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US-CHINA RELATIONS

A DEAL IS STRUCK IN BUENOS AIRES

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On the sidelines of the G20 summit, Donald Trump and Xi Jinping put tariff hikes on hold and agreed to resume trade negotiations. Prior to the agreement, the US-China spat spilled over into the multilateral arena causing the first-ever failure to reach a joint communique at the Asia-Pacific Economic Cooperation (APEC) meeting in Port Moresby, Papua New Guinea. The imposition of sanctions by the US on the People's Liberation Army's Equipment Development Department and its director resulted in a temporary setback in military ties. The US took actions against Chinese individuals and hacking rings for allegedly stealing US technology to gain commercial advantage. The second US-China Diplomatic and Security Dialogue was held in Washington DC. Trump and Xi talked by phone in November and December.

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90-Day tariff truce and talks

The 13th G20 summit convened in Buenos Aires, Argentina on Nov. 30, bringing President Trump and President Xi face to face amid the ongoing US-China trade war. While expectations were uncertain going in, both sides emerged declaring the meeting a success. According to the statement from the White House Press Secretary, which President Trump [reportedly](#) dictated himself, the US [agreed](#) to leave the current 10 percent tariffs on \$200 billion of Chinese goods untouched to allow for a 90-day period of negotiations, after previously threatening an increase to 25 percent. In the same statement, China's concessions were said to include the purchase of "a not yet agreed upon, but very substantial, amount of agricultural, energy, industrial, and other product from the United States" as well as a promise "to start purchasing agricultural product from [US] farmers immediately." A further notable point was that China had "agreed to immediately begin negotiations on structural changes with respect to forced technology transfer, intellectual property protection," and several other key areas of US concern.



Figure 1 Chinese President Xi Jinping and US President Donald Trump during dinner in Buenos Aires. Photo: The Guardian

The Chinese Ministry of Foreign Affairs presented a different interpretation of the meeting's outcomes. The MFA's statement was markedly less detailed and contained no mention of the purported 90-day period of negotiations, instead [stating](#) that both sides "reached consensus not to impose new additional tariffs and agreed to instruct the economic teams of the two sides to step up negotiations." The only mention of a timeline came from Chinese State Councilor and Foreign Minister Wang Yi, who [told](#) the press that the goal would be "to reach a specific mutually-

beneficial agreement at an early date" – still a decidedly ambiguous characterization by comparison. The statement also did not touch on technology and cyber concerns nor mention any negotiations on changes to China's economic structure.

Discrepancies within the Trump administration over what the US and China agreed on also emerged. On Dec. 3, chief economic advisor Larry Kudlow [confirmed](#) to reporters that the 90-day trade truce would begin on Jan. 1. Yet, that evening the White House issued a correction to the transcript of Kudlow's briefing to reflect a Dec. 1 start date. Trump reiterated the correction the next day, tweeting that "negotiations with China have already started. Unless extended, they will end 90 days from the date of our wonderful and very warm dinner with President Xi in Argentina," which took place on Dec. 1.

Whether the US and China have significant differences over what was agreed upon in the deal remains to be seen. However, an agreement of any kind at Buenos Aires was never a certainty given the tumultuous months that preceded it.

Rising tensions

In early September, in the thick of the bilateral tit-for-tat tariffs, President Trump [told](#) reporters on Air Force One that "the \$200 billion [tariffs] . . . could take place very soon . . . and I hate to say this, but behind that is another \$267 billion ready to go on short notice if I want." Chinese Vice Premier Liu He planned to meet US Treasury Secretary Steven Mnuchin in Washington in late September, but the prospect quickly dissolved following President Trump's declaration of a new wave of 10 percent tariffs on \$200 billion of Chinese goods starting Sept. 24. The Chinese Ministry of Commerce predictably [slapped](#) retaliatory tariffs on \$60 billion of US goods "in response to the emergency caused by the US's violation of its international obligations and in order to safeguard China's legitimate rights and interests." President Xi cancelled Liu He's trip shortly after any sort of agreement appeared futile.

An early November phone call between Trump and Xi (the first known call in several months) offered a glimmer of hope for progress, with Kudlow [describing](#) the conversation as "a thaw" in the chilly relationship. However, US Trade

Representative Robert Lighthizer's updated Section 301 investigation report released on Nov. 20 suggested that it was premature to conclude that ties were headed in a positive direction. The original investigation findings released in March had sharply criticized China's laws, policies, and actions that harm US intellectual property, technology transfer, and innovation. In USTR's updated report, Lighthizer [concluded](#) that "China has not fundamentally altered its unfair, unreasonable, and market-distorting practices that were the subject of the [initial investigation]." The Chinese Ministry of Commerce [dismissed](#) the report as "level[ing] new, groundless accusations that go against facts."

APEC ends on a sour note

Outcomes from the annual Asia-Pacific Economic Cooperation (APEC) Economic Leaders' Meeting in Port Moresby, Papua New Guinea revealed further fissures in the US-China relationship. For the first time since its founding, leaders from the 21-member economies were unable to agree upon a joint communique. Papua New Guinea Prime Minister Peter O'Neill, who chaired the annual meeting, [pointed](#) to "the two big giants in the room" as the reason, unequivocally referring to the US and China. It was widely reported that the source of the disagreement was specific language in the communique, but the specific section and which country refused to compromise were both unclear. O'Neill told reporters that the inclusion of a section on World Trade Organization reform pushed by one country (which some sources [thought](#) to be the US) proved to be the issue. Other reports [suggested](#) that both the US and China objected to language proposed by the other, while still others [claimed](#) that China was the only holdout. The finger-pointing, lack of consensus, and contradictory stories underscored the friction in the US-China relationship. The spillover of the US-China row into the multilateral arena sparked concerns in many capitals.

