In 2012, a few months after he came to power, President Xi Jinping launched the idea of building with the United States, a “new type of great powers relationship”, to try to attune the “rebalancing strategy”, or pivot towards Asia, of President Obama. The idea, albeit officially denied, was to build a G2 with Washington, thus confirming the emergence of the PRC as second power in the world, taking the place of the former Soviet Union as most important partner/adversary of the United States. An essential element of this new type of relationship was “respect for mutual interests”, i.e. Chinese “core interests” in Asia, and no interference. The objective was to achieve a gradual retreat of the US security presence from the region.

This ambition was based on a simple analysis that has dominated the Chinese strategic community since the end of the 2000s: the financial and economic crisis that the world had known in 2008 led to the end of the legitimacy of the Western model or “Washington consensus” and, a contrario, the success of the Chinese counter-model or “Beijing consensus”. Following this line of thinking, weakened by the crisis the United States and western style democracies could only acknowledge and adapt to the inevitable surge of China. In October 2017, in his opening speech at the XIXth Communist Party Congress President Xi Jinping also declared that China’s international position has grown like never before and that China must take advantage of the “period of opportunity” that is still opened to its ambitions to assert itself and be recognized as a great power. This position has been reflected in analysis published in the West, that do concur to the opinion that the US must indeed “recognize the regional and global change in the balance of power”.

However, after a few years of euphoria that followed the 2008 crisis, Chinese leadership seems to be more focused on the challenges the PRC is facing. Economic growth has been slowing down since 2010. China is indeed the second largest economy in the world, however, in terms of per capita income...
capita GDP it still lags behind at the 74th position. Meanwhile, social needs remain colossal and any strategy for rebalancing growth, based on new rules, reallocation of resources and resulting in a further slowing down might endanger the regime’s stability.

This mixture of overconfidence and a fear for the future led to more assertive strategic choices at the regional and global levels, around the themes of the “Chinese dream,” (中国梦) and the “great rejuvenation of the Chinese nation” (中国民族伟大复兴). In order to secure his power and that of the Communist Party, Xi Jinping launched an more offensive foreign policy, both at the strategic and ideological level. The increasingly sprawling projects of OBOR, as a counter-model to the West, have been added to previous irredentists' ambitions and activities in the South and East China sea.

After a few months of uncertainties, the Donald Trump presidency has shaken these ambitions. Contrary to initial hopes, a feeling of disillusion prevails both in Washington and in Beijing. For Beijing, disappointment comes from the fact that despite its lack of interest in ideological principles such as human rights, President Trump has proved more complex to manage than the PRC leadership hoped for. Donald Trump is now criticized in the Chinese press as “unreliable” (不靠谱).

For Washington, the refusal or the inability of China to deliver on the two major topics of trade and the nuclear crisis in North Korea, resulted into further doubts regarding the effectiveness of an “engagement” strategy toward China. Beijing’s mistake was to underestimate Donald Trump’s will to obtain concrete results beyond dialogue.

The April 2017 summit at Mar-A-Lago between President Trump and Xi Jinping was marked by this ambiguity. Xi Jinping was received with all honors, but the rather cavalier announcement, during the official dinner, of US missile strikes on a Syrian air forces base also had the effect of demonstrating US strength and determination. Similarly, during the grand reception of President Trump in Beijing in November 2017, Donald Trump compliments towards China’s ability to defend its own interests at the expense of others was ambiguous at the least.

However, the growing tension between the PRC and the United States is not the result of an unavoidable confrontation, the “Thucydides trap”, between an emerging power, China, and a declining power, the United States. Despite its limitations, the United States is still perceived as best able to preserve the regional balance of power and, conversely, despite the endless opportunities it seems to offer, China remains potentially destabilizing and unable to resolve regional tensions, even when they involve its closest North Korean ally. More serious for Beijing, as demonstrated by the North Korean crisis, China is not perceived anymore, including by its closest allies, as an “all-weather” security provider against resolutions adopted by the United Nations security council. One of China’s major instruments of influence, in and beyond the region, has been thus challenged.

The end of certainties
For Beijing, the election campaign and the first months after the election of Donald Trump both opened a period of uncertainty and the hope of being able to “manipulate” a president who also had the merit of not being the author of the pivot to Asia, considered by Chinese strategists as a

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7 Susan Shirk, op.cit.
A major challenge to their interests in the area.

Initially, and despite the already obvious tensions on trade and the Taiwan issue, Beijing may have believed that Donald Trump’s pragmatism, the idea that everything was ultimately negotiable, would offer the PRC new opportunities to build a relationship based on “dialogue, coordination and cooperation.”

