoff began last month when Bhutan, a close ally of India, discovered Chinese workers trying to extend the road, which stands on territory at the point where China, India and Bhutan meet. India responded by sending troops and equipment to halt the construction, on behalf of Bhutan. China responded in kind. “Now soldiers from the two powers are squaring off, separated by only a few hundred feet.”

What if Trump Ordered a Nuclear Strike on China? I’d Comply, Says Admiral

Austin Ramzay

The New York Times, July 27, 2017

When asked if he would comply with an order from President Donald Trump to conduct a nuclear strike on China, the commander of the United States Pacific Fleet, Admiral Scott Swift, responded without hesitation. “The answer would be yes.” A spokesman for the Pacific Fleet emphasized that his answer was an affirmation to civilian control of the armed forces and that the premise of the question was “ridiculous.”

Chinese President Oversees Military Parade in Show of Might

Gerry Shih

Associated Press, July 29, 2017

President Xi Jinping, who commands the People’s Liberation Army as chairman of the Central Military Commission, oversaw a military parade in Inner Mongolia. He targeted no specific country or dispute in his remarks, but declared the PLA ready to defeat all “invading enemies.” He also urged the army to “always listen to and follow the party’s order” in a loyalty oath.

China’s Manufacturing Gauges Offer Mixed Messages

Grace Zhu

The Wall Street Journal, August 1, 2017

While the Caixin China manufacturing purchasing manager’s index (PMI) rose in June to its highest level in four months, China’s official PMI dropped in July. The divergence of the private

and official gauge of China's manufacturing may be due to Caixin China's smaller sample base, although economists have noted that it often captures cyclical trends in economic activity that the official index tends to overlook. While China's GDP has grown strongly this year, it is expected to slow, as Beijing tackles rising debt and other financial risks.

Chinese Media to Trump: Stop the "Emotional Venting" on Twitter

Ben Westcott

CNN, August 2, 2017

"US President Donald Trump should stop conducting his international diplomacy on Twitter, Chinese state media said in a widely-published editorial, syndicated across the country. 'Trump is quite a personality, and he likes to tweet, however emotional venting cannot become the guidance for solving the nuclear issues on the Korean peninsula,'" read the editorial, first published in Xinhua. "The article came days after Trump wrote a series of tweets saying he was 'very disappointed' in China for not doing enough to stop North Korea's missile program."

China Tests Missiles During the Weekend, U.S. Officials Say

Lucas Tomlinson

Fox News, August 2, 2017

U.S. spy agencies detected the Chinese military performing a series of tests, targeting mock U.S. fighter jets and THAAD missile batteries. U.S. analysts believe these tests were meant to coincide with China's August 1, Army Day celebrations. While seen as a show of force to the United States, Secretary Tillerson said "We will deal with [our] differences in a way that does not lead to open conflict."

Tillerson Hails U.N. Sanctions as China Rebukes North Korea at ASEAN Meeting

Gardiner Harris

The New York Times, August 6, 2017

U.S. Secretary of State, Rex Tillerson, praised the UN's decision to impose harsh sanctions on North Korea, during the ASEAN foreign ministers meeting. China's foreign minister, Wang Yi, also speaking at the ASEAN meeting, bluntly told North Korea to comply with the relevant U.N. resolutions and halt all missile and nuclear tests.

ASEAN, China Adopt Framework for Crafting Code on South China Sea

Christian Shepherd and Manuel Mogato

Reuters, August 6, 2017

ASEAN foreign ministers adopted a framework for negotiating a code of conduct in the South China Sea; this was hailed as a victory for China to buy more time. The code of conduct is unlikely to have Chinese support if it is legally binding, a position that the Philippines and Vietnam favor. The framework that has been agreed upon urges commitment to the “purposes and principles” of UNCLOS, but does not include specific enforcement measures.

Trump’s ‘Fire and Fury’ Threat Raises Alarm in Asia

Steven Lee Myers and Choe Sang-Hun

The New York Times, August 9, 2017

“President Trump’s threat to unleash “fire and fury” against North Korea sent a shudder through Asia on Wednesday, raising alarm among allies and adversaries and, to some observers, making the possibility of military conflict over the North’s nuclear program seem more real.”