Post-G20 progress

In the wake of the Buenos Aires summit, which President Trump [lauded](#) as "extraordinary," he put Ambassador Lighthizer in charge of upcoming negotiations, supported by Mnuchin, Kudlow, US Secretary of Commerce Wilbur Ross, and White House trade adviser Peter Navarro.

As 2018 came to a close, the agreements from the meeting began to play out on both sides. On Dec. 12, China [purchased](#) over 1.5 million tons of soybeans from the US, a welcomed relief for US farmers with record-high harvests. This was quickly [followed](#) by a second purchase of nearly 1.2 million tons just one week later. The Chinese Ministry of Finance [announced](#) that it would reverse its retaliatory tariff on US automobile imports, which was previously hiked to 25 percent in response to US tariff increases. In a further goodwill gesture to close out the year, China [published](#) a draft of its proposed law on foreign investment that specifically banned forced technology transfer. This action appeared aimed at meeting the US demand that China take steps to stop forced technology transfer and protect intellectual property. Many foreign observers remained [skeptical](#), however, that the law, if passed, would result in harsh prosecution of violators and deter further wrongdoing.

Anticipation that President Xi Jinping's Dec. 18 speech commemorating the 40th anniversary of economic reform and opening would signal renewed determination to proceed with a reformist economic agenda, spurred by Chinese sources pushing to use US pressure to implement reforms, was not met with hoped for results. Rather than advancing Deng Xiaoping's pro-market vision, Xi appeared to double down on CPP policies that emphasize state-owned enterprises. At the Central Economic Work Conference held later that same week, there was no mention of "Made in China 2025," the industry investment plan aimed at making China leader in cutting edge technologies of the 21st century that the Trump administration has denounced, but industrial policy was [assigned](#) priority as one of seven "key tasks for 2019."

In the US, the Office of the United States Trade Representative [issued](#) a Notice of Modification of Section 301 Action, officially postponing the 25 percent tariff increase originally scheduled for Jan. 1 until after the 90-day window agreed upon by both sides. President Trump confirmed the continued dialogue in his Dec. 29 tweet, announcing that he "just had a long and very good call with President Xi of China. Deal is moving along very well . . . big progress being made!" The conversation is [set](#) to continue in early January, with a US trade delegation scheduled to meet in Beijing followed by Washington talks in the following weeks between Liu He, Lighthizer, and Mnuchin.

Temporary setback in military ties

As part of an effort to impose costs on Russia in response to its interference in the US election process, its behavior in eastern Ukraine, and other unspecified “malign” activities, the US government [expanded](#) its blacklist of individuals and entities subject to sanctions under the Countering America’s Adversaries Through Sanctions Act (CAATSA). Among the entities added to the list on Sept. 20 was the People’s Liberation Army’s Equipment Development Department and its director, Li Shangfu, who purchased *Su-35* combat aircraft and a *S-400* surface-to-air missile system from Russia. US law requires sanctions to be imposed on anyone undertaking significant transactions with certain people in the Russian intelligence and military services, including arms manufacturers.

Chinese Foreign Ministry Spokesman Geng Shuang condemned the action, claiming that the sanctions “severely violated the basic norms of international relations and damaged the relations between the two countries and two militaries.” In retaliation, China recalled PLA Navy Commander Shen Jilong, who was attending the 23rd International Seapower Symposium at the US Naval War College in Newport, Rhode Island, and postponed a three-day bilateral dialogue between the joint staff departments of the two militaries. According to CCTV, the Chinese government [called](#) on the US to “immediately correct its mistake” and “revoke the sanctions,” and said that the PLA reserved the right to take further countermeasures.

A few days later, China [denied](#) a request for the *USS Wasp*, an amphibious assault ship, to make a port call in Hong Kong in October. The Chinese didn’t explicitly link the denial with the US sanctions, saying only that approvals for US military ship visits to Hong Kong are always carried out on a case-by-case basis, “in accordance with the principle of sovereignty and the detailed situation.”

Signaling a further increase in bilateral tensions, the second Diplomatic and Security Dialogue which had been planned for mid-October in Beijing was shelved at the end of September. The US blamed China for the cancelation, but the Chinese insisted that the US had requested a postponement.

On the same day that the US made the announcement, the US Navy destroyer *Decatur* conducted a freedom of navigation operation (FONOP), sailing within 12 nm of Gaven and Johnson Reefs in the Spratly Islands. In what the US Navy [called](#) “an unsafe and unprofessional” maneuver, a Chinese *Luyang*-class destroyer came within 45 yards of the *Decatur*’s bow, forcing the US warship to veer sharply to prevent a collision. A few weeks later, US Defense Secretary James Mattis told reporters on the plane as he embarked on a trip to Asia, “When the Chinese ships are putting bumpers over the side. . . you don’t do that when you’re out in the middle of the ocean, unless you’re intending to run into something.”



Figure 2 A US Navy photo of the near-collision of the *USS Decatur* (left) and PRC Warship 170 on Sept. 30. Photo: gCaptain

Mattis seized the opportunity to lower bilateral tensions in a meeting with Chinese Defense Minister Wei Fenghe on the sidelines of the ASEAN Defense Minister Meeting Plus in Singapore on Oct. 18. In a 90-minute discussion, Mattis reportedly stressed that the two militaries should act as a stabilizing force in the bilateral relationship. He invited Wei to visit the US as soon as possible. According to Assistant Secretary of Defense Randy Schriver, Mattis [highlighted](#) the concerns of other Asia-Pacific countries over Chinese behavior in the South China Sea. *Xinhua*’s coverage of the meeting emphasized Wei’s call for the two militaries to “make a joint effort to strengthen strategic communication, manage and control security risks, expand areas of cooperation, and promote the sound and stable development of the two armies’ relations.”

