

#### ***Trump's China Policy: Bi-partisan Hardening, Uncertain Resolve***

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**T**he U.S. government's across-the-board hardening in pushing back against a range of Chinese challenges to American interests emerged erratically after the start of the Trump administration in 2017 but it has demonstrated remarkable momentum over the past year.

Close collaboration between the administration and both Democrats and Republicans in the 115<sup>th</sup> Congress (2017-2018) broke the mold of past practice where the Congress usually served as a brake and obstacle impeding administration initiatives in dealing with China. Despite acute partisanship in Washington, opposing China represents one of the few areas where both sides of the congressional aisle and the controversial president agree. The outlook for the new American government toughness toward Beijing will depend substantially on the government's ability and willingness to bear the large costs involved in friction with China, success in persuading the thus far poorly informed America public of the need for a tougher policy, and President Trump's avowed unpredictability and personal ambivalence in dealing with Beijing. This article provides a situation report assessing the evolution, durability, and implications of the abrupt shift in American government policy toward China.

The context of the current U.S. policy changes involves remarkable twists and turns since the Cold War. The Nixon-Mao rapprochement in 1972 allowed the two powers, despite their many profound differences, to cooperate together against the advancing Soviet Union. The end of the Cold War, the Tiananmen Square crackdown, and the demise of the USSR shattered the previous U.S.-China accord. For a time, a stasis of pragmatically managing differences amid mutually beneficial engagement prevailed in the first decade of this millennium, but it gradually ended as China became ever more assertive in challenging the Barack Obama government, eliciting limited responses that did not dissuade further Chinese advances at U.S. expense.<sup>1</sup>

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<sup>1</sup> David Shambaugh, ed., *Tangled Titans* (Lanham: Rowman & Littlefield, 2013); Harry Harding, "Has U.S. China Policy Failed?" *Washington Quarterly* 38:3 (2015): 95-122; Orville Schell and Susan Shirk, *US Policy toward*

U.S. dissatisfaction with Chinese behavior at American expense grew. Republican leaders in Congress and the Republican Party Platform in the 2016 election were harsh in condemning various Chinese practices. Many China-related issues were prominent in the presidential campaign, although overall they came behind other foreign policy concerns like Islamic extremism and Russia.

The eventual Democratic presidential candidate Hillary Clinton, who served as the Obama government's first term Secretary of State, sharply criticized a wide range of Chinese government actions. Between the two candidates, Chinese specialists judged that Mr. Trump was a pragmatic businessman who could be "shaped" to align with Chinese interests and would be easier to deal with than Clinton.<sup>2</sup>

*Trump Administration—Eventually Targeting China*

President-elect Trump up-ended these sanguine Chinese views when he accepted a congratulatory phone call from Taiwan's president in December 2016. The call reportedly was facilitated by longstanding Republican Party leaders, reflecting the Party's 2016 platform that was remarkably supportive of Taiwan as well as harsh toward China. When China complained, Mr. Trump condemned China's unfair economic policies and its building military outposts in the disputed South China Sea, and went on to question why the United States needed to support a position of 'One China' and avoid improved contacts with Taiwan. President Trump eventually was persuaded to endorse—at least in general terms—the American view of the One China policy. His informal summit meeting with President Xi Jinping in Florida in early April went well. The two leaders met again on the sidelines of the G-20 summit in July and held repeated phone conversations over North Korea and other issues in the lead up to the U.S. president's visit to Beijing in November. Despite serious differences between the two countries, both leaders seemed to value their personal rapport. President Xi organized a remarkable visit for President Trump in China, prompting President Trump's personal gratitude and appreciation.<sup>3</sup>

After the Florida summit, the Trump government kept strong political pressure on China to use its leverage to halt North Korea's nuclear weapons development. Planned arms sales to Taiwan, freedom of navigation exercises in the South China Sea and other U.S. initiatives that might have complicated America's search for leverage with China in order to stop North Korea's nuclear weapons development were temporarily put on hold. The two sides also reached agreement on a 100-day action plan to further bilateral economic cooperation prior to the first US-China Comprehensive Economic Dialogue set for July.<sup>4</sup>

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*China: Recommendations for a New Administration* (New York: Asia Society, 2017); Robert Sutter, *US-China Relations: Perilous Past, Uncertain Present* (Lanham: Rowman & Littlefield, 2018).

<sup>2</sup> Sutter and Satu Limaye, *America's 2016 Election Debate on Asia Policy and Asian Reactions* (Honolulu: East-West Center, 2016).

<sup>3</sup> Sutter, "The United States and Asia in 2017," *Asian Survey* 58:1 (2018): 10-20.

