

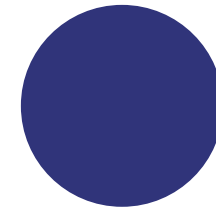
# Agenda

March 26, 2018

- Video : China and America: The new Geopolitical Equation
- Chinese “Art of War” : Sun Tzu
- Highlights from Our Great Decisions Reading
- US China Trade Relationship
- US - North Korea – China
- Negotiating cooperation
- Round Table Questions/Discussion
- Resources

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# The Art of War and China's Foreign Policy

China has implemented a wide-ranging strategy of economic outreach and expansion of all its national capacities, including military and diplomatic capacities.

***The Art of War*** by Sun Tzu, has been applied to many fields well outside of the military. Much of the text is about how to fight wars without actually having to do battle

**All warfare is based on deception.** When we are near, we must make the enemy believe we are far away; when far away, we must make him believe we are near.

The art of war teaches us to rely **not on the likelihood of the enemy's not coming, but on our own readiness to receive him**; not on the chance of his not attacking, but rather on the fact that we have made our position unassailable.

If he is secure at all points, be prepared for him.

If your opponent is of choleric temper, seek to irritate him

**If his forces are united, separate them.**



# Highlights of the Readings

- China is growing as a **geopolitical, economic and security power** and a competitor to the US.
- Increasing friction between US and China
- For the last decade China has adopted an expansive strategy of economic growth, military and diplomatic power
- Worlds leading economic power: US vs China, the gap is narrowing. EU often states it is China
- Summit is Mar-a-Lago 4/17 focused on Economic, Diplomatic, Security, Cyber, Cultural and Human Rights friction.
- Withdrawal from Trans Pacific partnership between US and 11 Pacific Rim nations and Paris Climate change frays US mantle as a leader leaving China to dominate and enhance their international leadership in ecology and economics
- Then there is North Korea and the nuclear threat.
  - In exchange for China's cooperation, US /Trump would like to give concessions in trade and Taiwan
  - However \$1.4billion dollars in weapons sales to Taiwan will be at stake
  - Chinese leadership is against this kind of leverage as China trade with North Korea grew 37.4%



# Highlights of the Readings (continued)

**The State of Play in Beijing:** Sun Tzu: All warfare is based on deception

## Domestic Policy

Xi: “Great rejuvenation of the Chinese Nation”. Sound familiar?

- Seen domestically as tough on the US
- Focused and **succeeded** on getting power at home
- Externally keeps the US / China relations on an even keel.
  - 100 days after Mar-a-Lago only keeping the US beef exports...not a game changer

## Foreign Policy:

- **Xi** is in charge, he has **no term limits**
- Major modernization and reorganization of the military
- **Chinese Vice Minister of Foreign affairs:** The American Century is over: Reconfiguration of the global power balance, other nations are gaining year by year.
- **Peoples Daily:** Bizarre soap opera, US foreign policy is in total disarray and world regard for the US has plummeted. China cannot afford to play such political games
- **Tong Zhao** (nuclear policy expert Tsinghua/Carnegie center for global policy) on appointment of Bolton: People are trying to avoid being terrified, but people are deeply concerned (NYT, Friday 3/23/2018)



# Highlights of the Readings (continued)

## Foreign Policy (cont.):

- **Sun Tzu: The art of war teaches us to rely not on the likelihood of the enemy's not coming, but on our own readiness to receive him.**
- China has asserted sovereignty over South China Sea, Tibet, Indo Himalaya borders , and the Indian Ocean.
- Hongkong is being redlined and surveillance pressures on Taiwan has increased
- Strengthening Sino Russia relationships by focusing on:
  - Naval combat exercises in the Baltic: At the doorstep of NATO.
  - \$35.9 Billion aid for oil company Rosneft
- Belt and Road and the new Silk Route (seaway) plans
- AMTV or **American Multimedia Television's** (CCTV) “American reporter”



# Highlights of the Readings (continued)

## Foreign Policy (cont.):

- **Geostrategically** Belt and Road and the new Silk Route (seaway) plans
- China investments in international infrastructure, ports, railroads, roadways...making China the leading trade partner for 124 countries compared to the US 76 countries.
- Chinese investment in Africa grew from USD 210 million in 2000 to 3.17 billion in 2011
- **Sun Tzu: If his forces are united, separate them**
- **Geopolitically** China drives a wedge between the US and its allies, especially in the ASEAN/BRICS countries to diminish the WW2 US sway without destroying the international structure that helped get China to where it is today.
- Philippines a former US ally in China camp today
- Not a member of OECD but Influencing the World Bank, International monetary fund and Asian Infrastructure Investment bank (AIIB) as US strives to maintain its influence



# US-North Korea- China

- **North Korea Objectives**

- Establish “equilibrium” with US forces
- Continued Kim Party rule
- Possible pursue unification with South China

- **US Objectives**

- Destroy or at least freeze nuclear and missile programs with verification
- Protect US military in S. Korea and Japan, strengthen allies and perhaps build up their arsenals
- Ultimately see removal of Kim from Leadership and N. Korea become politically more par with S. Korea

- **China Objectives**

- Resumption of the Six Party Talks, the multilateral framework aimed at denuclearizing N. Korea
- Stability of the Korean peninsula with North Korea providing a buffer between China and democratic S.Korea (home to 29,000 US troops)
- Stay as neutral as possible in relations with both US and N. Korea
- Ability to maintain its own rights to the China Sea and surrounding shipping routes



# US - China Trade Relationships

(Oxford Economics and US-China Business Council, Jan.2017)

- The Chinese - US trade relationship supports roughly 2.6 million jobs in the US.
- China purchased \$165 billion in goods and services from the United States in 2015, representing 7.3 percent of all US exports and about 1 percent of total US economic output.
- By 2030, we expect US exports to China to rise to more than \$520 billion. China has grown to become the third-largest destination for American goods and services.
- Chinese manufacturing also lowered prices in the United States for consumer goods, dampening inflation and putting more money in American wallets. The typical US household earned about \$56,500 in 2015; trade with China therefore saved these families up to \$850 that year.
- As China has become an integral part of the global manufacturing supply chain, much of its exports are comprised of foreign-produced components delivered for final assembly in China. If the value of these imported components is subtracted from China's exports, the US trade deficit with China is reduced by half, to about 1 percent of GDO - about the same as the US trade deficit with the European Union.





