Guo Shuxian 2017-04-05

* Xi’s Visit with Trump

<http://www.asahi.com/ajw/articles/AJ201704010020.html>

China downplays tensions with U.S. as Xi prepares to meet Trump

REUTERS

April 1, 2017 at 11:45 JST

BEIJING/WASHINGTON--Beijing sought to play down tensions with the United States and put on a positive face on Friday as the U.S. administration slammed China on a range of business issues ahead of President Xi Jinping's first meeting with President Donald Trump.

Trump set the tone for what could be a tense meeting at his Mar-a-Lago retreat next week by tweeting on Thursday that the United States could no longer tolerate massive trade deficits and job losses.

Trump said the highly anticipated meeting, which is also expected to cover differences over North Korea and China's strategic ambitions in the South China Sea, "will be a very difficult one."

Ahead of the meeting, Trump signed executive orders on Friday aimed at identifying abuses that are causing massive U.S. trade deficits and clamping down on non-payment of anti-dumping and anti-subsidy duties on imports, his top trade officials said.

Separately, the U.S. Trade Representative's office, which is controlled by the White House, said Beijing's industrial policies and financial support for industries such as steel and aluminium have resulted in over-production and a flood of exports that have distorted global markets and undermined competitive companies.

Seeking to downplay the rift, Chinese Foreign Ministry spokesman Lu Kang reiterated a desire for cooperation on trade.

"With regard to the problems existing between China and the United States in trade relations, both sides should in a mutual respectful and mutual beneficial way find appropriate resolutions, and ensure the stable development of Sino-U.S. trade relations," he told a daily news briefing.

The leaders of the world's two largest economies are scheduled to meet next Thursday and Friday for the first time since Trump assumed office on Jan. 20.

White House spokesman Sean Spicer said the United States has "serious concerns" on the U.S. trade relationship with China.

"This isn't a sit around and play patty-cake kind of conversation," he told reporters. "They're big issues."

Trump "wants to have a very good and respectful and healthy relationship, but he also wants to make sure that he tackles the challenges and the problems that are facing American workers," Spicer said.

Speaking earlier at a briefing on the Xi-Trump meeting, Chinese Vice Foreign Minister Zheng Zeguang acknowledged the trade imbalance, but said it was mostly due to differences in their two economic structures and noted that China had a trade deficit in services.

"China does not deliberately seek a trade surplus. We also have no intention of carrying out competitive currency devaluation to stimulate exports. This is not our policy," Zheng said.

**CONCILIATORY TONE**

State news agency Xinhua also struck a conciliatory tone.

"Of course, it would be naive to believe that the two sides can bridge their differences in a single diplomatic meeting," it said in an English language commentary on Friday.

"Yet as long as the two nations can maintain their good faith, which they have shown recently, to talk and to make concessions based on mutual respect, then no difference would be too difficult to iron out."

Trump has frequently accused China of keeping its yuan currency artificially low against the dollar to make Chinese exports cheaper, and "stealing" American manufacturing jobs.

The yuan fell 6.5 percent last year in its biggest annual loss against the dollar since 1994, knocked by pressure from sluggish economic growth and a broadly strong U.S. currency.

Trump has resisted acting on a campaign promise to declare China a currency manipulator on his first day in office, but tensions have persisted over how his administration's China policy would evolve.

While apprehensive about a trade war, the American business community in China has grown more vocal.

Fear of retaliation had once made business lobbies eschew more forceful U.S. trade policies toward China, but such groups have increasingly urged the Trump administration to take targeted action to address market access imbalances.

Zheng said domestic consumption in China will increase as it pursues economic reforms, helping to raise demand for foreign goods and services, including those from the United States.

"This also helps ameliorate the trade imbalance between China and the United States," he said.

The trade imbalance could be resolved by improved cooperation, Zheng said, urging Washington to lift restrictions on civilian technology exports to China and create better conditions for Chinese investment in the United States.