“With North Korea responding that it would, if attacked, strike American military forces in Guam, analysts warned that the escalating statements increased the likelihood of war — perhaps one based on miscalculation, should one side’s fiery rhetoric be misread by the other.”

Articles and Analysis

Is Coercion the New Normal in China’s Economic Statecraft?

Evan A. Feigenbaum

Carnegie Endowment for International Peace, July 25, 2017

Economic coercion, while a tool of Chinese statecraft in interacting with other countries, is likely to remain just that - a tool “in an increasingly diverse toolkit.” Recently, China has pushed back hard on the deployment THAAD in South Korea and the Dalai Lama’s trip to Mongolia. In other cases, such as its trade disputes with the United States, China has been more passive. The author provides a typology of China’s economic leverage, and argues China is still fine-tuning its tactics.

How the United States and China Should Approach the Next Comprehensive Economic Dialogue

Larry Lau

The Diplomat, July 31, 2017

The author notes that the U.S. bilateral trade deficit with China is overstated, although it would still be in the interest of the United States to increase exports to China in areas such as energy, technology and agriculture. China should also explore investing excess Chinese savings in U.S. infrastructure. In general, the author takes an optimistic view of U.S.-China trade, saying that because the relationship is a positive sum, and both sides need each other, there is unlikely to be a trade war.

China's Military Support Facility in Djibouti: The Economic and Security Dimensions of China's First Overseas Base

Erica Downs, Jeffrey Becker, and Patrick deGategno
Center for Naval Analyses, July 2017

This *CNA* report provides a history of China's support base in Djibouti, gives an overview of the base's purpose, and offers analysis on what the support base means for China, the United States, and Djibouti. Overall, the report finds that China is expanding its interests in East Africa as its own economy grows by providing infrastructure, which Djibouti needs to fulfill its commercial aspirations. The support base in Djibouti represents a fundamental shift in Chinese foreign and security policy, as its previous rhetoric differentiated China from other hegemonic Western powers through lack of overseas military facilities.

Making Sense of the Trump Administration's Possible Economic Actions Against China

David Dollar and Ryan Hass
Brookings, August 3, 2017

The authors discuss the background of U.S.-China trade tensions and review some of the options the Trump administration has to deal with those tensions. Overall, if the U.S. adopts protectionist policies on steel, technology, or other areas, they "would hurt the U.S. economy as much as the Chinese." In general, the grievances the Trump administration has with China are similar to those of previous administrations and are unlikely to be easily resolved through unilateral action.

U.S.-China Relations - A Game of Strategic Reassurance

Eduardo Araral
Foreign Affairs, August 7, 2017

The author supports Kissinger's proposal for the United States and China to agree upon the future of North Korea in the event of the collapse of Kim Jong-Un's regime. "A central part of the agreement would be for the United States to withdraw its forces along the Korean

demilitarized zone (DMZ) at the 38th parallel after the regime's collapse. As the logic goes, this would help to allay China's fears of a U.S. military base next to its border."

Events, Videos, and Discussion

The ICAS Annual Conference

The Mayflower Hotel, July 25, 2017

Panel 1: U.S.-China Strategic Relations

The first panel examined the strategic relationship between the United States and China with emphasis on several issues, including Taiwan, the South China Sea, North Korea, and the Belt Road Initiative. There was optimism for cooperation on a number of these points, particularly on the crisis on the Korean peninsula. However, the panelists emphasized the unpredictability and fragility of the Sino-American relationship. Going beyond trade, stronger, more enduring ties need to be established, particularly in the political and military realm, in order to stabilize and bring predictability to future Sino-American relations.

Panel 2: U.S.-China Engagement and Cooperation on Flashpoint Issues in the Asia-Pacific

The second panel focused on two flashpoint issues in U.S.-China relations: the crisis on the Korean peninsula, and cross-strait relations with Taiwan. In both instances the United States and China have fundamentally different policy goals and a different understanding of the issues. Both parties agree that denuclearization of the Korean peninsula should be the ultimate goal, but disagree on how to achieve that goal. The United States wants to put maximum pressure on the regime, and would likely welcome its eventual collapse. For China this scenario would be a disaster. From a Chinese perspective, the only thing worse than a nuclear North Korea, would be the establishment of a unified Korea on its border that is aligned with the United States. On Taiwan, the panel was pessimistic for the future of cross strait relations. Beijing's policy stance has barely shifted since 1992 and the same is true of the American position. As long as there is no concerted effort to establish common ground in the dispute, it is difficult to see a way forward from the status quo.

