

# COMPARATIVE

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## C O N N E C T I O N S

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**US-CHINA RELATIONS**

# HURTLING TOWARD A TRADE WAR

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The US and China engaged in tit-for-tat trade actions as bilateral trade talks failed to produce a compromise. The Trump administration doubled down on its characterization of China as a threat to US interests in the *National Defense Strategy* and “Worldwide Threats” hearings on Capitol Hill. President Trump signed the Taiwan Travel Act, which calls for the US government to encourage visits between officials from the United States and Taiwan at all levels, provoking China’s ire. Cracks in US-China cooperation on North Korea were revealed as the Trump administration imposed sanctions on Chinese shipping and trading companies allegedly conducting illicit business with North Korea, and Beijing failed to notify Washington in advance of Kim Jong Un’s visit to China. The US conducted two Freedom of Navigation Operations (FONOPS) in the South China Sea.

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## Trade tensions spike

Bilateral tensions over trade mounted rapidly in the first four months of 2018. In a phone call with Chinese President Xi Jinping, US President Donald Trump expressed disappointment that the bilateral trade deficit has continued to grow and, according to the White House [readout](#) of the call, “made clear that the situation is not sustainable.” Two days later, Trump revealed that a probe into China’s theft of intellectual property was underway. “We’re talking about big damages,” the president told *Reuters*. Asked about the potential for a trade war with China, Trump said “I don’t think so, I hope not. But if there is, there is.”

In late January, the Trump administration took its first major trade action, [imposing](#) tariffs on imported large residential washing machines and imported solar cells and modules. In the solar panel case, huge Chinese government subsidies were found responsible for a significant increase in China’s solar cell production, from 7 percent in 2005 to 61 percent in 2012, causing 30 US solar panel makers to go bankrupt. China’s Ministry of Commerce claimed the decision was an “abuse” of trade remedies and called for the US to abide by multilateral trade rules.

In his [speech](#) to the World Economic Forum on Jan. 26, President Trump signaled his determination to confront China on trade, saying that “The United States will no longer turn a blind eye to unfair economic practices.” Back home, in his State of the Union address the following week, Trump [named](#) China a major US competitor on both economic and military fronts, calling it a “rival” that challenges US interests.

Intent on demonstrating that a trade war would be harmful to the US, China launched an anti-dumping and anti-subsidy investigation of sorghum from the United States, putting at risk approximately \$1 billion in US exports.

Eager to put an end to rising trade tensions, Beijing dispatched State Councilor Yang Jiechi to Washington DC in the second week of February. Yang had meetings with President Trump, National Security Adviser H.R. McMaster, Trump’s son-in-law Jared Kushner, and Secretary of State Rex Tillerson. The Chinese Foreign Ministry released a [statement](#) citing Yang’s call for the two sides to “properly resolve

economic and trade issues by opening each other’s market and making a big cake of cooperation, so as to safeguard sound management of bilateral economic and trade relations.” The statement claimed that the US and China had agreed to hold the second round of the China-US Comprehensive Economic Dialogue before the end of the year, but it later became apparent that the Trump administration had not reached such an agreement.



*1Secretary of State Rex Tillerson with Chinese State Councilor Yang Jiechi (US Department of State)*

More trade actions by both sides were taken in February. The US Department of Commerce initiated an antidumping duty and countervailing duty investigations of imports of large diameter welded pipe from China, among other countries. It also issued an affirmative preliminary anti-dumping duty determination on cast iron soil pipe fittings from China and launched an antiduty and countervailing duty investigation into imports of rubber bands from China, Sri Lanka, and Thailand. In yet another action, the Commerce Department determined that Chinese imports of aluminum foil are dumped and subsidized. China’s Ministry of Commerce announced an affirmative initial ruling in an investigation into US dumping of styrene, requiring importers to pay antidumping deposits for shipments.

At the end of February, Liu He, Politburo member and Xi Jinping’s top adviser on economic affairs, traveled to Washington DC to defuse trade tensions. Speaking in a closed-door meeting to a group of US business leaders, Liu [reportedly](#) pledged to reform China’s economy and called on the US to establish a new economic dialogue, provide China with a concrete list of demands, and name a point person on bilateral issues. In meetings with US officials, including White House economic adviser Gary Cohn,

Treasury Secretary Steven Mnuchin, and US Trade Representative Robert Lighthizer, Liu presented a five-part proposal, which included lower Chinese tariffs on US automobiles, a buying mission to the US, negotiations on a bilateral free trade agreement, “early harvest” tariff reductions that would come into effect before the US midterm elections, and a relaxation of limits on FDI in several sectors, including finance.

Liu’s offer was not enough to placate US concerns, however. On March 8, President Trump ordered steep tariffs on global imports of steel and aluminum, which went into effect on March 23. In a tit-for-tat measure, China announced plans to levy tariffs against 128 US products worth about \$3 billion, including pork, wine, fruit, and steel.

A letter to Liu from Mnuchin and Lighthizer in mid-March set out specific US requests, including a reduction of Chinese tariffs on US automobiles, more Chinese purchases of US semiconductors, and greater access to China’s financial sector by American companies.