<sup>4</sup> Bonnie Glaser and Collin Norkiewicz, "North Korea and Trade dominate the agenda," *Comparative Connections* 19:2, (September 2017): 21-34.

As President Trump registered dissatisfaction with China's efforts on North Korea in June, the Taiwan arms sales and freedom of navigation exercises went forward. The July economic dialogue reached no agreement on actionable new steps to reduce the U.S. trade deficit with China and ended in obvious failure. News leaks of senior administration meetings showed the President rejecting compromises with China that were supported by senior administration economic officials in favor of unilateral punitive tariffs against adverse Chinese trade practices. The administration avoided harsh economic measures before the President's trip to China in November, but they emerged in 2018.<sup>5</sup>

For its part, Congress remained preoccupied with failed efforts to end the Obama Administration's health care program and a successful tax cut plan. Congress had long been firmly opposed to North Korea. Thus, it approved the Trump government's strong pressure on North Korea and on China to pressure North Korea to denuclearize.

*Late 2017-Summer 2018: Dramatic Targeting but Mixed Implementation*

The Trump government's National Security Strategy of December 2017 and its National Defense Strategy of January 2018 employed harsh words about China not seen in official administration documents since before the Nixon administration. They viewed Beijing as a predatory rival and the top danger to American national security. Added to China's military power and assertive actions in the Asia-Pacific was the danger China posed to the United States as it carried out its plan to be the leading country in various high-technology industries that were seen as essential for sustaining U.S. international leadership and national security.<sup>6</sup>

In communications with Congress, administration leaders repeatedly highlighted the latter danger, which represented a newly prominent and important issue in 2018 that was added to longstanding American grievances against China. U.S. Trade Representative Robert Lighthizer issued a dire warning against the many covert and overt ways China unfairly took advantage of the United States. He said such practices represented "an existential threat" to the United States. Meanwhile, FBI Director Christopher Wray highlighted for Congress another newly prominent issue, Chinese overt and covert influence operations, including espionage in the United States. He warned repeatedly that America needed a "whole of society" effort to counter Beijing's perceived nefarious intentions.<sup>7</sup>

*Congress Presses Tougher Approaches, Administration Muddled*

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<sup>5</sup> Bonnie Glaser and Kelly Flaherty, "Hurling toward a Trade War," *Comparative Connections* 20:1 (May 2018): 19-22.

<sup>6</sup> White House, *National Security Strategy of the United States*, December 2017, accessed 4 January 2018, <https://www.whitehouse.gov/wp-content/uploads/2017/12/NSS-Final-12-18-2017-0905.pdf>; US Department of Defense, *Summary of the National Defense Strategy of the United States*, January 2018, accessed 1 March 2018, <https://www.defense.gov/Portals/1/Documents/pubs/2018-National-Defense-Strategy-Summary.pdf>.

<sup>7</sup> David Lynch, "Trump's Raise the Stakes Strategy," *Washington Post*, 21 July 2018, A14; For an overview of developments, see Robert Sutter, "Pushback: America's New China Strategy," *The Diplomat*, 2 November 2018. <https://thediplomat.com/2018/11/pushback-americas-new-china-strategy/>.

Congressional Members of both parties saw the wisdom in the administration's warnings and began to take action, making 2018 the most assertive period of congressional work on China since the tumultuous decade after the Tiananmen crackdown. However, the broader impact on American politics was diluted for several reasons. First, President Trump did not use and appeared ambivalent about the anti-China language seen in the administration strategy documents. Thus, he repeatedly expressed friendship and respect for President Xi, whose support he continued to seek in dealing with North Korea. Against this background, Mr. Trump disapproved forward U.S. movement with Taiwan as he attempted negotiations with North Korea's Kim Jung Un. Second, senior administration officials remained seriously divided on economic issues with China. White House Economic advisor Gary Cohn's resignation in March 2018 weakened the moderates. Initial punitive tariffs ensued. Third, public opinion generally was unaware of the China danger—it stuck to its longstanding view of not liking the Chinese government but also seeking to avoid trouble with China.<sup>8</sup> Fourth, the media remained largely unaware of the major shift. It tended to focus on President Trump's antics and his seeking trade protectionism for his "base" supporters.<sup>9</sup>

The specific steps Congress used in hardening policy toward China involved:

- extensive hearings on the challenges Chinese policies and practices posed for American interests<sup>10</sup>
- a variety of individual bills on specific issues, some of which were incorporated into such important legislation seen as requiring congressional approval as the annual National Defense Authorization bill,<sup>11</sup> and
- letters to the administration signed by bipartisan congressional leaders warning of Chinese actions and urging firm responses.<sup>12</sup>

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<sup>8</sup> Chicago Council on Global Affairs, "China Not Yet Seen as a Threat by the American Public," 19 October 2018.

