



Vivekananda International Foundation

Overview of US-China Relations under the Trump Administration

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Overview of US-China Relations under the Trump Administration

Introduction

US-China relations are at a delicate stage. It is being shaped by the assertive policies of Xi Jinping and the Trump administration's view that the large trade deficit and security challenges in East Asia require a more proactive policy towards China. The North Korean nuclear issue has also become an important factor in shaping the US-China relations. Besides, the two countries are embroiled in the unsettled Taiwan Strait and the South China Sea issues.

The US and China being the two largest economies in the world as well as the two biggest military spenders, the growing conflicting interest could have destabilising effects. Yet the two countries are not really adversarial either. And the fact that their economies are interdependent reduces the chances of a military conflict. Both countries cooperate and compete in shaping international norms and institutions. Stable US-China relations are important for the world and the conflicts need to be addressed.

This paper analyses US-China relations under the Trump administration. It further explores the implication of the relations for India.

Evolving Bilateral Relations

Since 2010, China has been seeking a “new type of major-country relationship”¹ with the US² in which the two countries would respect each other's “core” interests. Sovereignty and territorial interests are the most important “core” interest according to China. Ever since, the concept is being used very frequently; the then US National Security Adviser Susan Rice called upon both sides to “operationalise” the concept. However, the US is not on-board with China on the concept. Beijing reiterated it as the basis for US-China relations soon after Donald Trump became the new President of the US. On 10 February 2017, China's Foreign Ministry spokesperson Lu Kang said, “China's will and proposition to build a new type of major-country relationship featuring non-conflict, non-confrontation, mutual respect and win-win cooperation with the US remain unchanged.”³

¹President Xi in February 2012 proposed four ways for the United States and China to build this “new type” of relationship: (1) “steadily increase mutual understanding and strategic trust,” (2) “respect each other's core interests and major concerns,” (3) “work hard to deepen mutually beneficial cooperation,” and (4) “steadily enhance coordination and cooperation in international affairs and on global issues.

² Caitlin Campbell and Craig Murray, “China Seeks a “New type of Major-Country Relationship” with the United States, accessed at https://www.uscc.gov/sites/default/files/Research/China%20Seeks%20New%20Type%20of%20Major-Country%20Relationship%20with%20United%20States_Staff%20Research%20Background.pdf.

³Foreign Ministry Spokesperson Lu Kang's Regular Press Conference on February 10, 2017 http://www.fmprc.gov.cn/mfa_eng/xwfw_665399/s2510_665401/t1437570.shtml.

With Donald Trump assuming power as the 45th President of the US, the US-China relations have entered a new phase. It does not necessarily mean a departure from the previous one. To a large extent, the issues remain the same. During his election campaign, amongst others changes, Donald Trump had called for basic changes in the foreign policy of the US. Specifically, he had indicated that there may be some shift in policy for the US relationship with China. He was tough on trade with China, with which the US arguably has a trade deficit of USD 347 billion, and had threatened to slap 45 percent of tariffs on Chinese imports. Trump said, "I'm going to instruct my treasury to label China a currency manipulator".⁴ He directly referred to China as "enemy" several times. Nevertheless, after a year in office, he has not done any of that explicitly.

Bilateral Visits

The two Presidents met for the first time on 6-7 April 2017 at the Mar-a-Lago in Palm Beach, Florida. The meeting between the leaders has unique significance for the bilateral relations. There were no agreements signed during the meeting but it helped establish bonhomie between the two leaders. Notably, at the time of dinner, the US attack on Syria took place. The strikes were rather surprising for Xi Jinping because there was no prior indication of it from the US. However, Xi Jinping showed no sharp reaction.⁵ Besides this, the two leaders made no mention of any contentious issue. Overall, the seven-hour meeting concluded on a friendly note with no political gaffe.

In addition to the informal talks, it was decided to set up four annual cabinet-level dialogues.⁶ The four dialogues are: diplomatic and security dialogue; comprehensive economic dialogue; law enforcement and cyber dialogue; and the social and cultural dialogue. All the four dialogues have taken place in 2017 and were meant to serve as a check against sustained deterioration in the relationship.⁷ The underlying theme of the four dialogues was to maintain regular communication between the two sides. Particularly, these provide both countries with a platform where they can continue with the talks even if the bilateral relations are strained.

