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Transcript

CHINA IN THE WORLD PODCAST

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Guest: **Tom Carver**

Episode 79: U.S.-China Relations in the Trump
Administration

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Haenle: Thank you for listening to this special edition of the China in the World podcast, which was recorded recently at our Carnegie office in Washington D.C. In this special edition, I'm interviewed by my friend and Carnegie colleague, Tom Carver—vice president for communications and strategy—as part of a new podcast series run out of our Washington D.C. office entitled, “The Carnegie Podcast”. I enjoyed having the opportunity to share with Tom my views on what to expect for U.S.-China relations in the new Trump administration.

Carver: Hello and welcome. I'm Tom Carver. China is a country on many peoples' minds at the moment. Obama once characterized the United States' relationship with China as the most important relationship of the 21st century. But that doesn't seem to bother his successor that much who's launched into a series of criticisms of China since winning the election. On January the 5th he managed to take China to task over both North Korea and trade in a single tweet. “China has been taking out massive amounts of money and wealth from the United States in totally one-sided trade”, the tweet said, “But won't help with North Korea. Nice.” Even before he was inaugurated he announced that he had spoken directly with Taiwan's president—upending a longstanding U.S. policy—and he ruffled a lot of China's feathers. In December, he told Chris Wallace on Fox, “I fully understand the ‘One China’ policy, but I don't understand why we have to be bound by it.” So, these sorts of the direct assaults on some of the cornerstones of the U.S.-China relationship are unusual, but the question is: is it part of a negotiating plan to unsettle the Chinese or does President Trump really intend to take China up on these issues? Well, I'm very pleased to have with me here in the studio, Paul Haenle, the director of our Carnegie–Tsinghua Center in Beijing who happens to be passing through D.C. for a few days.

Paul, you worked in the National Security Council for both President Obama and President Bush on China issues. What do you think it would be like in there at the moment?

Haenle: I'm actually here this week to try to sort of unearth some of the questions that you raise early on: what is Donald Trump's intention with respect to China? I think one of the things we have to do though is sort of step back for a second. Many of the things Donald Trump is talking about—this sort of discussion about whether or not we have the right approach with China, are they doing enough on North Korea, do we have the right trade and economic relationship, what are they doing in the South China Sea and how much does that undermine our interests—these are issues that all predated Donald Trump even joining the presidential campaign. There was an emerging debate about whether we had the right framework with China and whether we needed to be tougher on some of these issues. Many of these issues are the issues that Donald Trump is bringing to the table, now what's different is the approach...

Carver: The way he is bringing it to the table.

Haenle: ...the tweets, the seemingly confrontational approach that he wants to take with China, and then of course what you've touched on Tom, is this use of the “One China” policy as an effort to get leverage with the Chinese. And I think we should start with this.

Carver: Some of these things are more important than others, aren't they? But the “One China” policy is bedrock, right?

Haenle: This is—I think—surprising to a lot of people. And his comment that you mentioned to Chris Wallace about indicating that he might adhere to it but he might not, I think that represents some misunderstanding of what the “One China” policy is. The “One China” policy is not something that we adhere to because it’s good for China. We’ve adhered to it because it’s good for us, and it allows for a stable relationship with China, and to maintain an unofficial relationship with Taiwan. Initially in the early seventies when we wanted to establish a relationship with the People’s Republic of China (PRC), in order to get leverage with the Soviet Union we didn’t want to abandon our friends on Taiwan, and so we had this ambiguous “One China” policy, which recognizes that China sees there’s “One China” and Taiwan is a part of that, but we don’t accept China’s definition of what that is.

Carver: Just to unpack this a bit since people might not understand...the “One China” policy is a United States policy, not a China policy?

