President Donald Trump paid his first state visit to China between November 8-10, 2017. During his stay in Beijing, Trump lavished praise on Chinese president Xi Jinping, a marked contrast to his previous criticism of China for its handling of the crisis on the Korean peninsula and trade issues. For his part, Xi Jinping rolled out a splendid welcome mat for his counterpart and granted him an honor that has not been bestowed to any U.S. president since the 1949 founding of the People’s Republic of China – a state dinner inside the Forbidden City. So, what are the first impressions and key takeaways from Trump’s visit to China?

Was the meeting between Presidents Trump and Xi a fruitful one?

The tone of the discussion appears to be have been very positive – and frank, no doubt, too. They seemed to pick up from where they had left off at Mar-a-Lago (though they had a bilateral meeting at the Hamburg G20 too). The optics of their engagement was very positive, and for this, credit is due on both sides.

There were a record amount of commercial deals totaling almost quarter-trillion dollars signed. What does this record-setting number indicate?

The approximately quarter trillion dollars’ worth of commercial deals between private U.S. businesses and Chinese entities was the standout deliverable during this state visit. The deals provide a stronger foundation for a more mutually-intertwined economic relationship, and indicates that there is great commercial potential in this bilateral relationship for both sides. And that this potential will only increase over the years as both countries’ economies grow. As a cautionary note, the commercial deals will only chip away at the margins of the large bilateral trade imbalance. The deals will not substantially reduce the U.S. deficit.
Many of the deals are in the form of non-binding memorandums of understanding (MoU), not contracts. Will they be realized?

A substantial number of these MoU’s will likely be realized because they serve the interests of both parties. Some of the largest deals are in sectors – energy, civil aircraft, agriculture – that have reliably seen delivered outcomes in the past, and wholly correspond to supply and demand dynamics between the two countries. Two deals in particular merit special attention: a $43 billion MoU involving the state of Alaska, Alaska Gasline Development Corporation (AGDC), China Petrochemical Corp (Sinopec), China Investment Corporation (CIC), and Bank of China (BOC); and a $38 billion deal involving Boeing and China Aviation Supplies Holding Company.

When discussing the trade imbalance, Trump blamed the Obama administration and stressed that he doesn’t blame China. What does this shift in attitude mean?

President Trump has always (wrongly) argued that his predecessors have not been firm or smart while negotiating past trade agreements with foreign partners. From this perspective, what he said is consistent with his long-held view. The reality however is exactly the opposite. The United States is the master at leveraging its huge consumer market to wring one-sided concessions from its trading partners. As its leverage at the multilateral level receded, Washington had begun to exact demanding terms in its regional/plurilateral agreements. Trump now intends to exact that hand-wringing on an exclusively bilateral basis, judging that the leverage that the United States enjoys at the regional/plurilateral level is insufficient, and detrimental to America’s interests.

Trump’s visit was expected to divert attention from his domestic woes. How much impact will his performance in China have on his approval ratings in the United States?

Trump’s performance on his China – and Asia-Pacific – trip will give a bump upwards to his domestic ratings. But that bump will be a modest one. Ultimately, his ratings will hinge on his domestic policy performance and outcomes, which will determine if that bounce is sustained or quickly dissipates. This having been said, it is worth noting that Trump has displayed that he is capable of exhibiting a good temperament and a deferential approach to his foreign hosts. Hopefully, he will continue to grow more fully in this role as his presidency matures.

U.S. Commerce Secretary Wilbur Ross noted that any pending deals would have to go through a national-security review process. Will this review end up nullifying many of the aforementioned deals?

Most of the deals will not be impacted. Indeed, for the most part, the pending deals involve the selling of U.S.-origin goods, services and technologies to China. It will be Beijing that will be closely tracking some of the deals in the telecoms sector carefully from a national security perspective.

A number of anti-dumping probes as well as investigations, such as the 301 investigation, are still pending. Will there now be a shift of attitude on these probes?
No, not at all. In fact, one can bank on the fact that the U.S. Commerce Department and the office of the United States Trade Representative (USTR) will find that China is in violation of its international trade obligation, when they conclude their respective probes. Whether Trump imposes unilateral – and WTO non-compliant – remedies thereafter remains to be seen however. Over the next few months, a dark shadow is in fact approaching over U.S.-China trade and economic relations.