At a regular press conference after Wei returned to Beijing, China’s Ministry of National Defense spokesman [called](#) for the US and China to promote bilateral military ties as a “stabilizer” for bilateral relations.

Just three weeks after the two defense officials' meeting in Singapore, Wei Fenghe visited the Pentagon, marking the third meeting between Mattis and Wei in less than five months. The talks apparently [included](#) discussion of risk reduction efforts that both sides can take to avoid an inadvertent accident. Chinese media noted that the South China Sea, Taiwan, and the Korean Peninsula were on the agenda. A *Xinhua* report [cited](#) Mattis stating that the US "has no intention to contain China and that fostering a constructive military-to-military relationship with China has always been a goal for the United States." In a sign of easing tensions, the aircraft carrier *USS Ronald Reagan* stopped in Hong Kong in mid-November.

Another FONOP took place toward the end of November. The *USS Chancellorsville* sailed near the Paracel islands, challenging China's excessive maritime claims. The US warship was shadowed by a Chinese vessel, but no unsafe maneuvers were reported. Two days later, two US Navy ships sailed through the Taiwan Strait – the third time that US warships passed through that waterway this year. China protested both operations.

Diplomatic and Security Dialogue convenes

On Nov. 9, the second US-China Diplomatic and Security Dialogue was held in Washington DC, led by Secretary of State Mike Pompeo and Secretary of Defense Mattis on the US side, and by Director of the CCP's Office of Foreign Affairs Yang Jiechi and State Councilor and Defense Minister Gen. Wei Fenghe on the Chinese side. The meeting lasted less than two hours, and, according to the media note [issued](#) by the US Department of State, touched on many issues, including the overall bilateral relationship, strategic security and mil-mil relations, North Korea, Afghanistan, Iran, the South China Sea, Taiwan, Xinjiang, counternarcotics, and US institutions and citizens.



Figure 3 (L to R) Chinese State Councilor and Defense Minister General Wei Fenghe, CCP Office of Foreign Affairs Director Yang Jiechi, US Secretary of State Mike Pompeo, and US Secretary of Defense James Mattis. Photo: Flickr

Given the large number of issues tabled and the limited time spent in discussions, it is likely that there was little more than an exchange of talking points. For the Chinese side, however, simply holding the meeting was sufficient to signal an improved atmosphere in the bilateral relationship before the meeting between the US and Chinese presidents at the G20 in Buenos Aires.

At a joint press availability [following](#) the dialogue, Secretary Pompeo described the talks as friendly and constructive. Although both the US and China continue to "confront important differences in the bilateral relationship," Pompeo said, "cooperation remains essential on many, many central issues." He also noted that "the United States is not pursuing a Cold War or containment policy with China," adding "Rather, we want to ensure that China acts responsibly and fairly in support of security and prosperity in each of our two countries."

Yang Jiechi termed the dialogue "candid, constructive, and productive." Addressing the Asia-Pacific, Yang asserted that China respects US interests in the region, but at the same time expects the US to respect China's security interests there as well. He defended China's construction in the South China Sea as necessary "in response to possible threats from outside." Yang put forward brief statements on every issue discussed during the dialogue, including human rights, which he insisted "have been fully respected and protected" in China, and called upon the US to "respect" that fact.

Defense Secretary Mattis underscored that "competition does not mean hostility, nor must

it lead to conflict.” In the South China Sea, he called on all Chinese vessels and aircraft, including those in the PLA Navy, the Chinese Coast Guard, and the Maritime Militia, to operate in a safe and professional manner, in accordance with international law. Mattis said that the US is committed to creating a military-to-military crisis deconfliction and communication framework with China as well as implement and strengthen confidence-building measures.

Defense Minister Wei emphasized that China’s defense policy is “defensive in nature” and pledged that China would never seek hegemony “however strong we may grow.” He urged the US to respect China’s core interests and major concerns so that the two countries could “achieve a relationship defined by no conflict, no confrontation, mutual respect, and win-win cooperation,” a formulation that Xi Jinping has dubbed a new type of great power relations.

Speech by Vice President Pence draws China’s ire

Speaking to the United Nations Security Council in September, President Trump accused China of attempting to interfere in the 2018 election. “They do not want me or us to win,” he said, “because I am the first president to challenge China in trade.” Foreign Minister Wang Yi, who attended the UNSC session, said that China would not “accept any unwarranted accusations against China,” insisting that his country “do(es) not and will not interfere in any countries’ domestic affairs.

Chinese interference in US elections was among the issues addressed in a major [speech](#) on China delivered by Vice President Pence on Oct. 4 at the Hudson Institute in Washington DC. The tone of the speech was confrontational. Pence laid out a litany of Chinese behaviors that the US finds objectionable but didn’t offer much in the way of solutions except for China to change fundamentally. He accused China of engaging in economic aggression, attempting to push the US out of the Western Pacific, persecuting religious believers in China, and using “debt diplomacy” to expand its influence. He [accused](#) China of using “an arsenal of policies inconsistent with free and fair trade” and warned that the US “will levy even more tariffs . . . unless a fair and reciprocal deal is made.” Pence also charged that Beijing is employing its power “in more proactive and coercive ways to interfere in the

domestic policies . . . and to interfere in the politics of the United States.”