<sup>9</sup> The discussion in the remainder of this section is taken from, Robert Sutter, "Congress and Trump Administration China Policy," *Journal of Contemporary China* (forthcoming in 2019 and available at <https://www.tandfonline.com/doi/full/10.1080/10670564.2018.1557944>, accessed 10 January 2019).

<sup>10</sup> See, for example, U.S. Congress, House Armed Services Committee, *Strategic Competition with China*, Hearing, 15 February 2018, <https://armedservices.house.gov/legislation/hearings/strategic-competition-china>, accessed 1 May 2018.

<sup>11</sup> U.S. Congress, House Armed Services Committee, *Reform and Rebuild: The Next Steps—National Defense Authorization Act FY-2019* (July 2018), [https://armedservices.house.gov/sites/republicans.armedservices.house.gov/files/wysiwyg\\_uploaded/FY19%20NDAA%20Conference%20Summary%20.pdf](https://armedservices.house.gov/sites/republicans.armedservices.house.gov/files/wysiwyg_uploaded/FY19%20NDAA%20Conference%20Summary%20.pdf), accessed 16 August 2018.

<sup>12</sup> "Bipartisan Groups of Senators Urge Administration to Safeguard Critical Military and Dual-Use Technology from China," *United States Senate Release*, 22 May 2018, <https://www.cornyn.senate.gov/content/news/bipartisan-group-senators-urge-administration-safeguard-critical-military-and-dual-use>, accessed 29 June 2018; "Senators Urge Trump Administration to Counter Chinese Meddling in Democracies," *thedailybeast.com*, 12 June 2018, <http://commentators.com/senators-urge-trump-administration-to-counter-chinese-meddling-in-democracies/>, accessed 29 June 2018; Siobhan Hughes and Josh Zumbrun, "Senators Signal Concerns over China's Global Investments," *Wall Street Journal*, 5 August 2018,

A bipartisan turn of the Congress toward viewing China more critically as a very serious threat to America and its interests showed in the selection of witnesses by the Republican majority and the Democratic minority for congressional committee hearings on the China danger. In the past, those selections would have included prominent witnesses representing the view favoring constructive U.S. engagement with China and managing differences through American as well as Chinese compromises. In 2018, it was common to find no such witnesses, with those testifying stressing the need for U.S. firmness and resolve to defend against Chinese malign actions.<sup>13</sup>

The shift to a tougher policy toward China showed in resistance to the appointment of Susan Thornton, a career Foreign Service officer, to the position of Assistant Secretary of State for East Asian Affairs. Secretary of State Rex Tillerson publicly praised Thornton, who was strongly identified with the previous U.S. policy of positive engagement with China, but Senator Marco Rubio threatened to place a hold on her nomination in the Senate Foreign Relations Committee. Following Tillerson's replacement by Mike Pompeo, Thornton retired from the State Department.<sup>14</sup>

Administration witnesses in congressional hearings on China in 2018 offered dire warnings that reinforced the contemporary congressional view of the Chinese regime. FBI Director Christopher Wray in February targeted China's heavy engagement with espionage and influence campaigns in the United States involving "nontraditional collectors" including Chinese students researching sensitive technologies. The U.S. National Intelligence Council warned in June against China's acquisition through a variety of illicit and clandestine means of the U.S. military and commercial technology Beijing seeks in order to overtake American leadership.<sup>15</sup>

A bipartisan group of 27 of the most senior senators, headed by Senate Majority Whip John Cornyn and Minority Leader Charles Schumer, sent a letter in May to the top American economic negotiators with China, urging a firm line against recent Chinese technology theft and ambitions. Another letter to senior Trump administration officials by a group of 12 senators, including prominent liberal Elizabeth Warren, urged defense against Chinese influence operations in democracies around the world. In August, a letter

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<https://www.wsj.com/articles/senators-signal-concerns-over-chinas-global-investments-1533517099>, accessed 16 August 2018.

<sup>13</sup> Claudia Rosett, "A Vital Warning About China and the Looming 'Decade of Concern,'" *PJMedia*, 18 May 2018, <https://pjmedia.com/claudiarosett/a-vital-warning-about-china-and-the-looming-decade-of-concern/>, accessed 29 June 2018.

<sup>14</sup> Lesley Wroughton, "Senior US Diplomat for Asia Susan Thornton to Retire in July," *Reuters*, 30 June 2018, <https://www.reuters.com/article/us-usa-asia-diplomat/senior-us-diplomat-for-asia-susan-thornton-to-retire-in-july-idUSKBN1JQ0XB>, accessed 16 August 2018.