For Beijing, “America First” could only result in a greater withdrawal from the international scene, including the Asian theater, leaving the field open to Chinese ambitions. China may also have thought that Washington - like other administrations - remained sensitive to Chinese pressure. After tweeting twice that he was not necessarily bound by the “One China policy” that had been the basis of the US position on Taiwan and its relationship with Beijing since 1979, Donald Trump agreed to backtrack after a telephone conversation with President Xi Jinping on February 10, 2017.

However, in June 2017, Donald Trump also agreed to sell arms to Taiwan for $1.40 billion and, in March 2018, he did not hesitate to take the risk of “provoking” Beijing by signing the Taiwan Travel Act voted by the Senate. Similarly, the establishment of new dialogue formats between Beijing and Washington, decided at the Mar-A-Lago summit in April 2017, was oriented towards concrete results and the few concessions offered by Beijing on bilateral trade, with a 100 day action plan, soon proved insufficient, even with the promise to lift the embargo on US beef.

Beijing had initially hoped to be able to rely on the new administration pragmatism, and to open channels of direct communication with the president through Henry Kissinger, who always remained very close to Chinese authorities since the 1970s, and the Chinese ambassador to the United States Cui Tiankai, both playing a role of intermediary with Ivanka Trump and Jared Kushner, thus establishing a Chinese style of guanxi.

The Russian crisis and the marginalization of Jared Kushner, as well as several departures in the entourage of Donald Trump have however questioned this strategy of influence. On the contrary, over the last few months, personalities known for their opposition - at the strategic level as well as at the economic level - to Chinese ambitions remained in power or were chosen to replace more moderate officials.

This is the case of Mike Pompeo, appointed Secretary of State in March 2018, which could weigh on that of Susan Thornton, closer to Rex Tillerson, as Assistant Secretary of State for Asian Affairs, denounced by some as “too soft” on China. The appointment of John Bolton as National Security Adviser confirmed that choice.

In economic matters, Peter Navarro, Assistant to the President, director of Trade and Industrial Policy, and the Director of the White House National Trade Council, as well as director for Economic Affairs and US Trade Representative Robert Lighthizer are also representative of the most hostile currents to Beijing mercantilism. Gary Cohn, director of the National Economic Council, who resigned in March 2018 has also been replaced by Larry Kudlow, also known for his

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11 Idem.
12 Idem.
14 The four dialogues are the Diplomatic and Security Dialogue, the Comprehensive Economic Dialogue, the Law Enforcement and Cyber Security Dialogue and the Social and Cultural Dialogue.
15 Wu Xinbo, op.cit.
strong positions hostile to the PRC’s “economic nationalism”.\(^{16}\)

In 2010, Robert Lighthizer declared in a hearing before the US-China Economic and Security Review Commission that “China’s Economic and Political System is incompatible with our conception of the WTO”. He has been a strong proponent of punishing tariffs on Chinese imports that have been decided in March 2018.\(^{17}\)

### Limited common interests and a lack of common vision

At the strategic level, the stress on common interests, on the North Korean issue, Iran, the environment and energy issues or even terrorism has been severely curbed since Donald Trump came to power.\(^{18}\) In 2017, Susan Thornton insisted on the need to “strengthen cooperation wherever possible”, today, the requirement of concrete outcomes seems to prevail.\(^{19}\)

### The Korean Issue

The Korean question is the most emblematic in this respect. After expecting more active support from Beijing in solving the nuclear crisis in North Korea, Donald Trump has chosen a much tougher strategy of maximum pressure, with threats of military strikes, rejecting the principle of “strategic patience” defended by his predecessor. After the latest most powerful DPRK nuclear test in 2017, followed by two tests of intercontinental missiles with the potential to hit the US territory, the United States increased their pressure on Chinese companies accused of not complying with sanctions voted by the UN Security Council unanimously. The spectacular turnaround of 2018, which saw the North Korean president accept the principle of a meeting with Donald Trump, on the basis of a possible denuclearization, has taken Beijing off-guard.\(^{20}\) Afraid of being seen as marginalized, after a phone call between president Xi Jinping and Donald Trump, the Chinese side stressed that the US were ready to coordinate with China.\(^{21}\) The hasty invitation of Kim Jong-un, who had never been received in Beijing since he came to power in 2012, had the same objective, to try to put the PRC back at the center of the game.

However, behind these initiatives, there is the failure of Chinese ambiguous positions, unable to abandon its North Korean ally, anxious to preserve the existence of a buffer state and more interested in a withdrawal of the United States from the region, including through with the support of resumption of a dialogue based on the “double-freeze” of DPRK nuclear test in exchange for “security guarantees”, including less US military presence in the region.

