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One Year of President Donald Trump's China Policy

S. Trush

CHINA became a defining topic of Donald Trump's election campaign, since it was closely associated with the basic elements of both his foreign and domestic policy. Whether directly or indirectly, China affected globalization, its pluses and minuses for America, U.S. jobs and industry, the conditions of American business's competition on both the domestic and foreign markets, the ensuring of free trade, the revival of depressed industrial regions, the leaking of technological and strategic secrets, key elements of military strategy, and the United States' role in the world and geoeconomics.

Trump's strong criticism of China in a wide variety of areas and on a great many grounds played a considerable role in his being elected. For a broad spectrum of American voters, China was presented – and perceived – as a source of many evils.

Most important and memorable were Trump's promises to use super-protectionist measures in bilateral trade with China, impose a 45% tariff on Chinese exports, and actively oppose the transfer of American production to China. Despite the doubtful benefits of such measures for the American economy, or the difficulty in implementing them, these campaign promises – like the tone of the campaign itself – found their audience. This thesis struck a highly responsive chord with the voters who supported Trump, a substantial percentage of whom were unemployed blue-collar workers with high-school educations, or the owners of small and medium-sized American businesses.

China, its economy, and its military and foreign policy strategies, undoubtedly created an entire set of problems for the United States. These were further exacerbated and became relevant in the period prior to Trump's taking office in 2017. China was steadily (albeit with some slow

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Sergey Trush, leading research associate, Institute for the U.S. and Canadian Studies, Russian Academy of Sciences, Candidate of Science (History); zebra758@gmail.com

ing of its own rates of growth) moving toward formal economic parity with the United States. By the middle of this decade, China had already surpassed Japan in the volume of its GDP, formally becoming the world's second largest economy after the United States. Meanwhile, China was already the world's leader in terms of consumer purchasing power parity.¹ At a volume of trade turnover with the United States of \$520 billion, the U.S. foreign trade deficit with China was \$240 billion in 2016.* China continues to be the largest foreign holder of U.S. stocks and bonds (\$1.58 trillion in 2016).² Along with other such milestones, both of these indicators posed obvious and very sizable economic and strategic challenges for the United States.

Even during the election campaign in the United States, wonder at the phenomenon of Donald Trump grew in proportion to the Republican candidate's popularity, both in America itself and around the world. Analysts, political pundits, and the world media strived to fathom what deeply-rooted upheavals, socioeconomic forces, or ideological values in American society Trump represented, and where they were leading it. In this context, we believe it is entirely appropriate to view Trump as an iconic figure – in essence, the leader of a unique revolution unfolding in American society.

At the heart of this revolution (or at least this powerful socioeconomic shift) lie a number of factors. Globalization – the free movement of capital, information, and labor – which gathered momentum toward the end of the last century, accelerating and largely predetermining the collapse of the Soviet Union and the Communist bloc, also presented the United States, the wealthiest and most powerful of the globalizing nations, with enormous tools for strengthening its might. Left with no real rival in the world after the departure of the Soviet Union, transnational corporations and the United States' innovative and technology-based big businesses brought the international division of labor under their control, virtually monopolizing it.

The main beneficiaries of globalization – science- and technology-intensive TNCs and the corporations of America's "new economy" (information technologies, biotechnologies, and the new-materials, pharmaceutical, and electronic industries) – thus increased their capitalization by many times, reaching volumes of superprofits incomparable to those of the abovementioned traditional, nonglobalized American indus-

* U.S. trade with China in 2016 stood at PRC exports of \$380 billion and PRC imports of \$160 billion, for a trade turnover of \$520 billion.

tries. On the wave of this process, the United States developed and cultivated a sense of imperium in its foreign policy, and elite social strata and forces – neoglobalists, who nurtured their economic and political power at the expense of (among others) the American middle class – became firmly entrenched in American society.

Neoglobalists, both Republicans and Democrats, were guided in their political philosophies by ideas of the end of history, and the final worldwide victory of liberalism. They followed a policy of universally exporting and

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uncritically imposing the Western world's liberal matrix of values and ideals on the rest of the planet. Using their political and economic dominance and exploiting the global division of labor in their own interests, neoglobalists provided transnational business with enormous superprofits while separating it from most of America's middle class.