As a follow-up visit, Donald Trump visited China from 8-9 November 2017. This was the third direct meeting between the two leaders after the Mar-a-Lago and the G20 summit. China gave a red carpet welcome to Donald Trump. The visit was called a "state visit-plus", a term which has not been used for any visit until now.

⁴Binyamin Appelbaum, Experts Warn of Backlash in Donald Trump's China Trade Policies accessed at https://www.nytimes.com/2016/05/03/us/politics/donald-trump-trade-policy-china.html?_r=0.

⁵Jane Perlez, Rex Tillerson and Xi Jinping Meet in China and Emphasise Cooperation accessed at <https://www.nytimes.com/2017/03/19/world/asia/rex-tillerson-xi-jinping-north-korea.html>.

⁶'Fruitful' Xi-Trump meeting charts course of China-US ties under global gaze accessed at http://www.chinadaily.com.cn/world/2017xivisitsfinlandandus/2017-04/08/content_28845198.htm.

⁷Ibid.

Xi Jinping hosted a dinner for Donald Trump in the Forbidden City.⁸ Many issues related to the bilateral relations were discussed of which the widening trade deficit and North Korea were on the priority.

On the issue of North Korea, the two leaders agreed to fully implement all United Nation Security Council (UNSC) resolution on North Korea. However, they were divided over the course of action. Trump called upon China to “increase economic pressure until North Korea abandons its reckless and dangerous path”, while China insists that dialogue and negotiations are needed to resolve the crisis. The USD 347 billion trade deficit issue was also discussed, but for a change, Trump tried to strike a moderate tone; he did not blame China for the trade deficit. Instead, he blamed the previous US administration for the problem. Xi Jinping also discussed the issue on trade and lesser restriction on investment. A major outcome of the meeting was signing of the USD 250 billion trade deals between American and Chinese companies. Many of these deals are preliminary and will take years to come to fruition.⁹

Regional issues such as the Middle East and Afghanistan were also discussed. Xi Jinping said that the bilateral relationship between the two countries was at a “new historic starting point”, but added that efforts should be taken to properly manage the differences between the two nations. Further, in the joint conference, Xi Jinping said that the Pacific Ocean was big enough to accommodate both China and the US.¹⁰ Overall, the visit was high on symbolism and rhetoric and less on substance.

Areas Affecting the Bilateral Relations

The major areas affecting the bilateral relations are the issues of trade, North Korean Peninsula, the Taiwan Strait and the South China Sea. The other areas are US withdrawal from Trans-Pacific Partnership (TPP) and the Paris treaty, and the Belt and Road Initiative (BRI).

The North Korean Issue

The North Korean issue is the most urgent issue in the bilateral relations. The recent developments in North Korea challenge the US imperative to see a denuclearised Korean Peninsula. The US prefers that China should manage the issue in a way that it maintains the status quo. After the Mar-a-Lago meeting it was widely believed that the US-China relations were moving toward stability.

⁸ Xi, Trump visit three main halls of Forbidden accessed at City accessed at http://news.xinhuanet.com/english/2017-11/08/c_136737569.htm .

⁹Yu Lintao, ‘Building Xi-Trump Rapport’ accessed at http://www.bjreview.com/World/201711/t20171110_800109710.html .

¹⁰ Remarks by President Trump and President Xi of China in Joint Press Statement accessed at <https://china.usembassy-china.org.cn/selected-quotes-press-statement-president-trump-joint-press-conference-president-xi/> .