The USTR (United States Trade Representative) report, however, accused China of using a range of measures to engineer the transfer of foreign technology to local firms. It said these include denying financial or regulatory approvals to companies using foreign-owned intellectual property or that do not conduct research or make products in China.

The report also brought up longstanding complaints about online piracy of movies, books, music, video games and software in China as well as a ban on U.S. beef that has been in place since 2003.

<http://www.asahi.com/ajw/articles/AJ201704040013.html>

# Strained ties on China-N. Korea border ahead of Trump-Xi summit

REUTERS

April 4, 2017 at 12:50 JST

NANPING/DANDONG--In the Northeast Asia Special Region straddling China's border with North Korea, the area around Nanping village is dotted with half-finished buildings, cranes on empty lots, piles of concrete pipes and a few construction workers.

What was planned in 2011 as a 30 billion yuan ($4.36 billion or 482 billion yen) development intended to showcase economic engagement between the two countries has stalled in recent months. No reasons have been given and no announcements have been made in official media.

About 700 kilometers to the south, near the city of Dandong, the New Yalu River Bridge connecting the two countries lies unfinished. It was planned in 2010 at a cost of 2.2 billion yuan, but stands now as a monument to the slowdown in economic ties.

A Reuters team visiting the area saw some signs of trade--trucks coming across another bridge over the Yalu and boats being loaded with goods on the North Korean side of the river.

Beijing appears sensitive about the North Korea issue--a journalist who visited the Northeast Asia Special Region near China's city of Helong last week was escorted out by police.

"Right now tensions are so high between China and North Korea that even this economic zone is a sensitive topic," local official Wang Fusheng said.

The Helong local government declined further comment.

China's relations with North Korea are expected to be high on the agenda when Chinese President Xi Jinping and U.S. President Donald Trump hold their first summit meeting this week. Washington wants China to do more to rein in the unpredictable North's nuclear and missile programs, while Beijing has said it does not have that kind of influence.

Trump raised the pressure on Sunday, holding out the possibility of using trade as a lever to secure Chinese cooperation.

China has taken steps to increase economic pressure on Pyongyang but has long been unwilling to do anything that may destabilize the North and send millions of refugees across their border.

The slowdown in the economic relationship between the two countries became marked after North Korea's fourth nuclear test in January 2016 and a series of missile launches since then.

**GLOBAL TRADE HUB**

The development plan for the Northeast Asia Special Region was to link Helong with North Korea's Maofeng International Tourism Zone and its port city of Chongjin in an area that would feature golf courses, blueberry fields, horse riding, logistics hubs and trade in everything from timber to textiles.

The region is intended to connect China and North Korea via air, road and freight train routes, according to information on billboards in China's Nanping village, where North Korea is just across the winding Tumen River.

The ultimate aim is to export products from both countries through Chongjin to Japan, South Korea, the United States and Europe--an aspiration thwarted by tightening global sanctions over North Korea's nuclear and missile programs.

According to the plan, Nanping village itself is to be demolished and turned into the Helong Frontier Economic Cooperation Zone--a key part of the Northeast Asia Special Region.

The zone will "take advantage of North Korean labor, land, environment and resources," says one of the signs in Nanping, displaying pictures of seafood processing and light manufacturing of clothes, clocks and car parts.

One thousand North Korean workers were supposed to have started work last year, a number set to increase to 10,000 this year and 20,000 next year.

But the dormitories for the workers are half-completed and the economic zone hasn't opened.

"Those signboards are more a hopeful plan than a schedule we strictly follow. No one has moved in yet," said the manager of one of the construction sites, who gave his family name as Li.

According to signboards in Nanping, there were plans for 900 million yuan worth of infrastructure investment in the area, including a 10-km train track connecting Nanping and nearby Luguo village to North Korea's Musan mine, which has the largest-known iron ore reserves in the country.