The Chinese were likely stunned by the frontal attack and questioned the Trump administration’s intentions. Undoubtedly many viewed the speech as evidence that Washington was launching a new Cold War aimed at containing China’s rise. China’s foreign ministry called Pence’s remarks “malicious slander” that was created out of “thin air.” Following the speech, Chinese state media published a series of commentaries denouncing the vice president’s pronouncements. One such *Xinhua* commentary published over a week after the speech, [maintained](#) that “The accusations are so spurious and so absurd that they cannot stand any serious fact check.” It called for the US to “restore sanity and responsibility to its China policy.”

When Secretary Pompeo arrived in Beijing from a visit to Pyongyang to discuss Korean Peninsula matters, he was barraged with protests from Chinese officials. Wang Yi [complained](#) that the Trump administration’s actions “directly impacted our mutual trust and cast a shadow over our bilateral relations.” Yang Jiechi insisted that China would safeguard its interests. In a clear signal of displeasure, Xi Jinping, who had met Pompeo on a prior visit in June, refused to receive the US secretary of state.

Trade espionage concerns

A Chinese intelligence official was arrested in Belgium and extradited to the US in mid-October, where he will face espionage charges. The extradition marked the first time that a Chinese official from the Ministry of State Security has been brought to the US to be prosecuted and tried in a public trial. The official, Xu Yanjun, worked for the Ministry of State Security, and allegedly tried to steal trade secrets from US companies. China rejected US espionage claims against Xu, saying that the charges were trumped up “out of thin air.”

At the end of October, the US indicted 10 Chinese intelligence officers and co-conspirators on hacking charges targeting US and European aircraft engine firms between 2010 and 2015. According to the US, the hackers sought to steal turbofan jet engine technology for Chinese companies. Once again, the Chinese dismissed the charges as “sheer fiction and totally fabricated.” The head of the justice

department's national security division, John Demers, [said](#), however, "This is just the beginning. . . . Together with our federal partners, we will redouble our efforts to safeguard America's ingenuity and investment." Meanwhile, the Trump administration [announced](#) new restrictions on foreign investment aimed at preventing China from gaining easy access to American companies.

Trump and Xi

There were no meetings or phone calls between Presidents Donald Trump and Xi Jinping in September or October. When Trump was in New York to attend UN meetings in September, he told the press that his friendship with Xi, which in the past he described as close, could be over. Asked how Xi Jinping could remain a friend given the spike in US-China tensions, Trump [replied](#), "He may not be a friend of mine anymore, but I think he probably respects me."

On Nov. 1, Trump and Xi talked by phone and appeared to patch up their relationship. After the call, Trump tweeted: "Just had a long and very good conversation with President Xi Jinping of China. We talked about many subjects, with a heavy emphasis on Trade. Those discussions are moving along nicely with meetings being scheduled at the G-20 in Argentina. Also had a good discussion on North Korea!"

According to the *Xinhua* account of the call, Trump said that he "attached importance to excellent relations with President Xi Jinping" and called for the two countries' heads of state to "often maintain direct communication." Xi was reportedly less effusive, saying that he was "very pleased to talk again" with President Trump on the phone, that he also "attached importance to maintaining excellent relations between the two leaders, and that he was willing to meet with Trump on the sidelines of the G20 Summit.

When the two presidents sat down for dinner along with their top advisers on Dec. 1 in Argentina, the outcome was not predetermined. Although the US and Chinese teams held discussions beforehand, no deal had been finalized. According to White House Trade Adviser Peter Navarro, Xi Jinping [spoke](#) the first 30 minutes of the dinner, "laying out chapter and verse all of the things that they promised to do," including addressing US concerns about

forced technology transfer, cyber theft and lack of market access. Xi's commitments apparently persuaded Trump that a truce should be declared on tariffs and trade negotiations should begin but produce results within 90 days.

The statements released by both the US and China hailed the results of the meeting, with the US calling it "highly successful" and the Chinese calling it "very successful." The Chinese statement was devoid of details, highlighting the importance of the US-China relationship and a shared commitment to increase bilateral cooperation and maintain close exchanges. Both statements referenced the two sides' agreement to strengthen law enforcement cooperation to combat distribution of the synthetic drug Fentanyl. The Chinese statement noted that the leaders had discussed Taiwan and the US "pledged to continue to adhere to the one-China policy." Trump and Xi also "compared notes on the Korean Peninsula situation and other major international and regional affairs," according to China's statement. The US statement closed with a remark by President Trump that "This was an amazing and productive meeting with unlimited possibilities for both the United States and China. It is my great honor to be working with President Xi."

A year-end phone call was initiated by President Trump. According to *Xinhua*, Trump told Xi that he is "very happy that the work teams of the two countries are making efforts to implement the important consensus that I reached with President Xi Jinping when we met in Argentina" and expressed his hope that the negotiations can achieve "positive results that are favorable to the people of our two countries and others in the world." Xi said that he hoped "the teams of both sides can meet each other half way and pay close attention to the work to strive to as early as possible reach an agreement..."

Strategic crossroads?

US-China trade negotiations will begin in the first quarter of 2019. The talks hold out the potential for a resolution to some of the economic problems if the Trump administration opts to lower the bar and settle for less than it has demanded. An alternative outcome is that the talks end with insufficient progress, followed by a return to acrimony and a resumption of tariffs. The first few months of 2019 will be critical in determining the course of US-China relations for the remaining two years of the Trump administration.

