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# 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.*

### **ICAS Roundtable Discussion Report: Reviewing U.S.-China Relations After Trump's Visit to Asia-Pacific**



## In the News

### **Fact Box: China-U.S. Commercial Deals Signed During Trump's China Visit**

Reuters Staff

*Reuters*, November 09

“U.S. companies, from chip giant Qualcomm to aircraft maker Boeing, announced a slew of deals on Thursday during U.S. President Donald Trump’s visit to Beijing. The deals could be valued as much as \$250 billion, though some have been long in the pipeline and many are non-binding.”

Please click the news title for the summary of announced deals.

### **In Beijing, Trump Presses China on North Korea and Trade**

Stephen Holland and Christan Shepard

*Reuters*, November 09

“U.S. President Donald Trump pressed China to do more to rein in North Korea on Thursday and said bilateral trade had been unfair to the United States, but praised President Xi Jinping’s pledge that China would be more open to foreign firms.”

“On North Korea’s nuclear and missile programs, Trump said ‘China can fix this problem quickly and easily’, urging Beijing to cut financial links with North Korea and also calling on Russia to help.”

### **Trump's APEC Speech Holds Few Answers for Regional Allies**

Charlie Campbell

*Time*, November 10

“U.S. President Donald Trump announced his ‘Indo-Pacific Dream’ at the 21-member Asia-Pacific Economic Cooperation (APEC) summit in Vietnam on Friday, saying that he would always put ‘America First’ but inviting all nations present to join the U.S. in bilateral trade deals, while issuing a stern rebuke for China and multilateralism.”

“Trump’s speech will be unsettling for APEC members and the wider region, which looks to Washington to go beyond trade and zero-sum diplomacy to counter the growing hegemonic appetites of Beijing.”

### **3 US Carrier Strike Groups Hold Massive Naval Drill with South Korean, Japanese Navies in Western Pacific**

Franz-Stefan Gady

*The Diplomat*, November 13

For the first time in a decade, three U.S. Navy nuclear-powered *Nimitz*-class aircraft carriers—the USS *Ronald Reagan*, USS *Nimitz*, USS *Theodore Roosevelt* conducted exercises in the Sea of Japan from November 11-14. Amidst heightened tensions on the Korean Peninsula, the drill involves air defense, sea surveillance, replenishment and close-in coordinated maneuvers. The carriers were joined by a fleet of Japan Maritime Self Defense Force (JMSDF) warships and seven Republic of Korea Navy (ROKN) warships separately on November 12.

### **South Korea Rejected Japan Involvement in Joint US Military Drills**

Hiroshi Minegishi

*The Nikkei Asian Review*, November 13

The U.S. and South Korean navies began a four-day bilateral military exercise from November 11 but South Korea had earlier rejected the proposal of a trilateral exercise with Japan, pointing to domestic public sentiment. Seoul also expressed reservations about Japan taking part in joint exercises with the U.S., South Korea and Australia off the island of Jeju on Nov. 6-7. Experts have hinted of a possible desire to mend fences with China, as Seoul made a promise that military cooperation with Japan and the U.S. would not develop into a three-way regional alliance.

### **China, Vietnam Sign Cooperation Pacts in Bid to Play Down South China Sea Tensions**

Kristin Huang

*South China Morning Post*, November 14

“China and Vietnam have signed a series of deals to increase cooperation as the two nations move to play down tensions over their rival claims to parts of the South China Sea.”

“The deals were signed on Monday as Chinese President Xi Jinping wrapped up a state visit to Vietnam, his first since last month’s Communist Party National Congress.”

### **Trump: Asia Trip “Tremendously Successful”**

Jonathan Lemire and Jill Colvin

*Time*, November 14

“President Donald Trump on Tuesday hailed ‘tremendous amounts of work’ on trade and said nations around the globe have been put on notice that the U.S. will demand improved trading conditions.”

“The president, who campaigned on shredding multilateral trade agreements he has deemed unfair, insisted during his travels that multibillion-dollar deficits that favor U.S. trading partners will be reduced to zero, and that trade overall must be fair and mutually beneficial.”

### **Japan’s Rush to Conclude TPP-11**

Aurelia George Mulgan

*The Diplomat*, November 14

After President Trump withdrew from the Trans Pacific Partnership (TPP) and reiterated that stance during his Asia visit, the TPP-11 has become increasingly central to Japan's trade strategy. Prime Minister Abe is being pushed on this front by domestic business leaders, he wants to assert Japan's leadership role in regional trade and rule-making in order to counter China, and he sees it as a means to reject pressure from the Trump administration to negotiate a bilateral free trade agreement with the U.S.