On March 22, President Trump threatened to impose tariffs on \$60 billion of Chinese imports and tighter restrictions on acquisitions and technology transfers under Section 301 of the Trade Act of 1974 in response to persistent Chinese efforts to obtain US technology through unfair and coercive means. China subsequently launched WTO dispute settlement procedures over the US action. The US also released a report charging Beijing with using unfair licensing deals and other improper practices to gain advantage over US companies.

China’s Ministry of Commerce issued a warning the following day, urging the US to “stop at the brink of the precipice,” so as to avoid a rupture of the bilateral relationship. The spokesman said that “China will not sit idly by watching its legitimate rights and interests being damaged.” In a [phone call](#) with Mnuchin, Liu He called for joint efforts to maintain the stability of the US-China trade relationship, but also insisted that China “has the strength to defend its national interests.” No compromise was reached.

On April 1, Beijing followed through on its threats, imposing tariffs on US pork, fruit, and a large number of other commodities. The Trump administration then [announced](#) it would place a 25 percent tariff on 1,300 Chinese products,

including flat-screen televisions, medical devices, and aircraft parts and batteries. The action was aimed at hitting back at Beijing’s industrial plan, “Made in China 2025” that seeks to achieve dominance in cutting-edge technologies. In another tit-for-tat response, China [raised](#) tariffs on an additional \$50 billion of US products, including soybeans, automobiles, and chemical products, saying the date of implementation would depend on when the US imposed tariffs on Chinese products.

In an unexpected move, President Trump instructed USTR on April 5 to consider whether \$100 billion of additional tariffs would be appropriate. China remained calm. The Commerce Ministry issued a statement saying, “We do not want to fight, but we are not afraid to fight a trade war.”

As both countries weighed next steps, Trump jumped into the fray with numerous tweets, complaining about China’s large trade surplus and unfair trading practices. He insisted, however, that his friendship with President Xi remained intact, regardless of the outcome of the trade dispute.

According to news [reports](#), informal trade talks made some progress, but broke down after the Trump administration demanded that China end its subsidies to high-tech industries to turn them into technology national champions. Beijing had offered to reduce the trade deficit by \$50 billion by importing more US goods, and accelerate opening its financial sector.

At the annual Boao Forum for Asia, Xi pledged to further open the financial sector, lower tariffs on car imports, improve intellectual property protection, and open up the shipbuilding and manufacturing sectors. The speech received mixed reviews, with many observers claiming that Xi’s offer was a rehash of previous Chinese promises and short on details. President Trump’s response was positive. He tweeted that he was “very thankful” for Xi’s “kind words” and said the US and China would “make great progress together.”

Then, in a move that shocked Beijing, the US Department of Commerce announced that ZTE, one of the largest manufacturers of smartphones and telecommunications devices in China, would be banned for seven years from purchasing components from US manufacturers. The action was taken after the

US determined that ZTE had violated a settlement reached in March 2017 over ZTE's illegal shipments since 2010 of US-made technology to Iran and North Korea. China cried foul, and the Commerce Department agreed to accept additional evidence from ZTE. However, it seemed unlikely that the US would reverse the decision. The following week, the US Department of Justice [launched](#) a criminal investigation into China's Huawei Technologies to investigate whether the company had also violated US sanctions on Iran.

Just as the US and China appeared to be hurtling toward a trade war, President Trump announced on April 24 that he planned to send his top economic advisers to Beijing to attempt to settle the trade disputes. "I think we've got a very good chance of making a deal," Trump said, even as he acknowledged that the two sides remained far apart. The team of advisers included all the key players from Trump's economic policy team: Treasury Secretary Mnuchin, US Trade Representative Lighthizer, National Economic Council director Larry Kudlow, White House trade adviser Peter Navarro, Commerce Secretary Wilbur Ross, and National Economic Council deputy director Everett Eissenstat. On the eve of the delegation's departure for China, Lighthizer was asked how long Trump would negotiate with Beijing before imposing tariffs and he [replied](#): "We'll see. Our list of things that are troubling is very long. ... We'll see where we are at the end of a couple of days."

### **China labeled a threat**

In the first four months of 2018, the Trump administration doubled down on its characterization of China as a threat to US interests. China, along with Russia, was first labeled a threat, as well as a revisionist power and rival of the United States, in the "[National Security Strategy \(NSS\)](#)," which was issued last December.

On Jan. 19, Secretary of Defense Jim Mattis released an unclassified summary of the [National Defense Strategy \(NDS\)](#), outlining the overarching goals and strategy of the Department of Defense in support of the objectives laid out by the president in the NSS. Defining the reemergence of long-term strategic competition with China and Russia as the central challenge to US prosperity and security, the NDS described China as a "strategic competitor using predatory

economics to intimidate its neighbors." It also charged that China is "[pursuing] a military modernization program that seeks Indo-Pacific regional hegemony . . . and displacement of the United States to achieve global preeminence." To manage the challenges posed by China, the NDS called for putting the US-China military relationship "on a path of transparency and non-aggression."

Just over one week after the NDS release, President Trump delivered his highly anticipated first [State of the Union Address](#). Echoing both strategy documents, Trump asserted that China is a threat that challenges US economic and military interests. [Beijing](#) dismissed the remarks as "Cold War mentality" and highlighted the importance of common interests between the two countries over their differences.

