

COMPARATIVE

CONNECTIONS

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ON EAST ASIAN BILATERAL RELATIONS

US-CHINA RELATIONS

STATE VISIT-PLUS SUMMIT BUYS TIME, BUT FRICTION MOUNTS

BONNIE S. GLASER, CSIS/PACIFIC FORUM CSIS
COLLIN NORKIEWICZ, CSIS

Donald Trump was hosted in Beijing for a “state visit-plus” summit in early November, the third stop on his almost two week-long Asia tour. In response to North Korea’s September nuclear test and December ICBM test, the US and China worked together at the United Nations to tighten sanctions. Cracks in their cooperation widened, however, as Trump pressed Beijing to cut crude oil supplies to North Korea and Xi called for negotiations. US investigations into alleged Chinese unfair trading practices continued and remarks by Trump administration officials suggest that there is a growing possibility of the US imposing harsh trade penalties on China in 2018. Major bilateral dialogues convened in the last four months of the year included the social and people-to-people dialogue, the cyber security and law enforcement dialogue, the inaugural US-China Consultation on Foreign Nongovernmental Organization Management, and the first talks between the joint staff departments of the US and Chinese militaries. The Trump administration issued its first *National Security Strategy*, which depicted China as a rival and a revisionist power that, along with Russia, is seeking to erode US security and prosperity.

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“State visit-plus” summit in Beijing

One week prior to Donald Trump’s arrival in Beijing, China’s ambassador to the US [told](#) the press that he would be greeted with a “state visit-plus,” featuring a military honor guard, official talks, a formal banquet and “special arrangements.” Indeed, China’s reception for President Trump and his wife Melania was unprecedented. The Trumps were greeted with a grand red-carpet welcome on Nov. 8, complete with military marching bands and Chinese schoolchildren waving Chinese and US flags.



1Photo: US Department of State

The first event was a tea ceremony and a guided tour by Xi Jinping of the Forbidden City, which was closed to the public for the occasion. Xi and his wife Peng Liyuan joined the Trumps for a Peking Opera performance at the Palace Museum’s Pavilion of Cheerful Melodies followed by dinner inside the former imperial site of the Ming and Qing dynasties. It was the first time a foreign leader has dined there since the founding of the People’s Republic of China in 1949. Trump showed Xi and Peng a video of his granddaughter, Arabella, reciting *Sanzijing* (Three Character Classic) and ancient Chinese poetry. The video presentation was arranged after Ivanka Trump decided that she and her daughter would not join the visit, dashing Chinese hopes for the opportunity to bring their two families together.

The next day, Trump was welcomed at the Great Hall of the People and then retreated for private talks with Xi. Hours later, the two presidents witnessed a signing ceremony for trade and investment deals potentially worth \$253 billion, many of which were [reportedly](#) nonbinding memorandums of understanding or agreements reached previously. One such potential \$43 billion investment deal includes a “joint

development agreement” between the state of Alaska, state-owned China Petrochemical Corp (Sinopec), China’s sovereign wealth fund, and Bank of China for a liquid natural gas (LNG) pipeline. A statement [released](#) by Sinopec noted that there was a “possibility” that it would purchase Alaskan LNG.

[According](#) to CSIS Freeman Chair deputy director Scott Kennedy, some deals that would have provided enhanced market access for US companies were vetoed for inclusion in the signing ceremony” because the Trump administration did not want to give China credit for taking what it sees as applying a bandaid instead of fundamentally changing its predatory trade policies. In the run-up to the visit, the Chinese apparently offered to loosen investment restrictions in its financial sector as a summit deliverable, but were rebuffed. In the end, China unilaterally announced the opening of the financial sector, but only after Trump’s delegation had departed. The action received no comment from Trump administration officials.

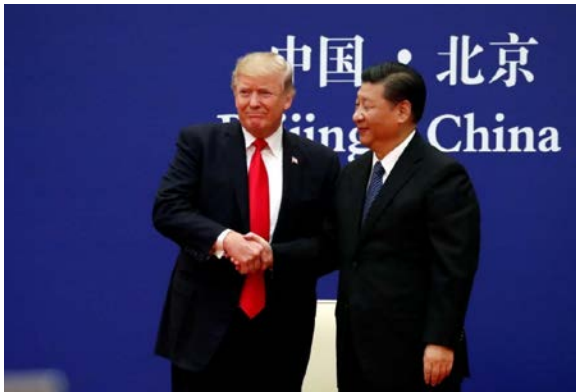
President Trump told US and Chinese officials and business executives that the huge bilateral trade imbalance wasn’t China’s fault, [saying](#) “After all, who can blame a country for being able to take advantage of another country for the benefit of its citizens.” Instead, he assigned culpability to past US administrations.

Trump and Xi made a joint appearance where they [read](#) prepared statements to the press, but declined to take any questions, at the request of the Chinese side. Trump gushed with appreciation for the special treatment he received, calling it “truly memorable and impressive, and something I will never forget.” He congratulated Xi – who he referred to as “a very special man” – on a very successful 19th Party Congress and expressed admiration for China’s “ancient history, dynamic people, and thriving culture.” The visit was capped with an official state dinner.

A White House [statement](#) released after the visit enumerated several topics that were discussed, with North Korea and economic ties topping the list. In addition, it noted plans to enhance cooperation in the following areas: combatting drugs, including synthetic opioids; cybercrime cases, network protection, and other areas of law enforcement; supporting stability and prosperity in Afghanistan; nuclear security, countering nuclear smuggling, and supporting

the global nuclear security architecture; HIV/AIDS and infectious diseases; bilateral military exchanges; and nonproliferation.

