



Chinese President Xi Jinping and his wife Peng Liyuan welcome U.S. President Donald Trump and his wife Melania Trump at the Palace Museum, or the Forbidden City, in Beijing on November 8

# UNDER THE GLOBAL SPOTLIGHT

## Donald Trump's visit bodes well for China-U.S. relations

**A**fter Chinese President Xi Jinping engaged with his U.S. counterpart, Donald Trump, in deep and friendly exchanges at the Mar-a-Lago resort in Florida in April, Trump made a state visit to China from November 8 to 10. The visit is the result of active political and diplomatic interactions between the two major nations and will exert an important and exceptional influence on bilateral relations at a time when the international order is under profound transformation.

In Beijing, Xi and Trump held official talks. They also witnessed the signing of contracts and two-way investment agreements worth

more than \$250 billion between Chinese and U.S. companies in sectors including energy, manufacturing, agriculture, aviation, electronics and automobiles.

The two visits pave the way for a Xi-Trump era of Sino-U.S. relations, ushering in a new cycle for bilateral ties. Meanwhile, Trump's visit, taking place right after the successful 19th National Congress of the Communist Party of China (CPC), is of real significance for the largest developing nation and the most powerful Western nation to discuss reform and development strategies.

### New interaction

Since Trump was elected in November 2016, the Chinese Government and the U.S. Government have successfully passed a transitional period and established smooth connections. Xi and Trump have also built friendly work and personal connections through two face-to-face meetings and nine phone calls. The four newly established high-level mechanisms for dialogue and cooperation—in the areas of diplomacy and security, economy, law enforcement and cyber security, and social and people-to-people exchanges—developed during the two presidents' Mar-a-Lago meetings have

already been launched, and the first round of dialogues were successfully held. The frequent visits, meetings and phone calls between Chinese State Councilor Yang Jiechi, Chinese Foreign Minister Wang Yi and U.S. Secretary of State Rex Tillerson have also prepared the way for Trump's visit to China.

China has made progress in its diplomatic relations with the U.S., which helped stabilize the bilateral ties at the time of the change of the U.S. leadership. In the fields of economy and trade, the 100-Day Action Plan of the U.S.-China Comprehensive Economic Dialogue has yielded early results.

On the Korean Peninsula nuclear issue, China proposed a dual-track approach for promoting denuclearization of the Peninsula and establishing a peace mechanism in parallel, and strictly implements the UN Security Council resolutions on Pyongyang.

On the South China Sea issue, China has well demonstrated its crisis management abilities.

In terms of the Taiwan question, by adhering firmly to the one-China principle, China has properly handled the matters of President-elect Trump's phone conversations with Taiwan leader Tsai Ing-wen last December and the U.S. arms sale to Taiwan in June worth \$1.42 billion.

China's strong arguments on just grounds have deepened the opposite parties' awareness of the sensitivity of issues related to China-U.S. relations, earned their respect and dealt with Trump's unconventional way of thinking and behaving so as to avoid risks and clear barriers to bilateral dialogue and cooperation.

The 19th CPC National Congress attracted great attention from the political, business, academic and military fields in the United States. The views and remarks from them so far show that what concerns the U.S. most is not ideology and change in the international order, but the kind of signals the CPC National Congress has released on reform, especially on economic adjustments and market reforms, from which the U.S. is seeking opportunities for self-development and cooperation.

The United States' internal situation and foreign policy require a stable China-U.S. relationship. Since Trump took office, he has stressed "America First," which in fact means prioritizing the nation's economic recovery to stabilize his administration and putting the U.S. interest in the first place when dealing with global issues. The U.S. is unwilling to bear much responsibilities overseas, and needs

China's cooperation.

The Trump administration has not held back from exiting current international systems that are not related to, or even go against, U.S. interests. It has also shown that it tacitly recognizes, or currently has no time to attend to, China's approaches to reforming the current global order, such as its promotion of the Belt and Road Initiative.

### Sensitive issues

With this trip, Trump showed a positive attitude toward China-U.S. relations, but what he cares about most and wants the most results on are two topics—economy and trade, and the Korean Peninsula nuclear issue—which deeply concern the two nations' domestic politics.

China is the largest trade deficit source country of the United States. According to statistics from the U.S., its merchandise trade deficit with China was \$347 billion in 2016, accounting for nearly 50 percent of its total merchandise trade deficit. Although the U.S.' service trade to China has been in surplus, the scale is far smaller than that of goods trade.

China pushed forward the 100-Day Action Plan of the U.S.-China Comprehensive Economic Dialogue to promote bilateral ties in goods trade, opening of the service industry and international cooperation. For example, China granted safety certificates to two U.S. genetically-modified agricultural products, recommenced U.S. beef imports, lifted access restrictions on corporations with foreign capital, and allowed U.S.-funded e-payment service providers to enter the Chinese mainland market. However, the Trump administration wants more. It seeks breakthroughs in industries such as steel, clothes, mechatronic engineering, finance and services, as well as in getting U.S. investments in China the quasi-national treatment. The U.S. also looks to significantly reduce its trade deficit with China.

Nonetheless, according to China's customs service, China's trade surplus with the U.S. for the January to August period this year stood at \$168.06 billion, up 6.5 percent year on year. The surplus in August alone hit \$26.23 billion, a record high since September 2015. The huge goods trade imbalance comes from the difference between the two nations' economic development stages and U.S. restrictions on exports of high-tech products to China. Addressing these issues requires efforts from both sides. But the U.S. is adopting a negative

attitude toward easing restrictions on high-tech exports to China and continuing negotiations on bilateral investment treaties. As a result, there is a long way to go before the two governments come up with a plan that they both can agree on.

Addressing the trade imbalance between the two nations is beneficial to China's supply-side reform, to a better world economic development, and to avoiding global hyperinflation against the backdrop of many countries' ceasing quantitative easing and shrinking their balance sheet. Looking into the future, the world's two largest economies should negotiate for win-win and mutually beneficial results, and Trump's visit to China can be a turning point for the better.

The Korean Peninsula nuclear issue is the Trump administration's top security concern in the Asia Pacific region. In the past several months, North Korea has pushed forward development of its nuclear weapons technology, carrying out a sixth nuclear test, frequently launching medium-range missiles and achieving a major technological breakthrough. The state is getting closer to being able to launch a transcontinental ballistic missile carrying a nuclear warhead capable of reaching U.S. territory. The United States feels highly threatened by Pyongyang's behavior, arousing two voices within the country—one calling for resorting to military force; the other, for acquiescing in the fait accompli.

In this complex situation, Trump remains hesitant. Besides threatening the use of force, his administration has been pushing Beijing to manage and control Pyongyang and impose a blockade on the country, transferring part of the pressure to China.

In the past several months, China has been actively implementing UN Security Council resolutions on North Korea and has participated in multilateral sanctions. The Trump administration also gained a more direct sense about the irreversibility of Pyongyang's nuclear strategy.

In spite of the sound and close interaction, Beijing and Washington still have doubts on each other's strategies, so there is a high risk of misunderstandings. Whether the largest emerging power and the largest established power can rise above competition for global power and join hands to push the international order in a rational direction is not a question that can be answered through a single high-level visit. It requires long-term effort.

But one thing is certain. The frequent high-level exchanges between the two nations send the world an important signal: In the transformation of the international landscape, China's gain might not be the United States' loss, and vice versa. ■



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