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## The Chinese Perspective on Relations with the U.S. under Donald Trump's Administration

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*China's assessment of the result of the U.S. election and prospects for relations with the U.S., have evolved from cautious optimism to concerns about a possible new chapter of the U.S. pivot to Asia policy, in which China might be cast in the role as main adversary. Apart from economic and security matters, Taiwan is becoming an important contentious issue. This is vindicated by statements by Donald Trump and Peter Navarro, chief of the National Trade Council, in which they undermine "One China" principle. Therefore, the rising tensions in bilateral relations, including risks of incidents in the Asia-Pacific region and a trade war, are probable.*

**The Evolution of China's Assessment of the U.S. Election Result.** After Donald Trump's victory, a cautious optimism dominated in Chinese comments. The main concerns were about potential economic frictions. Although remarks about imposing a 45% duty on imports from China were considered as campaign rhetoric, complications in trade relations were expected. Political issues were assessed with optimism. Trump's potential isolationist approach was perceived as especially beneficial for China. If implemented, it may create an opportunity to move away from Barack Obama's "pivot to Asia," whose co-author was Hillary Clinton. As a result, U.S. pressure on China may decrease. The high possibility of a fiasco involving the Trans-Pacific Partnership agreement and statements about limitations of U.S. security guarantees in the regions, especially regarding Japan, were evaluated positively. Despite the uncertainty about the new U.S. president's foreign policy, arising from his lack of experience, the isolationist approach would make more room for Chinese activities. This was why, just after the U.S. election, Xi Jinping restated his proposal to create a Free Trade Area in the Asia-Pacific region, announced at the APEC summit in Beijing in 2014.

There was no fundamental change in the Chinese assessment after the phone call between Trump and Taiwan's President Tsai Ing-wen, which took place on 2 December 2016. Experts highlighted Trump's insufficient knowledge about China, about U.S.-PRC relations, and about the role of Taiwan. It was underlined that president-elect treats and uses Taiwan as a bargaining chip. It was also argued that only now is he learning diplomacy. Talking about Trump's conversation with Tsai, Wang Yi, the Chinese minister of foreign affairs, argued that it was only a "small trick" from Taiwan (Tsai called Trump with congratulations), and that this action does not change the basics of China's relations with the United States.

A change in the Chinese approach was noticeable after Trump's interview for Fox News, on 11 December. He questioned the "One China" principle, treating it from a business perspective. The president-elect underlined that he understood the principle but did not see why the U.S. should be bound by the policy without receiving concessions from China, for example in trade. The Chinese MFA expressed "serious concerns" and announced that, if the foundation of bilateral relations were to be undermined, the stable development of those relations would be impossible. Even more concerns were created by the appointment of Peter Navarro as the head of the newly established National Trade Council. He advocates closer U.S. relations with Taiwan. While the Chinese MFA only expressed hopes that the U.S. would maintain stable relations with China, media and experts' comments were much sharper. It was concluded that, contrary to expectations, political and security issues would become contentious matters between the U.S. and China, alongside economic concerns.

**Taiwan.** In recent weeks, Taiwan has become a major contentious issue. This is a change from the last eight years. During the Obama Administration, and with Taiwan under President Ma Ying-jeou (of the Kuomintang, KMT), who ruled the island from 2008 to 2015 and was an advocate of rapprochement with the PRC, relations between Taiwan and the U.S. did not

raise major objections in Beijing. Since 1979, these relations have been based on the “One China” principle and the Taiwan Relations Act, under which the U.S. provides the island with security guarantees.

The Chinese authorities argue that Trump and his advisers’ statements about Taiwan undermine the foundations of relations between China and the United States. Navarro treats Taiwan as an important U.S. ally, calls for closer military cooperation, and suggests recognition of Taiwan’s de facto (not de jure) independence. In Chinese discourse, it is emphasised that Navarro (author of three books about threats emanating from China) is convinced that China is the main culprit behind the United States’ reduced international significance. This is why the U.S. should weaken China by targeting its most important issues, such as territorial integrity. Therefore, Taiwan is becoming a significant element of Trump’s Asia policy.

In Chinese discourse, there the suggestion that the potential pro-Taiwanese course of a new U.S. administration may destabilise the Taiwan Strait. The situation might be worse, taking into account the fact that, since the beginning of 2016, cross-Strait relations have been deteriorating. In January 2016, Taiwan’s opposition Democratic Progressive Party (DPP), perceived as pro-independent, won parliamentary and presidential elections. The Chinese authorities treat the DPP in unfavourably. Although the DPP and Tsai do not speak openly about independence, they do not recognize the “1992 consensus” which says that there is one China but different interpretations. For the PRC, the consensus represents the foundation of relations with Taiwan. Because Tsai did not mention the “1992 consensus” during her inauguration, the Chinese authorities suspended institutionalised communication channels with Taiwan, established or renewed during the KMT Administration.