The prosperity of globalized big business and the industries and corporations of America's "new economy" began to depend less on the traditional branches of the U.S. economy – steel, electronics, chemicals, energy, construction – and to be less associated with them. This wealth was increasingly based and depended on production and assembly capacities outside the United States – in China, Mexico, Latin America, and Southeast Asia. Substantial imbalances arose in the incomes and political representation of business sectors and the American middle class – the former oriented toward global workplaces and labor, and the latter toward domestic jobs and workers. The success and superincomes of the neoglobalists came to depend largely on the superstructure of the American political class, which had developed, maintained, and supported the globalization paradigm of the world and their own ties with the global economic periphery.³

In the last two decades, starting with the administration of George W. Bush, neoglobalists have been under pressure because of a number of major difficulties and regional defeats of the globalization process in geoeconomics and geopolitics. These include the rise of China, driven in one way or another by its own model of economic and political development; the *de facto* exclusion of the Near and Middle East from the globalization matrix; the growth of inherently antiglobalist Islamic terrorism

around the world; the lack of consensus between Russia and the West; its claim to be the center of anti-Western forces; and Brexit as a symbol of the crisis in the integrational trends in Europe.

With his political program, the conservative Trump set out to demolish the political supremacy of the neoglobalists, both intuitively and fully consciously, by calling for the excessive and oppressive burden of U.S. foreign obligations to be taken off the middle class. His slogan “Make America Great Again” was championing primarily the well-being and traditionally conservative foundations of America’s middle class and domestic business. The main elements of Trump’s program were thus low taxes; limiting the role of the government in the economy; cutbacks in social programs; rejecting excessive U.S. global obligations; protectionism and the defense of domestic industries; a firm commitment to reduce the national debt; reducing the number of immigrants; and tightening the immigration procedure.

From virtually the first days of his taking office, Trump made it clear that his campaign rhetoric on antiglobalization would be transformed into actual policy. One of the new U.S. president’s first orders was to withdraw his country from the landmark Trans-Pacific Partnership (TPP), which the administration of Barack Obama considered one of its greatest achievements.

Trump’s decision on the TPP was a major blow to the ideas and practices of globalism in the American Establishment, and resulted in immediate mobilization of the anti-Trump opposition. The leading pro-Democrat American media, especially the ABC, NBC, and CNN television networks, and the newspapers *The New York Times* and *The Washington Post*, which had energetically endorsed Hillary Clinton during the election campaign, intensified their criticism. Other key decisions were taken by Trump in response, which he announced immediately upon taking office: a Presidential Order to tighten up U.S. immigration protocols; measures to dismantle the program of medical insurance adopted by the Obama administration (“Obamacare”); the United States’ withdrawal from the Paris Climate Accords; and a legislative initiative to regulate lobbying activities.

The decision to take the United States out of the TPP project entirely suited the interests of China, since it would have clearly narrowed the zone and bound the hands of Chinese economic activity in the participating countries, if it had been implemented.⁴ When the TPP was created, it was the best thought-out, representative, and influential project of the

APR economic community, with far-reaching possibilities. Had it been able to evolve, it would have laid the foundation for the deep penetration and integration of the economies of 12 countries in the Asia-Pacific Region and North and South America with that of the United States, given the dominant and leading role of the latter. China could now potentially fill this economic vacuum.

The Taiwan Call

ALONG WITH THE CLOSING of the TPP, the sensational story of the Taiwan Call became another raucous episode in Trump's China policy. Let us recall that immediately after the election, Trump answered a congratulatory phone call from Taiwan's President Tsai Ing-wen. Such public contact with the U.S. president had not been allowed since 1979, after Washington broke off diplomatic relations with Taiwan and officially restored them with mainland China.