## Articles and Analysis

### **Fears that Xi Jinping is Bad for Private Enterprise are Overblown**

Print edition, Business

*The Economist*, October 26

After the 19th Party Congress, there were worries that the government would expand its influence within private enterprises, with stricter financial regulations imposed on four high-flying companies (Anbang, HNA, Wanda and Fosun) and tightened controls over the technology sector, like Youku and Weibo. But these government actions probably mean more of the same rather than a relapse towards central planning. Media have focused on the party instruction for entrepreneurs to be patriotic but the directive mostly spelled out how the government can support them. Despite financial scrutiny, only a handful of people fell afoul of the law last year among China's richest two thousand individuals, and the fortunes of tycoons with businesses have soared. While the party's clout in the corporate world is stronger, there is no evidence that party cells have influenced or hurt decisions or business, as industrial profits have averaged nearly 10% of GDP during Xi's first term - the highest in four decades.

### **What China Gains With Its Detente With South Korea Over THAAD**

Ankit Panda

*The Diplomat*, November 07

The contours of the agreement are that South Korea will not accept any further THAAD launcher deployments on its territory and will indefinitely refrain from participating in networked ballistic missile defense efforts in the region led by the United States. It represents China securing an assurance from a U.S. ally that it will indefinitely refrain from certain types of actions within the scope of its alliance with the United States, which is unprecedented and may even be an unsettling one over the long-term.

### **China and ASEAN Can Safeguard Stability in South China Sea**

China Daily Editorial

*China Daily*, November 13

“The South China Sea disputes, which involve China and some ASEAN members, have existed for decades, but approached boiling point last year because of the instigations by some countries outside the region, particularly the United States and Japan, to create divisions within the bloc and with China.”

“Developments over the past few days [during the APEC summit] reveal the broadening consensus among the members of the Association of Southeast Asian Nations and China that they, and they alone, are ones who should get their maritime house in order, and they are fully capable of doing so.”

### **China’s Rise Didn’t Have to Mean America’s Fall. Then Came Trump.**

Zachary Karabell

*The Washington Post*, November 15

The current global order leaves room for two superpowers to maintain influence in Asia and beyond, and China “has been content to share the field and even defer on matters far removed from its primary goal of enriching its roughly 1.5 billion citizens.”

Yet President Trump and his “America First” policy pulls the United States back from global competition and withdraws its influence, particularly in the Asia-Pacific. The retreat of Trump’s America accelerates China’s transformation from a rising power into “what soon might be the only economic superpower energetically engaged with the rest of the world.”

“So far, most of the damage has been limited to diminished American prestige. Soon enough, though, the economic and then security effects will be felt. Before the bonds so carefully built over years decay entirely, the U.S. has time to shift gears. But only if Trump comes to understand that American power cannot be based on the weakness of others.”

### **Parsing Trump’s Recent Policy Statements on the South China Sea**

Mark J. Valencia

*The Diplomat*, November 17

“During [President Trump’s visit] in East Asia, Trump did make a few perfunctory and superfluous statements on the South China Sea. He reaffirmed the need to uphold the principle of freedom of navigation and overflight, respect for international law, and a peaceful and rules-based settlement of disputes. But when the issue of the South China Sea was raised at the closed-door meeting between ASEAN and the United States, the only reported response from Trump was ‘a need for fair trade.’ Given the bombastic and aggressive statements by Trump administration officials early in his term, this relatively milquetoast approach did not inspire confidence in friends and allies nor fear in supposed targets of the U.S. policy. Indeed it only served to deepen the concern with U.S. ‘staying power’ in Southeast Asia.”

## Past Events, Videos, and Discussions

### **New Team, New Agenda? What the 19th Party Congress Tells Us**

Event hosted by the *Brookings Institute*, November 02

Director Cheng Li of the John L. Thornton China Center at Brookings delivered a detailed presentation on emerging trends and characteristics of the new CCP leadership. He presented visualized data that demonstrated the high turnover rates in important institutions like the Central Committee, the Politburo, the Politburo Standing Committee (PSC), and the Secretariat. The data suggest the arrival of new faces and a reshuffling of personnel that has created a delicate balance of factional politics. Li also argued the significance of institutional norms and rules, such as the age limit, which places many of the sixth-generation leadership cohort group (people born in the 1960s) in-waiting at the Central Committee level as well as at the regional/bureaucratic level.

