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## **Are U.S. and China Heading for Strategic Rivalry?**

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The biggest nightmare for Asian countries that have been threatened by hegemonic behaviors by the Chinese government of President Xi Jinping for the past few years might be the unpredictable U.S. President Donald J. Trump making a “deal” with China at the expense of security interests of U.S. allies and friends in the region. The fact that President Trump suddenly began to take conciliatory attitude towards President Xi after their first summit meeting in Florida in April, 2017, made these countries feel uneasy even if such amity came from expectation that China might help solve the North Korean nuclear and missile development problem. As the expectations have eroded by early July, the U.S.-China relations in the future may face more confrontations not only on North Korea but on other outstanding issues including the South China Sea, Taiwan and the trade. If the U.S.-China strategic rivalry intensifies, Japan and India that regard China as a geopolitical threat will have more opportunities to strengthen partnership with the United States. As the foreign policy of President Trump wavers a lot, we cannot feel at ease with his China policy. But it is a relief that the Trump administration has a robust national security team led by Secretary of Defense James Mattis.

### **Mattis playing major role in setting security policies**

James E. Auer, Professor Emeritus of Vanderbilt University in Tennessee, is one of well-known Japan hands in the United States. A former naval officer, he has many acquaintances among Japanese politicians, military personnel, scholars and journalists. As a diehard Republican, he cast his vote to Trump at the 2016 presidential election unlike many other Republican national security experts who rejected to endorse the Republican nominee who advocated “America First” and was thought to be indifferent to international collaboration. Auer explains his vote citing a remark by Ben Carson, a neurosurgeon who ran for the Republican primaries of the year and later joined the Trump administration as Secretary of Housing and Urban Development. According to Auer, Carson said during the campaign as follows:

“Don’t be frightened if Trump says crazy things. If he were really crazy, his business should have gone bankrupt. If elected, he will appoint smart men as his cabinet

members and will allow them to set his administration's policies.”<sup>1</sup>

Although this author still gets perplexed at President Trump's maverick words and actions a half year after his inauguration, Carson's prediction that Trump would appoint smart men as his cabinet members may not have missed the point.

A leading cabinet member with whom U.S. allies including Japan can feel at ease is Secretary of Defense James Mattis. Retired Marine General Mattis visited South Korea and Japan, U.S. allies in Northeast Asia, at his first official trip overseas as the defense secretary in early February, 2017, just two weeks after the inauguration of the Trump administration. In his meetings with Japanese Prime Minister Shinzo Abe and Defense Minister Tomomi Inada, Mattis guaranteed that the U.S.-Japan alliance is the cornerstone of peace and stability in the Asia-Pacific region, that the United States keeps its commitment to the defense of Japan and that Article Five of the U.S.-Japan Security Treaty that stipulates U.S. commitment to defend Japan applies to the Senkaku Islands in the East China Sea.<sup>2</sup> Mattis took it upon himself to reaffirm the importance of the U.S.-Japan alliance as Trump, during the campaign, repeated remarks that could be taken as disdain for the alliance.

President Trump received Prime Minister Abe at the White House on February 10, a week after Mattis's visit to Tokyo, and gave him exactly the same guarantee. Better still, the two leaders documented the assurance in the joint statement, making the commitment unshakable.<sup>3</sup> In short, Mattis took the lead of reaffirming the importance of the U.S.-Japan alliance, being confirmed by the President.

Mattis has a remarkable presence within the Trump administration not only on the U.S.-Japan relations but also on Asian security issues in general. His presence was shown vividly in Singapore on June 3 when he made a debut at the Asia Security Summit, also known as the Shangri-La Dialogue, and forcefully urged China to put

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<sup>1</sup> Ben Carson's remark cited by James E. Auer at a Planning Committee meeting of the Japan Institute for National Fundamentals (Tokyo, November 18, 2016)

<sup>2</sup> Joint Press Briefing by Secretary Mattis and Minister Inada in Tokyo, Japan (U.S. Department of Defense, February 4, 2017).  
<https://www.defense.gov/News/Transcripts/Transcript-View/Article/1071436/joint-press-briefing-by-secretary-mattis-and-minister-inada-in-tokyo-japan/>

