

Tomb Sweeping Day Deadline for a U.S. China Policy

Scott Kennedy, *deputy director of the Freeman Chair in China Studies
and director of the Project on Chinese Business and Political Economy
at the Center for Strategic and International Studies (CSIS) in Washington, D.C.*

If reports are accurate that President Xi Jinping of China will visit with President Donald Trump in Mar-a-Lago on April 6–7, the United States has essentially three weeks to come up with a China policy. Appropriately, the deadline falls on China's Tomb Sweeping Day—set for April 4 this year—which is an occasion to pay respect to one's ancestors, as well as celebrate the arrival of spring and the pursuit of good health. The core decision President Trump has to make is whether to follow in the footsteps of every president since Richard Nixon and pursue engagement or whether to set out on a new course of more uniform confrontation.

President Trump has offered snippets of a possible policy, calling China a currency manipulator, flirting with modifying the “one-China” policy, and criticizing Chinese actions in the South China Sea and over North Korea. But a complaint here and threat there do not constitute a policy or provide sufficient basis for a two-day meeting between leaders, let alone an agenda for the entire relationship. And simply playing it by ear is a nonstarter.

Getting from here to there will be no easy task, in part because the administration still is operating with a skeleton staff. There are cabinet secretaries and a permanent civil service, but very little of the team in between: deputies, undersecretaries, assistant secretaries, and their deputies. Few have been nominated, let alone confirmed or integrated into a systematic interagency consultation process.

The extended period of uncertainty has created deep anxiety among everyone with a stake in the relationship. The Chinese government has calculated that a full-blown trade war, with U.S. tariffs jacked up to 45 percent, would knock at least one full point off the Chinese growth rate (with unofficial estimates at double this figure), at a time when the economy is already struggling and they are heading into a leadership transition later this year. U.S. companies that do business with China desperately want help prying open China's markets, but in interviews, they admitted to being petrified that a Trump-like rescue would leave them even worse off due to likely Chinese retaliation. At the same time, there are internal divisions in the administration, particularly over trade policy, with competing voices arguing alternatively for intense pressure or patient diplomacy. Chaos appears not just to be a strategy but a condition

that is hindering the administration from developing and carrying out a consistent China policy.

The meeting with Xi Jinping provides an opportunity to quiet the doubts and articulate a clear vision. To address the uncertainty, President Trump will need to answer five questions.

First, how does the U.S.-China relationship fit into the overall goals of promoting American prosperity and security? In April 1984, during his state visit to Beijing, President Ronald Reagan said: “A strong China, dedicated to peace, clearly is in the best interest of international stability and in the best interest of the United States.” Every U.S. president since the normalization of diplomatic relations in 1979 has offered a similar formula. President Barack Obama’s version, from November 2014: “The United States welcomes the continuing rise of a China that is peaceful, prosperous and stable and that plays a responsible role in the world.” Is President Trump ready to say something similar? The implication is that the United States believes that its commercial and security interests are served by a successful China provided it operates within the confines of the international system. If so, the United States’ policy challenge is not to limit China’s rise but to shape its trajectory.

It is important not to confuse such a statement with the inevitable demand by China to accept its formulation of a “new type of great power relations.” That phrase does not mean the simple acceptance of constructive relations, rather it implies that the United States does not challenge any of China’s “core interests” (most importantly, the Communist Party’s monopoly on power and China’s territorial integrity), gives China wider latitude in Asia, and is ready to cooperate with China in addressing major global issues. Such a characterization, which essentially recognizes China as a coequal, is an unrealistic expectation to put on the United States. Former vice president Joe Biden uttered the phrase during a trip to China, and the administration spent a lot of energy walking back the statement. Regardless of whatever U.S.-based framework the Trump administration settles on, it should scrupulously avoid making this faux pas.

Second, what does Trump want from Xi? Everyone is aware of the complaints, but almost every Chinese official I have met in the past few months is entirely unclear what the United States wants China to do to address its concerns.