Predictably, China reacted sharply to Trump's actions.⁵ China's reaction was explained by, among other things, Beijing's understanding that the newly elected president had no intention of renouncing his harsh anti-China rhetoric of the election campaign, and that this could lead to a crisis in relations with the United States. As Beijing hinted to Trump, retaliatory measures could include limiting the access of American business to the PRC market; a review and curtailing of financial flows to the U.S. securities market; and a lack of cooperation with Washington on foreign policy issues sensitive to it, especially with regard to Korea.⁶

As a result, the incident with the phone call was smoothed over fairly quickly. Soon after the inauguration, the White House reported a telephone conversation between Trump and Xi Jinping, during which the new president once again confirmed the United States' adherence to the principle of "one China."⁷

The first informal meeting between the two leaders – Trump and Xi – as held in 2017 at Trump's estate in Mar-a-Lago, Florida. The topic of Taiwan was not raised in reports on this meeting. At the same time, in responding to a question from the Reuters news agency as to whether future telephone contacts between them and President Tsai Ing-wen were possible, Trump answered he would not want to create problems for Chairman Xi, and if the Taiwanese took the initiative of another call, he would first consult with Xi before making any decision on the matter.⁸

In June 2017, the Trump administration announced it had decided to

approve delivery of the latest \$1.4 billion shipment of advanced weapons to Taiwan. A representative of the U.S. State Department noted there was nothing extraordinary about this decision from the viewpoint of either the volume or the type of the delivered weapons. This installment of deliveries included packages for updating radar systems, comprehensive means of electronic warfare, anti-radar systems, different types of torpedoes, kits for upgrading destroyer arms systems, and vertical launch installations for guided missiles.⁹

The Korean Connection

ALONG WITH THE CRISIS in Syria, the cyclical deterioration of the situation on the Korean Peninsula became the focus of the attention and efforts of Trump's administration almost from the first months after his inauguration.

The line followed by the previous Obama administration in the nuclearization of North Korea could be termed "strategic passivity." By flexibly applying sanctions in coordination with Japan and South Korea while making its concerns over North Korea clear to Beijing, the Obama administration was nevertheless more oriented toward China playing a restraining role, along with the gradual decay of the North Korean regime itself. Such decay failed to materialize. On the contrary: North Korea's economy has in recent years emerged from a state of permanent acute crisis, and the supply of food to the population has stabilized. Kim Jong-un, who – unlike his father – is inclined to overestimate both North Korea's current resources and the limits of his own independence in foreign policy, stepped up the North's program of nuclear tests and ballistic missile launches.

Once in the White House, the Trump administration began to treat North Korea as Problem No. 1 for the security of the American people and, in equal measure, the president's prestige. The military men who make up the backbone of Trump's foreign policy advisors view war scenarios as virtually the sole and most effective way of solving the Korean problem. Their logic is that if a preemptive surgical strike on Pyongyang is to be made, it must be made now, while the North's retaliatory capability is still at the embryonic stage. In addition, the United States at present has virtually no effective channels of diplomatic communications with Pyongyang. In Trump's eyes, Beijing remains the United States' main instrument of diplomacy, and he cannot fully pursue his anti-Chinese claims so long as he needs its support.

It would seem Korea was one of the main topics of conversation at the first informal meeting between Trump and Xi in Florida in April 2017, where the two men reached a certain mutual understanding. Beijing curtailed (at least partially) shipments of oil and coal to North Korea, while virtually blocking exports (mostly textiles) from the North to China, and ordering Chinese banks not to perform foreign trade operations for North Korea. In striving to prevent the proliferation of nuclear weapons, China – like Russia – has agreed to the regime of sanctions imposed on the North by the United Nations. However, it refuses to implement all of the measures demanded by the Americans, which are intended to strangle the Kim regime to death.

The U.S. administration views upgrading South Korea and Japan's defensive and offensive capabilities vis-à-vis North Korea as one way of countering the nuclearization of the North. Japan in particular has no integral ABM systems capable of covering the territory of the islands in the event of a massive missile attack. During his November 2017 visit to Japan, Trump suggested to the Japanese leadership that these capabilities be improved by buying state-of-the-art ABM systems from the United States. Under pressure from the United States, South Korea agreed to the deployment of THAAD long-range interceptor ABM complexes on its territory, despite strong objections from China. (It should be noted that the effectiveness of these installations, which have a range of 4,000 km, has yet to be proved by proper tests.)