**RUDIMENTARY PLOWS**

Villagers on the Chinese side of the border are wary of North Korea.

In 2014, in two separate incidents, at least seven villagers were killed by North Koreans sneaking across the porous border into Nanping, the latest in several such incidents over the past few years.

China's military presence is heavy, with khaki green four-wheel drive vehicles patrolling the highways and security cameras installed on border fences. Locals say defections by North Koreans are down amid tighter Chinese patrols.

However, recent flooding around Nanping has destroyed alarm systems installed by the local government to protect villagers against North Korean intruders and also much of the fencing separating the village from North Korea.

North Korea is clearly visible from Nanping--farmers using rudimentary plows, soldiers squatting by a simple outpost and antiquated trucks and buses sporadically rumbling by.

Timber and other materials come in by truck from North Korea to Nanping over a concrete bridge, say locals, who added that coal exports have stopped since China's outright ban in February, following the North's nuclear and intermediate-range ballistic missile tests.

Iron ore from Musan has also stopped coming in, said Li Zhonglin, director of the College of Economics and Management at Yanbian University.

"Right now, all economic projects along the border have stalled because of rising tensions," he said.

<http://www.asahi.com/ajw/articles/AJ201704040010.html>

# China wary about THAAD because capabilities unknown--experts

REUTERS

April 4, 2017 at 12:15 JST

HONG KONG/BEIJING--China is steadfastly opposed to the deployment of advanced U.S. anti-missile radars in South Korea because it does not know whether the defenses, intended for North Korean missiles, are capable of tracking and countering Beijing's own nuclear program, experts say.

Beijing's resistance to the THAAD (Terminal High Altitude Area Defense) anti-missile system put up south of Seoul has become a major thorn in bilateral ties with the United States and is bound to be discussed at this week's summit meeting between President Xi Jinping and President Donald Trump.

While the United States says THAAD is needed to protect Seoul from the threat posed by North Korea's growing nuclear and missile programs, some Chinese strategists believe it is also a threat to the viability of China's nuclear deterrent.

"It is clear that there is no one in China who really knows the technical capability of THAAD and that's part of the problem," said Zhang Baohui, a Hong Kong-based mainland expert on China's nuclear deterrent.

"THAAD's full capabilities are secret so there is a real knowledge gap among Chinese strategists. If they are misplaced, they are at least genuine in their concern--they have to assume a worst case scenario."

Officially, China says it objects to THAAD because it will destabilize the regional security balance.

Chinese officials have also expressed concern about the reported 2,000 kilometer range of THAAD's powerful X-band radars, which can look deep into the mainland, rather than the system's shorter range interceptor missiles that can target North Korea's missiles.

Besides casting a shadow over U.S.-China ties, THAAD has also ruptured the relationship between Seoul and Beijing.

Chinese authorities have closed dozens of Lotte retail stores on the mainland after the South Korean conglomerate agreed to provide land for the missile defense system.

There has been a sharp decline in Chinese tourists going to South Korea, while South Korean singers and actors have been blocked in various ways from reaching a mainland Chinese audience, and dozens of Korean-focused blogs suspended in China.

**NEVER TESTED**

THAAD, never tested in a conflict and whose effectiveness is still questioned by some Western experts, is designed to intercept and destroy ballistic missiles late in flight, either just inside or outside the Earth's atmosphere.

The range of its radars however can help the system cover missile and rocket launch sites deep in China's isolated northeast where the People's Liberation Army (PLA) tests its modern generation of long-range weapons, some Chinese experts fear.

China's nuclear deterrent is based around ensuring it has a credible "second strike" capability given its long-standing vow never to be the first to use a nuclear weapon in a conflict.

Beijing is rebuilding its arsenal of mobile intercontinental ballistic missiles, as well as a fleet of submarines capable of firing such weapons, to ensure the so-called "survivability" of that deterrent.