CHRONOLOGY OF US-CHINA RELATIONS

SEPTEMBER – DECEMBER 2018

Sept. 5, 2018: Senate Foreign Relations Subcommittee on East Asia, The Pacific, and International Cybersecurity Policy holds [hearing](#) on “The China Challenge, Part 2: Security and Military Developments.”

Sept. 6, 2018: Chinese Commerce Minister Gao Feng [warns](#) that China will be forced to retaliate if President Trump announces new tariffs on Chinese goods.

Sept. 7, 2018: Aboard Air Force One, President Trump reportedly [says](#), “The US\$200 billion we are talking about could take place very soon depending on what happens with them. To a certain extent it’s going to be up to China, and I hate to say this, but behind that is another US\$267 billion ready to go on short notice if I want. That changes the equation.”

Sept. 8, 2018: Trump [tweets](#), “Apple prices may increase because of the massive Tariffs we may be imposing on China - but there is an easy solution where there would be ZERO tax, and indeed a tax incentive. Make your products in the United States instead of China. Start building new plants now. Exciting! #MAGA”

Sept. 9, 2018: Trump [tweets](#), “If the U.S. sells a car into China, there is a tax of 25%. If China sells a car into the U.S., there is a tax of 2%. Does anybody think that is FAIR? The days of the U.S. being ripped-off by other nations is OVER!”

Sept. 8-9, 2018: Vice Foreign Minister Zheng Zeguang [visits](#) Washington for two days to prepare for the Diplomatic and Security Dialogue.

Sept. 12, 2018: China [requests](#) authorization from the World Trade Organization to impose \$7 billion a year in sanctions on the US in retaliation for Washington’s non-compliance with a ruling in a dispute over US dumping duties.

Sept. 13, 2018: Trump [tweets](#), “The Wall Street Journal has it wrong, we are under no pressure to make a deal with China, they are under pressure to make a deal with us. Our markets are surging, theirs are collapsing. We will soon be taking in Billions in Tariffs & making products at home. If we meet, we meet?”

Sept. 13, 2018: US [imposes](#) sanctions on a China-based tech firm, Yanbian Silverstar Network Technology Co, its North Korean CEO, and a Russian subsidiary, accusing them of moving illicit funding to North Korea in violation of US sanctions.

Sept. 17, 2018: Trump [announces](#) tariffs, scheduled to go into effect on Sep. 24, on \$200 billion worth of Chinese products.

Sept. 17, 2018: China’s Ministry of Finance [announces](#) it will enact retaliatory tariffs on \$60 billion of US goods, ranging from meat to wheat and textiles, taking effect on Sep. 24, 2018.

Sept. 17, 2018: 2018 Asia Pacific Military Medicine Conference sponsored jointly by the Chinese and US militaries [takes](#) place in Xi’an, Shaanxi.

Sept. 18, 2018: China’s Ministry of Commerce [says](#) that “In order to safeguard our legitimate rights and interests and the global free trade order, China will have to take countermeasures,” in a statement, continuing that, “[They] deeply regret this.”

Sept. 18, 2018: Trump [tweets](#), “China has openly stated that they are actively trying to impact and change our election by attacking our farmers, ranchers and industrial workers because of their loyalty to me. What China does not understand is that these people are great patriots and fully understand that.....”

Sept. 18, 2018: Trump [tweets](#), “.....China has been taking advantage of the United States on Trade for many years. They also know that I am the one that knows how to stop it. There will be great and fast economic retaliation against China if our farmers, ranchers and/or industrial workers are targeted!”

Sept. 20, 2018: Under the Countering America's Adversaries Through Sanctions Act of 2017 (CAATSA), the Trump administration [sanctions](#) a Chinese military department and its director, Li Shangfu, for engaging in significant transactions with Russia's main arms exporter.

Sept. 22, 2018: China's Ministry of Defense [recalls](#) Navy Commander Shen Jinlong from the US where he was attending a conference and postpones US-China joint staff talks that were to take place Sep. 25-27 in Beijing.

Sept. 24, 2018: CIA Director Gina Haspel [remarks](#) at the University of Louisville that she thinks China is working to "diminish US influence in order to advance their own goals," and expresses the CIA's concern about Beijing's efforts to expand its global influence through loans to poorer nations.

Sept. 24, 2018: US Department of State [notifies](#) Congress of the sale of \$330 million in spare parts for F-16s and other aircraft to Taiwan.

Sept. 25, 2018: China [denies](#) a request for a US port visit to Hong Kong by the *USS Wasp*.

Sept. 25, 2018: Director of National Intelligence Dan Coats [warns](#) about China's cyber activities trying to "exploit divisions between US federal and local levels on policy," during his remarks at The Citadel in Charleston, SC.

Sept. 25, 2018: President Trump [remarks](#) that he has "great respect and affection for [his] friend, President Xi, but [Trump has] made clear [the US-China] trade imbalance is just not acceptable. China's market distortions and the way they deal cannot be tolerated," during his address to the 73rd United Nations General Assembly.

Sept. 26, 2018: Trump [accuses](#) China of "attempting to interfere in [the] upcoming 2018 election, coming up in November, against [the Trump] administration," in his remarks to a UN Security Council meeting on nonproliferation in New York. State Councilor Wang Yi responds, "We did not and will not interfere in any country's domestic affairs. We refuse to accept any unwarranted accusations against China," in the same session.

Sept. 26, 2018: President Trump [remarks](#) that President Xi "may not be a friend of mine anymore but I think he probably respects me," at a press conference following a UNSC meeting on nonproliferation in New York.