The statement also indicated that Trump raised concerns about maritime security, including the militarization of outposts in the South China Sea, and underscored the “critical importance” of unimpeded lawful commerce and respect for international law in the East and South China Sea, including freedom of navigation and overflight and other lawful uses of the sea. In addition, according to the White House statement, the two leaders discussed human rights and the role of civil society organizations in advancing social and economic development.



2 Trump and Xi to set out competing trade visions at APEC.
Photo: Dhaka Tribune

China’s official [account](#) of the talks between Xi and Trump said that both leaders “recognized that substantial progress has been in achieved in the development of China-US relations since this year.” Xi described the bilateral relationship as at “a new starting point in history.” “Cooperation is the only right choice for both China and the US,” the statement noted, “and only win-win results can make the two countries usher in a better future.”

North Korea: cooperation outweighs friction

On Sept. 3, North Korea conducted its sixth nuclear explosion, which it described as a “perfect success in the test of a hydrogen bomb for an ICBM.” As Washington began to deliberate its response, President Trump tweeted that the US was considering “stopping all trade with any country doing business with North Korea.” China’s Foreign Ministry spokesman [noted](#) the following day that such a move would be “neither objective nor fair.” Three days later, Trump telephoned President Xi

to discuss potential actions. The White House [readout](#) of the call portrayed a united front, noting that the two leaders “condemned North Korea’s latest provocative and destabilizing action” and agreed “to strengthen coordination and take further action with the goal of achieving the denuclearization of the Korean Peninsula.” China’s [readout](#) of the call did not mention North Korea’s nuclear test. It highlighted Xi’s emphasis on relying on “dialogue and talks and comprehensive policies,” and the importance of upholding peace and stability on the Peninsula.

Despite their differences, the US and China agreed on new sanctions on North Korea just eight days later. On Sept. 11, the UN Security Council unanimously adopted Resolution 2375, which banned countries from purchasing North Korean textiles and set a cap on oil exports to North Korea, among other measures. The sanctions represented a compromise: the US had favored a cutoff of oil, but both China and Russia had resisted taking such a drastic measure. Trump administration officials [warned](#) Beijing of consequences if the sanctions weren’t enforced. “If China doesn’t follow these sanctions, we will put additional sanctions on them and prevent [Chinese banks] from accessing the US and international dollar system,” Treasury Secretary Steven Mnuchin said at an event in New York after the passage of the new UNSC resolution. Leaks to the media also [indicated](#) that the Trump administration was considering imposing sanctions on Chinese companies trading crude oil with North Korea.

On Sept. 15, North Korea fired a *Hwasong-12* missile over Hokkaido, Japan. Almost reflexively, US and Chinese officials urged each other to do more. Secretary of State Rex Tillerson demanded that China further reduce oil exports to North Korea to force Kim to abandon his nuclear ambitions. China’s Ambassador to the United States Cui Tiankai [said](#) the US “should refrain from issuing more threats” and “find an effective way to resume dialogue and negotiation.” On the sidelines on the UN General Assembly, Chinese Foreign Minister Wang Yi and US Vice President Mike Pence tried to iron out differences over their approaches to addressing the growing North Korea threat.

In a sign of increased Chinese commitment to strictly implement UN sanctions, China’s Central Bank [issued](#) a circular warning of

economic losses and reputation risks if they failed to comply with their obligations. A few days later President Trump issued an executive order [granting](#) additional authorities to the Treasury Department to enforce sanctions on North Korea and countries that do business with it. The US lost no time taking advantage of the new authorities; the following week the Treasury Department [announced](#) new sanctions on eight North Korea banks, 26 individuals in China, and three other countries that the US claimed have links to North Korean financial networks.

Speaking to world leaders at the 72nd UN General Assembly in New York on Sept. 19, Trump papered over differences with China. He [applauded](#) China for cutting its banking relationships with North Korea and thanked Xi Jinping for his help. Acting Assistant Secretary of State for East Asian and Pacific Affairs Susan Thornton also positively [appraised](#) Chinese cooperation in pressuring North Korea, which she described as “growing, if uneven,” at a Senate hearing. At the end of the month, North Korea featured prominently in Secretary of State Tillerson’s discussions with President Xi, State Councilor Yang Jiechi, and Foreign Minister Wang Yi during his visit to Beijing.

In an interview with *Fox News* on the eve of his trip to Asia, where he would spend two full days in Beijing, Trump linked taking tough measures against China on trade with Chinese cooperation on North Korea. Asked if he was going to take a tough stance against China’s intellectual property theft, subsidies, and dumping, Trump [replied](#), “You have to understand something – very important. We have a problem called North Korea. . . . China has been helpful.”

China’s official readout of Trump’s talks with Xi stressed their shared commitments to realizing the non-nuclearization of the Korean Peninsula and their common objective of resolving the nuclear issue through dialogue and negotiation. When the two presidents made [respective statements](#) to the press, Trump maintained that they had “agreed on the need to fully implement all UN Security Council resolutions on North Korea and to increase economic pressure until North Korea abandons its reckless and dangerous path.” Publicly, Trump thanked Xi for his efforts to pressure North Korea. He [told](#) an audience of US and Chinese officials and business executives that “China can fix this [North Korea] problem easily and quickly.” A

White House press [release](#) said that Trump and Xi “reaffirmed their commitment to achieving the goal of full, verifiable, and irreversible denuclearization of the Korean Peninsula and stated they will not accept the DPRK as a nuclear weapons state.”

Belying the statements of convergence, however, the US Treasury [levied](#) new sanctions on Chinese as well as North Korean entities two weeks later. Among the four designated Chinese trading companies based in Dandong, one was accused of working with front companies for North Korean organizations related to weapons of mass destruction. Reacting to the secondary sanctions, China’s Foreign Ministry spokesperson [declared](#) its opposition to “unilateral sanctions and long-arm jurisdiction.”