The administration adopted a somewhat less adversarial view of the US-China relationship in the [Nuclear Posture Review \(NPR\)](#), which it released in early February. The NPR maintained that the US "does not wish to regard either Russia or China as an adversary and seeks stable relations with both." In addition, the NPR emphasized that the US has "long sought a dialogue with China to enhance our understanding of our respective nuclear policies." Nevertheless, the new NPR did not repeat the language of the 2010 document that called for maintaining strategic stability with China. Reacting to the NPR, China's Defense Ministry spokesperson [reiterated](#) China's no-first-use policy and insisted that China "has always exercised the utmost restraint in the development of nuclear weapons and limited its nuclear capabilities to the minimum level required for national security."

The Trump administration's assessment of China as a threat was further cemented in "Worldwide Threats" hearings on Capitol Hill. On Feb. 13, FBI Director Christopher Wray [testified](#) during a Senate Intelligence Committee hearing that China manipulates the US's open education environment by using Chinese citizens studying in the United States as intelligence sources. This signaled that US concerns about China are not limited to the economic and military realm: they extend to China's influence through "sharp" power, a phrase coined by Christopher Walker and Jessica Ludwig of the National Endowment for Democracy, which refers to information warfare

being waged by authoritarian powers. On March 6, Director of National Intelligence Dan Coats also touched on Chinese influence in his [testimony](#) before a Senate Armed Services Committee hearing. He cited evidence that China had plans to spend approximately \$8 billion to expand its international influence throughout 68 different countries.

### **The Taiwan Travel Act**

After unanimously passing the House on Jan. 8 and the Senate on Feb. 28, the Taiwan Travel Act (TTA) was signed into law on March 16. The TTA [states](#) that it is the sense of Congress that the “US Government should encourage visits between officials from the United States and Taiwan at all levels.” The law also states that it *should* be the policy of the United States 1) to allow officials at all levels of the US government to travel to Taiwan; 2) to allow high-level officials of Taiwan to enter the United States and meet with their counterparts; and 3) to encourage the Taipei Economic and Cultural Representative Office to conduct business in the United States, including activities that involve participation by members of Congress or US officials.

The TTA doesn’t provide the US president with authorities that he didn’t have previously, and it is nonbinding legislation, meaning that it lacks legally-binding force and therefore the executive branch is not required to implement it. Importantly, however, it reflects growing concern in the US about Chinese pressure and intimidation of Taiwan, and the need for the US to redouble efforts to bolster Taiwan’s security.

The TTA is likely to reinforce the predisposition of Trump administration officials to strengthen ties with Taiwan, including by sending more and higher-level US officials to Taipei. Two such visits, arranged prior to the signing of the TTA, took place in the second half of March. US Deputy Assistant Secretary of State Alex Wong, whose portfolio includes the US “Free and Open Indo-Pacific Strategy” visited Taipei, [delivering](#) a speech to an annual event held by the American Chamber of Commerce. The dinner was also attended by Taiwan’s President Tsai Ing-wen. On the heels of that visit, US Deputy Assistant Secretary of Commerce for Manufacturing Ian Steff traveled to Taiwan “to explore ways to collaborate to strengthen the bilateral trade, commercial and investment relationship between the US and Taiwan,”

according to the American Institute in Taiwan, which represents US interests there.

China’s Foreign Ministry spokesperson [acknowledged](#) that the TTA is not legally binding, but insisted nonetheless that the legislation “severely violates the one-China principle and the three joint communiques between China and the US.” The spokesperson also maintained that the TTA “sends out very wrong signals to the ‘pro-independence’ separatist forces in Taiwan.” He urged the US to correct its mistake, stop pursuing any official ties with Taiwan, and handle Taiwan-related issues “properly and cautiously” to avoid causing severe damage to the US-China relationship and cross-Strait peace and stability.

China’s newly-appointed Defense Minister Wei Fenghe also [criticized](#) the TTA in a speech at the seventh Moscow Conference on International Security on April 4. “China is categorically against the legislation on contacts with Taiwan signed by the U.S., which constitutes gross interference in China’s internal affairs. This undermines peace and stability in the Taiwan Strait,” Wei asserted.

On April 18, the Chinese Navy began several days of live-fire military exercises in the Taiwan Strait. The drills were likely planned well in advance, but nevertheless served as a warning to Taipei and Washington not to cross Chinese redlines.

### **Korean Peninsula shifts to diplomacy**

In early January, a deal was struck between North and South Korea that would allow Pyongyang to send a delegation to the Olympics in PyeongChang, South Korea, marking an easing of tensions on the Korean Peninsula and the beginning of a new phase of diplomacy. The following week, President Trump called Xi Jinping to discuss the turn of events on the Peninsula, and to emphasize the importance of continuing the campaign of maximum pressure to compel North Korea to eliminate its nuclear weapons programs. In an interview with *Reuters* after the call, Trump said that China is “doing a lot . . . But they can do more. Ninety-three percent of the trade [with North Korea] goes through China.”

Cracks in US-Chinese cooperation on North Korea were further evidenced by Beijing’s reaction to a meeting in Vancouver of

representatives from 20 countries that backed South Korea in the 1950s Korean War hosted by the US and Canada. China, which was not invited to the meeting because it had fought on the side of North Korea during the war, condemned the meeting as contrary to efforts to settle the North Korean nuclear issue peacefully. In advance of the meeting, Chinese diplomats [reportedly](#) urged invited countries to not attend or to send a mid-level official rather than their foreign minister.