<sup>3</sup> Joint Statement, February 10, 2017 (Ministry of Foreign Affairs, Japan).  
<http://www.mofa.go.jp/files/000227768.pdf>

more pressure on North Korea over its nuclear and missile developments.<sup>4</sup>

He regards North Korea as “the most urgent and dangerous threat to peace and security” in the current world, surpassing challenges from a resurgent and more aggressive Russia, a rising and assertive China, radical Islam terrorist groups and an Iranian regime pursuing regional hegemony.<sup>5</sup>

Mattis did not beg for China’s help over the North Korean issue in his Shangri-La speech. Instead, he quoted what Xi told Trump in a telephone conversation with Trump in April that “only if all sides live up to their responsibilities [...] can the nuclear issues on the [Korean] peninsula be resolved as quickly as possible,” then said, “those words must be followed by actions.” He thus urged China to take “actions” to toughen sanctions on North Korea.

He then turned the brunt of an attack on China’s construction of artificial islands in the South China Sea. “We cannot accept Chinese actions that impinge on the interests of the international community, undermining the rules-based order,” he said bluntly. “Artificial-island construction and indisputable militarization of facilities [...] undermine regional stability.”

On May 25, shortly before Mattis’s appearance in Singapore, U.S. Navy destroyer Dewey sailed within 12 nautical miles of an artificial island built by China on Mischief Reef in the Spratly Islands without prior notice to China, representing the first Freedom of Navigation Operation (FONOP) under the Trump administration. In the operation, unlike four previous operations in the South China Sea under the Obama administration, held in October 2015, January, May and October 2016, USS Dewey conducted a rescue drill similar to what is usually done on high seas, clarifying a U.S. stance that China cannot expand its territorial waters by constructing artificial islands.<sup>6</sup> There is no doubt that Mattis’s strong will worked in conducting the

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<sup>4</sup> The United States and Asia-Pacific Security (General (Retd) James Mattis, IISS Shangri-La Dialogue 2017, First Plenary Session, June 3, 2017). <http://www.iiss.org/en/events/shangri-la-dialogue/archive/shangri-la-dialogue-2017-a321/plenary-1-6b79/mattis-8315>

<sup>5</sup> Secretary of Defense Jim Mattis, Senate Appropriations Subcommittee on Defense, Written Statement for the Record (June 14, 2017). <https://www.appropriations.senate.gov/imo/media/doc/061417-Mattis-Testimony.pdf>

<sup>6</sup> U.S. Warship Came Within 6 Miles of Chinese Artificial Island in Toughest Challenge Yet to Beijing South China Sea Claims (USNI, May 25, 2017).

operation.

In his speech in Singapore, Mattis vowed to continue the FONOP. Acting on what Mattis said, the Trump administration conducted its second FONOP in the South China Sea on July 2, sending USS Stethem within 12 nautical miles of Triton Island in the Paracel Island chain.<sup>7</sup>

“We will not use our allies and partners, or the capabilities integral to their security, as bargaining chips,” Mattis also said in the speech. This remark amounted to a U.S. pledge that even the administration advocating “America First” will not cut a “deal” with China that may prioritize American economic interests at cost of security interests of U.S. allies and friends. The remark should be welcomed by Japan and India that regard China as geopolitical threat.

Another point to notice in the speech was that Mattis cited Taiwan in addition to India, Vietnam and Singapore when vowing to continue engagement with partners. “The Department of Defense remains steadfastly committed to working with Taiwan and with its democratic government to provide the defense articles necessary, consistent with the obligations set out in our Taiwan Relations Act,” he said.

It was unusual for a U.S. defense secretary to treat Taiwan in the same way as ordinary partners and discuss defense cooperation with Taiwan in public. In response to a question from a Chinese military officer in the audience who did not fail to pay attention to the remark, Mattis said there was no change in the United States’ “One China” policy. However, the remark can be interpreted as a strong message to China that the Trump administration would not tolerate China’s military intimidation to Taiwan now governed by Democratic Progressive Party known for its aspirations of independence from China.