Even now, China would like to revive some kind of dialogue, in a 5 or 6 party talks format, in spite of the fact that, since the first round of talks that took place in 2003, no concrete results were achieved apart from the full nuclearization of the North Korean regime.

### Maritime Issues

In the South China Sea, although the tensions were less acute in 2017, as China did not seize new

\(^{16}\) Peter Navarro is the producer of, *Death by China*, a documentary that denounces China’s trade unfair practices, [http://deathbychina.com/](http://deathbychina.com/)

\(^{17}\) [https://www.uscc.gov/sites/default/files/6.9.10Lighthizer.pdf](https://www.uscc.gov/sites/default/files/6.9.10Lighthizer.pdf)


\(^{21}\) “ 习近平应约同美国总统特朗音通电话 ”. 东北网. 09-03-2018, [http://wdbw.cn](http://wdbw.cn)
The United States resumed FONOP operations in May 2017, to better support the will of the United States to contest Beijing’s challenges to international law and the freedom of maritime operations on the high seas.\textsuperscript{22} Washington also reasserted its support for the 2016 International Hague Tribunal ruling, that rejected China’s claims in the South China Sea and denounced any coercive action aimed at changing the status quo by force. Finally, in the face of the rise of the Chinese navy - and its coast guard units - the United States also choose to go on with the strengthening of its military presence in the Asia-Pacific, with the dispatch of two aircrafts carriers groups in 2017, in the context of the crisis with North Korea, but also of tensions with China.\textsuperscript{23}

Beijing denounces the proliferation of FONOP operations in the South China Sea, as well as the support given to Japan - and Taiwan - faced with the incursions of the Chinese navy, as the main factor that would destroy the “strategic trust” between the US and China.\textsuperscript{24} And in the Spring 2018 the Chinese navy organized its largest exercise in the region.\textsuperscript{25}

Another element, very important for Tokyo that may fear a lack of US engagement in “grey zones” crisis scenarios with China, US President confirmed in his talks with Prime Minister Shinzo Abe in April 2017 - as his predecessor had done on several occasions - that the Senkaku islands, whose sovereignty is contested by Beijing with multiplies intrusions into contiguous or territorial waters with fishing fleet militia, coast guards and PLA navy, were covered by Article 5 of the Japan-US Cooperation and Security Treaty.

**Conflicting strategic vision**

At a larger level, the strategic vision of the United States with respect to China has toughened. Published in early 2018, the new US National Security Strategy denounces China as a “revisionist” power that aims to drive the United States out of the Asia-Pacific and weaken Washington’s allies in the region by “predatory” economic strategies.

With regard to the alliance system and the rebalancing towards Asia, continuity seems to prevail, with even greater commitment, particularly in terms of military capabilities. This also counters China’s hopes to see the United States turn back from the Asian theater to the Middle East, Iraq and Afghanistan.

The importance of alliances with Japan, South Korea, Australia, but also the Philippines as well as cooperation with Thailand or Singapore - denounced by China as “obsolete and inherited from the cold war” - was reasserted on several occasions by James Mattis, Secretary of State for Defense, Henry McMaster, President of the National Security Council and by President Trump himself during his long trip to Asia in November 2017.

As a concrete manifestation of the concept of Indo-Pacific - which echoes Prime Minister Shinzo Abe’s concept of “security diamond” put forward in 2012 - a first quadrilateral meeting (QUAD) bringing together the United States, Japan, Australia and India took place in November 2017 during President Trump’s visit to Asia. An Indo-Pacific power with territories in both oceans, France expressed its interest, following the visit of President Macron to India in March 2018. The objective is to improve the safety of sea-lanes of communication in the Indo-Pacific region, to better enforce respect for the law of the seas and to promote capacity building and cooperation in logistics and access to ports, in order to answer Chinese conception of a “maritime silk route” as

\textsuperscript{22} On this issue, regional powers as well as the European Union do share the same position.
\textsuperscript{23} Peter A. Dutton, Isaac B. Kardon, op.cit.
part of its Belt and Road Initiative (BRI) grand strategy.\textsuperscript{26}

\textit{A network of alliances based on common values}

Even if, in appearance at least, it is China that is today the champion of multilateralism, and in spite of its lack of stress on Human rights, Donald Trump’s alliance system in Asia is based on shared “Common values” perceived to be best suited to economic and strategic stability.\textsuperscript{27} In a speech in Danang in November 2017 at the APEC Summit, Donald Trump defended a “free and open Indo-Pacific” as an alternative to the “Chinese dream” of BRI founded on a very hierarchical vision of relations between States. To this Sino-centric conception of the world - or at least of the region - the United States and its allies oppose a more egalitarian web-like notion, that also implies a higher level of shared responsibilities.