He then discussed the rising elite groups and where they typically originate from. From the PSC to the Central Committee, the once dominating technocrats (engineers turned politicians) are now giving way to officials with social science backgrounds. There are also fewer Politburo members with experience as Provincial Chiefs, and a rising number of members in the Central Committee who have experience in varied professions, such as management roles within the aerospace industry as well as University Presidents. The percentage of foreign-educated returnees in the Central Committees also witnessed a marked increase to about 19%.

In the second panel, Richard McGregor observed that Xi's accumulation of executive power will not necessarily lead to solutions related to economic challenges, such as the high level of local government debt. David Dollar meanwhile argued that progress in economic structural reforms can be expected at the macro level rather than the micro level, and that the Chinese private sector is still a dynamic force in growing the economy.

### **China's 19th Party Congress: Implications for China and the United States**

Event hosted by the *Kissinger Institute on China and the United States, Woodrow Wilson Center*, November 03

The 19th Party Congress that convened on October 18 laid down important markers pertaining to President Xi Jinping's second term and his policy priorities. The Kissinger Institute hosted the event with its founding director, Ambassador Stapleton Roy, and current director Robert Daly.

In the 90-minute session, the two speakers discussed Xi's consolidation of his political position within the Chinese political system, while also noting that significant precedents (such as age limits for PSC members) continued to remain in place. The implications of the Party Congress on U.S.-China relations point generally towards continuing stability, given the personnel changes. But President Xi also highlighted in his work report China's ambitions to pursue a more activist global stakeholder role as well as share China's development solutions with developing countries and the rest of the world. The question raised by the two speakers thus

boils down to whether the ruling party is up to the task of satisfying the needs of a globally integrating and increasingly modernized population which has high and varied expectations. Director Daly also pointed to the confidence and emphasis on Chinese culture and civilization that was manifested in the report, and he placed this confidence and emphasis within the broader context of China's modern history and goal of national rejuvenation.

### **How Do You Solve a Problem Like North Korea?**

Conference hosted by *Cato Institute*, November 06

In the context of President Trump's visit to Asia, panelists raised and discussed a number of questions. What was the message regarding the DPRK situation that Trump was bringing to the region? What are the implications of North Korea's recent gains in nuclear and missile capabilities for the future of U.S. strategy toward North Korea? What is the state of North Korea's nuclear weapons and ballistic missile technologies? What are the prospects for diplomatic negotiations with Pyongyang? And should the United States pursue a different strategy toward North Korea in light of Pyongyang's improving nuclear capabilities, including revision of aspects of its alliance with South Korea?

The panelists emphasized the importance of maintaining a sustained diplomatic effort and called for a rethinking of U.S. foreign policy from various perspectives. The discussants also agreed in general that U.S. decision-makers should not solely direct their criticisms at China, as China is one among a number of parties that impact the North Korea situation and the United States too bears its share of the blame.

### **Deterrence Stability and the LRSO**

Discussion hosted by the *Deterrence and Assurance Working Group of Air Force Global Strike Command*, November 07

ICAS research associate Will Saetren joined Air Force Global Strike Command's Deterrence and Assurance Working Group (DAWG) at Barksdale Air Force Base to discuss America's plans to acquire a new, air-launched nuclear cruise missile (LRSO). Mr. Saetren focused on the impact that the LRSO will likely have on global stability, Chinese perspectives on the the LRSO, and other reasons that the United States should revisit its decision to build the LRSO.

## **Upcoming Events**

### **Trump, Trade, and the Asia Pacific**

Event hosted by *Cato Institute*, November 29

### **Seeking History in Subei: Generational Stories from China's Rise**

Event hosted by *Kissinger Institute on China and the United States*, November 29

### **China's Growing Energy and Geopolitical Impact in Xi Jinping's New Era**

Event hosted by *The National Bureau of Asian Research*, December 05

## ICAS Roundtable Discussion Report

### Reviewing U.S.-China Relations After Trump's Visit to Asia-Pacific

November 16, 2017

An on-the-record roundtable discussion of President Donald Trump's visit to China, and the Asia-Pacific, was held at the office of the **Institute for China-America Studies (ICAS)** on 16 November 2017. The discussion involved a mix of American and Chinese participants as well as a mix of seasoned academic and policy practitioners as well as young and up-coming scholars. The discussion was chaired by Yawei Liu, director of the China Center at the Carter Center, in his capacity as an advisory board member of ICAS. Following is a summary of the roundtable discussion that was conducted. The summary is divided thematically, even though the discussion was a free-flowing one and seamlessly glided across topics over the course of two hours.