**Are the two countries on the same page regarding free trade?**

No, not at all. Trump’s ‘America First’ policy is effectively a policy of trade mercantilism – if not outright protectionism, masquerading as open and fair trade. President Xi’s, meantime, is determined to inaugurate a new phase of domestic trade and investment policy openness that is anchored in deepening regional connectivity and an integration-based order. Observers will be closely watching to see if the pace of implementation of reforms is stepped up (or not), now that the 19th National Congress is behind us.

**On the DPRK issue, while urging China to “act fast,” Trump also thanked Xi several times for what China has done. Was this a change in attitude towards China on this issue? Will he use North Korea as a leverage again to negotiate on trade?**

President Trump’s attitude towards China on the DPRK issue has changed for the better to a fair degree. This is because President Xi has taken some significant steps over the past few months in sanctioning North Korea and enhancing its isolation. Trump recognizes and values these difficult steps that China has taken. On using the DPRK issue as a leverage-point on trade, that linkage was already beginning to fray long before Trump visited Beijing. Going forward, there is no realistic trade-off to be had on this point. Both are very important issues and Trump will deal with China on each of these issues on their respective merits.

**Was progress made on the North Korean issue during Xi and Trump’s bilateral meeting?**

Not exactly. Trump asked Xi to do even more and Xi surely pointed out China’s constraints on this front, but agreed that further measures will be taken if the DPRK continues to act provocatively. China and the United States have different approaches to resolving the DPRK issue, even as they share a common goal – to promote complete, verifiable, irreversible denuclearization on the Korean Peninsula and the refusal to accept Pyongyang as a nuclear weapons state.
Human rights and free speech – Unlike his predecessors, Trump didn’t mention these two issues at all. What does this indicate?

On human rights, there was a frank but pro forma exchange of views between the two presidents. Secretary of State Tillerson mentioned this in his press briefing following the Trump-Xi meeting. But the very fact that Trump did not mention these issues in his many prepared remarks (before his expanded bilateral meeting; in the joint press statement; at their state dinner) suggests that he ranks these issues rather low within his overall list of China-related priorities.

Trump praised Xi extravagantly and even changed his Twitter cover photo to the group picture of the two in the Forbidden City. What does this suggest?

These words and gestures suggest that President Xi has struck up a unique and respectful relationship with President Trump in a way that no other international leader has been able to achieve. The reasons behind this is not hard to discern. Xi is a powerful leader who leads the second-most important country within the international system today. Yet, he has never looked down on Trump or just sought to protect his country’s advantages in its relations with the United States – as other major international leaders have been wont to do. Rather, he has made a good faith effort to accommodate and – to a certain extent – has delivered on the U.S. president’s political priorities. Trump appreciates this. A little bit of flattery of Trump, such as his personally-guided sunset tour of the Forbidden City and hosting of an official dinner within the palace walls (a first-ever for a visiting American president), did not hurt President Xi’s cause either.

How did Trump comport himself during the Beijing leg of his Asia trip, especially in front of a strong leader like Xi? What do the two leaders’ personalities and styles say about their relationship?

Trump showed that he can be temperamentally calm and scripted in his performance and views. By nature, he is a confident person and takes pride in the America’s values and national strengths. Xi too has pinned his strong personality to the rejuvenation of the Chinese nation and the attainment of the ‘China Dream.’ As such, both Trump and Xi are strong-willed leaders who take pride in their national values and strengths. To their credit, they have smartly managed to cultivate their interactions in such a way so that their strong personalities mesh together – rather than clash – to each other’s advantage. At the end of the day, the state visit proved to be an exercise in personal diplomacy between two strong-willed leaders who appear determined to get along for the betterment of their societies.
Overall, what can one expect regarding U.S.-China relations in the future?

Stability in the relationship at the senior leadership level. But a lot of tension and conflict, especially on trade and economic issues, at the cabinet and senior working officials level. These sources of friction in the relationship will worsen over the next 6-8 months. Because of the unique and respectful quality of the relationship that Presidents’ Trump and Xi have been able to cultivate, the two sides will be able to keep their overall bilateral relationship on a roughly-even keel at the highest level. At the end of the day, China-U.S. ties are not a zero-sum game. Crafted wisely, both sides stand to gain mutually, which would also benefit the regional and international community. In this day and age, no one country is able to write global rules by itself. If a major country defects from this global rule-writing process, as has been the case with Washington’s departure from the Paris Climate Change agreement, the entire system is left worse off. This visit has had a small but significant impact in ensuring that the two most important countries in the international system remain committed to co-existing and thriving in unison.