<sup>15</sup> Alex Locke, "The FBI Calls Chinese Spies in the US A 'Whole of Society Threat'" [www.businessinsider.com](http://www.businessinsider.com), 3 June 2018, <http://www.businessinsider.com/fbi-warns-of-chinese-spies-nationals-in-us-how-to-protect-yourself-2018-6>, accessed 29 June 2018; Anthony Capaccio, "US Faces 'Unprecedented Threat' on China Tech takeover," *Bloomberg*, 22 June 2018, accessed 29 June 2018, <https://www.bloomberg.com/news/articles/2018-06-22/china-s-thousand-talents-called-key-in-seizing-u-s-expertise>.

signed by 16 senators including longstanding conservative critics of China and some leading liberals stressed opposition to Chinese international lending practices.<sup>16</sup>

Members sometimes grumbled about the adverse impact of the Trump government's punitive tariffs on their constituents and they sometimes opposed imposing tariffs on allies at the same time at which tariffs were being imposed on China. Overall, there was much less opposition to the tariffs against China.<sup>17</sup> Congress disapproved of President Trump's decision in May, in response to a personal plea from the Chinese president, to ease the harsh sanctions against the prominent Chinese high technology firm ZTE. In the end, however, the Congress proved unwilling to stand against the president's compromise on sanctions on ZTE.<sup>18</sup>

Bills strengthening U.S. support for Taiwan urged the American defense department and the U.S. government more broadly to come up with strategies to bolster U.S.-Taiwan military ties, assist Taiwan in countering escalating efforts by Beijing to isolate Taiwan, and promote higher level contacts between the U.S. and Taiwan governments. A stand-alone bill advocating more and higher-level U.S. official visits to Taiwan, known as the Taiwan Travel Act, passed the Congress with unanimous approval and was signed by President Trump in March. Taiwan generally enjoys broad support in Congress, but achieving a unanimous vote on an issue strongly opposed by China indicated how negative a turn the Congress was taking in regards to the Chinese government and its concerns.<sup>19</sup>

The Trump government took a variety of relatively small steps to show greater support for Taiwan despite Beijing's opposition. But after his reversal following the phone call with the Taiwan president in December 2016, President Trump reportedly remained wary of more dramatic steps on Taiwan policy that might jeopardize China's cooperation on higher priority issues, notably North Korea. Trump reportedly was upset that a deputy assistant secretary of State in March gave a public speech in Taipei attended by the Taiwan president where he hailed ever strengthening US-Taiwan relations. And the president reportedly reviewed the guest list of U.S. officials attending the inauguration of the new unofficial American embassy in Taipei to assure that no higher-level official who was offensive to China would be attending. The Taipei office

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<sup>16</sup> Bill Gertz, "Congress to Crack down on Chinese Influence in US," *Washington Free Beacon*, 4 June 2018, <http://freebeacon.com/national-security/congress-crack-chinese-influence-u-s/>, accessed 29 June 2018; "Bipartisan Group of Senators..."; "Senators Urge Trump..."; "...Senators Signal Concerns...".

<sup>17</sup> Burgess Everett, "Republicans gobsmacked by Trump's tariffs," *Politico*, 31 May 2018 <https://www.politico.com/story/2018/05/31/trump-tariffs-canada-mexico-republican-response-615479>, accessed 29 June 2018.

<sup>18</sup> Shannon Tiezzi, "Brace Yourselves: The US-China Trade War Is About to Begin," *The Diplomat*, 5 June 2018, <https://thediplomat.com/2018/06/brace-yourselves-the-us-china-trade-war-is-about-to-begin/>, accessed 29 June 2018; Lara Seligman, "Congress Caves to Trump in Fight over China's ZTE," *Foreign Policy*, 26 July 2018.

<sup>19</sup> Bonnie Glaser and Kelly Flaherty, "Hurling Toward a Trade War," *Comparative Connections* 20:1 (2018), 23.

inauguration coincided with President Trump's June 12 summit with the North Korean leader in Singapore, reinforcing his unwillingness to jeopardize Chinese support at that critical time.<sup>20</sup>

The National Defense Authorization Act FY-2019, the most important foreign policy legislation in 2018, underlined hardening toward China.<sup>21</sup> Harsh language accused Beijing of using military modernization, influence operations, espionage, and predatory economic policy to undermine the United States and its interests abroad. In response, the law directed a whole-of-government U.S. strategy; required the Defense Department to submit a 5-year plan to bolster U.S. and allied and partner strength in the Indo-Pacific region; extended the authority and broadened the scope of the Maritime Security Initiative covering Southeast Asia to include the Indo-Pacific region; required a U.S. strategy to strengthen military ties with India; prohibited China's participation in Rim of the Pacific naval exercises; required a public report on China's military and coercive activities in the South China Sea; broadened the scope of the annual report to Congress on Chinese military and security developments to now include "malign activities" including information and influence operations, as well as predatory economic and lending practices; and limited Defense Department funds for Chinese-language programs at universities that host Confucius Institutes.