Panel 4: Developments in the South China Sea & Friction in U.S.-China Maritime Ties

The third panel was focused on the South China Sea and evaluated potential mechanisms for resolving the region's sovereignty disputes. The panelists generally agreed upon the main factors influencing the maritime disputes, pointing to vague assertions about the Nine-Dash

Line from China, the conduct of freedom of navigation operations by the United States, the role of ASEAN and bilateral relations between member states, and the power of public opinion in all involved states. There was less consensus on what policy shifts could contribute to easing tensions in the South China Sea. Some panelists applauded the dual track approach as exemplified by the joint exploration of oil and gas by China and the Philippines, while others opposed China's efforts in general, questioning the legal basis of the Nine-Dash Line as a vehicle to assert territorial claims.

Panel 4: Economic and Trade Relations with China

The fourth panel saw a discussion of trade and economic relations between the United States and China. A clear consensus arose that Trump's proposed protectionist policies would be detrimental to the relationship, and would have long term implications for the interests of both parties. Contrary to popular belief, the large U.S. trade deficit is almost entirely independent of American trade with China. Specific policy recommendations included working out a bilateral investment treaty for the transfer of advanced technologies, and increasing the frequency of high level economic meetings like the Comprehensive Economic Dialogue. Overall, the panelists concluded that further economic liberalization was needed in China and expressed hope that the United States would reconsider implementing protectionist measures against China.

Taiwan's Engagement With Southeast Asia

Brian Eyster, Brian Harding, and Alan Hao Yang
Global Taiwan Institute, July 26, 2017

One of the most important initiatives taken by the Taiwan authority has been increased engagement with Southeast Asia through economic ties, technology transfers, and people to people relations. The panel discussed Taiwan's attempts to engage with Southeast Asia in these areas through Taiwan's "New Southbound Policy."

Hostilities in the Himalayas? Assessing the India-China Border Standoff

Nirupama Rao, Robert Daly, and Jeff Smith
The Wilson Center, July 27, 2017

The panelists briefly discuss the background of the Doklam standoff between India and China and then assess the conflict in the broader India-China relationship. They also examine possible implications for Washington. All of the panelists expressed concern the current standoff could spiral into open conflict, despite that being harmful to both India's and China's interests.

China's Eurasian Century

Nadege Rolland

CSIS, August 2, 2017

Nadege Rolland discusses her recent monograph published by the National Bureau of Asian Research, where she analyzes the drivers and implications of China's Belt and Road Initiative. Ultimately she finds that more than just asserting economic influence, China is seeking to shape Eurasia's political norms and regional architecture. She warns that poorer countries have much to risk if they join the Belt and Road Initiative.

Commentary

The Effect of China's Development on Its Domestic and Foreign Policies

By Nathaniel Wong

China often cites its status as the world's largest developing country as a factor in determining its policy on a number of issues - from combating climate change and Ebola to justifying its stance on human rights and even military action. But as China continues to modernize and grow economically, it will eventually be unable to credibly label itself developing. This change will have serious implications for China's foreign policy.

While China has generally used its developing country status to argue that its burden on a number of issues should be lighter than that of developed countries - both because it contributed less to the problem and has less capability to deal with it - China's economic rise has brought about a divergence in its use of developing country rhetoric. On international issues, China is taking up greater developed country responsibilities, but on domestic issues China still lags behind.

China's burden has become greater despite its developing country status. For example, on the Paris climate change agreement, President Xi [remarked](#) " [we] should protect the achievements of global governance." There was no shirking of responsibility by China and importantly no mention of China's special status of a big developing country to excuse behavior in the Chinese Foreign Ministry's [statement](#) on President Xi's meeting with President Macron. This stands in notable contrast to [China's stance](#) just a few years ago, where in Copenhagen China saw climate change talks as a Western plot against developing countries. Apart from global governance, China also [contributed](#) the most troops to U.N. peacekeeping missions and [increased](#) efforts to fight disease like Ebola.

China's international growth has not been limited to these relatively non-controversial issues. The most recent example of China's growing international ambitions have been in Djibouti,

where it officially [set up](#) its first overseas military support base. This is a remarkable move for a country that has gone [at length](#) to [emphasize](#) its peaceful rise and how it was different from hegemonic and imperialist Western powers by not holding overseas bases.