Take the economy. Trump has complained about barriers to U.S. imports and investment, but he might be satisfied with a reduction in two-way trade if it resulted in a larger drop in imports and hence a smaller

bilateral trade deficit. He's complained about currency manipulation, but it's unclear if he would accept a free-floating renminbi if that led to a depreciation and more competitive Chinese exports. Trump has railed against Chinese industrial policy, but he needs to articulate which areas of state support he finds most egregious. Additionally, he needs to explain whether satisfactorily addressing U.S. concerns should be measured by changes to Chinese policies or commercial outcomes.

On security, the "asks" for the Asia-Pacific region seem clearer: increase pressure on North Korea and accept U.S.–South Korea joint steps to protect themselves against the growing capabilities of Pyongyang; pull back from militarization of islands and reefs in the South China Sea, be more willing to negotiate a resolution with the other claimants without coercion, and accept freedom of navigation for U.S. military and commercial vessels in the region's international waters and airspace; and avoid provocative steps that destabilize the Taiwan Strait. But Trump needs to explain how these steps are consistent with China's own security needs. Far less clear is how he would want China to help, if at all, in addressing issues beyond the region, in particular, fighting terrorism.

Third, what compromises is the United States prepared to make in exchange for these steps from China? President Trump can bet that Xi Jinping will come with his own list of "asks." To date the administration has implied that it is expecting unilateral Chinese concessions and that nothing more is required of the United States in terms of general reassurances or specific policy adjustments. The Trump administration needs to decide how it will respond to a wide range of requests, among them a bilateral investment treaty, market-economy status, reduced controls on exports of advanced U.S. technology, agreeing to dialogue with North Korea, and restraining U.S. military activities in areas near China.

Fourth, what is the Trump administration prepared to do should China not be forthcoming on its long list of demands? It is a virtual certainty that China will not address the core issues quickly. China may take superficial steps—push up the renminbi's value, sign contracts for some big-ticket imports (for example, shale gas), and ink a code of conduct with Southeast Asian countries—but true resolution requires more fundamental changes to China's economic governance and security posture that could take years to implement. The administration will need to determine how long it is willing to wait and, once its patience runs out, what sticks it will use, such as increasing tariffs across the board, self-initiating trade remedy and World Trade Organization (WTO) cases, suspending or limiting Chinese investment in the United States, expanding U.S. military support for its

allies and others in the region, etc. And it will need to decide whether it will justify these steps based on reference to Chinese violations of its commitments—via the WTO, the Hague decision on the South China Sea, etc.—or due to a lack of reciprocity or a general sense of fairness, even in cases where China has never made a clear promise. The hardest part of this calculus will be determining how much the United States is willing to sacrifice in the short term to achieve a better outcome in the long term, considering China is unlikely simply to give in and will retaliate in ways both big and small, visible and opaque. If the United States is going to play hardball, it will need to show it has the will to stick it out.

Fifth and finally, how will China policy be organized? The Trump administration needs to decide whether it wants to continue with bureaucracy-based dialogues or place more emphasis on personalized leadership-level engagement and negotiations. On the one hand, the Strategic & Economic Dialogue (S&ED) and the Joint Commission on Commerce and Trade (JCCT) have created processes for reducing bureaucratic stove-piping of issues. On the other hand, they have also grown to be so large as to include quotidian problems that could be handled through regular channels. If the United States is going to reduce the breadth or depth of the S&ED or JCCT, then the White House will need to commit more time and energy to provide hands-on management of the relationship, including more frequent and regular meetings between Trump and Xi.

The administration will also need to settle on an internal decisionmaking structure. At the moment there appear to be multiple power centers competing for President Trump's ear. That is a difficult approach to maintain with such a complex, far-ranging relationship. The administration could instead permit a division of labor on economic and security issues among these different groups, or it could return to a more traditional hierarchical and integrated process. There are clear benefits to the last type of structure, which seems more stable and cohesive than the other two options; regardless, some kind of clarity on process would be an achievement.

Instead of golf, Presidents Trump and Xi would be well served by trying their hands at a famous activity for Tomb Sweeping Day: kite flying. In some ways, U.S.-China relations are like a kite being bounced around by the volatile winds of competing nationalisms. Whether outside on the Mar-a-Lago grounds or in the negotiating room, it will take great dexterity by Trump and Xi to keep the relationship between the two countries from being overtaken by the ongoing storm and remain aloft.

www.csis.org