Haenle: No, it’s a concept and agreement between the PRC and the United States that there is “One China” and that Taiwan is a part of that, but how they resolve their differences is up to them. When we re-established official relations with China in 1979, Congress responded by coming out with the Taiwan Relations Act—which is law—which says there are certain obligations we will maintain to Taiwan, and we’ve maintained those today. As Michael Swaine, our colleague here at the Carnegie Endowment recently said, the “One China” policy is not a card on the table with which Donald Trump can use to try to get leverage, it is the table itself. It is the foundation for our engagement with the PRC. Now, we should look at the “One China” policy and see if it requires updating and we should probably do more. The phone call which you mention that Donald Trump had with Tsai Ing-wen, in and of itself is not a bad thing. He should have a conversation with the Taiwan president, I would argue. But we need to enhance and upgrade our relationship with Taiwan in a smart way and not in a way that’s going to cause our friends in Taiwan harm. And if you do it with the lights blazing and in a provocative and confrontational way with respect to China, that’s only going to result in more pressure from the PRC on Taiwan. And so I think this is something we have to be very careful about and I’m not sure that the administration has thought through this, unless you’re Donald Trump who has had the benefit of his cabinet secretaries weighing in and the professionals who have worked on these issues for a long time.

Carver: I guess that’s the question: Does he understand how critical this is to China’s leadership?

Haenle: I think that—and I’m guessing here of course because we are all trying to figure out what Donald Trump’s intentions are—but he does fancy himself as a talented businessman and a good negotiator. And as a negotiator he’s talked about in his books the importance of unpredictability, keeping the other side off balance, and so I think that’s what he’s trying to do with the Chinese. I think what he’s also trying to do is what is the most important thing to China—and that’s Taiwan—and therefore I’m going to use that as leverage. The problem is: Taiwan is an island with 23 million people, it’s a democracy, it is not a bargaining chip that he can use and we ought to be engaging with the leadership in Taiwan, with the people of Taiwan before the administration begins to use Taiwan as a bargaining chip. That, I think frankly, is immoral, probably goes against the Taiwan Relations Act, and is not something that I would ever advocate that the administration do.

Carver: It's interesting on the way in which this is being handled. As you say—I think rightly—that his strategy or tactic is to try to keep people off balance. But it seems to me—and tell me if this is accurate—is that was often the Chinese strategy with a new American president. I remember with Bush when one of the Chinese fighter plane clipped the wing of an American plane, very soon after President Bush came into power and who knows if that was an intentional way to try to kind of unsettle the American president.

Haenle: You know keeping the Chinese off balance may not be a bad strategy and I think it's worth thinking about unpredictability may be a good element in terms of pushing on the issues that we talked about early on: North Korea, trade and economics, greater market access with China, better business environment for our companies, preventing the Chinese from undermining our interests in the South China Sea. Unpredictability—keeping them off balance—may be good. But one of the things you need in order to strengthen your approach with China is to have allies and to be predictable with those allies. You can't be unpredictable with your foes and your competitors and with your allies, and I think that's where the phone call with the Australian prime minister was disturbing because in order to have our approach to China starts with our approach to the region and having good strong alliances where our alliance countries feel they can depend on us, that we are credible in terms of our commitment to the Asia-Pacific, in terms of our presence there—not only our security presence but of course our trade and economics there. I've said recently that Donald Trump has started out being very tough on China rhetorically through his tweets, but one could argue that walking away from the Trans-Pacific Partnership has given the Chinese a pretty big strategic victory early on despite him talking so tough on the Chinese. This Trans-Pacific partnership was important to show American leadership in the Asia Pacific, that we're committed to the region in terms of trade and economics, and so the administration I think is going to need to sort of step back, regroup, and once it gets its cabinet officials in place I think the new secretary of defense and the new secretary of state understand these issues and I think that they need to begin to think more deeply about them and pull together a strategy that's tied to the long-term objectives of the United States in the region and how does China fit into that.

Carver: I mean there's one areas where they might not get the chance or the luxury to do that because it could blow up at any moment which is North Korea. There does seem to be a fairly widespread perception—certainly within the Trump administration but I think elsewhere—that China should be doing more to try and rein in Kim Jong Un. Is that your view and do the Americans have any bargaining power there?