On June 29, shortly after the U.S. China Diplomatic Security Dialogue focused on North Korea went nowhere, the Trump administration announced the sales of \$1.4b in weapons to Taiwan. This was the first arms sales to Taiwan under the Trump

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<https://news.usni.org/2017/05/25/u-s-warship-came-beijing-south-china-sea-claims>

<sup>7</sup> UPDATED: USS Stethem Conducts Freedom of Navigation Operation Past Triton Island in South China Sea (USNI, July 2, 2017).

<https://news.usni.org/2017/07/02/u-s-destroyer-conducts-freedom-navigation-operation-south-china-sea-past-chinese-island>

administration that include radar, missiles and torpedoes Taiwan requested. Mattis's words were put into action promptly.

### **Tillerson and McMaster to bring up support**

Even though not having so much of a presence as Mattis, Secretary of State Rex W. Tillerson is also carrying his weight. As if inspired by Mattis's Shangri-La speech, Tillerson voiced strong dissatisfaction with China's efforts towards North Korea and criticized China's approach to the South China Sea issue at the joint press conference after the U.S.-Australia "2 plus 2" ministerial consultations in Sydney. He said China should "step up efforts" to have North Korea abandon its nuclear weapon program and expressed opposition to China's artificial island construction and militarization of features in the South China Sea. "We cannot allow China to use its economic power to buy its way out of [North Korea and South China Sea] problems," he declared. "They must recognize that with a role as a growing economic and trading power comes security responsibilities as well."<sup>8</sup>

However, Tillerson, who was Chief Executive Officer (CEO) of ExxonMobil till named as Secretary of State by Trump, had not held any public office, the same as Trump. Selecting a business executive as Secretary of State is not unprecedented. One recent example is George P. Schulz who was President of Bechtel Group before he joined the Reagan administration in 1982. But Schulz, unlike Tillerson, had held cabinet posts including Secretary of the Treasury under the Nixon administration. Tillerson is doing his job with the help of career diplomats who have been working at the State Department since the Obama era as political appointments of assistant secretary-level officials who play central role in policy planning and implementation are slow. Tillerson's policy statements on China are occasionally associated with clumsiness probably because he lacks experience and close advisers.

For example, Tillerson said at the Senate confirmation hearing that China's "access" to artificial islands in the South China Sea is "not going to be allowed."<sup>9</sup> Military tension in the South China Sea could increase if he meant a U.S. naval blockade. His remark

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<sup>8</sup> Press Availability with Secretary of Defense James Mattis, Australian Foreign Minister Julie Bishop, and Australian Defense Minister Marise Payne (U.S. Department of State, Diplomacy in Action, June 5, 2007).

<https://www.state.gov/secretary/remarks/2017/06/271571.htm#subnav-anchor>

<sup>9</sup> Transcript, Senate Foreign Relations Committee – Hearing, January 11, 2017 (Roll Call)

lead to speculation if it was only a slip of the tongue, or if not, what his real intention was.

But Tillerson made clear at the hearing that he, unlike Trump, did not oppose the Trans-Pacific Partnership (TPP) free-trade agreement signed by twelve Pacific-rim countries including the U.S. and Japan during Obama administration. The TPP had a strategic meaning to create a free and open Asia-Pacific economic zone led by the U.S. and Japan to check Chinese expansion of economic and political influence in the region. Trump, who hates multilateral trade agreements out of belief that only bilateral agreements can protect American workers' interests, declared immediately after the inauguration to withdraw from the TPP, keeping his campaign promise, to the disappointment of other 11 signatories. Apparently understanding the strategic meaning of the TPP, Tillerson may emerge as one of top officials of the administration who will play an important role to recover U.S. trust among Asia-Pacific partners.

The other important player in the diplomatic and security team of the Trump administration is National Security Adviser H.R. McMaster. As soon as assuming the office in February, 2017, upon the resignation of his predecessor and Trump's first choice of the post Michael Flynn in connection with Russian scandals, McMaster, Army Lieutenant General, removed Trump's Chief Strategist and standard-bearer of "America First" Steve Bannon from permanent members of the National Security Council and reinstated Director of National Intelligence and Chairman of Joint Chief of Staff instead, bringing the NSC back to normal posture.