3Secretary of State Rex Tillerson, accompanied by US UN Ambassador Nikki Haley. Photo: Toronto Star

On Nov. 29, Pyongyang test-fired a new ICBM, the *Hwasong-15*, which Pyongyang said put the entire US mainland within range of its nuclear weapons. President Trump called President Xi and, [according to](#) US Ambassador to the UN Nikki Haley, asked him to further cut the supply of oil to North Korea. After the call, Trump tweeted that “Additional major sanctions will be imposed on North Korea today. This situation will be handled.” Once again, China’s official [readout](#) of the call underscored the need to “push the nuclear issue towards the direction of peaceful settlement via dialogues and negotiations.”

On Dec. 12, National Security Adviser Lt. Gen. H.R. McMaster [warned](#) that time was running out to stop North Korea and called on China to do more. That same day, in a speech with Q&A at the Atlantic Council, Secretary Tillerson lifted the curtain a bit to reveal some of the ways the

US and China are cooperating on North Korea. In response to a question, he [said](#) the US has had conversations with the Chinese about how North Korea's nuclear weapons might be secured in the event of instability. He also divulged that the US offered assurances to China that if US military forces needed to cross the demilitarized zone, they would retreat south of the 38th parallel when conditions allowed. These disclosures surprised many observers, who wondered what there was to be gained by making such sensitive discussions public. Although the Chinese did not comment on Tillerson's remarks, *Global Times* denied a Japanese newspaper story claiming that a military hotline had been set up between the PLA's Northern Theater Command in Shenyang and US forces in Seoul. Calling the story "fake," *Global Times* [said](#) it "sends the wrong signal to the world as it implies China believes war on the Peninsula is inevitable and by cooperating with the US it is, therefore, preparing to engage in military conflict."

On Dec. 22, just over three weeks after North Korea's latest ICBM test, the UN Security Council unanimously voted to tighten sanctions, this time further limiting North Korea's access to refined petroleum products and crude oil, and mandating all countries employing North Korean guest workers to send them home within 24 months. The resolution, UNSCR 2397, also banned new categories of North Korean exports, as well as North Korean imports of heavy machinery, industrial equipment, and transportation vehicles.

As the year ended, Rex Tillerson [penned](#) an op-ed in *The New York Times* on Dec. 27 in which he stated: "A central component of our North Korea strategy is persuading China to exert its decisive economic leverage on Pyongyang. China has applied certain import bans and sanctions, but it could and should do more."

US-China trade tensions grow

The Trump administration's growing frustration with China was on display in late November when one of the administration's top economic diplomats [indicated](#) that plans to bolster economic relations with China were "on ice" as the countries' trade imbalance remains bloated and Beijing's economic liberalization efforts seemed to have reversed. David Malpass, under secretary for international affairs at the US Treasury Department, stated that the

Comprehensive Economic Dialogue (CED) with Beijing (the first iteration of which [occurred in July](#)) is "stalled" and "there is not a dialogue on restarting the CED." Malpass added that the critical step to restart the dialogue lays in China bringing its economic practices in line with "global rules and global market liberalization techniques."

After the first round of the CED, US co-chairs Treasury Secretary Mnuchin and Commerce Secretary Wilbur Ross expressed optimism that China understood it needed to reduce the trade deficit between the two countries and revise its unfair trade practices. Over time, however, US officials have become increasingly doubtful that China will take steps to even the playing field for US companies and are pessimistic that the problems can be resolved through negotiations. Growing concerns in the White House over the widening bilateral trade deficit, the lack of systemic progress in price liberalization, and the increased role of state-owned enterprises (SOEs) in the Chinese economy have emboldened hawks such as US Trade Representative Robert Lighthizer and senior trade adviser Peter Navarro to [request](#) more punitive, unilateral actions against China in the near future.

On various occasions, Lighthizer and Trump have used combative rhetoric to describe both the bilateral trade relationship and Chinese trade practices. Speaking at the Center for Strategic and International Studies (CSIS) in mid-September, Lighthizer [warned](#) that China's trade practices represent an unparalleled threat to the international system. "The sheer scale of their coordinated efforts to develop their economy, to subsidize, to create national champions, to force technology transfer and to distort markets, in China and throughout the world, is a threat to the world trading system that is unprecedented," Lighthizer said. In advance of his early November trip to Asia, Trump [called](#) the US trade deficit with China "embarrassing" and "horrible."

Speaking to a group of business leaders at the [Asia-Pacific Economic Cooperation \(APEC\)](#) conference in Da Nang, Vietnam, President Trump derided rampant "violations, cheating," and "economic aggression." Without naming China, he charged that other countries had kept their markets closed and engaged in "product dumping, subsidized goods, currency manipulation, and predatory industrial

policies,” while the US had systematically opened its economy. He pledged to not let the US be taken advantage of anymore.

Numerous reports [surfaced](#) toward the end of the year [suggesting](#) that the Trump administration is preparing to impose harsh trade penalties on China in 2018. An investigation of China’s intellectual property practices and compulsory technology transfer that was launched in August could result in new trade sanctions in the first half of next year. While given a year to complete this investigation, US Trade Representative (USTR) sources [indicated](#) that a draft report had been completed by early December.

A concurrent investigation undertaken earlier this year is the Section 232 action regarding potential national security threats posed by Chinese dumping of steel and aluminum. The conclusions from the investigation [are expected](#) to be released in mid-January with a high likelihood that trade actions, including tariffs, will follow. All of this comes as imports of cheaper Chinese steel have grown 19 percent over the year. Both investigations and the reported preference for tariffs indicate the administration’s preference for [unilateral trade](#) action over multilateral fora.