Haenle: The North Korean issue I think has come to the foreground in terms of the most important security issue that we need to address in the region, and potentially in the world. The Chinese have been hearing this from their interlocutors in the United States over the last couple years for sure. Even if Hillary Clinton was president today I think we could expect a tougher approach—vis-à-vis China—about North Korea. So it's not surprising that the Trump administration right now is doing a policy review. I think that it's important that we do as much as we can with China. Donald Trump's argument is that they haven't been doing enough and he's probably right. Over the last several years, Kim Jong Un has conducted five nuclear tests and has really upped the ante. This enhances their capability in terms of putting a nuclear warhead on an intercontinental ballistic missile that could range the United States. This threat has dramatically increased and the United States can't stand by and let this continue so the United States will have

to do something. I think through this policy review they need to consider the China piece and we will need an approach that includes deterrence—doing things in the region with our security partners that contributes to deterrence with North Korea—we’ll have to continue with efforts like the missile defense that we’ve done with South Korea, but I also think that as we put more pressure on North Korea and do this hopefully in collaboration with China—they will need to step up I think and do more—I think we also need to begin engaging North Korea as an effort to try and understand better what’s happening and how we can make progress on this issue. This issue has become much more difficult than it was several years ago because it appears that Kim Jong Un is not interested in the least in giving up his nuclear capabilities.

Carver: But you say engage North Korea? I mean that’s antithesis to most American policymakers, right?

Haenle: I think that if it is part of a larger strategy which involves tougher measures and putting more pressure on North Korea—we have the sanctions that were agreed to in the spring that are pretty tough sanctions and we want to give those a chance to play out to see what happens. I think we can look at secondary sanctions, these are sanctions that will put pressure on Chinese companies but I think as we go forward we will recognize that those are probably more important and willing to enhance our deterrence efforts. If we have a strategy that’s putting more pressure, I think the diplomatic piece will become important to do. We can’t rely on the diplomatic piece by itself—that is not going to work in my mind—it has to be coupled with greater deterrence and greater pressure.

Carver: Let’s talk about President Xi because this is not in a vacuum. He has his own very pressing domestic issues to deal with and he’s got a very important party conference coming up later this year. In a way—it strikes me—he’s kind of analogous to Trump. In a way, Trump is putting America first and Xi is about putting China first, isn’t he?

Haenle: Absolutely, and I often say that before Donald Trump had his slogan, “Make America Great Again”, Xi Jinping had his slogan, “Make China Great Again”, and he’s been riding on that slogan for the last five years since he was elevated to be the President of China and the Secretary General of the Communist Party. There’s a rejuvenation of the Chinese nation underway in China, they’re feeling more confident, they’ve got more influence in the world, and they’re more powerful. They are now the second largest economy in the world, largest exporter, a major economic entity in global markets, they’ve started the Asian Infrastructure Investment Bank, they’ve got a majorly ambitious effort to connect China to Europe through Central Asia called the One Belt One Road. This is a very different China that we are looking at today and President Xi Jinping and the leadership there is in the early process of a political transition that will culminate in the 19th party congress in the fall of this year. It’s a very sensitive and delicate time. On one hand people say that Xi Jinping is going to need a stable environment to make sure that that leadership transition is successful, so he’s not going to rock the boat and react to some of what Donald Trump is doing. On the other hand, he can also not appear weak and if Donald Trump is appearing to bully China, and the Chinese president does not stand up to that bullying, it could undermine his own efforts in this political transition.

Carver: Because there are people on the right of his party who are arguing for a much more aggressive policy, right?

Haenle: He will be criticized for not standing up to Donald Trump and the new administration and he'll want to brandish some of his tough credentials among some of his political competitors. This makes it an even more delicate and sensitive time period, it's why I think it's going to require the administration as I said before to really begin to think through what it wants to do in Asia, what are the goals, what is the long-term strategy, how does China fit in to that, and then begin to implement. It appears to me that some of this has not been very well thought through, ill-conceived, and somewhat reckless.

Carver: Just to stay on President Xi for a moment, does he face any serious challenges to his power from this congress?