The Act's provisions on Taiwan reaffirmed various aspects of longstanding American commitments to Taiwan. They sought in particular to enhance U.S. arms sales, and higher-level U.S. defense and related personnel exchanges, training, and exercises with Taiwan. The Act required a comprehensive Defense Department assessment within one year of Taiwan's military forces and reserve forces, including recommendations for U.S. actions to assist Taiwan and a plan on how the United States would implement the recommendations.

The Act contained a separate set of provisions to modernize, strengthen and broaden the scope of the interagency body, the Committee on Foreign Investment in the United States (CFIUS), to more effectively guard against the risk to U.S. national security that was seen as being posed by Chinese and other predatory foreign investment. It also included key reforms in U.S. export controls that would better protect emerging technology and intellectual property from Beijing and other potential adversaries.

#### *The U.S. "Whole of Government" Pushback, Late Summer 2018-Present*

Chinese officials responsible for US-China relations were aware that President Donald Trump's approach to foreign affairs was the opposite of President Obama as far as the former president's well-known features of deliberation, transparency, predictably, avoiding linkage, and restrained use of power were concerned. Nonetheless, they were confident that whatever differences President Trump had with China could be dealt

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<sup>20</sup> Jackson Diehl, "Taiwan seems to be benefiting from Trump's presidency," *Washington Post*, 29 April 2018, [https://www.washingtonpost.com/opinions/global-opinions/taiwan-seems-to-be-benefiting-from-trumps-presidency-so-why-is-no-one-celebrating/2018/04/29/f5d38166-4966-11e8-827e-190efaf1f1ee\\_story.html](https://www.washingtonpost.com/opinions/global-opinions/taiwan-seems-to-be-benefiting-from-trumps-presidency-so-why-is-no-one-celebrating/2018/04/29/f5d38166-4966-11e8-827e-190efaf1f1ee_story.html), accessed 29 June 2018; Zhenhua Lu, "To Avoid Beijing's Ire, Trump Won't Send High-level Officials to Opening of De-facto Embassy in Taiwan," *South China Morning Post*, 5 June 2018, <https://www.politico.com/story/2018/06/05/trump-china-taiwan-embassy-598150>, accessed 29 June 2018.

<sup>21</sup> *Reform and Rebuild: The Next Steps*; Vivian Salama, "Trump Signs Defense Bill to Boost Military, Target China," *Wall Street Journal*, 13 August 2018, <https://www.wsj.com/articles/trump-signs-defense-bill-to-boost-military-target-china-1534196930>, accessed 16 August 2018.

with readily through negotiations and making what the U.S. president called “deals” that perhaps would involve some economic or other comparatively minor concessions from China. Thus, they were not well prepared for President Trump decisive use of punitive tariffs against China in 2018.<sup>22</sup>

An administration announcement in June promised steep tariffs on \$50 billion Chinese higher technology imports that were seen to have benefited from China’s abuse of American and international intellectual property rights. An announcement in July said planned punitive tariffs of 10% would be imposed on \$200 billion of Chinese imports. An August 1 announcement increased the rate of those proposed tariffs to 25% at the end of the year. As those tariffs were implemented in September, the United States threatened tariffs on an additional \$267 billion of Chinese imports if Beijing retaliated, which it promptly did with Chinese punitive tariffs covering most of China’s imports of American products.<sup>23</sup>

Throughout the fall, administration officials continued to turn up the rhetorical heat on China. In September, Trump, in the world spotlight at the UN General Assembly, condemned China for influence operations seeking to undermine the Republican Party in U.S. midterm elections. Terry Branstad, former Iowa governor, current U.S. ambassador to China, and ‘friend’ of Xi Jinping (Xi favors Iowa), published a harsh editorial condemning China’s influence operations in Iowa. At Chinese Embassy National Day celebrations, National Security Council (NSC) senior China official Matthew Pottinger issued a blunt warning of impending U.S. competition. National Security Advisor (NSA) John Bolton and Secretary of State Pompeo doubled down in criticism of China in prominent media interviews.

Vice President Michael Pence inaugurated a new public phase of the Trump government’s toughening against China in a speech in October explaining to the American people, media, and international audiences the wide extent of the U.S. policy shift and its purported durability. Citing the administration’s national security strategy, he detailed key elements in the current wide-ranging Trump administration response to China’s many challenges.