At the same time, frustration inside the Trump administration about Chinese violations of United Nations sanctions against North Korea was growing. In January, an official leaked information to the *Wall Street Journal* [revealing](#) that at least six Chinese-owned or Chinese-operated ships had transported illicit cargo to Russia and Vietnam, or made ship-to-ship transfers of oil at sea. In addition, Treasury Under Secretary for Terrorism and Financial Intelligence Sigal Mandelker [divulged](#) that she had pressed China to expel North Korean agents helping finance North Korea's nuclear and missile programs. Failure to act, Mandelker said she told the Chinese, could make Chinese banks a target for future sanctions. Shortly thereafter, the US imposed sanctions on 16 North Korean agents allegedly operating in China as well as Russia.

North Korea was on the agenda when State Councilor Yang Jiechi visited Washington in February. According to a Chinese Foreign Ministry statement, Yang told President Trump that the two countries should “strengthen coordination on the Korean Peninsula nuclear issue.”

Later that month, however, the US Treasury announced the largest North Korea-related sanctions target list to date, citing 59 shipping and trading companies, many from China, conducting illicit business with North Korea. China's Foreign Ministry criticized the US application of unilateral sanctions and urged the US to “immediately stop such wrongdoings so as not to undermine bilateral cooperation on the relevant area.”

On March 9, Presidents Trump and Xi had another phone call following the announcement by South Korean National Security Adviser Chung Eui-yong that Trump had agreed to meet North Korean leader Kim Jong Un. According to the White House [readout](#) of the call, “the two

leaders welcomed the prospect of dialogue between the US and North Korea, and committed to maintain pressure and sanctions until North Korea takes tangible steps toward CVID – complete, verifiable, and irreversible denuclearization.” The Chinese readout of the call reiterated China's firm commitment to denuclearization of the Korean Peninsula through dialogue, though it did not mention CVID. After the call, Trump tweeted that “President Xi told me he appreciates that the US is working to solve the problem diplomatically rather than going with the ominous alternative,” adding “China continues to be helpful!”

When Kim Jong Un arrived in China by train on March 25, the United States appeared to be caught unawares. After Kim crossed the border into North Korea three days later, the Chinese government briefed the US on the Xi-Kim talks. The White House press secretary said that the visit provided “further evidence that our campaign of maximum pressure is creating the appropriate atmosphere for dialogue with North Korea.” President Trump tweeted that he received a message from Xi, saying that his meeting with Kim “went very well” and that Kim looks forward to meeting Trump.

Both Washington and Beijing welcomed the one-day summit between South Korean President Moon Jae-in and North Korean leader Kim Jong Un that was held April 27 in Panmunjom in the Demilitarized Zone between North and South Korea. China's Foreign Ministry spokesperson expressed hope that the two Koreas would implement the Declaration for Peace, Prosperity and Unification of the Korean Peninsula, which was signed at the summit. Trump also welcomed the results of the summit. He tweeted: “KOREAN WAR TO END! The United States, and all of its GREAT people, should be very proud of what is now taking place in Korea!”

### **Freedom of navigation operations**

Although it is widely believed that not all US freedom of navigation operations (FONOPS) in the South China Sea are being publicly reported, two such operations were publicized in the first four months of 2018. On Jan. 17, USS *Hopper*, a US Navy guided-missile destroyer sailed within 12 nm of Scarborough Shoal, which is 120 miles west of the Philippines main island of Luzon. China seized the Shoal from Philippine control in 2012.

A US official confirmed the operation, which was made public by China's Foreign Ministry on Jan. 20, saying that the ship's action was "innocent passage." That means that the US destroyer sailed through the waters without loitering or conducting a military exercise. Under the United Nations Convention of the Law of the Sea, all nations have the right to "continuously and expeditiously" traverse the territorial seas of other countries.

China's Foreign Ministry spokesperson, stated that "China is strongly dissatisfied" with the US FONOPS, and insisted that Beijing would take "necessary measures to firmly safeguard its sovereignty." An editorial in China's authoritative Party newspaper *People's Daily* [warned](#) that the action was "reckless" and called on China to "strengthen and accelerate" the building of its capabilities" in the South China Sea.

The second US FONOP was carried out on March 23 by *USS Mustin*, a guided-missile destroyer, within 12 nm of Mischief Reef. Since Mischief Reef was found by an arbitral tribunal in July 2016 to be a low-tide elevation on the Philippines' continental shelf, the US Navy ship was within its legal rights to go beyond an "innocent passage," conducting maneuvers while sailing close to the reef. This was the third time the US has conducted a FONOP around Mischief Reef. The first took place May 24, 2017, marking the first FONOP by the Trump administration in the South China Sea, and the second took place Aug. 10, 2017. Mischief Reef is one of the three large military outposts that China has built in the Spratly Island chain. The other two are Fiery Cross and Subi Reefs.