At a seminar held in May, 2016, McMaster drew parallels between Russia's invasion of Ukraine with Chinese construction of artificial islands in the South China Sea and accused China of making effort to "expand territory and expand their influence at the expense of U.S. interests and the security of our partners in the region." He also criticized China's engagement in "the largest theft of intellectual property in history," implying that some of the thefts benefit the Chinese military.<sup>10</sup>

McMaster's remarks indicate he has proper perceptions about China similar to those of his fellow military man Mattis. U.S. Navy's Freedom of Navigation Operations to counter China's excessive maritime claim cannot be conducted without a green light not

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<sup>10</sup> H.R. McMaster on China (Gary Sands, Foreign Policy Association, March 8, 2017). <https://foreignpolicyblogs.com/2017/03/08/mcmaster-on-china/>

only from Mattis but also from McMaster. Mattis and McMaster apparently are getting along very well for now.

### **Wavering Trump**

The problem is that the attitude towards China of President Trump himself wavers a lot. Trump promised during the 2016 presidential campaign that he would impose 45% tariff on imports from China to achieve fair U.S.-China trade and designate China as a “currency manipulator” on the first day of his administration. He also expressed doubt about “One-China” policy, a pillar of U.S. policy towards China and Taiwan shortly before taking office.

However, Trump began to mend his relations with China by agreeing to “honor” One-China policy in his telephone conversation with Chinese President Xi Jinping on February 9, 2017, in a reversal of his position.<sup>11</sup> Trump may have been convinced that China would put pressure on North Korea for the abandonment of its nuclear and missile program at their first summit meeting with Xi on April 6-7 at his Mar-a-Lago estate in Florida. Then Trump said it would be counterproductive to designate China as a currency manipulator at a time when he was seeking China’s help on North Korea, reversing his campaign promise.<sup>12</sup> He also shelved the imposition of high tariff on Chinese goods in exchange for the formulation of a 100-day plan to correct U.S.-China trade imbalance. “He is a good man,” Trump told his supporters about Xi.<sup>13</sup> “We have a great chemistry together. We like each other. I like him a lot. I think his wife is terrific,” Trump emphasized closeness with Xi even by citing his wife.<sup>14</sup>

Trump revealed he had offered a “deal” to Xi that the U.S. could make concessions in trade negotiations with China if China helps solve North Korean nuclear problem.<sup>15</sup> A

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<sup>11</sup> Readout of the President’s Call with President Xi Jinping of China (The White House, Office of the Press Secretary, February 9, 2017).  
<https://www.whitehouse.gov/the-press-office/2017/02/09/readout-presidents-call-president-xi-jinping-china>

<sup>12</sup> As Trump Bets on China’s Help on North Korea, Aides Ask: Is It Worth It? (Mark Lander, the New York Times, June 15, 2017).  
[https://www.nytimes.com/2017/06/15/world/asia/china-xi-jinping-trump-north-korea.html?mcubz=2&\\_r=0](https://www.nytimes.com/2017/06/15/world/asia/china-xi-jinping-trump-north-korea.html?mcubz=2&_r=0)

<sup>13</sup> Ibid.

<sup>14</sup> Trump and Xi: Tensions Turn to Friendship (Gerald F. Seib, the Wall Street Journal, April 12, 2017).  
<https://www.wsj.com/articles/trump-and-xi-tensions-turn-to-friendship-1492033631>

<sup>15</sup> Ibid.

deal of that kind may not harm U.S. allies and friends. But Asian countries facing Chinese hegemonic behaviors would worry whether the Trump administration yields to China on the South China Sea, East China Sea or Taiwan issues in exchange for its cooperation on North Korea. Also, if the Trump administration decides to join the Chinese-lead Asian Infrastructure Investment Bank (AIIB) that Japan and the U.S. have declined to join, Japan will unquestionably be upset as it will be left at the altar.

Trump did not make unilateral concessions at the meeting with Xi, though. Rather, Trump took tough stance against Xi on pending problems. For instance, Trump asked Xi to enhance pressure on North Korea. The fact that the U.S. launched cruise missile attack on a Syrian government air base during the meeting because the government of President Bashar al-Assad newly used chemical weapons in the civil war had an effect to remind Xi that Trump may also launch a military attack against North Korea. On the South and East China Seas situations, Trump urged Xi to adhere to international norms and previous statements on non-militarization.<sup>16</sup>

But the Chinese side did not give in. Xi reiterated China's basic position on Taiwan, Tibet and the South China Sea, renewed the proposal of mutual suspension of North Korean nuclear and missile development and the U.S.-South Korea military exercises, and stressed China's opposition to the deployment of THAAD anti-missile system by the U.S. in South Korea.<sup>17</sup>

Given that the U.S. and China sharply disagreed on such important issues, Trump's flattering words to Xi after the meeting gave a bizarre impression.