This alliances and partnerships network found a new vitality by including India, that faced weeks of tensions with China in 2017 in the Doklam area in spite of growing economic interdependence between the two countries.\textsuperscript{28} It also responds to China’s new naval strategy “on two oceans”, whose objective is to strengthen the PLAN’s projection capabilities towards the Western Pacific and the Indian Ocean. The opening of a logistics base in Djibouti in 2017, and the development of cooperation with Sri Lanka, Pakistan or the Maldives, through port infrastructures building, are also strong signals of the PRC’s enlarged maritime ambitions.

Similarly, beyond strictly naval capabilities, China is continuing to develop its anti-access capabilities, designed to limit US intervention in the Asia-Pacific region. China’s ongoing development of its military capabilities - with a budget increase of 8.2%, reaching $ 175 billion in 2018 – as well as the more immediate North Korean threat, the United States continues to support the deployment of anti-missile systems in Asia. This includes South Korea despite the election of President Moon Jae-in, known for his more cautious position on US military presence. Despite strong Chinese pressure, which took the form of a trade war in 2017, South Korea maintained the deployment on its territory - decided in 2016 - of the THAAD anti-missile system. Japan, for its part, is also strengthening its defense cooperation with the United States, acquiring the capabilities to better meet Washington’s expectations in terms of arms procurement, technological cooperation and collective defense.\textsuperscript{29}

\textbf{Ready for a full-fledged trade war?}

Finally, the trade issue has become one of the major litigation issues between Beijing and Washington. The candidate Trump had built his election on a protectionist posture, to protect the American industries and jobs, and accuse “predatory” states that benefit from the open economy of the United States, including China. A “45%” taxes hike on Chinese imports was one of his campaign promises.\textsuperscript{30}

If in the first months of the presidency, Donald Trump seemed eager to “make a deal” with

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Beijing, especially under the pressure of certain interest groups - including the consumer electronics industry and mass retailers - which developed in synergy and thanks to the specificities of the Chinese regime, disillusionment in this area as in that of North Korea, took the upper side and Donald Trump chose to take the risk of launching a trade war with Beijing.

Initially, the most visible measure, since it also affected major Washington partners, was the decision by the United States to apply tariffs of 25% on steel and 10% on aluminum imports.\(^{31}\)

But the most significant consequence for Beijing is undoubtedly the reactivation of section 301 of the Trade Act of 1974 on the Protection of Intellectual Property, which directly aims at the PRC’s “techno nationalism” whose authoritarian nature makes it possible to mobilize all necessary means to achieve the objectives detailed in the “Made in China 2025” plan.

This plan, announced in 2015, focuses on technological “great leaps” in high-tech industries, including telecommunications, cyber, and artificial intelligence, including through technology transfers from foreign companies that want to invest in China.\(^{32}\) The plan, as all research and development plan in the PRC also do possess an important dimension of dual development of military as well as civilian technology.

As a consequence, Donald Trump also announced new taxes on imports of Chinese products in the high-tech and telecommunications sectors, at the risk of impacting the interests of large US companies whose main production base remains in the PRC.\(^{33}\)

Despite the importance of these measures, the Chinese response has initially been rather measured. China - which is far from having completed the rebalancing of its economy - continues to depend on exports to major developed markets, foremost among which the US market which absorbs 18.3% of Chinese exports.\(^{34}\)

Beijing therefore advocated the solution of tensions “through negotiations”, avoiding a trade war. The Chinese authorities sent two important emissaries to Washington, both members of the central committee’s political bureau, Yang Jiechi, State Councilor, and Liu He, economic adviser to President Xi Jinping.\(^{35}\) For Chinese analysts, the decision to send such high level emissaries were a sign of the PRC’s willingness to make concessions in a sector vital to its economy and social stability, and where China, a major exporter, is a lot more vulnerable than the United States.\(^{36}\)

This expectation relied also on the fact that, since its adhesion to the WTO in 2001, China’s was never really trusted about delivering on promises made and might hope this situation to go on.

However, with new declarations by Donald Trump to consider additional tariffs taxes up to an amount of 100 billion dollars on Chinese imports, the Chinese leadership reacted more strongly. The “strong man” strategy of president Xi Jinping, his personal prestige and that of the regime cannot allow not to react to this US “humiliation”. In spite of the fact that its own economy, and the most vulnerable (but less visible) agricultural sector might be heavily impacted by the decisions, China announced a series of 25 % tariffs hikes on imports of US Pork, nuts, fruits and wine but

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\(^{31}\) The main exporters to the US of these products are Canada and Brazil. China accounts only for 3 % of steel imported by the US.