2USS Mustin (US Navy)

A statement issued by the Pentagon maintained that all US Navy operations are "conducted in

accordance with international law and demonstrate that the United States will fly, sail and operate wherever international law allows." A Chinese Defense Ministry spokesperson charged that the US action "seriously harmed Chinese sovereignty and security, violated basic rules of international relations, and harmed regional peace and stability." The Chinese Navy claimed that two PLA Navy frigates forced the US destroyer to leave the area.

In late March and April, China stepped up military exercises in the South China Sea, though the timing may have been coincidental. Satellite images [revealed](#) the Chinese carrier *Liaoning* flanked by at least 40 ships and submarines sailing off Hainan Island at the end of March. That was followed by a week-long series of live-fire drills in the South China Sea in early April that included 10,000 personnel, 76 fighter jets, 48 naval vessels and a nuclear-powered submarine, according to the Chinese Defense Ministry. Dressed in camouflage military fatigues aboard the destroyer *Changsha*, Xi Jinping oversaw the naval parade and [called](#) for the Chinese Navy to become a "world-class" force under the leadership of the Chinese Communist Party. A PRC naval expert, Li Jie, [claimed](#) that the exercises were aimed at testing the *Liaoning's* "real combat strength" as well as joint-operations skills between the aircraft carrier and warships from other fleets.

### What's Next?

US-China relations stand at an inflection point. The Trump administration appears unlikely to back down from its demand for reciprocity and a fair playing field in its trade and economic relationship with China. Xi Jinping undoubtedly seeks to avoid a rupture in relations with the US, but is also unlikely to make major concessions. The US and China could either return to negotiations and eventually agree on a new set of rules for their trade and economic relationship or they could engage in a trade war that causes harm to both. The stakes are high.

# CHRONOLOGY OF US-CHINA RELATIONS

## JANUARY – APRIL 2018

**Jan. 2, 2018:** A proposed \$1.2 billion deal between Texas-based MoneyGram and Ant Financial, the digital payments affiliate of China's Alibaba, is [scrapped](#) after failing to win approval from the Committee on Foreign Investment in the United States (CFIUS).

**Jan. 9, 2018:** House Armed Services Committee [holds](#) a hearing "China's Pursuit of Emerging and Exponential Technologies."

**Jan. 10, 2018:** US House of Representatives passes two bills aimed at strengthening US-Taiwan relations, including H.R. 535 Taiwan Travel Act to encourage diplomatic visits between US and Taiwan officials and H.R. 3320 to help Taiwan regain observer status in the World Health Organization (WHO).

**Jan. 12, 2018:** US trade panel votes to continue antidumping and antisubsidy duty investigations against Chinese aluminum products despite China's strong dissatisfaction.

**Jan. 12, 2018:** Office of the US Trade Representative (USTR) [releases](#) the 2017 Notorious Markets List, listing China as a "notorious market" for pirated and fake products.

**Jan. 15, 2018:** President Donald Trump [calls](#) President Xi Jinping to discuss trade issues and recent developments on the Korean Peninsula.

**Jan. 17, 2018:** In an interview with *Reuters*, Trump [says](#) his administration is considering imposing a large fine on China as part of a probe into China's alleged theft of intellectual property.

**Jan. 17, 2018:** Naura, a Chinese state-controlled semiconductor company, [receives](#) rare US regulatory approval for the purchase of Aktron Systems, a Pennsylvania-based rival.

**Jan 17, 2018:** *USS Hopper*, a guided-missile destroyer, conducts a freedom of navigation operation in the South China Sea, sailing within 12 nm of Scarborough Shoal.

**Jan. 19, 2018:** Secretary of Defense James Mattis [releases](#) an unclassified summary of the *National Defense Strategy*, which states that "China is leveraging military modernization, influence operations and predatory economics to coerce neighboring countries to reorder the Indo-Pacific region to their advantage."

**Jan. 19, 2018:** Office of the USTR [releases](#) annual report on China's WTO compliance, stating China has "failed to embrace the market-oriented economic policies" championed by the World Trade Organization (WTO) and is not "living up to certain commitments made when they joined" the organization.

**Jan. 21-22, 2018:** Acting Assistant Secretary of State for East Asian and Pacific Affairs Susan Thornton [visits](#) Beijing to discuss bilateral and regional issues with her Chinese counterparts.

**Jan. 22, 2018:** President Trump [imposes](#) tariffs on imports of solar panels and washing machines, industries largely dominated by Chinese businesses. China's Ministry of Commerce [calls](#) the move an "abuse" of trade remedies.

**Jan. 24, 2018:** US Treasury Department [imposes](#) new sanctions on North Korean and Chinese trading companies, including Beijing Chengxing Trading Co. and Dandong Jinxiang Trade Co.

**Jan. 25, 2018:** US-China Economic and Security Review Commission conducts [hearing](#) on China's Belt and Road Initiative.

**Jan. 25, 2018:** US games publisher, Activision Publishing Co., [wins](#) trademark lawsuit over Chinese film distributor, Huaxia Film Distribution Co.

**Jan. 26, 2018:** In a [speech](#) at the World Economic Forum, President Trump nods to China when stating that "The United States will no longer turn a blind eye to unfair economic practices," including intellectual property theft.



**Jan. 30, 2018:** In an [interview](#) with *BBC News*, CIA Director Mike Pompeo discusses Chinese capabilities to exert covert influence over the West, stating “The Chinese have a much bigger footprint upon which to execute that mission than the Russians do.”