Other tough measures against China not seen in past U.S. practice came from various U.S. agencies. Sanctions were imposed on a Chinese company and officials for purchasing weapons from Russia in violation of U.S. sanctions against Russia. Then came the publicized arrest in Belgium during an FBI engineered sting operation and deportation to the United States of a Chinese security official involved in espionage to steal U.S. military technology. Warning strongly against Beijing’s intentions in Latin America, the administration in September condemned China’s continued expansion of diplomatic relations at the expense of Taiwan in the region as adverse to U.S. interests and regional stability. It repeatedly attacked Chinese self-serving and predatory ambitions seen in Xi Jinping’s ever-growing Belt and Road Initiative (BRI), which now involves Chinese infrastructure building, loans, investments, and port acquisitions throughout most of the world. The United States opposed continued World Bank assistance of about \$2 billion in loans annually to China

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<sup>22</sup> See Sutter, “Pushback: America’s New China Strategy”: see also Sutter “United States and Asia 2018,” *Asian Survey* 59:1 (2019), forthcoming.

<sup>23</sup> U.S. Special Trade Representative, *Update Concerning China’s Acts, Policies and Practices*, 20 November 2018, <https://ustr.gov/sites/default/files/enforcement/301Investigations/301%20Report%20Update.pdf>, accessed 10 January 2019; “China releases White Paper on facts and its position on trade friction with US,” *Xinhua*, 24 September 2018, [http://www.xinhuanet.com/english/2018-09/24/c\\_137490176.htm](http://www.xinhuanet.com/english/2018-09/24/c_137490176.htm), accessed 10 January 2019.



despite its prominent economic status, and it objected to any IMF bailout for Pakistan that would compensate China for its largescale lending to the country under the rubric of China's BRI.<sup>24</sup> The Trump government was reported in October to seek withdrawal from the INF treaty controlling intermediate ballistic missiles so that the United States could develop and deploy such missiles to counter the ballistic missile advantage in the Asia-Pacific held by China, not a signatory of the INF treaty.

Entering November, the Justice Department rolled out what was called a "New Initiative" to combat Chinese economic espionage. Standing-in for absent President Trump, Vice President Pence harshly criticized Chinese economic and military practices, underscoring the administration's hard line for the international audiences in remarks at annual multilateral summits meeting in Asia. Reflecting toughening toward China, the U.S. Navy announced its third deployment in 2018 of warships sailing through the Taiwan Strait. With the opening to China in the 1970s, the U.S. halted warships patrolling the Taiwan Strait. Reportedly some warship transits occasionally have taken place since then, but they were rare and were not publicized, presumably in deference to China's sensitivities.<sup>25</sup>

The overall result was a negative atmosphere for the Trump-Xi summit at the G-20 meeting in Argentina on December 1. The summit resulted in a temporary halt to escalating U.S. punitive trade tariffs against China, pending an agreement involving extensive U.S. demands by March 2019. Indeed, on the same day of the summit came the arrest of the chief financial officer and daughter of the president of China's leading telecommunications firm, Huawei, by Canadian authorities in Vancouver for extradition to the United States. The U.S. charges involved Huawei's involvement in subverting U.S. sanctions against Iran. Beijing reacted harshly, arresting and detaining Canadians in China; but it avoided actions against the United States. More negatives followed with National Security Advisor John Bolton's strong attack on China's policies in Africa in a speech on December 13 and with President Trump's signing on December 31 of the Asia Assurance Initiative Act which provided \$1.5 billion in funding for carrying out U.S. programs in Asia and U.S. support for Taiwan and other regional partners along the lines of provisions in the National Defense Authorization Act of August, noted above.

Both President Xi and President Trump emphasized the positive in their phone conversation of December 29, with Trump averring that "big progress" is being made in preparation for official talks on economic differences that are slated for January. The U.S. negotiation team was headed by U.S. Trade Representative Robert Lighthizer and his subordinates, who are known for their tough approach to China. Congress finished the year with other legislation likely to be revived in the 116<sup>th</sup> Congress taking aim at Beijing's massive crackdown on dissent among Uighur Muslims in northwestern China, continued repression in Tibet, and proposed penalties against Chinese high technology firms that violate U.S. international sanctions.<sup>26</sup>

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<sup>24</sup> "IMF Bailout for Pakistan Shouldn't Aid China: Pompeo," *INAS* Washington, 31 July 2018, <https://www.khaleejtimes.com/business/economy/imf-bailout-for-pakistan-shouldnt-aid-china-pompeo>, accessed 13 January 2019.

<sup>25</sup> For coverage of developments in late 2018 see Bonnie Glaser, "US-China Relations, *Comparative Connections* 20:3 (2019): 21-30.