Sept. 26, 2018: House of Representatives [passes](#) Reciprocal Access to Tibet Act, which seeks to impose a visa ban on Chinese officials who deny US citizens, government officials, and journalists access to Tibet.

Sept. 26, 2018: Trump [tweets](#), "China is actually placing propaganda ads in the Des Moines Register and other papers, made to look like news. That's because we are beating them on Trade, opening markets, and the farmers will make a fortune when this is over!"

Sept. 30, 2018: US Navy destroyer *Decatur* [sails](#) within 12 nm of Gaven and Johnson Reefs in the Spratly Islands, conducting a freedom of navigation operation.

Sept. 30, 2018: US says China [canceled](#) the annual Diplomatic and Security Dialogue between high-level officials from the US and China that was planned to take place mid-October in Beijing. China later says it was the US that canceled the meeting.

Oct. 1, 2018: Secretary James Mattis [tells](#) reporters "There's tension points in the relationship, but based on discussions coming out of New York last week and other things that we have coming up, we do not see it getting worse"

Oct. 3, 2018: China's Ambassador to the United States Cui Tiankai [blames](#) the US for the trade war, remarking that China is "ready to make a deal. [China is] ready to make some compromise, but it needs the goodwill from both sides," in an interview with *National Public Radio (NPR)*.

Oct. 4, 2018: Vice President Mike Pence delivers [speech](#) on China at the Hudson Institute, criticizing its political system and trade policies, and accusing it of interfering in US elections.

Oct. 8, 2018: Secretary Pompeo [meets](#) Minister Wang Yi and Yang Jiechi in Beijing after visiting Pyongyang and Seoul. Both express harsh criticisms of US policies toward China.

Oct. 10, 2018: Trump administration [announces](#) new powers to Committee on Foreign Investment in the US (CFIUS) that will allow the US to block a wider array of foreign investments including joint ventures and smaller investments deemed critical to national security.

Oct. 10, 2018: Chinese spy, Yanjun Xi, is [extradited](#) to the United States for stealing US technology secrets.

Oct. 11, 2018: Trump administration [announces](#) new restrictions on civilian nuclear technology exports to China.

Oct. 12, 2018: US Treasury Secretary Steven Mnuchin [meets](#) People's Bank of China Governor Yi Gang on the sidelines of the IMF and World Bank meeting in Bali.

Oct. 15, 2018: At Chiefs of Defense Conference Dinner in Washington DC, US Ambassador to the UN Nikki Haley [condemns](#) China's detention of Uighurs in camps, saying that "the government is engaged in the persecution of religious and ethnic minorities that is straight out of George Orwell."

Oct. 15, 2018: On a plane en route to Vietnam, Secretary of Defense Mattis [says](#) the US is "not out to contain China" and is cooperating whenever possible, but that there would be times they would "step on each other's toes."

Oct. 16, 2018: Two US Air Force bombers [depart](#) from the Anderson Air Force Base in Guam as part of what the US says is a "routine training mission in the vicinity of the South China Sea."

Oct. 17, 2018: US Department of the Treasury [refrains](#) from naming China as a currency manipulator in its semiannual Report on Macroeconomic and Foreign Exchange Policies of Major Trading Partners of the United States.

Oct. 17, 2018: Speaking to *FOX News*, Trump [remarks](#), "[China wants] to make a deal. I said you guys are not ready yet. You're just not ready because look, they have been taking \$500 billion a year out of our country. It is time that we stopped."

Oct. 18, 2018: Secretary of Defense Mattis and Chinese Defense Minister Wei Fenghe [meet](#) on the sidelines of the ASEAN Defense Ministers Meeting Plus in Singapore.

Oct. 22, 2018: Two US Navy vessels [sail](#) through the Taiwan Strait.

Oct. 25, 2018: Trump [tweets](#), "The New York Times has a new Fake Story that now the Russians and Chinese (glad they finally added China) are listening to all of my calls on cellphones. Except that I rarely use a cellphone, & when I do it's government authorized. I like Hard Lines. Just more made up Fake News!"

Oct. 26, 2018: Planned \$330 million arms sale to Taiwan [wins](#) de facto congressional approval.

Oct. 29, 2018: In an interview with *FOX*, Trump [says](#), "I think that we will make a great deal with China and it has to be great, because they've drained our country." He threatens further tariffs on the \$267 billion in Chinese exports to the United States.

Oct. 29, 2018: US Department of Commerce [announces](#) it will begin restricting US companies from selling software and technology goods to Fujian Jinhua Integrated Circuit Co., a state-owned chip maker.

Oct. 31, 2018: US Department of Justice [accuses](#) two Chinese intelligence officers of stealing aerospace secrets.

Nov. 1, 2018: Attorney General Jeff Sessions [announces](#) that a grand jury in San Francisco returned an indictment alleging economic espionage on the part of a Chinese state-owned, government owned, company, a Taiwan company, and three Taiwan individuals for an alleged scheme to steal trade secrets from Micron, an Idaho-based semi-conductor company.

Nov. 1, 2018: At President Trump's request, he and President Xi [speak](#) by phone. Xi tells Trump that economic and trade disputes risk harming both of their countries.

Nov. 1, 2018: Trump [tweets](#), "Just had a long and very good conversation with President Xi Jinping of China. We talked about many subjects, with a heavy emphasis on Trade. Those discussions are moving along nicely with meetings being scheduled at the G-20 in Argentina. Also had good discussion on North Korea!"

Nov. 1, 2018: Premier Li Keqiang [meets](#) US Congressional delegation headed by Sen. Lamar Alexander.