Concerns over Chinese dumping practices were highlighted in mid-December when China’s Ministry of Finance [announced](#) that beginning Jan. 1 it would cut export taxes on some steel products and fertilizers while eliminating taxes entirely for exports of steel wire, rods and bars. The move, described as a way to boost shipments and relieve overcapacity, came just after the US hit Vietnam with a [heavy import tax](#) of more than 250 percent on steel products that used Chinese-origin materials.

Action taken to curb perceived Chinese economic abuses was not exclusive to the executive branch. Senators John Cornyn (R-TX) and Diane Feinstein (D-CA) [introduced](#) a bipartisan bill that, if enacted, would expand the foreign investment review procedures overseen by the Committee on Foreign Investment in the United States (CFIUS). This expansion of authority would subject many Chinese acquisitions to mandatory review and grant CFIUS the power to impose new conditions retroactively on completed transactions.

Sensing the growing appetite in Washington for trade remedies and other punitive actions against China, Ambassador Cui Tiankai [urged](#) the US at the end of October to handle economic disputes in a “constructive and pragmatic manner” to avoid undermining the overall economic relationship. Chen Zhou of the China Chamber of International Commerce, a trade body akin to the USTR in the US, [warned](#) at a hearing related to USTR’s investigation into Chinese forced technology transfer practices that unilateral action taken by the Trump administration “may trigger a trade war.” Privately, Chinese officials and experts are hinting that US actions against Chinese telecommunications and steel sectors will lead China to reduce purchases of Boeing aircraft and US agricultural goods.

Airing grievances at the World Trade Organization

US Trade Representative Lighthizer [criticized](#) the World Trade Organization (WTO) in December, citing its lack of focus on negotiation and “becoming a litigation-centered organization.” He complained that the disparity in how the WTO’s rules apply to developed vs. developing countries has enabled five of the world’s six richest countries to claim developing country status and be “[given a pass](#)” on new trade rules. While Lighthizer did not mention China by name, China has the world’s second largest economy, but is still classified as a developing country according to WTO rules. This attack on the WTO followed Trump’s [declaration](#) at the APEC conference in November that the US “has not been treated fairly by the World Trade Organization.”

At the end of November, the US [formally submitted](#) a statement of opposition as a third-party in support of an ongoing complaint by the European Union against China. The US and the EU, as well as Japan, are seeking to prevent China’s formal recognition by the WTO as a market economy, a move that would lead to dramatically lower anti-dumping duties on Chinese goods by prohibiting the use of third-country price comparisons. Representative Lighthizer told Congress in June that the case was “the most serious litigation [the United States has] at the WTO right now” since a victory for China would weaken many countries’ trade defenses against an influx of cheap Chinese goods.

China's Ministry of Commerce [reacted](#) to the US support for the EU's action with "strong dissatisfaction," restating its view that according to WTO rules, market economy status should automatically be granted to China on the 15th anniversary of China's WTO accession. The 15-year mark was reached at the end of 2016, but the WTO has yet to accede to China's request for market economy status. The [argument against](#) granting China this status is that myriad regulations hamper access for foreign companies to China's markets.

In early December, hearings began in China's suit against the EU at the WTO that will take years to decide. The suit argues that there is no agreed definition of a market economy, and the strict interpretation of the accession agreement granting China market status after 15 years should hold. Beijing is also [disputing](#) the US and European Union's methods of calculating punitive duties when accusing Chinese companies of dumping cheap goods on their markets. Wei Jianguo, an expert at the China Center for International Economic Exchanges, tied the litigation to the credibility of the WTO, stating that "if China loses, the WTO will lose its fairness."

Bilateral dialogues

During the last four months of 2017, the US and China convened meetings of several important bilateral mechanisms. Presidents Trump and Xi agreed at their first summit in Mar-a-Lago in April to convene meetings of the four newly-established high-level mechanisms before the end of the year. The diplomatic and security dialogue and the comprehensive economic dialogue met in June and July, respectively. The social and people-to-people dialogue convened at the end of September in Washington DC. Secretary of State Tillerson and Chinese Vice Premier Liu Yandong co-chaired the discussions, which concluded with a joint statement that contained more than 130 outcomes. Among the notable achievements was an agreement to permit China to send 100,000 government-sponsored individuals to study in the US and allow 100,000 US students to study in China over the next four years. Liu Yandong, along with US Transportation Secretary Elaine Chao and Education Secretary Betsy DeVos, attended a dialogue between youth delegates from the two countries. Liu also met President Trump, who endorsed the efforts to strengthen bilateral people-to-people exchanges.

The fourth high-level dialogue mechanism, which focuses on law enforcement and cyber security, met in early October. Discussions were co-chaired by US Attorney General Jeff Sessions, Acting Secretary of Homeland Security Elaine Duke, and Chinese State Councilor and Minister of Public Security Guo Shengkun. Topics addressed included repatriation of illegal immigrants, counter-narcotics, cyber crimes and cyber security, and tracking down fugitives. The two sides issued a summary of outcomes, which noted that "While differences remain, both sides intend to make actual progress on all of the above matters, to make possible another Dialogue in 2018 to measure that progress."

The following week, the 11th round of US-China consular consultations was held in Washington DC. Director General of the Department of Consular Affairs of the Chinese Foreign Ministry Guo Shaochun and US Assistant Secretary of State for Consular Affairs Carl Risch co-chaired the talks, which concentrated on safeguarding the safety, rights, and interests of citizens on both sides and facilitating personnel exchanges.

