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The US and China: Not quite a new Cold War – but close



Jonathan Clarke read Classics and Chinese at Oxford, but the eccentricities of the Diplomatic Service took him to postings in Germany, Zimbabwe and Washington. After taking early retirement in 1992, he settled in Washington where he has written three books about US foreign policy. He is active as a commentator and consultant on US affairs.

There is much more heat than light in Washington about US policy toward China, but there is a solid bipartisan consensus on one point, namely that the US expectation that admitting China into the WTO in 2001 would encourage it to turn into — in then Deputy Secretary of State Robert Zoellick’s familiar phrase from a 2005 speech — a “responsible stakeholder” in the international system has been disappointed. It is not necessary to share President Trump’s more florid criticisms of his predecessors to understand that, across the Washington political waterfront, no one thinks China has become a “normal” actor on the world stage.

Instead on issue after issue — state support for strategic industries, IP theft, forced tech transfer, currency manipulation, predatory trade causing massive job losses, limitations on market access, misbehavior in Xinjiang and Hong Kong, international meddling through the Belt and Road Initiative (BRI), aggression in the South China Sea, etc — China is seen as acting as a “rogue.” The Pentagon’s embrace of a doctrine based in what it calls an “era of great power rivalry” symbolizes the reality that, while China is not yet formally a “strategic adversary”, it is certainly not a “strategic partner”. The “Chimerica” concept of a sort of benign US-China global condominium introduced by Niall Ferguson in 2007 has been totally unfulfilled and now abandoned by its proponents.

The rhetorical excesses and sudden policy reversals of the President personally and his Administration generally do not make it easy to discern where US policy is headed, let alone build sympathy for it. However, if one is to have an inkling into what is going on, the starting point must be that, for all the political chasm between them, Trump and Senator Elizabeth Warren — one of the forerunners for the Democratic presidential nomination in 2020 — agree that past US policy toward China has been a failure and that a much more robust approach is called for. Even stalwart defenders of US openness toward China like the corporate interests represented by the US-China Business Council acknowledge that change is needed. Old Establishment “China hands” from the heady days of the Shanghai Communiqué in 1972 are nowhere to be seen.

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The blows and counter blows on the trade front get most of the headlines, but strategic concerns are just as salient, if not more so. US military planners see the PLA build up as designed to diminish, if not eliminate US power projection in East Asia. Military worries about the threat from companies like Huawei drive US policy as much as trade. The weapons on display at the 70th anniversary parade in Beijing made plain the fact that China is now a “near peer competitor.” Hawkish Washington think tanks brim with studies with titles like “How to win America’s next War.” Democrats are less belligerent but no less supportive of US objectives in what is now called the “Indo-Pacific region.” Substantial increases in US defense spending, much of it premised on countering China, passed Congress with strong Democratic support.

To put it succinctly, the much harder US approach to China is here to stay. The tone, predictability and finesse may mellow under a Democratic Administration. More efforts might be made to build a common front toward China. But the essentials will outlive Trump. Even those Democrats who deplore what they see as Trump’s coarse and ignorant destructionism agree that there is no *status quo ante* to return to. Staring down China is the new normal in Washington.

What are the immediate prospects? It is tempting to answer “anyone’s guess”. With so much of US policy depending on Trump’s whim — his late Sunday night tweet on Syria seems to have blindsided both the State and Defense Departments — and with the formal policy process inside the NSC having totally broken down, this would be a truthful, albeit unhelpful, response. At the risk therefore of being rapidly overtaken by events, it seems possible to establish two opposite ends of a spectrum which will likely not happen: a grand bargain and a total breakdown.

The main parts of the former would involve the lifting of US tariffs on Chinese goods and sanctions on Chinese companies in exchange for Chinese acceptance of the full range of US demands, including abandonment of the strategy mapped out in the Made in China 2025 plan and massive Chinese purchases of US imports to redress the trade deficit. An agreement of this kind would contain “enforcement mechanisms” available to the US. Reflecting perhaps the deeply embedded Chinese memories of and resistance to “unequal treaties”, the Chinese side has made clear that an agreement of this kind is a non-starter. If anything the Chinese attitude has hardened during the course of the negotiations.

Although some hardliners on both sides would welcome it, a total breakdown that would result in a “decoupling” of the US and Chinese economies also appears unlikely. Politically Trump cannot afford the dislocating impact on the US economy, including, at the gloomy end of forecasts, a possible recession. With growth slowing at home and in the face of potential import restrictions of critical industrial components like sophisticated semiconductors, China seems to have come to the same conclusion.

The sweet spot in the middle is a sort of “score draw” where each side puts goals in the net, but share the points. This has always been the most likely outcome and seems to have materialized in the agreement sketched out in Washington on October 11th between Trump

and China's lead negotiator, Vice Premier Liu He. Both sides are describing the deal as "tentative". It will require finalization when Trump and President Xi Jinping meet at the APEC summit in Chile in mid-November, but it will provide some breathing room. Trump is already spinning it as a triumph but in reality the deal falls far short of the original US objectives. A great deal of unfinished business remains. Both teams will now depart to prepare for the next encounter and will continue to view each other with the maximum of suspicion. It is not quite a new Cold War — the US and China are immeasurably more intertwined than was the case with the Soviet Union — but there are parallels. One of these is that the respective partners of the US and China will have to balance between the two. An immediate dilemma for the UK, for example, is how to accommodate UK Huawei into its 5G buildout.

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