Nov. 2, 2018: Asked about being directed by President Trump to draft a trade solution for China, White House Economic Advisor Larry Kudlow responds, “There’s no massive movement to deal with China,” in an [interview](#) with *CNBC*.

Nov. 9, 2018: US and China convene the second round of the US-China Diplomatic and Security Dialogue in Washington DC. Secretary Pompeo, Secretary Mattis, Yang Jiechi, and Defense Minister General Wei Fenghe [hold](#) a press conference afterwards.

Nov. 9, 2018: Via phone, Treasury Secretary Mnuchin and Vice Premier Liu He [resume](#) discussion about a deal to ease trade tension.

Nov. 13, 2018: Sen. Marco Rubio and Sen. Chris Coons [express](#) concern about the prospect of China getting control of a port in Djibouti in a letter to Secretary Pompeo.

Nov. 13, 2018: Chinese and US armed forces [start](#) an eight-day joint humanitarian assistance and disaster relief drill in Nanjing.

Nov. 14, 2018: Sen. Rubio and Sen. Bob Menendez [introduce](#) the Uyghur Human Rights Policy Act, which calls for the State Department to appoint a Special Coordinator for Xinjiang and apply Global Magnitsky and related sanctions to Chinese officials.

Nov. 16, 2018: Trump [tells](#) White House reporters that in an effort to reduce trade tensions, China “sent a list of things that they’re willing to do, which is a large list, and it’s just not acceptable to me yet.”

Nov. 18, 2018: Differences between the US and China [prevent](#) the issuance of a communique for the first time ever at the APEC Leaders’ Meeting in Papua New Guinea.

Nov. 20, 2018: USTR releases a [report](#) updating information on its Section 301 investigation of “China’s acts, policies and practices related to technology transfer, intellectual property and innovation.”

Nov. 21, 2018: The aircraft carrier *USS Ronald Reagan* [makes](#) a port call in Hong Kong.

Nov. 26, 2018: In an interview with the *Wall Street Journal*, Trump [says](#) that he thinks it is “highly unlikely” he will delay applying tariffs to remaining Chinese imports.

Nov. 26, 2018: Chinese Ambassador Cui Tiankai [tells](#) the *Wall Street Journal* that he hopes a Trump-Xi meeting at the upcoming G20 Summit will “give us clear strategic guidance on where the relationship is going.”

Nov. 26, 2018: *USS Chancellorsville* [conducts](#) a freedom of navigation operation, sailing near the Paracel islands to challenge excessive Chinese maritime claims.

Nov. 27, 2018: In an interview with *Reuters*, Ambassador Cui Tiankai [states](#) that he does not think Beijing will use its holding of US Treasuries as a weapon in the trade war.

Nov. 28, 2018: US [sends](#) two warships, including a guided-missile destroyer, through the Taiwan Strait.

Nov. 28, 2018: Congressional-Executive Committee on China [holds](#) a hearing on “The Communist Party’s Crackdown on Religion in China.”

Nov. 29, 2018: Trump [tweets](#), “Billions of Dollars are pouring into the coffers of the U.S.A. because of the Tariffs being charged to China, and there is a long way to go. If companies don’t want to pay Tariffs, build in the U.S.A. Otherwise, lets just make our Country richer than ever before!”

Nov. 29, 2018: Trump [tells](#) the media before taking off for Argentina, “I think we’re very close to doing something with China, but I don’t know that I want to do it, because what we have right now is billions and billions of dollars coming into the United States in the form of tariffs and taxes . . . I think China wants to make a deal. I’m open to making a deal, but, frankly, I like the deal we have right now.”

Dec. 1, 2018: Presidents Trump and Xi [meet](#) on the sidelines of the G20 Summit and agree to delay imposing new tariffs.

Dec. 1, 2018: Canadian authorities [arrest](#) Huawei CFO Meng Wanzhou for extradition to the US on charges that she violated US export and sanctions laws by shipping US-origin products to Iran. The Chinese government strongly protest her arrest.

Dec. 2, 2018: Trump [tweets](#), “China has agreed to reduce and remove tariffs on cars coming into China from the U.S. Currently the tariff is 40%.”

Dec. 3, 2018: Trump [tweets](#), “My meeting in Argentina with President Xi of China was an extraordinary one. Relations with China have taken a BIG leap forward! Very good things will happen. We are dealing from great strength, but China likewise has much to gain if and when a deal is completed. Level the field!”

Dec. 3, 2018: Trump [tweets](#), “Farmers will be a very BIG and FAST beneficiary of our deal with China. They intend to start purchasing agricultural product immediately. We make the finest and cleanest product in the World, and that is what China wants. Farmers, I LOVE YOU!”

Dec. 3, 2018: Trump [tweets](#), “President Xi and I have a very strong and personal relationship. He and I are the only two people that can bring about massive and very positive change, on trade and far beyond, between our two great Nations. A solution for North Korea is a great thing for China and ALL!”

Dec. 4, 2018: Trump [tweets](#), “The negotiations with China have already started. Unless extended, they will end 90 days from the date of our wonderful and very warm dinner with President Xi in Argentina. Bob Lighthizer will be working closely with Steve Mnuchin, Larry Kudlow, Wilbur Ross and Peter Navarro... Trump [continues](#), “...on seeing whether or not a REAL deal with China is actually possible. If it is, we will get it done. China is supposed to start buying Agricultural product and more immediately. President Xi and I want this deal to happen, and it probably will. But if not remember...” He [adds](#), “...But if a fair deal is able to be made with China, one that does all of the many things we know must be finally done, I will happily sign. Let the negotiations begin. MAKE AMERICA GREAT AGAIN!”