But controversial or not, these areas share two major common themes - firstly they are significant to China's international stature and secondly China has elected to take a greater role, not citing its developing country status to evade burdens.

China is making smaller efforts to portray itself as a developed country on domestic issues. During last year's 68th anniversary of Human Rights Day, the Chinese Foreign Ministry released a [statement](#) that emphasized as a developing country, China has made great progress on social and economic rights. As for the more Western conception of human and political rights, those remained a "lofty ideal" with "no universally agreed path." Rather than highlight human rights on the Human Rights Day statement, it proclaimed "development is the eternal quest of mankind."

Beyond these "lofty ideals", other internal issues such as economic and trade liberalization have been [directly tied](#) to China's developing country status - for example China uses its status to comply with [obligations more favorable](#) to developing countries in the WTO. While China's economic liberalization has some overlaps with the international community's approach to globalization, especially with respect to trade, there is little doubt that for the Chinese leadership, economics is mainly a domestic issue tied more to [political legitimacy](#) than international standing.

Taking all of the Chinese government's public stances and actions into account, a clear pattern emerges: China appears to be more willing to use its developing country status on domestic issues that garner a smaller amount of international attention compared to global issues, where China is increasingly [trying to be viewed](#) as a responsible major power.

For the most part, this phenomenon should be interpreted as modestly positive for the international community. The effects will be especially acute as the United States moves towards a period of "America First" that appears to come at [the expense](#) of the rest of the world (and probably its own interests). The best way for China to be seen as a responsible major power is to act like one on major international issues - and on the issues mentioned previously, China has proven itself capable of such action.

So while China-watchers can expect to see an even greater burden sharing by China on these issues - climate change and humanitarian assistance - as it further develops both itself and its

global ambitions, there remains the question of more contentious issues. On disputes such as in the South China Sea and the Doklam standoff vis-a-vis India, China appears to be focused more on the “major power” part of its rise rather than the “responsible” part.

This is not to say that China’s claims are illegitimate or even that its actions are unjustified, rather the territorial disputes highlight a discrepancy between China’s apparent goal of being seen as a responsible major power and its actual actions which can appear to be flexible or aggressive. Completely separate from the question of whether these policies are right or beneficial for China, there is little doubt that China’s [continued military buildup](#) in the South China Sea and [hardline rhetoric](#) on Doklam works against China’s narrative of a “peaceful rise” and “responsible major power.” One only needs to look at foreign media’s headlines to see the real and deleterious effects of these disputes: “[Chinese Daily Turns Outright Hostile](#)” and “[Vietnam, a Lonely Voice Challenging China’s Claims.](#)”

There exists at least two explanations for this discrepancy between China’s goals and actions. Firstly and optimistically, there may be a time lag in China’s policy goal of good international stature and actual policies in these territorial disputes. After all, it did take decades for China to fully climb aboard the climate change train, but when it did with the Paris agreement, it made clear that it was fully aboard and would help support the international community in efforts against climate change. But this explanation seems unlikely as China continues to view its territorial integrity as part of its core interests and while the South China Sea may have recently been more stable, there is little evidence that China is moderating its position.

The more realistic explanation for these actions is that China has calculated it is in its strategic interests to pursue these more controversial goals that involve military build up and territorial disputes, than to fully commit to its goal of being seen as a responsible major power. Despite this conflict, China is not totally ignoring its international standing on controversial issues - for example, official media has [carefully noted](#) the Djibouti base a support base, not a military base. Additionally, the base itself is [intended](#) as part of the international community’s anti-piracy mission. And on the South China Sea, China has worked intensely to be seen in the most favorable light possible, most recently on the ASEAN foreign minister’s statement which notably [did not criticize](#) China specifically.

All things considered though, China’s shifting use of developing country rhetoric away from many international issues is a signal to the world that it wants to be seen as an emerging and responsible major power. For China to achieve this goal, it should make progress on both domestic and strategic issues just as it has done on issues like climate change, peace keeping, and other burden sharing issues.

As for the rest of the world and existing great powers, perhaps the focus should not just be on its maritime disputes, which admittedly harm China's narrative, but also allowing China assume a greater position that corresponds to its greater development.

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