**Jan. 31, 2018:** In the State of the Union address, Trump [names](#) China as a major US competitor on both economic and military fronts, calling it a “rival” that challenges US interests.

**Feb. 1, 2018:** Secretary of State Rex Tillerson [cautions](#) Latin America over China’s influence in a speech at the University of Texas, arguing that, “Latin America does not need new imperial powers that seek only to benefit their own people.”

**Feb. 2, 2018:** During an event at the Center for Strategic and International Studies, Under Secretary of the Treasury for International Affairs David Malpass [accuses](#) China of aiding Venezuelan President Nicolas Maduro’s government with oil-for-loan investments.

**Feb. 2, 2018:** US Department of Defense [releases](#) *Nuclear Posture Review*, which names China as a threat and claims Beijing is “expanding its already considerable nuclear forces.”

**Feb. 4, 2018:** Chinese Commerce Ministry [announces](#) investigation into US exporters of sorghum for allegedly “dumping” the grain below cost, aided by improper US government subsidies, into the Chinese market.

**Feb. 5, 2018:** China [releases](#) a list of dual-use goods banned for export to North Korea, stating the list is meant to comply with the requirements of new UN sanctions imposed last year.

**Feb. 6, 2018:** China [files](#) petitions with the WTO on new US tariffs on solar panels and washing machines, arguing the tariffs “are not consistent” with international rules.

**Feb. 8, 2018:** Trump [tweets](#) “I will be meeting with Henry Kissinger at 1:45pm. Will be discussing North Korea, China and the Middle East.”

**Feb. 8-9, 2018:** Chinese State Councilor Yang Jiechi [visits](#) Washington and meets Secretary of State [Tillerson](#), President Trump, and other senior officials.

**Feb. 13, 2018:** US Department of Commerce [initiates](#) antidumping duty and countervailing duty investigations of imports of large diameter welded pipe from China, among other countries.

**Feb. 13, 2018:** China’s Ministry of Commerce [announces](#) affirmative initial ruling of investigation into US dumping of styrene, a material used to make foam packing, and calls for importers to pay antidumping deposits for shipments.

**Feb. 13, 2018:** During a Senate Intelligence Committee hearing on “Worldwide Threats,” FBI Director Christopher A. Wray [claims](#) that Chinese spies are present in American academia.

**Feb. 14, 2018:** US Department of Commerce [issues](#) affirmative preliminary antidumping duty determination on cast-iron soil pipe fittings from China, and states it will collect cash duties from importers in response to the fittings being “dumped” into the US market.

**Feb. 15, 2018:** House Armed Services Committee [holds](#) hearing on “Strategic Competition with China.”

**Feb. 15, 2018:** US-China Economic and Security Review Commission [conducts](#) hearing on “China’s Military Reforms and Modernization: Implications for the United States.”

**Feb. 18, 2018:** China [calls](#) on the US to “severely punish” US citizen Michael Rohana for allegedly stealing the thumb of a terracotta warrior statue on display at the Franklin Institute in Philadelphia on Dec. 21.

**Feb. 21, 2018:** At a forum hosted by the Jack Kemp Foundation, Under Secretary of the Treasury for International Affairs David Malpass [accuses](#) China of “patently nonmarket behavior.”

**Feb. 22, 2018:** US Department of Commerce [initiates](#) antidumping duty and countervailing duty investigation of imports of rubber bands from China, Sri Lanka, and Thailand.

**Feb. 23, 2018:** US [imposes](#) new sanctions on various international shipping companies, including China’s Weihai World-Shipping Freight and Dongfeng Shipping Co.

**Feb. 23, 2018:** US [tells](#) WTO of its concern with China's new internet access rules, warning they will create restrictions for cross-border service suppliers.

**Feb. 24, 2018:** China's Foreign Ministry responds to new unilateral US sanctions on North Korea and [urges](#) the US to "immediately stop such wrongdoings so as not to undermine bilateral cooperation on the relevant area."

**Feb. 26, 2018:** China's Ministry of Commerce [removes](#) antidumping and antisubsidy duties on US white-feathered broiler chickens.

**Feb. 26, 2018:** White House spokesperson [states](#) that President Trump believes that Beijing's decision on presidential term limits is "up to China."

**Feb. 26, 2018:** In remarks at the 2018 White House Business Session with Governors, Trump [praises](#) China and states that "China has really done more, probably than they've ever done because of my relationship."

**Feb. 27, 2018:** US Department of Commerce [determines](#) Chinese imports of aluminum foil are dumped and subsidized, and states that antidumping and countervailing duties will be levied on several Chinese firms.

**Feb. 27 – March 3, 2018:** President Xi's top economic advisor, Liu He, [visits](#) Washington to discuss the problems in the US-China trade and economic relationship.

**March 3, 2018:** In a closed-door speech to Republican donors in Florida, Trump [praises](#) Xi for consolidating power and extending his potential tenure, musing he wouldn't mind making such a maneuver himself.

**March 6, 2018:** In a Senate Armed Services Committee hearing on "Worldwide Threats," US Director of National Intelligence Dan Coats [warns](#) China is spending "an extraordinary amount of money" to increase their international influence.