#### U.S.-China Relations under Trump and Xi

Some participants held that Donald Trump's visit to China had turned out to be a victory for Chinese foreign policy and a loss for the United States. As Prof. Jing Huang from Robert Bosch Academy pointed out this was the first time in the post-WWII order that an American president was treated as a guest, rather than a regional partner, during an Asia trip. Although he was treated like a king, he was as a visiting king, and his lavish pampering appeared to distract from securing any tangible policy outcomes. Others concurred on this point, noting that China after an initial period of uncertainty had gotten a handle on how to manage and deal with Donald Trump. There were dissenting voices to this viewpoint though. They cautioned that it would be naive for China to believe that this was indeed the case. Trump is consistent in his vanity and preference for tension and chaos, and this by definition makes him unpredictable.

On U.S. economic ties, there were mixed views but by-and-large a good deal of agreement that bilateral ties were headed for a period of tension ahead. There was criticism that the U.S. had not pushed China hard enough during the current trip on sensitive market access issues but had been satisfied with significant commercial deals in principle. This was a serious error and a win for the Chinese side. There was also criticism of China's indifferent pace of structural economic reform. China has been the number one beneficiary of the rules-based global economic order and restrictions on domestic market access was a short-term strategy that would, at the end of the day, turn out to be self-defeating for China.

Participants questioned whether the U.S.-China relationship lacks an overarching framework. Prof. Robert Sutter from George Washington University pointed out, this lack of an overarching framework has existed since the end of the Cold War. Xi Jinping's espousal of a new framework of U.S.-China relations and international relations will not find buy-in at the U.S. end. On a more positive note, some argued that bilateral cooperation on resolving the North Korean issue might be able to provide the basis for developing a new framework for long-term cooperation between



the United States and China. Others disagreed however. Where there was consensus though was that the global order was trending from a unipolar one to a multipolar one and that it was important to institutionalize and steer the bilateral relationship onto a more stable track.

### **The North Korean Nuclear Crisis**

There was a broad consensus that the Korean Peninsula nuclear crisis affects international security, regional stability, and relations between the major powers. There was also a consensus amongst participants that the trip was a missed opportunity to seriously grapple with this tense and difficult issue. Though Trump did put out a consistent message to his Asian counterparts to isolate the regime in Pyongyang and, by-and-large, remained on message during the first part of his trip, he also undermined that message with his provocative tweets on the subject during the latter part of his Asia tour. There was a feeling among participants that Trump's Asian counterparts were no wiser at the end of the trip what exact plans Donald Trump has in mind to manage, resolve or mitigate the crisis on the peninsula. Worse, participants expressed fear that the Trump Administration hadn't fully grappled with the human and material costs of a preventive strike on the regime or its nuclear assets. As Bob Manning from Atlantic Council noted, there is great uncertainty as to where the DPRK's nuclear assets are stored and a preventive strike would at best eliminate a fraction of that capability. Pyongyang's reprisals thereafter and outbreak of war could lead to massive casualties.

Speakers also concurred that America's willingness to discuss preventive war with North Korea as a means to denuclearize the Korean peninsula puts China in a difficult position. Some speakers stressed that the fundamental interests of the U.S. and China are not aligned on this issue. While the U.S. is happy to squeeze the regime with military threats and sanctions to the point of collapse, this would be a disaster for China. The only thing worse than a nuclear North Korea is a collapsed and chaotic North Korea. As such, one of the participants commented that China could live with the collapse of the North Korean regime but not the North Korean state per se.

Some Chinese participants held out hope that the Korean Peninsula crisis could be managed and resolved on terms short of war. They stressed that China remains committed to a denuclearized Korean Peninsula and the *suspension-for-suspension* proposal that the Chinese government has floated could be a starting point to reduce tensions. There is still time for dialogue to resolve the crisis. Others though were pessimistic that North Korea could be constructively engaged at the dialogue table. Overall, at minimum, Trump's trip to Asia did not present any positive contributions to resolving the crisis.