However, it was over the issue of North Korea that the relationship was strained once again. In a telephonic conversation between the two leaders, Xi Jinping said that ties with the US have been strained by "some negative factors".¹¹ "While I greatly appreciate the efforts of President Xi and China to help with North Korea, it has not worked out. At least I know China tried!"¹², a diplomatic tweet suggested that China's efforts were not working and were insufficient. The US reiterated to Chinese side that they have a "diplomatic responsibility to exert much greater economic and diplomatic pressure on the regime if they want to prevent further escalation in the region". Reportedly, since October 2017, Chinese ships have transferred oil to North Korean ships in the West Sea around 30 times. On 28 December 2017, Donald Trump tweeted that China has been "caught RED HANDED" selling oil to Pyongyang. There will never be a friendly solution to the North Korean problem if this continues to happen!" The tweet was followed by a statement that explicitly said for the first time that he has been soft with China on trade in the hope that its leaders will pressure North Korea to abandon its nuclear weapons program. However, China denied the contention.¹³

While both the countries are concerned over the developments in North Korea, there is a difference of approach towards the issue. The US wants a "total destruction" but China is looking for dialogues and negotiations. China proposed considering a "dual-track approach" and "suspension of suspension" for the denuclearisation of the Korean Peninsula.¹⁴ Notably, none of the two approaches has worked till now. Although the Korean Peninsula issue was there during the Barack Obama administration, the region has become a hot-spot as North Korea has already tested its missile 16 times and has also tested the 6th Hydrogen bomb.

The Looming Trade Issue

US-China trade rose rapidly after the two nations re-established diplomatic relations in January 1979, signed a bilateral trade agreement in July 1979, and provided mutual most-favoured-nation (MFN) treatment beginning in 1980. Since that year the US-China trade has increased from USD 4 billion to USD 519.6 billion in 2016. The US trade deficit with China was USD 347 billion in 2016. The trade deficit exists because US exports to China were only USD 116 billion while imports from China were USD 463 billion.

The issue of trade has become very complicated under the Trump administration. At their first official meeting at Mar-a-Lago in April 2017, Trump and Xi Jinping

¹¹Ben Westcott and Kevin Bohn, Xi to Trump: 'Negative factors' straining US, China relations accessed at <http://edition.cnn.com/2017/07/03/politics/trump-xi-abe-north-korea/index.html> .

¹² China 'willing to work with US' to ease tensions over North Korea, top diplomat tells trump accessed at <http://www.scmp.com/news/china/diplomacy-defence/article/2099715/china-willing-work-us-ease-tensions-over-north-korea> .

¹³After Trump Criticism, China Denies Selling Oil Illicitly to North Korea accessed at <https://www.nytimes.com/reuters/2017/12/29/world/asia/29reuters-northkorea-missiles.html> .

¹⁴ First China-US Diplomatic and Security Dialogue Held in Washington D.C. of the US http://www.fmprc.gov.cn/mfa_eng/zxxx_662805/t1472727.shtml .

announced the establishment of a “100-day plan on trade” as well as a new high-level forum called the “US-China Comprehensive Economic Dialogue”. In April, US-China launched a 100-day action plan to improve trade relations.¹⁵ The action plan was initially successful. China received its first shipment of beef in 14 years and assured to buy US liquefied natural gas and open its financial service sector to US companies.¹⁶ Eventually, the US turned critical as China failed to provide adequate assistance in combating the nuclear threat from North Korea. For the first time, on 25 May 2017, the Ministry of Commerce of the People’s Republic of China issued a report titled, “Research Report on China-US Economic and Trade Relations”.¹⁷ The report lists major concerns from both China and the US sides. It also draws up a list of concessions that can help deliver a “win-win” trade relationship with the US. The main purpose of the report was to enhance communication between the two countries.

The US has taken two steps to scrutinise its trade with China. Firstly, Trump has signed an executive memorandum directing United States Trade Representative (USTR) Robert Lighthizer to examine China’s intellectual property practices.¹⁸ The US has been negotiating with China on similar issues for years. China’s policy of forcing foreign companies to turn over technology to Chinese joint venture partners and failure to crack down on intellectual property theft have been longstanding problems for the US administration. While signing the memorandum, Trump said, “This is what I promised to do as a candidate for the office and this is what I am doing right now as president.” He further said the move was aimed at protecting “American workers, innovations, creation and inventions”. The USTR will take a year to examine whether to launch a formal investigation of China’s policies on intellectual property or not. Since the investigation could take up to a year to conclude, it is premature to say whether it would result in tariffs against China or negotiation. Seemingly, in the interim period, it might bring China and the US to a brink of a trade war.