It became unquestionably clear at the U.S.-China Diplomatic Security Dialogue held in Washington, D.C., on Jun 21, 2017, that the two countries' positions on North Korean nuclear and missile development are irreconcilable. The Dialogue is one of the four dialogues derived from the comprehensive Strategic and Economic Dialogue held during the Obama administration. The Diplomatic Security Dialogue preceded three other dialogues and was attended by Secretaries Tillerson and Mattis from the U.S. side, and

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<sup>16</sup> Briefing by Secretary Tillerson, Secretary Mnuchin, and Secretary Ross on President Trump's Meetings with President Xi of China (the White House, Office of the Press Secretary, April 7, 2017).

<https://www.whitehouse.gov/the-press-office/2017/04/07/briefing-secretary-tillerson-secretary-mnuchin-and-secretary-ross>

<sup>17</sup> Xi, Trump set constructive tone for China-U.S. relationship: FM (Xinhua, April 8, 2017). [http://news.xinhuanet.com/english/2017-04/08/c\\_136192730.htm](http://news.xinhuanet.com/english/2017-04/08/c_136192730.htm)



State Councilor Yang Jiechi and People's Liberation Army Chief of Joint Staff Fang Fenghui from the Chinese side.

At the Dialogue, the U.S. side insisted China had a diplomatic responsibility to exert greater economic and diplomatic pressure on North Korea, demanding China to stop laundering of North Korean money by Chinese banks and to end acceptance of North Korean expatriate workers in order to step up efforts to curtail North Korean sources of revenue.<sup>18</sup> In response, the Chinese side, while promising full implementation of U.N. Security Council sanctions against North Korea, advocated peaceful resolution of the Korean Peninsula nuclear issue through “dialogue and consultation,” as President Xi insisted at the meeting with Trump in April, and called for early resumption of talks on the nuclear issue. The Chinese also renewed its proposal of mutual suspension of North Korean nuclear and missile activities and U.S.-South Korea joint military exercises.<sup>19</sup>

The Trump administration may have judged at that time that China has no intention to increase pressure on North Korea to the extent of undermining the Kim Jong-un regime. The administration announced on June 29 the first step of so-called “secondary sanctions” against Chinese companies and individuals including the Bank of Dandong that had been doing illicit business with North Korean companies allegedly involved in North Korea's nuclear and missile programs. \$1.4b worth of arms sales to Taiwan was also announced on the same day, the first such deal with Taiwan since Trump took office.<sup>20</sup>

The U.S. and China also remained sharply disagree on the South China Sea issue at the Diplomatic Security Dialogue. The U.S. opposed the militarization by China of artificial islands and China's excessive claim of maritime interests and declared its intent to continue the Freedom of Navigation Operation (FONOP). The Chinese side rebutted that it had the right to defend its territorial integrity and maritime interests. The U.S. conducted its second FONOP under the Trump administration in the South China Sea

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<sup>18</sup> Secretary of State Rex Tillerson and Secretary of Defense Jim Mattis at a Joint Press Availability (U.S. Department of State, Diplomacy in Action, June 21, 2017).

<https://www.state.gov/secretary/remarks/2017/06/272103.htm>

<sup>19</sup> China calls for early resumption of talks on Korean Peninsula (Xinhua, June 22, 2017). [http://news.xinhuanet.com/english/2017-06/22/c\\_136385783.htm](http://news.xinhuanet.com/english/2017-06/22/c_136385783.htm)

<sup>20</sup> Arms to Taiwan and Action Against a Chinese Bank: Is Trump's US-China 'Honeymoon' Over? (Ankit Panda, the Diplomat, June 30, 2017).

<http://thediplomat.com/2017/06/arms-to-taiwan-and-action-against-a-chinese-bank-is-trumps-us-china-honeymoon-over/>

on July 2.