<sup>26</sup> Sutter, "The United States and Asia."

The growing tensions between the U.S. and Chinese governments resulted in the atrophy of the scores of official dialogues used in the past to manage tensions and build positive interchange in Chinese-American relations. The establishment and widespread use of consultative mechanisms, often known as dialogues, was a means to allow for private discussion of US-China differences in ways that did not impact negatively the overall relationship. Chinese favored these dialogues to deal with sensitive issues that, if publicized, could cause more friction than that sought by Beijing, embarrassment over compromises or unpopular commitments China made, or criticism among Chinese elite and public opinion. American leaders also often favored keeping secret the dialogue discussion with China, notably when the current policy was being criticized by the Congress, the media, and public opinion.<sup>27</sup>

President Trump agreed with President Xi at their first meeting at the Mar-a-Lago resort in Florida in April 2017 to establish four high-level mechanisms for senior leaders to discuss issues. They are known as the diplomatic and security dialogue, the comprehensive economic dialogue, the social and people-to-people dialogue, and the law enforcement and cyber security dialogue. Other important dialogues took place between the two militaries. While the various dialogues met, they did not achieve much. And, rather than shielding differences from public view, U.S. government leaders in 2018 were much more public than past American administrations in registering U.S. concerns over major differences with China through words and actions that often embarrassed and upset Chinese government counterparts.<sup>28</sup>

Moreover, the wide range of engagement involving a variety of cooperative US-China programs fostered by many U.S. government departments and agencies with Chinese counterparts became subject to review by the Trump government to assess the benefit for American interests. Overall, this engagement atrophied. Unlike in the recent past when American officials tended to avoid confronting Beijing over various disputes in order to preserve and advance such positive programs of engagement with China, the tables had turned with senior U.S. leaders now giving top priority to countering China's adverse practices with much diminished concern for negative fallout for any remaining positive interchanges with Beijing.

A significant exception to this trend involved closer U.S.-China cooperation in counter-narcotics efforts linked to the so-called fentanyl epidemic in the United States. The vast majority of fentanyl used in the United States is manufactured and shipped from China. U.S. and Chinese counter narcotics officials have cooperated closely in what Ambassador Branstad called "one of the true bright spots in the US-China relationship."<sup>29</sup>

In sum, the momentum behind the U.S. pushback against China in 2018 saw the American side using blunt rhetoric and wide-ranging government powers to compel Beijing to change policies and practices that were

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<sup>27</sup> Bonnie Glaser, "The Diplomatic Relationship," in Shambaugh, ed., *Tangled Titans*, 172-176.

<sup>28</sup> Shannon Tiezzi, "Is A Thaw Coming in US-China Relations?" *The Diplomat*, 7 November 2018.

<sup>29</sup> Bryce Pardo, "Evolution of the US Overdose Crisis: Understanding China's Role in the Production and Supply of Synthetic Opioids," Testimony before the House Foreign Affairs Committee, Subcommittee on Africa, Global Health and Global Human Rights, 16 September 2018.

deemed detrimental to the United States. China remained on the defensive, seeking to protect its rights and interests but avoiding initiatives that might worsen the situation.

Meanwhile, there emerged a serious U.S.-led effort to create a growing united front of like-minded governments targeting Chinese economic and security practices against their common interests. Media reports indicated that Chinese predatory investment practices and industrial espionage seeking dominance in high technology industries and covert and overt influence operations among developed countries prompted closer collaboration among the United States and its allies and partners to share intelligence and other information and adopt mutually supportive countermeasures thwarting Chinese adverse practices. Notable results were tightening export controls and investment approvals, statements condemning Chinese economic espionage, and strengthening surveillance of Chinese influence operations and espionage in a wide range of developed countries.<sup>30</sup>

The Trump government achieved some success in employing economic pressures on allies and partners to renegotiate or negotiate new trade agreements that were more advantageous for the United States. Subsequently, Washington sought cooperation with them based on common concern with negative Chinese practices. Indeed, the renegotiated U.S. trade agreement with Canada and Mexico reached in late September had a provision that in effect strongly restricted the Canada and Mexico from establishing a free trade agreement with China. Meanwhile, South Korea bent to U.S. pressure and signed a new trade agreement with the United States. Japan also saw its interests as being best served by beginning bilateral trade negotiations with Washington after a long delay, and the United States made progress in coming to some agreements with the European Union that avoided U.S. tariffs on imported autos.

U.S. pressure tactics to achieve these new agreements were offensive to the allied governments, but they appeared not to have dissuaded the partners from working with the United States against China. In October, high-level U.S. officials told the media that the deal with Canada and Mexico and U.S. negotiations with Europe and Japan on how to deal with China's practices placed the United States in an advantageous position as the trade disputes with China intensified. Meanwhile, the United States efforts to mobilize government and private sector investment in the Asia-Pacific to compete with China enjoyed strong support from allies and partners, Australia and Japan in particular.