Secondly, Trump blocked a deal for Lattice Semi-conductor Company on the grounds of national security concerns.¹⁹ The deal has been under scrutiny because it was noted that the buyer, Canyon Bridge Capital Partners, is funded by the Chinese government. A federal panel that reviews foreign investment in the US for possible security threats ruled against the proposed USD 1.3 billion purchase of

¹⁵ Joint Release: Initial Results of the 100-Day Action Plan of the U.S. - China Comprehensive Economic Dialogue accessed at <https://www.commerce.gov/news/press-releases/2017/05/joint-release-initial-results-100-day-action-plan-us-china-comprehensive> .

¹⁶First US beef delivered to China after 14-year embargo lifted accessed at <http://en.people.cn/n3/2017/0701/c90000-9235840.html> .

¹⁷Research Report on China-US Economic and Trade Relations accessed at <http://images.mofcom.gov.cn/www/201705/20170525093626470.pdf> .

¹⁸President Trump Takes Action on Intellectual Property Rights accessed at <https://www.whitehouse.gov/blog/2017/08/14/president-trump-takes-action-intellectual-property-rights> .

¹⁹Trump Blocks China-Backed Bid to Buy U.S. Chip Maker accessed at <https://www.nytimes.com/2017/09/13/business/trump-lattice-semiconductor-china.html?mcubz=0>.

Lattice Semi-conductor. This was the fourth time in 27 years that a US president stopped a foreign takeover of an American firm on national security concerns. By blocking the deal, Trump is taking direct aim at China's industrial policy. Perhaps the decision also was intended to send a political message.

However, it is still not clear as to why Trump has not labelled China as the currency manipulator and has not put 45 percent import duty on Chinese import.

The Persisting Issue of the South China Sea

The South China Sea (SCS) is another critical theatre for US-China relations. For China, these waters are arteries of maritime trade and the importation of essential resources. While the US may have to maintain "freedom of navigation operations" to challenge China's "island-building", China's increasing assertiveness and artificial island building activities have increased the tensions in the region. The US does not recognise China's ownership of the islands, Barack Obama has reiterated the government's position that "the United States will continue to fly, sail and operate wherever international law allows". China has built a new base for both conventional and nuclear submarines at Yulin on Hainan. Reportedly, China's desire to protect its second strike capability in a nuclear exchange is what has turned the South China Sea into a cockpit of US-China rivalry.²⁰

Until October 2017, the US has conducted four (October, August, July, and May) freedom of Navigation Operation (FONOP). Under the previous administration, the US Navy conducted several such FONOP through the South China Sea. Trump mentioned the South China Sea in his United Nation speech, "We must reject threats to sovereignty, from Ukraine to the South China Sea. We must uphold respect for law, respect for borders and respect for culture, and the peaceful engagement these allow." Mark Valencia, an eminent analyst on maritime issues, calls the struggle between the US and China for control of the South China Sea is symptomatic of a much deeper "clash of civilisations".²¹

In 2016, an international tribunal in the Hague rejected China's argument that it enjoys historic rights over most of the South China Sea. The tribunal also said that China had violated international law by causing "irreparable harm" to the marine environment, endangering Philippine ships and interfering with Philippine fishing and oil exploration.²² The US supported the Philippines and welcomed the tribunal judgement. Overall, there is no sharp difference between the policies of the two US

²⁰ US-China at sea incidents are likely the new normal accessed at <https://www.lowyinstitute.org/the-interpreter/us-china-sea-incidents-are-likely-new-normal>.

²¹ US-China clash of civilisations is being played out in the South China Sea accessed at http://www.scmp.com/comment/insight-opinion/article/2109792/us-china-clash-civilisations-being-played-out-south-china?utm_source=edm&utm_medium=edm&utm_content=20170906&utm_campaign=scmptoday&emar_sys=1&sc_src=email_2007859&sc_llid=36652&sc_lid=145495138&sc_uid=jill6midnf.

²² Tribunal Rejects Beijing's Claims in South China Sea accessed at <https://www.nytimes.com/2016/07/13/world/asia/south-china-sea-hague-ruling-philippines.html?mcubz=0>.

administrations on the South China Sea. It has remained a contentious issue in both.