The Economic Sphere

EVEN THOUGH economics was the dominant and pervasive topic in criticizing China during the election campaign, this area of relations was not central to bilateral relations in the first year of the administration's efforts. Having assumed the post of president, Trump returned to his campaign rhetoric against China fairly selectively, depending on the situation. Still, it cannot be said he completely ignored this invective. In the area of economic relations with China, the new U.S. president characteristically used his business approach to resolving foreign policy issues.

The heart of this approach is quite easy to understand. Like business, foreign policy is dealing over goods. A good is in this case a concrete decision or action taken by a negotiating (bargaining) partner that would alleviate or solve a specific foreign policy problem for the United States. The problem can be solved by paying the partner the corresponding price.

Based on this concept, Trump energetically applied diplomatic linkage to issues, topics, and U.S. interests that could be resolved or furthered in relations with China. Since more serious problems associated with the traditional security of the United States – for example, that of the proliferation of nuclear arms, with respect to North Korea in particular – arose in the understanding of the new administration, the latent but not immediately threatening problems of economic inequality with China faded into the background. Such tactical repositioning was also required after the domestic political attack on Trump by his opponents over alleged Russian interference in the U.S. election and the president's ties to Russia. Trump evidently felt it would be unwise to move to an active phase of the trade and economic war against China in light of the two problematic factors mentioned above. Constructive relations with the Chinese leadership were most likely recognized as important political resource for the president under the current circumstances.

While not retreating entirely from active measures and initiatives in the area of economic ties with China, and making clear its commitment to the assessments and positions expressed earlier on this issue, the administration nevertheless put them on hold more than actively promoted them. At the same time, this was clearly just a pause, rather than an indefinite postponement or – even more important – a fundamental revision of policy. To some degree, the impression was that the ball in this matter was firmly in the American court, and Washington would later decide when and how to make the next move against China.

The influence of yet another factor was evidently felt as well. Trump's criticism of previous U.S. administrations over the stratospheric foreign trade deficit, the flight of industries and assets, and the loss of jobs and capital as a consequence of their "criminal" policies toward China stimulated a new wave of debate in the political and expert communities of the United States. During this debate, entirely justified counter-criticism was heard of Trump's own China policy.

Strong arguments of this counter-criticism were especially those according to which the enormous bilateral deficit in trade with China – as with any trading partner – was not, in and of itself, a sign of a defective and failed economic policy. The United States' total trade turnover with the rest of the world is more likely needed for an objective assessment of this policy, since a deficit with one partner can be compensated for by a surplus with another. This surplus can in turn be a consequence of the current international division of labor.

Under such circumstances, the United States compensates for the mass export of goods with little added value by producing innovative and science-intensive products. Trump's opponents also demanded that the cumulative effect trade with China has on U.S. economic growth, and its positive effect in maintaining the exchange rate of the U.S. dollar and the level of inflation, be fully considered. Also emphasized was the positive effect the flow of inexpensive quality goods into the U.S. market has on the welfare of poorer Americans, and how it helps to maintain their standard of living.

According to estimates by the consulting group Oxford Economics, imports from China accounted for 0.8% of the growth of the United States' GDP in 2015. Estimates by other analysts indicate that American exports to China in 2015 raised the U.S. GDP by \$165 billion. When we consider the total volume of investments made by China and the United States in each other's economies, the number grows to \$216 billion.¹⁰ According to studies performed by the American-Chinese Business Council, the average American family with a mean statistical income of \$56,500 in 2015 saved \$850 by buying Chinese goods.¹¹

On March 31, 2017, Trump issued an order for the U.S. Trade Representative and Department of Commerce that required the latter to prepare a report analyzing the American foreign trade deficit. This was the first step concerning the critical measures against China that Trump mentioned during the election campaign. It should therefore be noted that the most important trade and economic posts in the Trump administration are occupied by figures who were against the liberalization of trade and defended the independent role of the state in the world economy. These included Secretary of Commerce Wilbur Ross, Trade Representative Robert Lighthizer, and Director of the White House National Trade Council Peter Navarro.