Some Chinese scientists fear that the THAAD radars are sophisticated enough to allow the United States to track tests and specific missile signatures, ultimately helping it better prepare to counter any future Chinese attack.

Li Bin, a security expert at Beijing's Tsinghua University, wrote recently that the THAAD radars would allow the U.S. military to obtain data on missiles that it could not get through other sources, clearly undermining China's nuclear strategy.

In another recent commentary, Li noted differing unofficial Chinese views over the range of THAAD's radars, a discrepancy he said pointed to a lack of knowledge.

Some experts have however stressed that the PLA has both hard and soft options for crippling the THAAD's radars, such as the use of laser weapons or, less provocatively, deception maneuvers to confuse them.

Peng Guangqian, a strategist at the PLA Academy of Military Science, told the state-owned Global Times tabloid earlier this month that it was easy to "blind" the radars.

"We can also make THAAD useless through electronic interference and feigned military activities, because such activities can interrupt the functioning of the THAAD system."

Beyond debates over the THAAD's range, mainland strategists believe the system can be linked into a broader U.S.-led network of early warning radars, sensors and battle management systems in the region and tie in neighboring nations into an alliance.

Yao Yunzhu, a retired PLA major general, warned a Shanghai conference last month that such a network ultimately targeted China.

And that, say experts outside China, lies at the core of Beijing's fears over THAAD--a South Korea tied ever more tightly to the United States and Japan, despite years of effort by Beijing to draw Seoul closer.

Former U.S. Defense Secretary William Perry told the conference that he believed that China's missile forces were large and sophisticated enough to be impossible to defend against, so THAAD need not be a concern to Beijing.

He did say, however, that it "conceivably could enhance" other missile/anti-missile systems in the region.

* Japan-Sino Relations etc.

<http://www.tokyofoundation.org/en/articles/2017/xi-jinpings-china>

# Xi Jinping’s China: Concentrating and Projecting Power (Excerpts)

Tags: [Xi Jinping](http://www.tokyofoundation.org/en/articles?tags=Xi%20Jinping) , [China](http://www.tokyofoundation.org/en/articles?tags=China) , [International Affairs](http://www.tokyofoundation.org/en/articles?tags=International%20Affairs) , [Japan-China Relations](http://www.tokyofoundation.org/en/articles?tags=Japan-China%20Relations) , [ASEAN](http://www.tokyofoundation.org/en/articles?tags=ASEAN)

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January 19, 2017

**External Relations: China Presses Its Maritime Claims**

On July 12(2016), the Permanent Court of Arbitration in The Hague issued a wholesale rejection of China’s territorial claims in the South China Sea and its attempts to buttress those claims through naval activity and land reclamation. The PCA’s decision on the arbitration case filed by the Philippines seems to have had little impact on China’s ongoing campaign to assert control over neighboring waters. Indeed, the emergence of Philippines President Rodrigo Duterte as an actor in the region appears to have bolstered China’s confidence.

***China and ASEAN***

On July 24, the Association of Southeast Asian Nations held its 49th ASEAN Foreign Ministers’ Meeting in Vientiane, Laos. In the joint communiqué issued the following day, the ministers made no mention of the PCA ruling issued less than two weeks earlier. On July 25, they met with their Chinese counterpart, Wang Yi, and adopted the Joint Statement of the Foreign Ministers of ASEAN Member States and China on the Full and Effective Implementation of the Declaration on the Conduct of Parties in the South China Sea. In this document, the parties again pledged “to exercise self-restraint in the conduct of activities that would complicate or escalate disputes and affect peace and stability including, among others, refraining from action of inhabiting on the presently uninhabited islands, reefs, shoals, cays, and other features”—reiterating the same formula that has had so little effect on China’s behavior to date.

Next came the Vientiane ASEAN Summit, held September 6–8. The Chairman’s Statement “took note of the concerns expressed by some Leaders on the land reclamations and escalation of activities” in the South China Sea, stated that ASEAN remained “seriously concerned,” and stressed “the need to . . . pursue peaceful resolution of disputes in accordance with international law.” But again, it omitted any reference to the South China Sea arbitration.