# The New Tariffs

(Reuters MARCH 19, 2018)

- Steel and aluminum tariffs, are set to go into effect on March 23, just 15 days after President Donald Trump signed the proclamations. (China's steel and aluminum exports to America amount to roughly 0.03% of its GDP)
- The Trump administration is expected to unveil up to \$60 billion in new tariffs on Chinese imports by Friday, (that was last Friday the 23rd.) targeting technology, telecommunications and intellectual property. But they could be much broader and hit consumer products such as clothing and footwear, with a list eventually running to 100 products.
- A delayed approach could allow time for negotiations with Beijing to try to resolve trade issues related to the administration's "Section 301" probe into China's intellectual property practices before tariffs take effect.
- China has vowed to take retaliatory measures in response.



# Negotiating Cooperation

- **Sun Tzu: Therefore the skillful leader subdues the enemy's troops without any fighting**
- Multilateral (multicountry) Or Bilateral (country by country) trade agreements: which one will work?
- What tools do we need to develop so that we are more effective in economic engagement?
- What do we do in Africa? Congo orders Chinese joint venture to stop exporting raw materials because of low prices...wants processed high value materials...did US influence this?
- **Security:**
  - Do we strengthen our relationship with our allies Japan/S/Korea/Philippines/Thailand and Australia
  - Or do we work with Beijing and others gradually to develop security structures that include both powers.
  - Do we develop a coalition of China's neighbors, including India so we can balance China strength.
- Each of these have ramifications
- The US is not in a position to **dictate cooperation**....cooperation **needs to be negotiated**.



# Questions

- What leadership and political conditions in each society underlie growing Sino-American tensions?  
What policies might Washington adopt to address this circumstance?
- With the new Tariffs on Steel and aluminum by President Trump how will this affect US/China trade
  - China outsources products, what will be the effect of US Tariffs on these products
  - How will the Tariffs be perceived by the rest of the world
  - Can the Tariffs prevent China from becoming THE global technology leader
- Considering China recent 19<sup>th</sup> party congress and President Xi Jinping's consolidation of power and term limit, how might this affect
  - Washington dynamics:
  - Trumps withdrawal from the Trans Pacific TPP
  - the BRICS countries
- How might a power balance that favors China over the US in Asia impact regional security issues such as North Korea nuclear proliferation, South China seas and Indian Ocean territorial disputes (the new silk route) : what should be the role of the US?
- The Belt and Road initiative: By and for China...your thoughts
- What is Congress' response/lack of response for new Trump policies



## Resources

<https://www.youtube.com/watch?v=b3io7r4jtuY>

<https://www.youtube.com/watch?v=YZvm-cNIPus>

[https://www.youtube.com/watch?v=A-Bn1YZnq\\_k](https://www.youtube.com/watch?v=A-Bn1YZnq_k)

<https://www.youtube.com/watch?v=JhCJDNavcCA>

[https://www.youtube.com/watch?v=Up\\_MoRZ40-g](https://www.youtube.com/watch?v=Up_MoRZ40-g)

<https://www.youtube.com/watch?v=oTbJZdKSkQc>

[https://www.youtube.com/channel/UCw60L\\_GGSbb\\_lgv1f9q\\_TzA](https://www.youtube.com/channel/UCw60L_GGSbb_lgv1f9q_TzA)

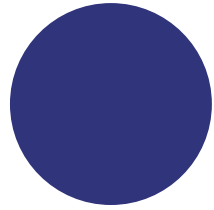
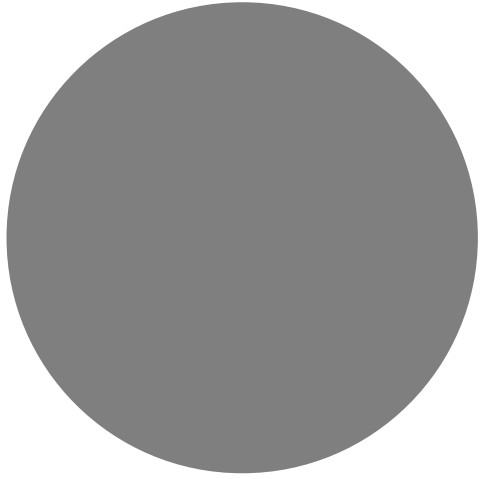
[https://www.chathamhouse.org/sites/files/chathamhouse/images/ia/INTA94\\_1\\_6\\_249\\_Layne.pdf](https://www.chathamhouse.org/sites/files/chathamhouse/images/ia/INTA94_1_6_249_Layne.pdf)

<http://classics.mit.edu/Tzu/artwar.html>

<https://www.brookings.edu/opinions/chinas-aid-to-africa-monster-or-messiah/>

<http://www.scmp.com/news/china/diplomacy-defence/article/2114628/congo-orders-chinese-joint-venture-stop-exporting-raw>





**Thank You**