The first informal, face-to-face meeting between Trump and Xi Jinping took place in the small town of Mar-a-Lago, Florida, on April 6-7. During the meeting, the two men adopted a 100-day action plan for trade and established a new format for a high-level mechanism of negotiations between China and the United States, the U.S.-China Comprehensive Economic Dialogue. To the two lines of already existing dialogue – strategic and economic – another two were added: cybersecurity and humanitarian issues.

The 100-day plan adopted in Florida reflected Trump's intention to move away from multilateral foreign trade agreements and concentrate

on bilateral deals. At the mid-June summit of the G-20 in Hamburg, it was decided to extend the implementation of the 100-day plan to a full year.

It should be noted that in reacting to the pressure Trump put on China during the election campaign, Beijing made definite efforts to find a compromise and mitigate the problem of the deficit, despite its retaliatory rhetoric. Its position stemmed from the continuing high priority of the American market for Chinese export goods at that particular moment.

In 2016, exports to the United States accounted for 18.4% of all of China's exports, while exports to China accounted for 8% of all American exports.¹² The analytical Report on Economic and Trade Relations between the PRC and USA, prepared by China's Ministry of Commerce in August 2017, may be considered an indicator of Beijing's reciprocal move toward compromise.¹³ The report emphasized in particular that to mitigate the trade deficit, China hoped to expand imports of such goods from the United States as sources of energy – natural gas, crude oil and petroleum products, and liquefied natural gas (LNG) – and agricultural products, especially soybeans and cotton. The report stated that among high-tech products, China planned to expand the share of aeronautical equipment, automobiles, electronic components, and machine parts imported from the United States. It was also emphasized that there was great potential for increasing imports of goods and services from the United States in such areas as film and television production, tourism, and education.¹⁴

In May 2017, it was announced that China would open its market to American beef, biotechnology products, rating agency operations, electronic payments, and certain types of activity on the securities market. The United States agreed to open its market to Chinese poultry, and welcomed China's interest in deliveries of American LNG. In a series of tweets on this, Trump made it clear that he was linking the progress of trade negotiations with China's readiness to pressure North Korea into finally halting its nuclear and ballistic missile programs.

In August 2017, U.S. Trade Representative Robert Lighthizer announced the start of a study on China in accordance with Article 301 of the American Trade Act of 1974 on technology transfer, protecting intellectual property, and innovation. The study would take one year. It was noted in the memorandum on the study that the Chinese program Made in China, 2025 discriminated against American trade. This would be the fourth such study on China under the provisions of the Trade Act. Since

1974, the United States had conducted 122 such studies of relations with a number of countries under the act's Article 301.

Trump's first official visit to China took place on November 6-7, 2017, as part of the American president's trip to the countries of Southeast Asia and the APEC forum. One of the visit's main events was Trump's official statement that he did not blame China or its leaders for the state of and imbalance in trade relations with the United States. In Trump's opinion, the blame for this should be laid on the previous U.S. administrations.

The economic component of this visit was very impressive. In Beijing, the two parties signed contracts worth around \$250 billion. Among the largest deals was the China Energy Investment Corporation's putting approximately \$83 billion in the recovery and refining of shale gas in West Virginia; the participation of the China Petrochemical Corporation (Sinopec) in the production of natural gas in Alaska, a \$43 billion investment; a \$37 billion order for the production of 300 Boeing civil aircraft, including the company's model 737 and the wide-bodied 777 and 787; deliveries to China of around \$12 billion in integrated circuits and other electronic components from industry leader Qualcomm; and a joint enterprise between the Ford Motor Company and China's Anhui Zotye Automobile to build a plant in China for the production of electric automobiles.¹⁵