The Taiwan Strait Issue

The US and Taiwan enjoy an unofficial relationship. In 1979 Taiwan Relations Act provided the legal basis for the unofficial relationship and enshrines the US commitment to assist Taiwan in maintaining its defensive capability.²³ The newly elected Democratic Progressive Party (DPP), Tsai Ing-wen gave a phone call to Donald Trump even before he formally became the president. Soon after the call, Trump tweeted, "The President of Taiwan called today to wish me congratulations on winning the Presidency. Thank you!" He added another tweet later, "Interesting how the US sells Taiwan billions of dollars of military equipment but I should not accept a congratulatory call!" The call does not signify any major change in the US policy but it indicated the possibility of a shift in the US' One-China policy.²⁴

China reacted sharply to this development. Additionally, an eleven-member Taiwanese delegation, led by former premier and ex-ruling party leader Yu Shyi-kun, attended the swearing-in ceremony of the Donald Trump on the 20th of January 2017, drawing sharp criticism at the highest levels in China. Prior to the inauguration, China had urged the US not to allow the delegation to be a part of the ceremonial celebrations.²⁵ Evidently, even before Trump's assuming office, the issue of Taiwan Strait has been contentious in US-China relation.

The US State Department announced the arms sales package worth USD 1.4 billion to Taiwan. The deal comprises of seven items, including technical support for early warning radar, anti-radiation missiles, torpedoes and components for SM-2 missiles. This is the first such sale under Trump administration. Every US president has approved arms sales to Taiwan since the Taiwan Relations Act became law, starting with Jimmy Carter. The last round of the US arms sales worth USD 1.8 billion to Taiwan was approved by Trump's predecessor Barack Obama in 2015.²⁶ Taiwan's Ministry of Defence said it is "sincerely grateful" for the deal, "which will boost our combat capabilities in air and sea."

China urged the US to revoke immediately its "wrong decision" as it contradicts a 'consensus' between Xi Jinping and Donald Trump in talks held in April in Florida. Notably, the arms deal is a signal that the Trump administration will be far more assertive with China. Additionally, Donald Trump signed the National Defence

²³ U.S. Relations With Taiwan accessed at <https://www.state.gov/r/pa/ei/bgn/35855.htm>.

²⁴ Trump, Taiwan and China: The Controversy, Explained accessed at <https://www.nytimes.com/2016/12/03/world/asia/trump-taiwan-and-china-the-controversy-explained.html?mcubz=0>.

²⁵ Trump inauguration: Taiwan delegation could 'disturb Sino-US relations' accessed at <https://www.theguardian.com/us-news/2017/jan/19/trump-inauguration-deepens-rift-with-china-over-taiwan>.

²⁶ U.S., Hardening Line on China, Approves \$1 Billion Arms Sale to Taiwan accessed at <https://www.nytimes.com/2017/06/29/us/politics/trump-china-weapons-taiwan.html?mcubz=0>.

Authorisation Act (NDAA) of the United States for 2018. On the Taiwan issue, several provisions in the bill call for the strengthening of the defence partnership with Taiwan, including recommendations that Taiwanese military forces be invited to participate in military exercises, such as the 'Red Flag' exercises and advanced aerial combat training drill, and to consider 're-establishing port of call exchanges' between their navies.²⁷ China opposed Taiwan related terms in the Act.

Ever since the DPP led Tsai Ing-wen government came to power China has been limiting the diplomatic space of Taiwan and its participation in the international organisations like the International Civil Aviation Organisation and World Health Assembly (WHA). The US House of Representative introduced a bipartisan bill, proposing to restore Taiwan's status as an "observer" at the World Health Organisation (WHO) and at the annual meeting of the WHA.²⁸ The bill is aimed at improving US's efforts to ensure Taiwan's participation in the WHO and WHA.