Complementing the above collaboration was greater military cooperation against Chinese advances. With increased funding from Congress, the U.S. military implemented the Trump government's national security and national defense strategies, notably building greater capacity in the Asia Pacific to guard against Chinese advances. It increased the frequency of its so-called freedom of navigation operations in the South China Sea by warships and B-52 bombers challenging the massive Chinese territorial claim deemed illegal by a UN Law of the Sea (UNCLOS) tribunal in 2016. In a departure from past practice, China in October sent a warship to force a U.S. destroyer conducting a freedom of navigation operation in Chinese claimed waters to abruptly change course. The Americans condemned the action. The American military operations were supported or complemented by military operations of U.S. allies Australia, France, Great Britain and Japan. Leaders of all

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<sup>30</sup> "US, Allies to Condemn China for Economic Espionage," *Reuters*, 20 December 2018, <https://www.reuters.com/article/china-cyber-usa/us-allies-to-condemn-china-for-economic-espionage-washington-post-idUSL1N1YP0RQ>; The material in this and next three paragraphs is taken from Sutter, "The United States and Asia 2018."

states called on China to conform to the UNCLOS tribunal ruling and refrain from militarization of Chinese holdings in the South China Sea.

*Outlook: Continued U.S. Hardening; Uncertain Results*

The Trump administration's new hard line against China has momentum and wide support in Congress; the issues prevalent in 2018 easily could be joined by other issues reflecting negatively on China, including Xi Jinping's close collaboration with Russia's President Vladimir Putin, which shows China as a predatory opponent of the US.

American critics of the hard Trump policy who worked for previous U.S. governments and favored accommodation of China for the sake of stable relations and the benefits of engagement remain on the defensive; they have often been viewed as discredited because of perceived negligence while in power.

The atrophy of U.S. government engagement with China through various programs means that those many U.S. government stakeholders no longer can argue, as occurred in interagency discussions in the recent past, that tough U.S. measures against China risk retaliation against their agency programs with China, as those programs have declined.

Beijing, meanwhile, remains loathe to compromise. The government continues to depict strongman leader Xi Jinping as setting the agenda for international affairs, and not giving way to foreign pressure.

Nonetheless, considerable uncertainty remains about the continuity of current U.S. policy. Notably, the costs of hardening U.S. policy and of possible Chinese retaliation could be high. Since U.S. public opinion reflects little appreciation of the urgency driving U.S. government toughness toward China, it could swing against the Trump administration's hard line once the costs become clearer. U.S. businesses and investors with strong connections with China are particularly sensitive to the negative implications of U.S. hardening toward China for their interests. U.S. allies and partners seem very important in US-led efforts to counter China, but they too have public opinion and business and investment firms that have a strong stake in avoiding major disruption in relations with China.

Meanwhile, the avowedly unpredictable Donald Trump may make a compromise deal with China that helps his "friend" Xi Jinping and undermines effective implementation of the declared U.S. government strategy toward China. President Trump's initially strident pressure on North Korea in 2017, followed by a major compromise in the U.S.-North Korean summit in June 2018 that achieved little of substance in ending the North Korean nuclear program, represents a graphic example of this U.S. leader's approach to negotiations. Taking that approach in the case of agreements with China would seriously undermine the hardening of U.S. policy toward China that was seen over the past year.

How big a cost America and its allies and partners will bear depends on the reaction of the strong-man leader Xi Jinping. For now, Beijing appears to see its interests as best served by avoiding a major confrontation, and allowing the costs of its trade retaliation to U.S. punitive tariffs to impact American companies and consumers. In the meantime, Chinese leaders seek to work out a deal with President Trump that would avoid onerous cost for China. If such a deal is not reached in 2019, one option is China sustaining the defensive posture seen recently and waiting until the 2020 election and a possible new American government that may be more amenable to Beijing. However, much stronger Chinese measures could rival the Taiwan Straits crisis

of 1996-1996, forcing America to choose between backing down and risking war with China. The costs and risks for China of such a dramatic move are great, but few are fully confident that Beijing will avoid them.

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Sutter's government career (1968-2001) focused on Asian and Pacific affairs and U.S. foreign policy. He was the Director of the Foreign Affairs and National Defense Division of the Congressional Research Service, the National Intelligence Officer for East Asia at the U.S. National Intelligence Council, the China Division Director at the Department of State's Bureau of Intelligence and Research, and professional staff member of the Senate Foreign Relations Committee.

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