Even though many of the contracts are not binding and look more like letters of intent, they and the statements made by Trump during his visit are in great dissonance with his criticism of China during the election campaign, in both form and content. In terms of the visit's economic content, no breakthrough agreements were reached on lifting the restrictions placed on American firms' business in China. Notable too was that Trump completely ignored the topic of human rights during his visit, and in most cases refused to comment on issues or answer questions from journalists.¹⁶

The Year in Review

THE MAIN UPSHOT of the past year is probably that the expected anti-Chinese revolution of Donald Trump failed to materialize, and there was no drastic change in relations or elevation of the level of conflict. We can hardly speak of a change in relations or the relative weight and importance of the two driving forces of Chinese-American relations – the trends

of interdependence and conflict. Both continue to exist, and the balance between these opposing forces remains as it was.

The invective directed toward China – in essence, one of the main campaign themes of Trump’s economic and foreign policy platform – has either been substantially curtailed or put on hold altogether. Legal mechanisms for combating China’s “rapacious” behavior in foreign economic matters, especially under Article 301 of the US Trade Act of 1974, are often mentioned but never used; no “Mexican wall” of fundamentally new and effective restrictions has been erected against the flood of Chinese goods into the American market. To some degree, we can say the “business style” of the approach to matters of foreign policy that characterizes the new U.S. president so far suits the Chinese, and will continue to produce agreements.

Trump’s taking office resulted in no appreciable adjustments to – or, more important, drastic revisions in – the institutional structure of bilateral relations. Built up over many years, the mechanism of bilateral negotiations between China and the United States, a key element of which is an ongoing strategic and economic dialogue, not only remains intact under Trump but is supplemented by two new channels: dialogues on cybersecurity and humanitarian issues. Though little known among the public, contacts along all four lines proceed regularly.

Throughout the year, the administration clearly rolled back somewhat, and rather quickly too. The situation with Taiwan brought about by the phone call from President Tsai Ing-wen was defused. The impression left was that this became one of the first lessons of diplomacy Trump learned with respect to his business approach: When dealing with the much more complicated geostrategic landscape of the U.S.-PRC-ROC triangle, it is not enough to consider the value of a foreign policy ally in terms of the volume of American exports to it, or the “casting off of conventions.”

Of special importance is the North Korean issue. With all its problems as a matter of nuclear proliferation in a transitional period, the unique nature of the North, the personality of Kim Jong-un, and other attendant factors, the lack of progress here also testifies to the limitations of the business approach in solving such foreign policy problems. It appears the Trump administration has come to understand this.

Another interpretation of the Korean situation is that Trump continues to see and deal with it according to his understanding of the problem, and his own idea of how and why to solve it.

We may assume that in logically viewing North Korea as Problem No. 1 for the security of the American people and (no less rationally) the main criterion of his foreign policy success and abilities as the nation's leader, Trump believes all of the United States' other foreign policy resources and ties can serve as the primary means for solving the Korean problem in the immediate future. Trump considers China to be a key element in this scenario – one of the United States' main instruments and resources. In replicating Trump's logic, we may assume that China unquestionably poses a major geopolitical and geoeconomic challenge to America; in the eyes of its current president, however, this is far less important than the threat embodied by North Korea.

North Korea is more dangerous today because it is a threat to security, nuclear nonproliferation, and America's military and political prestige. The problem must be solved here and now relying on any available resource, while coming to reasonable compromises with all interested allies. It is entirely logical to assume that – at least in Trump's mind – the assault on China is therefore cancelled, or at least postponed until “better times.”

It must be said that the Chinese have retreated as much as possible from any sort of hostile confrontation with the Trump administration. For all its harshness and pointedness, China's official reaction to Trump's criticism during the election campaign, and to his first steps afterward (the call from President Tsai Ing-wen), was orders of magnitude more restrained and diplomatic than the propagandistic slogans Trump was not embarrassed to use. China has no interest in damaging its relations with the United States, for at least two strategic reasons.