**March 7, 2018:** Trump [tweets](#) "China has been asked to develop a plan for the year of a One Billion Dollar reduction in their massive Trade Deficit with the United States. Our relationship with China has been a very good one, and we look forward to seeing what ideas they come back with. We must act soon!" Subsequently, a White House spokesperson clarifies that Trump meant \$100 billion.

**March 8, 2018:** At a [press conference](#) at the African Union headquarters in Ethiopia, Secretary Tillerson warns African nations against forfeiting "any elements of your sovereignty as you enter into such arrangements with China."

**March 8, 2018:** US-China Economic and Security Review Commission [holds](#) hearing on "China, the United States, and Next Generation Connectivity."

**March 9, 2018:** In a phone [call](#), Xi urges Trump to begin talks "as soon as possible" with North Korea and praises the US president for his "positive aspiration" to achieve a political settlement on the Korean Peninsula.

**March 10, 2018:** President Trump [tweets](#) "Chinese President XI JINPING and I spoke at length about the meeting with KIM JONG UN of North Korea. President XI told me he appreciates that the US is working to solve the problem diplomatically rather than going with the ominous alternative. China continues to be helpful!"

**March 11, 2018:** At a press conference in Beijing, Chinese Minister of Commerce Zhong Shan [states](#) that trade wars "leave no winners" and that China doesn't want a trade war with the US and will not start one, but will defend national and Chinese people's interests.

**March 16, 2018:** President Trump signs the Taiwan Travel Act (TTA).

**March 17, 2018:** Spokesperson for the Chinese Embassy in the US [criticizes](#) the TTA, saying that it "severely violates" the "one-China principle, the political foundation of the China-US relationship, and the three joint communiques between China and the US."

**March 21, 2018:** House Foreign Affairs Subcommittee on Asia and the Pacific [holds](#) hearing on “US Responses to China’s Foreign Influence Operations.”

**March 22-23, 2018:** President Trump [signs](#) a memorandum, citing Section 301 of the Trade Act of 1974, instructing the government to respond to Chinese practices with approximately \$60 billion worth of imports. The following day, the US [requests](#) consultations with China at the WTO over cited “unfair” technology practices.

**March 23, 2018:** China [proposes](#) tariffs on 128 US products worth about \$3 billion, including wine, fresh fruit, and ethanol.

**March 23, 2018:** USS *Mustin* [conducts](#) freedom of navigation operation around Mischief Reef in the Spratly Islands.

**March 23, 2018:** At the UN Human Rights Council, the US delegation [rejects](#) a resolution brought by China, claiming that it sought to glorify Xi Jinping’s “win-win” agenda and “weaken the UN human rights system.”

**March 24, 2018:** In a phone call with US Secretary of the Treasury Steven Mnuchin, Chinese Vice Premier Liu He [states](#) that China “has the strength to defend its national interest” and urges both countries to work to “maintain the stability” of the China-US trade relationship.

**March 28, 2018:** President Trump tweets “Received message last night from XI JINPING of China that his meeting with KIM JONG UN went very well and that KIM looks forward to his meeting with me. In the meantime, and unfortunately, maximum sanctions and pressure must be maintained at all cost!”

**March 28, 2018:** Li Zhanshu, chairman of the Standing Committee of the National People’s Congress (NPC), [meets](#) US Senate delegation led by Sen, Steve Daines in Beijing.

**March 31, 2018:** UN [blacklists](#) 27 ships and 21 companies for helping North Korea evade sanctions, including three trading firms in Hong Kong and two in Mainland China.

**March 31, 2018:** On a visit to Beijing, Sen. Elizabeth Warren [states](#) that US policy has been “misdirected” for decades and policymakers are now recalibrating ties.

**April 1, 2018:** China [raises](#) tariffs on meat 25 percent and imposes a 15 percent tariff on 128 US commodities, including fruit.

**April 3, 2018:** Office of the USTR [publishes](#) proposed list of products imported from China that could be subject to additional tariffs, including products in the aerospace, information and communication technology, robotics, and machinery industries.

**April 4, 2018:** Trump [tweets](#) “We are not in a trade war with China, that war was lost many years ago by the foolish, or incompetent, people who represented the U.S. Now we have a Trade Deficit of \$500 Billion a year, with Intellectual Property Theft of another \$300 Billion. We cannot let this continue!”

**April 4, 2018:** According to [Xinhua](#), Chinese Ambassador to the US Cui Tiankai meets acting Secretary of State John Sullivan, and urges him to abandon US “unilateral and protectionist practices” and terminate Section 301 investigation as early as possible.

**April 4, 2018:** China formally [launches](#) WTO dispute settlement procedures over US Section 301 Investigation against Beijing.

**April 4, 2018:** China [imposes](#) an additional tariff of 25 percent on US products worth \$50 billion, including soybeans, automobiles, and chemical products.

**April 5, 2018:** Trump [tweets](#) “The Fake News Washington Post, Amazon’s “chief lobbyist,” has another (of many) phony headlines, “Trump Defiant As China Adds Trade Penalties.” WRONG! Should read, “Trump Defiant as U.S. Adds Trade Penalties, Will End Barriers And Massive I.P. Theft.” Typically bad reporting!”