Aided by the fact that Laos was chairing the summits, Beijing was able to leverage its influence with Laotian and Cambodian leaders to “divide and conquer” ASEAN on this crucial issue.

***China and the United States***

Also in early September, the leaders of the Group of 20 gathered in Hangzhou, a city with close connections to Xi Jinping. President Xi and US President Barack Obama took the opportunity sit down for bilateral talks on September 3, shortly before the opening of the G20 Summit. The meeting took place amid an atmosphere of cooperation, both leaders having just submitted the instruments of ratification for the Paris Agreement on climate change. Nonetheless, Xi Jinping refused to budge when confronted with US concerns over China’s activities in the South China Sea. He responded by rejecting US interference in the issue, stating that China would “persist in peacefully resolving disputes through consultations with parties directly involved.”[[7]](http://www.tokyofoundation.org/en/articles/2017/xi-jinpings-china#_edn7)

***China and Japan***

Two days later, President Xi and Prime Minister Shinzo Abe sat down for the first Japan-China summit talks in almost a year and a half. Media photos of the event portrayed a low-key, somber affair, with no national flags on display, and both leaders looking uncomfortable. The Japanese Ministry of Foreign Affairs described the meeting as forward-looking and substantial, but on the subject of territorial disputes in the South China and East China seas, both leaders merely reiterated the positions they have articulated to date. According to China’s official media, Xi Jinping warned Japan to “exercise caution in its words and deeds” on the South China Sea issue so as not to disrupt the improvement of Sino-Japanese ties.[[8]](http://www.tokyofoundation.org/en/articles/2017/xi-jinpings-china#_edn8)

In short, nothing has changed where China’s maritime policies are concerned, and Tokyo and Beijing remain very much at odds over Chinese conduct in the region.

***The Duterte factor***

In short, with regard to the South China Sea issue, Duterte proved himself quite adept at balancing the foremost concerns of Beijing on the one hand (addressing territorial disputes one-on-one) and Japan on the other (freedom of navigation and a peaceful solution based on international law), and he was well rewarded for his efforts.

Washington, meanwhile, has been caught off balance by Duterte’s inflammatory comments and has begun to harbor deep misgivings about the future of US-Philippines relations.

**Preserving Stability in the Trump Era**

Meanwhile, US foreign policy will soon be under the direction of a new Republican administration headed by Donald Trump, whose preelection pronouncements have raised serious questions about America’s ongoing commitment to international cooperation on issues ranging from climate change to freedom of navigation and trade. As if Duterte were not enough of a wild card, the emergence of yet another unpredictable leader with little respect for the existing order or political norms is casting an ominous shadow over the future of the region.

But every crisis also presents an opportunity. The time may be ripe for Japan to play a more prominent leadership role to help counter these sources of uncertainty and instability. It can do so in three important ways.

First, Japan has a role to play in keeping the United States engaged in the region. Although Trump has backtracked on some of the extreme positions he took during the election campaign, the fact remains that he won the presidency by promising to “put America first,” pledging to withdraw from the Trans-Pacific Partnership, and even threatening to abandon America’s security commitments in Japan and South Korea. Should his administration make good on these threats and heedlessly pivot away from Asia, it will have a profoundly destabilizing effect on the region. To prevent such a turn of events, the Japanese government and Japanese business should launch a concerted and persistent lobbying campaign targeted at Trump and his team. The November meeting between Trump and Abe was a good start in terms of building a new bilateral relationship for the coming era.