\(^{32}\) http://english.gov.cn/2016special/madeinchina2025/


\(^{34}\) According to the WTO, the United States, European Union, Japan and South Korea represent 55 % of the PRC’s exports, Hong Kong excluded. http://stat.wto.org/CountryProfile/WSDBCountryPFView.aspx?Country=CN

\(^{35}\) “Beijing Must Still Focus on Trade as Partners Despite Trump’s Tariffs”, South China Morning Post, 10-03-2018.

\(^{36}\) Shen Dingli in “China Warns to Work with Other Nations to Counter Trump Tariffs”, South China Morning Post, 03-03-2018.
also, a few days later, soybeans.37

It seems however that these declarations and measures are essentially part of a negotiating tactics. On a more martial and wishful tone however, the Global Times, in its Chinese edition, called for “unity around the communist party and the State” for China to win this trade war, pitching “force” on the side of the US against “will” on the side of China (一是打实力，一是打意志). It also stressed the fact that “the future is on China’s side” (未来是在中国之边) to conjure any doubts about the PRC’s capacity to win a “world trade war”.38

Conclusion

Despite numerous setbacks, Beijing had long chosen to emphasize the common interests between the two first world powers. The issue was also about serving the prestige of the regime, in the face of a Chinese public opinion increasingly fed President Xi Jinping’s great power discourse. However, regardless of the uncertainties surrounding the future of the Trump presidency, what stands out today are major differences between the United States and its allies on one side and the People’s Republic of China on the other.

More preoccupying for Beijing, the dividing line seems also to exclude North Korea, which saw an opportunity to regain some autonomy vis a vis an overconfident China, demonstrating the lack of efficiency of Beijing’s foreign policy choices.

A new “cold war” would not fit the characterization of Sino-US relations, in spite of mounting tensions. the ideological dimension of these tensions has undeniably increased, as two global models are opposed, albeit the fact that China’s power of seduction relies quasi only on its capacity to invest massively, with few questions asked, in fragile and isolated countries.

After years of pragmatism, following the reform policy launched by Deng Xiaoping in 1979, Xi Jinping has chosen to put the stress again on ideology, and the leading role of the communist party, over the economy and still less so the political reforms. This evolution relates very much to the Leninist nature of the Chinese regime whose first goal - from which all others, including foreign policy objectives, flow - is to stay in power.

However, interrogations do remain about the US strategy in the region. The question of long term engagement remains posed, even if it was partly solved, in a positive way, after Donald Trump’s long tour in the region. As seen in the treatment of the most recent evolutions between Pyongyang and Washington, Beijing will be ready to act in order not to be excluded from any solution on the Korean peninsula. The PRC will try to introduce divisions between allies and to play all levers at its disposal, particularly at the economic level.

Moreover, after the US withdrawal from the TPP – that might be reconsidered by president Donald Trump encouraged by his regional allies – or on the issue of climate change, China has been trying with some successes to establish itself as a “responsible” actor committed to multilateralism, even if this commitment remains limited to the defense of Chinese interests and the construction of a positive image.

At the November 2017 Climate conference in Bonn, China’s representative declared that the PRC would remain “a guardian of the multilateral process”. In Davos, in January 2017, Xi Jinping, despite the increased control of the economy by the communist party, championed globalization against the unilateralism of the United States.

However, the Chinese market remains as difficult to access and on climate change the PRC, in spite of its declarations of support to the COP 21, remains hostile to the principle of a common

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37 The Tariffs concern 128 products.

38 社评：即使中美贸易归零中国也不会后退 » (Comment : Even if Sino-US trade reaches Zero China Will not Retreat), opinion.huanqiu.com, 06-04-2018.
rule and identical checks for all, based on verifiable statistics.

Finally, on the issue of tariffs on steel and aluminum, indiscriminately targeted, even if States like Canada or Australia, will be exempted, China was given a useful tool to try and destroy any united front strategy around the United States by detaching the European countries. In spite of the fact that these countries were tempted by joint actions with Washington on the issues of trade deficit, transfer of technology and investments in sensitive sectors.

If Donald Trump’s strategy in Asia, vis a vis North Korea and vis a vis China can be seen as positive, the results remain fragile, pending on the US president – and his entourage – ability to stick to a broader strategic vision not focused on “America First” only. If insufficient reassurance is given to allies, this uncertainty could only weaken a region that remains dependent on the United States for its stability and security.