### **U.S. Economic Engagement in the Asia Pacific**

Donald Trump's "America First" economy policy, which he promoted throughout his trip to the Asia-Pacific, was uniformly deemed to be the greatest failing of the trip. There was a wide consensus that American leadership in Asia and its broader interests in the Asia-Pacific region will suffer lasting damage because of his mercantilist policy stance. Such policies are simply

incompatible with the trend of globalization, which is market-driven and not possible to arrest. Participants cautioned however that China should not see this as a victory. If America recedes economically from the Asia-Pacific economic stage, the increased anxiety will drive other regional states to cooperate much more closely with each other - just like France and England did to counter Germany in Europe during the first half of the 20<sup>th</sup> century. Already, Japan has taken the lead in negotiating the TPP-11 and other countries too will fill the vacuum. At the end of the day, it will be the U.S. which will suffer the greatest damage as it is out-competed in many of these dynamic Asian markets.

For their part, some of the Chinese participants noted that China's engagement with the U.S. is likely to receive a positive boost in light of the outcomes of 19<sup>th</sup> CPC National Congress. At the Congress, President Xi reiterated his intention to promote economic and structural reforms and further open the Chinese economy to global market forces, which he sees as the path for China to attain prosperity and achieve its ambitions. This market-opening holds out a useful opportunity to further deepen U.S.-China ties and address the criticisms directed against China by the U.S. business sector – hitherto China's most vocal backer – that the economic playing field is tilted in favor of domestic competitors at the expense of U.S. businesses operating in China.

### **The Trump Administration and the South China Sea**

Chinese participants made two important points with regard to the Trump visit and the South China Sea issue. First, they noted how little of the visit's focus was dominated by this issue. Though President Xi had mentioned China's land reclamation activities in the SCS in his 19<sup>th</sup> Party Congress report as a domestic issue that didn't pertain to external actors, President Trump did not offer any pushback. Second, they noted how the South China Sea issue has to a certain extent faded from the regional headlines and this they felt provided a useful opening for China to maintain and strengthen relationships and strategic stability in the South China Sea region. They alluded to the fact that between 2012 to mid-2016, Asia-Pacific policy-makers were overly absorbed with the South China Sea situation and now, *en masse*, they have pivoted their attention towards the Korean peninsula issue.

There was broad consensus among participants that the South China Sea issue was no longer the driving issue in US-China relations that it had been during the first half of this decade. It is becoming a back-burner issue. Some wondered though if Trump's unpredictable comments, such as his offer to mediate these disputes, had unnerved allies who look for a strong show of commitment from the American president to defend their interests as well as international law.

### **Outcomes from the 19th National Congress**

National rejuvenation, building China into a great, modern socialist country, and realizing the 'China Dream' were signature themes that were reiterated at the 19<sup>th</sup> National Congress. For the Chinese participants, this was also understood to mean that China seeks an enabling and peaceful international environment to realize its economic and social aspirations. China does

not seek to overturn the international order but, to the contrary, defend and improve the existing system so that its peaceful development can be realized. Growth, development and the well-being of the Chinese people will continue to remain the overwhelming focus of the Chinese government, and is linked to the greater well-being of the world at large. As the world's second largest economy, China needs a predictable and stable strategic environment and has therefore proposed a new system of major country's diplomacy with Chinese characteristics" so that outdated zero-sum hegemonic competitive mentalities can be abandoned.

Other participants however did not read such a benign message and instead pointed to contradictions in China's rhetoric at the 19th Party Congress. Although Xi's speech focused on unity and the common good for all mankind, he did so in a manner that was self-absorbed. Seventy percent of China's diplomatic activities is directed to its neighbors, yet none of the rhetoric at the National Congress was directed at addressing their concerns. Instead, "it was all about China." China needs to communicate in a language that is more easily accessible and more easily embraced by its neighbors and peers – otherwise the communication will continue to remain one-sided and fruitless.

## Summary

There was a broad consensus that the China-US relationship is one of the most – if not the most -important bilateral relationships in the world today. As such, Donald Trump's first trip to Asia was of great importance and was therefore parsed in great detail. The lasting impression of the trip among the participants – albeit mostly on the American side, was that Donald Trump had (predictably) underperformed and that he had failed to uphold the U.S.' enduring interests in the region. To that extent, China was the big winner coming out of this trip. The U.S. thinks that the DPRK issue was the most pressing geopolitical issue in the Asia-Pacific, while Asia Pacific countries have not reached a consensus on this. Trump's inconsistent delivery on this issue in Asia did not leave his counterparts any clearer regarding his thinking on how to resolve the issue, and in fact setback the chances for a successful resolution. Overall, Trump's trip to Asia and his Administration's new policy towards Asia, including his 'America First' economic approach, has deepened rather than lessened U.S. allies and partners concerns' about America's staying power and commitment to the region.



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