In mid-December, the US and China held the inaugural US-China Consultation on Foreign Nongovernmental Organization Management in Beijing. A brief statement issued by the US said the two sides "discussed the critical role that NGOs play in facilitating people-to-people exchanges." It also noted that both sides "believe that the strength and success of all countries depends on protecting and supporting civil society." The US side expressed concerns about China's Foreign NGO Management Law that went into effect on Jan. 1, 2017, and indicated that it hopes the Chinese side will guarantee the continuous operations of US NGOs in China. The US readout reported that China's Ministry of Public Security and related public security organizations planned to meet with representatives of NGOs and Professional Supervisory Units in early 2018 to resolve their questions and concerns about registration.

Two important dialogues between the US and Chinese militaries were convened as well. At the end of November, the US and China launched talks between their joint staff departments which focused on improving crisis management and communication. The talks were led by Maj. Gen. Shao Yuanming, deputy chief of the PLA's Joint Staff Department of the Central Military Commission, and Lt. Gen. Richard Clarke, director for strategic plans and policy of the US

Defense Department's Joint Chiefs of Staff. The two sides also discussed the joint humanitarian relief and disaster exercises that were held in Portland, Oregon Nov. 13-21. On Dec. 13, the second Asia-Pacific Security Dialogue was held in Beijing co-chaired by Maj. Gen. Hu Changming, director of the International Military Cooperation Office, and David Helvey, acting assistant secretary of defense. The two sides exchanged views on the security situation in the Asia-Pacific region and military-to-military cooperation between the two countries.

The Trump *National Security Strategy*

On Dec. 18, President Trump unveiled his "[National Security Strategy](#)" that he described as "a strategic vision for protecting the American people and preserving our way of life, promoting our prosperity, preserving peace through strength, and advancing American influence in the world." The document outlines many different challenges facing the United States and "[formalizes](#)" the link between economic strength and national security.

The new strategy labels China and Russia as revisionist powers and rivals of the US that are portrayed as seeking to erode US security and prosperity. It calls for China to halt a number of malicious practices and [commits](#) the US to combat China on various playing fields. Competition with China is portrayed as part of a larger struggle between models of domestic governance. China is charged with "expanding its power at the expense of the sovereignty of others" and spreading its authoritarian system around the world. In the Indo-Pacific region, the document posits that China aims to displace the US as the dominant power. In the developing world, the NSS says that China and Russia are both targeting their investments to expand influence and gain competitive advantages against the US. In a preview of this particular charge, Secretary Tillerson, in a speech at CSIS in mid-October, [slammed](#) China's burdensome financing mechanisms and failure to create jobs in developing countries.

Senior White House officials who held a background briefing on the NSS adopted a less confrontational tone, however, when responding to questions about China. One official, for example, [maintained](#) that "with China . . . there's always a balance among powers between cooperation and competition." Talking about the imbalanced bilateral trade

relationship, the same official emphasized an approach of "cooperation with reciprocity."

China's initial response, delivered by the Chinese Embassy in Washington, [blasted](#) the strategy as "self-serving," charging that "selfish" efforts to put US national interest above other countries' interests would "lead the United States to isolationism." A formal [statement](#) released by the Chinese Embassy further criticized the strategy for preaching rivalry and confrontation, and called on the US to abandon outdated zero-sum thinking. The spokeswoman for the Chinese Foreign Ministry [described](#) the strategy's characterization of China as a "futile effort to distort reality." As the world's two largest economies, she said, China and the United States have a responsibility to work together.

Closing out 2017 and looking ahead to 2018

As 2017 ended and the Trump presidency approached the final weeks of its first year in office, the US-China relationship appeared headed toward greater friction. Chinese cooperation with the US to tighten sanctions on North Korea may be reaching its limits. Additional nuclear and missile tests by Pyongyang will undoubtedly lead to even greater US pressure on China to cut off crude oil supply, but Beijing is unlikely to comply due to fears that shutting the spigot will result in a hostile China-North Korea relationship and possibly in North Korean instability and regime collapse.

President Trump's frustration may lead him to finally take trade actions against China that he has been threatening since the presidential campaign. As Trump told *The New York Times* in a [year-end interview](#), "So, China on trade has ripped off this country more than any other element of the world in history has ripped off anything. But I can be different if they're helping us with North Korea. If they don't help us with North Korea, then I do what I've always said I want to do."

Another potential source of tension could be the South China Sea, especially if China begins to deploy and operate military assets from its newly-built artificial islands in the Spratlys, uses its new super-dredger [Tianjing](#) to build new islands, or establishes baselines around land features in disputed Spratly waters. A more determined US pushback against China's Belt and Road Initiative could also further strain the

bilateral relationship. As the US fleshes out its Indo-Pacific strategy and China pursues the BRI, competition in the relationship will inevitably grow.

Although it is likely that the four high-level dialogues will be convened in 2018, no dates have been set for any of those meetings. There is always a possibility that differences between the US and China can be worked out amicably through negotiations, but the prospects for such an outcome seem dim.

CHRONOLOGY OF US-CHINA RELATIONS

SEPTEMBER – DECEMBER 2017

Sept. 3, 2017: North Korea conducts a hydrogen bomb test. President Trump [tweets](#) “The United States is considering, in addition to other options, stopping all trade with any country doing business with North Korea.”

Sept. 6, 2017: President Xi Jinping [holds](#) a phone call with President Trump, in which they discuss North Korea.

Sept. 12–13, 2017: Chinese State Councilor Yang Jiechi stops in Washington on his way to Latin America. He [meets](#) Secretary of State Tillerson, National Security Adviser H.R. McMaster and Senior Advisor to the President Jared Kushner, to discuss bilateral ties.

Sept. 12, 2017: Acting Assistant Secretary of State for East Asia Susan Thornton and Assistant Secretary of the Treasury Marshall Billingslea [testify](#) before the House Foreign Affairs Committee on the threat posed by North Korea.