**April 5, 2018:** US-China Economic and Security Review Commission [holds](#) hearing on “China’s Relations with US Allies and Partners in Europe and the Asia Pacific.”

**April 5, 2018:** President Trump instructs USTR to consider whether \$100 billion of additional tariffs would be appropriate.

**April 6, 2018:** Trump [tweets](#) “China, which is a great economic power, is considered a Developing Nation within the World Trade Organization. They therefore get tremendous perks and advantages, especially over the U.S. Does anybody think this is fair. We were badly represented. The WTO is unfair to U.S.”

**April 6, 2018:** Commerce Ministry spokesperson [states](#) that if the US goes forward with \$100 billion in additional tariffs, China is “fully prepared and will without hesitation counterattack with great strength.”

**April 7, 2018:** President Trump [tweets](#) “The United States hasn’t had a Trade Surplus with China in 40 years. They must end unfair trade, take down barriers and charge only Reciprocal Tariffs. The U.S. is losing \$500 Billion a year, and has been losing Billions of Dollars for decades. Cannot continue!”

**April 8, 2018:** Trump [tweets](#) “President Xi and I will always be friends, no matter what happens with our dispute on trade. China will take down its Trade Barriers because it is the right thing to do. Taxes will become Reciprocal & a deal will be made on Intellectual Property. Great future for both countries!”

**April 9, 2018:** Trump [tweets](#) “When a car is sent to the United States from China, there is a Tariff to be paid of 2 1/2%. When a car is sent to China from the United States, there is a Tariff to be paid of 25%. Does that sound like free or fair trade. No, it sounds like STUPID TRADE - going on for years!”

**April 10, 2018:** In a speech at the Boao Forum, President Xi [promises](#) to reduce tariffs on imported automobiles and ownership limits for foreign car companies.

**April 10, 2018:** Trump [tweets](#) “Very thankful for President Xi of China’s kind words on tariffs and automobile barriers...also, his enlightenment on intellectual property and technology transfers. We will make great progress together!”

**April 11, 2018:** Trump [tweets](#) “So much Fake News about what is going on in the White House. Very calm and calculated with a big focus on open and fair trade with China, the coming North Korea meeting and, of course, the vicious gas attack in Syria. Feels great to have Bolton & Larry K on board. I (we) are...”

**April 12, 2018:** President Trump [discusses](#) agricultural issues and other aspects of the US-China economic relationship in a meeting with governors and members of Congress.

**April 12, 2018:** US-China Economic and Security Review Commission [conducts](#) hearing on “China’s Role in North Korea Contingencies.”

**April 13, 2018:** In its biannual currency exchange report, US Treasury Department [includes](#) China on its “Monitoring List” of major trading partners that merit close attention to their currency practices. The report also expresses concern about lack of progress by China in correcting the bilateral trade imbalance.

**April 14, 2018:** China [votes](#) in favor of a resolution in the UN Security Council introduced by Russia condemning the strike by US, UK and French forces on Syria.

**April 16, 2018:** President Trump [tweets](#) “Russia and China are playing the Currency Devaluation game as the U.S. keeps raising interest rates. Not acceptable!”

**April 16, 2018:** US [bans](#) US firms from selling parts to Chinese phone maker ZTE for seven years after the Department of Commerce finds ZTE violated an agreement reached after the company was caught shipping US goods to Iran.

**April 17, 2018:** In a bid to ease trade tensions, China [announces](#) scrapping of foreign ownership limits on Chinese auto firms by 2022, making it easier for US automakers and aerospace manufacturers to own factories in China.

**April 18, 2018:** China [imposes](#) temporary deposit of 178.6 percent on US sorghum imports after finding the US grain has damaged its domestic industry in a preliminary antidumping ruling.

**April 20, 2018:** At a press briefing announcing the release of the Department of State’s annual human rights report, acting Secretary Sullivan [says](#) “China continues to spread the worst features of its authoritarian system, including restrictions on activists, civil society, freedom of expression, and the use of arbitrary surveillance.”

**April 20, 2018:** Director General of the Department of Arms Control of the Foreign Ministry Wang Qun [meets](#) US Assistant Secretary of State for International Security and Non-proliferation Christopher Ford in Beijing.

**April 24, 2018:** China [publishes](#) report on “Human Rights Record of the United States in 2017.”

**April 25, 2018:** US Department of Justice [launches](#) criminal investigation into China’s Huawei Technologies to investigate whether it violated US sanctions in relation to Iran.

**April 25, 2018:** China’s Commerce Ministry spokesperson [urges](#) the US to abandon trade unilateralism and adopt an approach via dialogue, and reaffirms its opposition to unilateralism and protectionism.

**April 26, 2018:** US-China Economic and Security Review Commission [holds](#) hearing on “China’s Agricultural Policies: Trade, Investment, Safety, and Innovation.”

**April 26, 2018:** State Councilor and Foreign Minister Wang Yi meets US Secretary of Transportation Elaine Chao, who was in Beijing for ninth China-US Transportation Forum.

**April 27, 2018:** President Trump [tweets](#) “Please do not forget the great help that my good friend, President Xi of China, has given to the United States, particularly at the Border of North Korea. Without him it would have been a much longer, tougher, process!”

Chronology by CSIS Research Intern Sophie Jones