Second, Japan must do what it can to influence China’s behavior. There is no denying the possibility that Beijing will adopt an even more domineering approach to foreign policy now that Xi Jinping has solidified his core leadership position. With this in mind, Japan’s public and private sectors must work together to impress on Beijing’s leaders that the support and respect of other countries in the region is the most basic premise of the “major-power diplomacy with Chinese characteristics” that they have embraced as the keynote of their new foreign policy. At the ASEAN Foreign Ministers’ Meeting last July, Foreign Minister Wang Yi noted the desirability of reaching a broad agreement on a code of conduct for the South China Sea sometime in the first half of 2017. Let us hope that China listens respectfully to the views of the parties involved and actively strives to develop a code acceptable to every one of those parties.

The third way in which we can exercise leadership is in the development of a multilateral cooperative framework in the region. As a solitary voice, Japan has only so much influence over countries like China and the United States. But if we make a determined effort and demonstrate effective regional leadership, we can deliver a powerful, unified message in support of stability and prosperity on behalf of peace-loving peoples throughout the Asia and Pacific regions and help build a bridge between Washington and Beijing.

[[1]](http://www.tokyofoundation.org/en/articles/2017/xi-jinpings-china#_ednref1) See “Zhonggong shiba jie liuzhong quanhui zaijing juxing” (Sixth Plenary Session of the 18th CPC National Congress Held in Beijing),*Renmin Ribao*, October 28, 2016.

[[2]](http://www.tokyofoundation.org/en/articles/2017/xi-jinpings-china#_ednref2) “Ta shang quanmian cong yan zhi dang” (Embarking on a New Journey of Comprehensive Strict Party Discipline), *Renmin Ribao*, November 4, 2016.

[[3]](http://www.tokyofoundation.org/en/articles/2017/xi-jinpings-china#_ednref3) “Jianjue weihu dang zhongyang quanwei” (Resolutely Safeguarding the Authority of the Party Central Committee), *Renmin Ribao*, November 15, 2016.

[[4]](http://www.tokyofoundation.org/en/articles/2017/xi-jinpings-china#_ednref4) The complete texts were carried in the November 3, 2016, edition of *Renmin Ribao*.

[[5]](http://www.tokyofoundation.org/en/articles/2017/xi-jinpings-china#_ednref5) “Guanwu ‘Xin xingshi xia dang nei zhengzhi shenghuo de ruogan zhunze” he ‘Zhongguo gongchandang dang nei jiandu tiao’ de shuoming” (Explanation of “Norms of Political Life in the Party Under Current Conditions” and “Regulation on Intra-Party Supervision”),*Renmin Ribao*, November 3, 2016.

[[6]](http://www.tokyofoundation.org/en/articles/2017/xi-jinpings-china#_ednref6) For the previous editions, see *Zhongguo gongchandang dang nei fagui xuanbian* (Selection of Internal Regulations of the Communist Party of China) (China Fangzheng Press, 2015), pp. 3–19 and pp. 229–41.

[[7]](http://www.tokyofoundation.org/en/articles/2017/xi-jinpings-china#_ednref7) “Obama presses China's Xi on South China Sea ahead of G20,” Reuters, September 4, 2016, <http://in.reuters.com/article/g20-china-usa-idINKCN1190F1>.

[[8]](http://www.tokyofoundation.org/en/articles/2017/xi-jinpings-china#_ednref8) “Xi Expects China-Japan Ties Back on Normal Track,” Xinhuanet, September 5, 2016,
<http://news.xinhuanet.com/english/2016-09/05/c_135664418.htm>.

[[9]](http://www.tokyofoundation.org/en/articles/2017/xi-jinpings-china#_ednref9) “Xi, Duterte Agree on Full Improvement of Ties,” Xinhuanet, September 5, 2016, <http://news.xinhuanet.com/english/2016-10/20/c_135769623.htm>.

[[10]](http://www.tokyofoundation.org/en/articles/2017/xi-jinpings-china#_ednref10) “Japan-Philippines Summit Meeting,” Ministry of Foreign Affairs of Japan, October 26, 2016,<http://www.mofa.go.jp/s_sa/sea2/ph/page3e_000608.html>.