First, China is currently going through a transitional period in moving from a model of development oriented toward the production of exports to one whose main stress is on domestic consumption. Not too long ago, at the end of the previous decade, the production of exports accounted for a considerable share of China's GDP – as much as 40%. Meanwhile, the transition to a new paradigm of development is a process of reform accompanied by enormous economic, social, political, and ideological difficulties and tensions. The country's social and political stability could be inevitably upset during this process, and the leadership is faced with a wide variety of delicate ideological and political problems. The transition to a new stage of development would be impossible without expanding the range and reliability of guarantees to Chinese citizens' economic and property rights, and to their right of representation.

Second, it must be understood that the transition to a new paradigm of development based on domestic consumption is itself a complicated, long-term task. It cannot be accomplished overnight with a sudden rejection of export-oriented production and massive exports. Disruption of (or tension in) economic ties with the United States is a very sensitive issue in and of itself. Exports to the United States account for almost 18% – i.e., nearly one-fifth – of all China's exports. The destructive consequences of such disruption would be no less (perhaps even more) dangerous to the world economy and status quo. A breakdown in the conditions of globalization and the regimes of the world economy from which Beijing has benefited in recent decades, and the growing trend of protectionism around the world, would make it difficult for China to carry out large-scale domestic programs.

Meanwhile, China is still not ready to become an alternative to the United States as the center of globalization. The Chinese economy, while it is overtaking the United States in terms of quantitative GDP indicators, is far from its equal with respect to qualitative indicators. China still lags behind the United States in its potential for scientific and technological innovation; its level of basic and applied science in breakthrough areas; and its capability for adapting to open communication and the free movement of capital, technology, and labor. China is still not ready to capitalize on its own economic resources or the structure and branches of its economy in the global division of labor, or to create a value chain and dominate it as broadly and universally as the United States has done. As practice shows, China is still not ready in particular to forge preferential trade agreements of the TPP type. It is simply not up to laying out and – more important – enforcing game rules in the world economy. This includes the areas of protecting intellectual rights, the transparency of financing, equal footing for the private and state sectors (especially equal access to government procurement for the private sector), and the guarantees and standards of labor legislation.

Major internal conflicts are apparent in China's ruling circles, now headed by Xi Jinping. These are most likely not the products of purely power ambitions or infighting; rather, they are a result of the struggle between different plans for transforming Chinese society, and between different models of the future. The heads of key political figures roll before each Communist Party congress held every five years in China. There is intense bargaining among interest groups over the staffing of key party elements and who will be appointed to which vital post.

Once Xi came to power, a large-scale anticorruption campaign unfolded that observers justifiably viewed as a form of intraparty struggle. Extraordinary anticorruption units now operate across the country, and more than 250,000 party officials have been removed from their posts, arrested, and convicted. The recent XIX party congress demonstrated the strength of Xi's cult of personality. This is hardly a sign of elevated party authority; rather, it indicates the party needs more time to perfect the mechanisms and forms of managing the country's increasingly complicated social matrix.

While Russia is China's main foreign policy and geopolitical partner, Beijing does not see it as an entirely reliable ally. There are a great many domestic problems and tensions in Russia, and the results and consequences of the transition to capitalism are disputed by a large segment of the population. Dramatic material and regional differences can be seen throughout the country, providing fertile soil for the anti-elite sentiments of the opposition. Russia's resources for conducting an independent, sustainable foreign policy oriented toward the priority interests of domestic socioeconomic development are limited. Under these circumstances, China cannot view Russia as a stable, long-term, reliable partner or ally against the United States.

The combination of these key domestic and foreign policy factors, accompanied by many others, will most likely lead China's political bosses to see the expediency of delaying or avoiding any hostile confrontations with the United States, especially where economics is concerned.

This mood coincides with the current attitude of the American leadership, at least in terms of delaying any conflict with China. The administration has met with considerable resistance from opponents inside the country as it encounters the realities and complexities of the American political system, serious opposition to Trump's antiglobalist strategies, and its own shortcomings and unprofessionalism in managing foreign affairs.

NOTES

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Key words: Chinese-American relations, foreign trade deficit, situation on the Korean Peninsula, Trans-Pacific Partnership, administration of Donald Trump, Taiwan issue, globalization, international division of labor.