Sept. 13, 2017: Trump [issues an executive order](#) to block the sale of Lattice Semiconductor Corp. to Canyon Bridge, a Chinese government-financed firm.

Sept. 13, 2017: Trump [tweets](#) “China has a business tax rate of 15%. We should do everything possible to match them in order to win with our economy. Jobs and wages!”

Sept. 15, 2017: Trump [tweets](#) “CHINA MIGRATION cannot be allowed to be part of any legislation on immigration!”

Sept. 18, 2017: Xi [holds a phone call](#) with Trump, in which they discuss Trump’s visit to China and the Korean Peninsula situation.

Sept. 19, 2017: Chinese Vice Premier Wang Yang [meets](#) a delegation from the US-China Working Group in Beijing, led by Co-Chairs Congressmen Rick Larsen and Darin LaHood, to discuss bilateral trade and economic relations.

Sept. 20, 2017: On the sidelines of the UN General Assembly in New York, Foreign Minister Wang Yi [meets](#) Vice President Mike Pence to discuss solutions to the Korean Peninsula issue.

Sept. 25, 2017: Premier Li Keqiang [meets](#) Secretary of Commerce Wilbur Ross in Beijing to discuss bilateral economic and trade relations.

Sept. 25, 2017: In a document submitted for debate at the WTO Services Council, the United States [asks](#) China not to implement its new cyber security law.

Sept. 26, 2017: US Treasury [sanctions](#) North Korean banks and individuals operating in China, Russia, Libya, and the United Arab Emirates for assisting development of North Korea’s WMDs.

Sept. 26, 2017: Trump [thanks](#) Xi for “breaking off all banking relationships with North Korea.”

Sept. 26, 2017: Chairman of the Joint Chiefs of Staff General Joseph Dunford [tells](#) the Senate Armed Services Committee during a hearing on his re-appointment that “China probably poses the greatest threat to our nation by about 2025.”

Sept. 28, 2017: Secretary of State Tillerson and Vice Premier Liu Yandong [co-chair](#) the first round of the US-China Social and Cultural Dialogue in Washington DC.

Sept. 28, 2017: President Trump’s daughter Ivanka and her husband Jared Kushner [attend](#) China’s National Day reception at the Chinese Embassy in Washington DC.

Sept. 28, 2017: Acting Assistant Secretary of State Thornton [testifies](#) at a hearing on evaluating sanctions enforcement on North Korea held by the Senate Committee on Banking, Housing and Urban Affairs.

Sept. 30, 2017: In Beijing, Secretary Tillerson meets President [Xi](#), State Councilor Yang Jiechi, and Foreign Minister [Wang Yi](#) to discuss US-China relations and Trump’s upcoming visit to China.

Oct. 2, 2017: The *USS Ronald Reagan* [docks](#) in Hong Kong before conducting a joint naval drill with South Korea.

Oct. 2, 2017: Xi [sends](#) a condolence message to Trump over the mass shooting in Las Vegas.

Oct. 3-6, 2017: Attorney General Jeff Sessions, Acting Secretary for Homeland Security Elaine Duke, and Chinese State Councilor and Minister of Public Security Guo Shengkun [co-chair](#) the first round of the US-China Law Enforcement and Cybersecurity Dialogue in Washington DC.

Oct. 6, 2017: [Joint statement](#) for first US-China Law Enforcement and Cybersecurity Dialogue, summarizes discussions on counter-narcotics, cybersecurity and repatriation.

Oct. 10, 2017: US Navy destroyer [sails](#) near the Paracel Islands, conducting a freedom of navigation operation.

Oct. 11, 2017: Assistant Secretary of State for Consular Affairs Carl Risch and Director General of the Department of Consular Affairs of the Foreign Ministry Guo Shaochu [co-chair](#) the [11th round of US-China Consular Consultations](#) in Washington D.C.

Oct. 12, 2017: In a [phone call](#), State Councilor Yang Jiechi and Secretary Tillerson discuss Trump's upcoming visit to China.

Oct. 13, 2017: US Department of Energy and the China National Development and Reform Commission host the [Eighth US-China Energy Efficiency Forum](#) in Denver.

Oct. 13, 2017: Office of Foreign Assets Control of the US Treasury [designates](#) China-based Wuhan Sanjian Import and Export Co. for supporting Iran's Shiraz Electronic Industries, a key supporter of Iran's military.

Oct. 16, 2017: At Shanghai Pudong International Airport, Chinese police [repatriate](#) an American fugitive to US law enforcement officers.

Oct. 17, 2017: Treasury Department's [Report to Congress on International Economic and Exchange Rate Policies](#) does not name China a currency manipulator, but keeps it on a currency monitoring list.

Oct. 18, 2017: In a [speech](#) at CSIS, Secretary Tillerson [criticizes](#) China's activities in the South China Sea, claims China is undermining the rules-based international order, and says that the US plans to counter China's Belt and Road Initiative.

Oct. 18, 2017: China's 19th Communist Party Congress opens in Beijing with Xi Jinping's three-and-a-half-hour delivery of the work report.

Oct. 19, 2017: At a conference at the Foundation for Defense of Democracies in Washington, Central Intelligence Agency Director Mike Pompeo [says](#) "we think that President Xi will come out of this in a dominant position with incredible capacity to do good around the world."

Oct. 23, 2017: Chinese Assistant Foreign Minister and Special Representative of the Chinese Government for Korean Peninsula Affairs Kong Xuanyou [meets](#) US Special Representative for North Korea Policy Joseph Yun in Beijing to discuss the situation on the Korean Peninsula.

Oct. 25, 2017: President Trump [tweets](#) "Spoke to President Xi of China to congratulate him on his extraordinary elevation. Also discussed NoKo & trade, two very important subjects!"