Concrete measures to implement the 100-day plan to correct U.S.-China trade imbalance agreed at the April summit were announced in May. Under the package, China will resume imports of U.S. beef that meet international safety standards and will permit the operation in China of American credit rating agencies and credit card companies. In return, the U.S. will encourage exports of liquid natural gas (LNG) to China, among other things. But these measures will not correct trade imbalance. If U.S.-China cooperation on North Korea goes nowhere, trade friction will inevitably resurge from July 16 onward, a 100-day milestone after the April summit, analysts say.

Presidents Trump and Xi met for the second time on July 8 in Hamburg, Germany, on the sidelines of a Group of 20 (G20) summit. While Trump discussed the threat by North Korea's nuclear and missile programs and the need to respond to North Korea's escalation in the wake of the first intercontinental ballistic missile (ICBM) test on July 4,<sup>21</sup> Xi reiterated China's position that the issue should be resolved through dialogue and consultation.<sup>22</sup> Thus they remained apart from each other over North Korea. Xi made clear to Japanese Prime Minister Shinzo Abe on the same day that China opposes imposition of individual sanctions on North Korea other than U.N. Security Council sanctions, according to Japanese press reports.<sup>23</sup>

Even when Secretary Tillerson said, "We have not given up hope" on China's enhancing pressure on North Korea, the policy of relying on China seemed to be approaching to a limit. The "honeymoon" between Trump and Xi since the first meeting in April may have already ended. The U.S. and China may be entering into strategic rivalry, competing for international influences.

As the Trump administration apparently has no clear China strategy, China has been steadily advancing modernization of its military forces. The Pentagon's annual report on the Chinese military power, made public on June 6, 2017, devoted much space to the

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<sup>21</sup> Readout of President Donald J. Trump's Meeting with President Xi Jinping of China (The White House, Office of the Press Secretary, July 8, 2017). <https://www.whitehouse.gov/the-press-office/2017/07/08/readout-president-donald-j-trumps-meeting-president-xi-jinping-china>

<sup>22</sup> Xi, Trump meet on ties, hot-spot issues on G20 sidelines (Xinhua, July 9, 2017). [http://news.xinhuanet.com/english/2017-07/09/c\\_136428753.htm](http://news.xinhuanet.com/english/2017-07/09/c_136428753.htm)

<sup>23</sup> Abe, Xi in accord on trade project but differ over North Korea (the Asahi Shimbun, July 9, 2017). <http://www.asahi.com/ajw/articles/AJ201707090013.html>

militarization in the South China Sea, augmentation of PLA Army, Navy, Air Force and Rocket Force, and advancement of space capabilities guided by Strategic Support Force among others, expressing wariness over Chinese military development. This author gave most attention to the description that China began fielding the DF-26 intermediate-range ballistic missile (IRBM), dubbed as a “Guam killer” or a “Second-generation aircraft carrier killer” in 2016.<sup>24</sup>

DF-26 was first publicly revealed in September, 2015, during the military parade in Beijing celebrating the 70-year anniversary of China’s victory of war against Japan. Having an estimated range of 3000-4000 km, it can conduct conventional and nuclear strikes against U.S. bases on Guam whose importance as a linchpin of U.S. military strategy in the Asia-Pacific has been increasing and conventional strikes against large U.S. Navy’s surface ships including aircraft carriers west of so-called “second island chain” extending from due south of Japan to Ogasawara (aka Bonin) Islands, Mariana Islands and northwest of New Guinea in the western Pacific Ocean. The deployment of DF-26 means not only the dramatic augmentation of China’s ballistic missile forces in the western Pacific but also the increase of Chinese military threat to India as the missile has enough range to hit all of India and northern Indian Ocean.

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<sup>24</sup> Annual Report to Congress: Military and Security Developments Involving the People’s Republic of China 2017, p.31 (U.S. Department of Defense, June 6, 2017). [https://www.defense.gov/Portals/1/Documents/pubs/2017\\_China\\_Military\\_Power\\_Report.PDF?ver=2017-06-06-141328-770](https://www.defense.gov/Portals/1/Documents/pubs/2017_China_Military_Power_Report.PDF?ver=2017-06-06-141328-770)