Haenle: You know it's quite opaque in China, they don't have as open and transparent process and political system as we do. He has undergone a very intense anti-corruption campaign which has allowed him to a large extent to consolidate his political power. Many people say he's in quite a good position politically. Some people say he's not as strong in his political position as people think. Nevertheless, there's always intense jockeying the year leading up to a party congress and it's always a very delicate time period. In fact, if you remember before the 18th party congress, you saw Bo Xilai, who was a major contender for leadership positions in the standing committee and he ran into all sorts of trouble and was eventually purged from the system. These are very sensitive and delicate times and I think that the U.S.-China relationship will certainly play into what happens over the next year, but I think if it's misplayed from the United States, I think this will not be good for United States' interests. At the end of the day, Tom, it's all about—in my mind—what's best for United States' interests. How do we achieve objectives? Donald Trump has made a lot of promises in the context of the presidential campaign and he's going to want to show that he's achieving those objectives. It's not about how provocative can we be with China, it's not about how confrontational can we be, it's not about what we can do to poke China's eye, it's about what can we do to reset the relationship with China in a way that allows Donald Trump and the administration to achieve its objectives, whether that's on trade and economics, or whether that's with respect to North Korea, or the strategic rivalry in the Asia-Pacific region.

Carver: When you talk about a much more confident China, second largest economic power in the world, do you see that translating into China taking on a much bigger role in the world stage? Say somewhere like the Middle East for instance, America has been progressively withdrawing from the Middle East for the last decade, do you think China wants to get involved in that politically and be seen as the kind of the global ringmaster?

Haenle: It's a great question, and you know China has always been sort of a unique spot on this spectrum between a developing nation and a major power. And I think you've seen China over the years really emphasize this notion that it's really a developing power. As Donald Trump and his administration begins to step back from some of the commitments to global architecture—whether it's global trade, whether it's the climate change agreement that was reached, whether it was the Iran nuclear agreement—I think China will try to take advantage of that and step forward and present itself as a responsible stakeholder, which is something we have encouraged China to do

over the years. Some of that will be from a PR standpoint—just posturing—and certainly we saw at Davos the speech by Xi Jinping where he talked about being a responsible global economic power on the economic side and the importance of the global economic architecture and that China is committed because that's important to China. Of course, China relies on an international market with respect to its economy. On the security side, I would agree with you. They're not looking to replace the United States, they're not stepping up on those... they're contributing more to the United Nations and multilateral organizations, they'll try to do more contributing financially, potentially more personnel. But in terms of enhancing our contributions and efforts in the Middle East, I don't see that coming forward. I don't see that anytime soon.

Carver: And that's a very important thing to make, I think a lot of people take that leap of logic, don't they? They say, wow second largest economic power, feeling very confident, therefore there must be mergers as a global strategic player... understand the difference between China and the United States.

Haenle: Absolutely. We have a lot of these conversations at the Carnegie–Tsinghua Center in Beijing and what we hear mostly from Chinese scholars is China's not ready for that. They don't have the capacity, and in many ways they don't want to stick their neck out on the line. Even though they've moved away from this Deng Xiaoping concept of keeping a low profile internationally, this phrase “taoguangyanghui”, to keep a focus on the domestic development, to not overreach internationally because that will take away from your efforts at home. They've moved away from that quite a bit with the AIIB and the One Belt One Road, but nevertheless it's still part of their thinking. They're not looking to overstretch, they're not looking to take on a leadership role on security issues like the United States has. But I think the new administration in the United States has to be careful, we have to keep in mind for many years we've been encouraging China to be that responsible stakeholder. Bob Zoellick, when he was deputy secretary of state, gave a speech in 2005 at the National Committee on U.S.-China Relations, encouraging China to be a responsible stakeholder, not to be a free-rider in the world. It's beginning to look as the Trump administration talks about pulling out of the climate change agreement, walking away from the Iran agreement, moving away from the global economic architecture, it's beginning to look like an ironic turn of the tables. Is it that China is going to have to remind the United States that it's important to be a responsible global stakeholder? I hope not because I think the United States should play a leadership role in the world and we should not disengage from the world. American leadership is important.

Carver: That would be ironic, wouldn't it? Well thank you, Paul, it's obviously going to be a fascinating few years and particularly few months in the run up to this congress. We'll be watching it closely and come back to you.

Haenle: Absolutely. Thanks for having me here.