Oct. 25, 2017: President Trump [tweets](#) "Melania and I look forward to being with President Xi & Madame Peng Liyuan in China in two weeks for what will hopefully be a historic trip!"

Oct. 27, 2017: Secretary of Commerce Ross [announces](#) the affirmative preliminary determination in the countervailing duty investigation of aluminum foil from China.

Oct. 27, 2017: Vice Premier Wang Yang [holds a phone call](#) with Secretary Ross to discuss bilateral economic relations.

Oct. 27, 2017: China [urges](#) the US not to allow Taiwan President Tsai Ing-wen to travel through US territory enroute to Taiwan's Pacific allies.

Oct. 28, 2017: Civil Aviation Administration of China (CAAC) and the Federal Aviation Administration (FAA) announce signing of a deal under the China-US Bilateral Aviation Safety Agreement recognizing each other's regulatory systems with respect to the airworthiness of aviation products.

Oct. 30, 2017: During a press briefing in Washington, China's Ambassador to the US Cui Tiankai [warns against](#) alleged US attempts to contain Beijing.

Oct. 30, 2017: Chinese Ministry of Commerce [announces](#) that it has started an anti-dumping investigation into ethanolamine imported from the US, Saudi Arabia, Malaysia, and Thailand.

Oct. 30, 2017: President Xi [says](#) China is willing to cooperate with the US to achieve mutual benefits during a meeting with members of the advisory board of Tsinghua University's School of Economics and Management in Beijing.

Oct. 30-31, 2017: Eighth US-China Bilateral Drug Intelligence Working Group Meeting is [held](#) in Beijing. The two parties agree to cooperate in drug prevention.

Oct. 31, 2017: During a press conference in Beijing, China's Special Representative on Climate Change Xie Zhenhua [says](#) that China hopes the US will rejoin Paris Climate deal.

Nov. 2, 2017: In a [phone call](#), State Councilor Yang and Secretary Tillerson discuss Trump's upcoming visit to China.

Nov. 2, 2017: US Department of the Treasury's Financial Crimes Enforcement Network [issues a final rule](#) under Section 311 of the USA PATRIOT Act, severing the Bank of Dandong from the US financial system.

Nov. 3, 2017: At a briefing on Trump's upcoming state visit, Vice Foreign Minister Zheng Zeguang [says](#) China hopes the US can "help and not cause problems" in the South China Sea.

Nov. 3, 2017: China's Drug Control Agency [disputes](#) Trump's claim that most of the fentanyl brought into the US was manufactured in China.

Nov. 7, 2017: Trump [tweets](#) "Getting ready to make a major speech to the National Assembly here in South Korea, then will be headed to China where I very much look forward to meeting with President Xi who is just off his great political victory."

Nov. 8-9, 2017: President Trump [visits](#) Beijing, China for a series of bilateral, commercial, and cultural events, including meetings with President Xi.

Nov. 8, 2017: Commerce Secretary Ross and Vice Premier Wang Yang [oversee](#) the signing ceremony of 19 US-China trade deals in Beijing totaling \$253 billion.

Nov. 8, 2017: President Trump [tweets](#) "On behalf of @FLOTUS Melania and I, THANK YOU for an unforgettable afternoon and evening at the Forbidden City in Beijing, President Xi and Madame Peng Liyuan. We are looking forward to rejoining you tomorrow morning!"

Nov. 8, 2017: President Trump [tweets](#) "Looking forward to a full day of meetings with President Xi and our delegations tomorrow. THANK YOU for the beautiful welcome China! @FLOTUS Melania and I will never forget it!"

Nov. 8, 2017: President Trump [tweets](#) "President Xi, thank you for such an incredible welcome ceremony. It was a truly memorable and impressive display!"

Nov. 8, 2017: US Department of Homeland Security and the Chinese Ministry of Public Security [cooperate](#) on the investigation of a transnational IPR infringement crime based in Guangzhou.

Nov. 9, 2017: President Trump [tweets](#) "In the coming months and years ahead I look forward to building an even STRONGER relationship between the United States and China."

Nov. 9, 2017: President Trump [tweets](#) "I don't blame China, I blame the incompetence of past Admins for allowing China to take advantage of the US on trade leading up to a point where the US is losing \$100s of billions. How can you blame China for taking advantage of people that had no clue? I would've done same!"

Nov. 9, 2017: President Trump [tweets](#) “My meetings with President Xi Jinping were very productive on both trade and the subject of North Korea. He is a highly respected and powerful representative of his people. It was great being with him and Madame Peng Liyuan!”

Nov. 9, 2017: President Trump [tweets](#) “I am leaving China for #APEC2017 in Vietnam. @FLOTUS Melania is staying behind to see the zoo, and of course, the Great WALL of China before going to Alaska to greet our AMAZING troops.”

Nov. 11, 2017: President Trump [tweets](#) “President Xi of China has stated that he is upping the sanctions against #NoKo. Said he wants them to denuclearize. Progress is being made.”

Nov. 11, 2017: President Trump [tweets](#) “Met with President Putin of Russia who was at #APEC meetings. Good discussions on Syria. Hope for his help to solve, along with China the dangerous North Korea crisis. Progress being made.”

Nov. 12, 2017: President Trump [says](#) “if I can help mediate or arbitrate [South China Sea disputes], please let me know” at a meeting in Hanoi with Vietnam's president Tran Dai Quang.

Nov. 13, 2017: President Trump [tweets](#) “After my tour of Asia, all Countries dealing with us on TRADE know that the rules have changed. The United States has to be treated fairly and in a reciprocal fashion. The massive TRADE deficits must go down quickly!”