Dec. 4, 2018: Trump [tweets](#), “We are either going to have a REAL DEAL with China, or no deal at all – at which point we will be charging major Tariffs against Chinese product being shipped into the United States. Ultimately, I believe, we will be making a deal – either now or into the future....”

Dec. 4, 2018: Trump [concludes](#) his tweets, writing that “...China does not want Tariffs!”

Dec. 5, 2018: Eighth US–China Dialogue on Rule of Law and Human Rights [takes](#) place in Beijing.

Dec. 5, 2018: Trump [tweets](#), “China officially echoed President Donald Trump’s optimism over bilateral trade talks. Chinese officials have begun preparing to restart imports of U.S. Soybeans & Liquified Natural Gas, the first sign confirming the claims of President Donald Trump and the White House that.....” Trump [continues](#), “.....China had agreed to start “immediately” buying U.S. products.’ @business”

Dec. 5, 2018: President Trump [tweets](#), “Very strong signals being sent by China once they returned home from their long trip, including stops, from Argentina. Not to sound naive or anything, but I believe President Xi meant every word of what he said at our long and hopefully historic meeting. ALL subjects discussed! He [adds](#), “One of the very exciting things to come out of my meeting with President Xi of China is his promise to me to criminalize the sale of deadly Fentanyl coming into the United States. It will now be considered a “controlled substance.” This could be a game changer on what is.....” And [concludes](#), “.....considered to be the worst and most dangerous, addictive and deadly substance of them all. Last year over 77,000 people died from Fentanyl. If China cracks down on this “horror drug,” using the Death Penalty for distributors and pushers, the results will be incredible!”

Dec. 6, 2018: Chinese government [demands](#) the immediate release of Meng Wanzhou, Huawei Technologies’ chief financial officer and the daughter of the company’s founder, after she was arrested changing planes in Vancouver, B.C. on Dec. 1.

Dec. 6, 2018: Trump [tweets](#), “Statement from China: “The teams of both sides are now having smooth communications and good cooperation with each other. We are full of confidence that an agreement can be reached within the next 90 days.” I agree!”

Dec. 7, 2018: Trump [tweets](#), “China talks are going very well!”

Dec. 8, 2018: Chinese government summons both the US and Canadian ambassadors in Beijing to demand the release of Meng Wanzhou, chief financial officer of Huawei.

Dec. 9, 2018: US Trade Representative Robert Lighthizer [says](#) on CBS: “If there’s a deal to be done, we’ll make it. The president wants us to make a deal. It has to be verifiable, it has to be monitored, it can’t be just vague promises like we’ve seen over the last 25 years....As far as I’m considered, it’s a hard deadline.”

Dec. 10, 2018: Treasury Secretary Steven Mnuchin, USTR Lighthizer, and Chinese Vice Premier Liu He [talk](#) by phone. US sources say that Chinese purchases of agricultural products and changes to fundamental Chinese economic policies were discussed. China’s Commerce Ministry issues a statement saying the call was meant to “push forward with next steps in a timetable and road map” for negotiations.

Dec. 11, 2018: Secretary of State Pompeo [cites](#) China as one of 10 countries that has engaged or tolerated “systematic, ongoing (and) egregious violations of religious freedom.” All 10 nations are categorized as “Countries of Particular Concern” under the International Religious Freedom Act of 1998.

Dec. 11, 2018: US Senate passes the Reciprocal Access to Tibet Act ([H.R. 1872](#)) and the legislation goes to the desk of President Trump, who is expected to sign the bill into law.

Dec. 11, 2018: Trump [tweets](#), “Very productive conversations going on with China! Watch for some important announcements!”

Dec. 13, 2018: National Security Adviser John Bolton [delivers](#) a speech at the Heritage Foundation in Washington DC in which he argues that the greatest threat to Africa comes from an expansionist China and from Russia, not from poverty or Islamist extremism.

Dec. 13, 2018: Bipartisan group of six US senators, led by Marco Rubio (R-FL) and Catherine Cortez Masto (D-NV), send a letter to key members of the Trump administration urging action on allegations of the Chinese Communist Party's interference in Taiwan's elections.

Dec. 14, 2018: Trump [tweets](#), “China just announced that their economy is growing much slower than anticipated because of our Trade War with them. They have just suspended U.S. Tariff Hikes. U.S. is doing very well. China wants to make a big and very comprehensive deal. It could happen, and rather soon!”

Dec. 19, 2018: China and the US [hold](#) a vice-ministerial level telephone call on trade and other economic issues.

Dec. 20, 2018: US and British authorities allege a Chinese hacking group known as APT-10 led a two-year effort against the West which included targeting 45 US technology companies, more than 100,000 US Navy personnel, and computers belonging to NASA. US Justice Department [charges](#) two Chinese nationals with conducting the attacks on behalf of the Chinese Ministry of State Security.

Dec. 21, 2018: China and the US hold another vice-ministerial level telephone call and, according to the Chinese Ministry of Commerce, [achieve](#) a “deep exchange of views” on trade imbalances and the protection of intellectual property rights.

Dec. 29, 2018: Presidents Trump and Xi talk by phone.

Dec. 29, 2018: Trump [tweets](#), “Just had a long and very good call with President Xi of China. Deal is moving along very well. If made, it will be very comprehensive, covering all subjects, areas and points of dispute. Big progress being made!”

Chronology by CSIS research intern Erin Slawson