The Chinese media presents pessimistic scenarios. There is talk of the possibility of using “non-peaceful means” to discipline Taiwanese independence forces. It is suggested that China is taking part in limiting Taiwan’s international space. On 21 December, Sao Tome and Principe cut diplomatic ties with Taiwan, and a few days later established official relations with the PRC. It is suggested that this is a beginning of wave of diplomatic losses for Taiwan. Trump’s remarks, in which he did not rule out the possibility of meeting Tsai Ing-wen, were the most recent flashpoint. China also protested after the 8 January meeting between Tsai, Senator Ted Cruz, and Texas governor Greg Abbott in Houston, during Tsai’s stopover during her trip to Central America.

**The South China Sea and Regional Security.** Trump criticises China for building “a massive fortress in the middle of the South China Sea, which they shouldn’t be doing,” and for not helping to solve problems with North Korea. And Rex Tillerson, Secretary of State candidate, said during his Senate confirmation hearing that China should be barred from accessing the artificial islands it has built in the South China Sea. He also said that those Chinese activities are akin to Russia’s annexation of Crimea.

China expects an increased U.S. military presence in the region, with the aim of exerting pressure on Beijing. U.S. intelligence activities such as the underwater drone seized in the South China Sea in mid-December are offered as examples of this. Trump accused the PRC of stealing this device. Eventually, the PRC returned the drone and called on the U.S. to stop such activities.

In response, the Chinese authorities suggest increasing China’s presence in the South China Sea, by, for example, adding more military installations, including offensive ones. Chinese naval and air exercises launched near Taiwan and the Philippines in December, in which the aircraft carrier Liaoning took part, might be seen as putting on a show of military strength. The second part of the drills started in the beginning of January. Similar exercises occurred near Japan, in the East China Sea.

**Trade Relations.** Economic issues remain an important conundrum. According to Trump and Navarro, U.S. workers lost jobs because companies shifted production to China. Cheap imports from China, as a result of the artificially devaluated RMB (in his campaign, Trump called China “a currency manipulator”), not only increases the U.S. trade deficit but also finances the Chinese military. One means of solving the problem would be a drastic reduction in imports from China, by the imposition of high duties. Chinese experts, however, highlight economic interdependence, especially taking into account the fact that the manufacturing cycle does not take place in one country, and that nowadays the crucial issue in manufacturing and trade is the supply chain. This means that hitting China may seriously undermine the U.S. economy as well. In the event that the U.S. does implement this scenario, the Chinese authorities are ready for retaliatory measures which may result in trade war.

**Prospects.** Trump is currently making China the United States’ biggest adversary. If, after being sworn in, he maintains his rhetoric and begins to make decisions in line with them, tensions in relations between the U.S. and China will rise. There is a high probability of a further increase of the Chinese and U.S. military presence in the Asia-Pacific region. Taking into account strong nationalistic sentiments in China, the significance of Taiwan for the mainland, and the upcoming Communist Party of China Congress in the autumn of this year, during which Xi Jinping would like to confirm his position as a strong leader who defends the national interests, concessions from the PRC should not be expected. Under these circumstances, there is a rising risk of conflict, which might occur as a result of a minor incident in the South and East China Seas or in the Taiwan Strait.

But it is worth mentioning a decision by Trump, which might be seen as a nod to the PRC. This is the nomination of Iowa governor Terry Branstad for U.S. ambassador to China. Branstad is considered to hold a favourable opinion of China, and knows Xi Jinping personally. This nomination might prove that Trump wants somebody in Beijing who has direct contact with Xi Jinping in order to ease tensions on the working level. Branstad, who visited China many times as the head of trade missions, could play a positive role in economic relations, especially as China is an important export market for Iowa.

Trump’s confrontational policy towards China may have consequences for Europe. Rising tensions between China and the U.S. may destabilise the situation in East Asia and adversely affect economic relations between European countries, Asia as a whole, and China in particular. What is more, the Chinese authorities may be more prone to seek political support in Europe. One can therefore expect more pressure from China, especially on Central Europe with which the PRC has better relations due to the 16+1 formula and Silk Road initiative.