Nov. 13-20, 2017: US and Chinese militaries [hold](#) 13th annual US-China Disaster Management Exchange in Portland, Oregon. Activities include an academic expert discussion, a tabletop exchange, and a practical field exchange.

Nov. 14-15, 2017: Seventh US-China Dialogue on Rule of Law and Human Rights [is held](#) in New York.

Nov. 15, 2017: US-China Economic and Security Review Commission of the US Congress issues its annual report. Recommendations include a [call](#) to strengthen the Foreign Agents Registration Act to tighten rules on Chinese state-run media outlets in the US.

Nov. 15, 2017: President Trump [tweets](#) “The failing @nytimes hates the fact that I have developed a great relationship with World leaders like Xi Jinping, President of China...”

Nov. 15, 2017: President Trump [tweets](#) “...They should realize that these relationships are a good thing, not a bad thing. The U.S. is being respected again. Watch Trade!”

Nov. 16, 2017: President Trump [tweets](#) “To the three UCLA basketball players I say: You're welcome, go out and give a big Thank You to President Xi Jinping of China who made your release possible...”

Nov. 16, 2017: President Trump [tweets](#) “China is sending an Envoy and Delegation to North Korea - A big move, we'll see what happens!”

Nov. 19, 2017: President Trump [tweets](#) “Now that the three basketball players are out of China and saved from years in jail, LaVar Ball, the father of LiAngelo, is unaccepting of what I did for his son and that shoplifting is no big deal. I should have left them in jail!”

Nov. 19, 2017: President Trump [tweets](#) “Shoplifting is a very big deal in China, as it should be (5-10 years in jail), but not to father LaVar. Should have gotten his son out during my next trip to China instead. China told them why they were released. Very ungrateful!”

Nov. 21, 2017: US Treasury Department [sanctions](#) three Chinese companies and a Chinese individual for engaging in trade with Pyongyang.

Nov. 21, 2017: US [submits](#) a [Statement of Opposition](#) to the WTO to oppose granting China market economy status, in support of the European Union in a dispute with China.

Nov. 27, 2017: US Department of Justice [charges](#) three hackers who work at China-based internet security firm for hacking corporations operating in the US for commercial advantage.

Nov. 28, 2017: Secretary of Commerce Ross [announces](#) self-initiation of antidumping duty and countervailing duty investigations of imports of common alloy aluminum sheet from China.

Nov. 29, 2017: Trump [holds a phone call](#) with Xi after North Korea conducts another ICBM test. Trump reportedly [asks](#) Xi to halt oil supply to North Korea.

Nov. 29, 2017: President Trump [tweets](#) “Just spoke to President XI JINPING of China concerning the provocative actions of North Korea. Additional major sanctions will be imposed on North Korea today. This situation will be handled!”

Nov. 29-30, 2017: US Joint Chiefs Planning Director Lt. Gen. Richard Clarke and China’s Deputy Chief of the Joint Staff Department Maj. Gen. Shao Yuanming [chair the first meeting](#) between US and Chinese joint staff departments in Washington DC.

Nov. 30, 2017: President Trump [tweets](#) “The Chinese Envoy, who just returned from North Korea, seems to have had no impact on Little Rocket Man. Hard to believe his people, and the military, put up with living in such horrible conditions. Russia and China condemned the launch.”

Dec. 2, 2017: US Trade Representative [submits](#) a legal document to the WTO to defend its right to oppose granting China a market economy status.

Dec. 3, 2017: On the sidelines of the Chinese Communist Party in Dialogue with World Political Parties High-Level Meeting in Beijing, State Councilor Yang Jiechi [meets](#) Democratic and Republican representatives to discuss party-to-party exchanges.

Dec. 4, 2017: US-China Energy Cooperation Forum [is held](#) in Changsha, China.

Dec. 6, 2017: At the Fortune Global Forum in Guangzhou, US Ambassador to China Terry Branstad [says](#) that getting the US-China Investment Treaty approved would be “very difficult.”

Dec. 6, 2017: Vice Minister Zheng Zeguang arrives in Washington DC for talks with US counterparts, reportedly aimed at defusing tensions between the US and China on North Korea.

Dec. 11, 2017: China [launches](#) a complaint at the WTO against the US and EU after they fail to treat China as a market economy and ease calculations of anti-dumping duties on Chinese goods.

Dec. 13, 2017: Shao Yuanming, deputy chief of the CMC Joint Staff Department, [meets](#) US military delegation headed by David Helvey, acting assistant secretary of defense, who attended the second round of the Sino-US Dialogue on Asia-Pacific Security in Beijing.

Dec. 14, 2017: Inaugural US-China Consultation on Foreign Nongovernmental Organization Management [is held](#) in Beijing.

Dec. 14, 2017: Foreign Ministry spokesman says China [opposes](#) US National Defense Authorization Act, which includes the sense of Congress recommendation that the US and Taiwan conduct port calls.

Dec. 18, 2017: White House [issues](#) *National Security Strategy*, which refers to China as a strategic competitor and rival of the US.

Dec 19, 2017: Foreign Ministry spokesperson [urges](#) Washington to stop distorting China’s strategic intention and discard its “outdated Cold War mentality.”

Dec. 20, 2017: Trump [signs](#) executive order to devise “a strategy to reduce the Nation’s reliance on critical minerals” that are largely imported from China.

Dec. 22, 2017: UN Security Council [votes](#) unanimously in support of UNSC Resolution 2397, imposing fresh sanctions on North Korea.

Dec. 28, 2018: President Trump [tweets](#): “Caught RED HANDED - very disappointed that China is allowing oil to go into North Korea. There will never be a friendly solution to the North Korea problem if this continues to happen!”

Chronology by CSIS Research Intern Kaya Kuo