Other Issues

The issue of Climate Change and the Belt and Road Initiative (BRI) are the other areas where the interest of both the countries could overlap. Both China and the US are the leading greenhouse gas emitters. During the Obama Administration, the US dealt with climate change on an international scale. But Trump's administration has shown a sharp reversal on climate policy, reflective of the President's own scepticism on climate change. Trump has said climate change is an "expensive hoax" orchestrated by China. So far, he has rolled back several of Obama's executive orders to combat global warming, has declined to appoint a special envoy for international climate change negotiations, and proposed a budget that would slash money from climate change funds.²⁹ Trump's decision to withdraw from the Paris Treaty on Climate Change is a setback, in practical and political terms, for the efforts to address climate change.³⁰

Trump, during his campaign, had raised the issue of making "America Great Again". This essentially coincides with the BRI mandate. Hoge White said, "OBOR is about expanding China's strategic and political influence at US's expense' and China is looking forward to consolidating its position at the heart of global supply and manufacturing network. These projects might become a key element to the global economy over the decades". This is not to confirm that the US is not supporting the

²⁷Jonathan Chin and Lu Yi-hsuan, Taiwan thanks US over defense act accessed at <http://www.taipeitimes.com/News/front/archives/2017/12/14/2003683936>.

²⁸US House proposes to bring Taiwan back to WHO and WHA accessed at <https://www.taiwannews.com.tw/en/news/3216452>.

²⁹How China overtook the US in leading the battle against climate change accessed at <http://www.scmp.com/news/china/diplomacy-defence/article/2096545/how-china-overtook-us-leading-battle-against-climate>.

³⁰Justin Gillis and Nadja Popovich, The U.S. Is the Biggest Carbon Polluter in History,. It Just Walked Away From the Paris Climate Deal, accessed at <https://www.nytimes.com/interactive/2017/06/01/climate/us-biggest-carbon-polluter-in-history-will-it-walk-away-from-the-paris-climate-deal.html?mcubz=0>.

BRI. The US sent its representative at the Belt and Road International Forum. The Trump administration has resuscitated the 'New Silk Road' (NSR) initiative first announced by Hillary Clinton in July 2011.³¹ It has also revived two infrastructure projects in Asia. In the annual budgetary allocation, the State Department said that the budgetary request of its South and Central Asia will support the two initiatives: "The NSR focused on Afghanistan and its neighbours, and the Indo-Pacific Economic Corridor linking South Asia with Southeast Asia."³² This request will be leveraged through side-by-side collaboration with regional countries, other bilateral donors, multi-lateral development banks, and the private sector.³³ Revival of the initiative might overlap with the BRI, thereby creating frictions in the bilateral relations.

Conclusion: Implications for India

Steve Bannon had been pushing for a new grand strategy that would consolidate the US's efforts on China, confront China economically where needed and revitalise the US Pivot to Asia, started by the Obama administration. Reportedly, the White House is reviewing its China policy. The review will focus on mainly on economic and trade issue. This unfolding of the bilateral relations will have implications for India. Donald Trump, in his speech at Danang, Vietnam, talked about 'Indo Pacific' instead of 'Asia Pacific' or 'Asia'.³⁴ The term 'Indo-Pacific' reflects the US's intention to forge closer ties with India. Additionally, Rex Tillerson has described the Indian and Pacific Oceans as a "single strategic arena". He further said that India and the United States are as "bookends" within that region.³⁵ Evidently, the importance of India stands out in use of this term.

According to analyst C. Raja Mohan, the term Indo-Pacific is of India's interest. He said; "It's good for India because it presents the prospect of an Indian role in the Asia-Pacific balance of power system." He further said, "If you want to boil it down, it's America saying they want a greater Indian role."³⁶ Donald Trump met Indian Prime Minister Narendra Modi during the ASEAN summit in Manila. Narendra

³¹US Support for the New Silk Road accessed at <https://2009-2017.state.gov/p/sca/ci/af/newsilkroad/index.htm>.

³²US revives two infra projects in Asia to counter China's OBOR accessed at <http://economictimes.indiatimes.com/news/economy/infrastructure/us-revives-two-infra-projects-in-asia-to-counter-chinas-obor/articleshow/58821306.cms> .

³³The Rise and Fall of America's New Silk Road Strategy accessed at <http://www.economonitor.com/blog/2017/05/the-rise-and-fall-of-americas-new-silk-road-strategy/> .

³⁴Full text of President Donald Trump's speech at APEC CEO Summit accessed at <http://www.baodanang.vn/english/politics/201711/full-text-of-president-donald-trumps-speech-at-apec-ceo-summit-2577482/> .

³⁵ Christian Shepherd and Sanjeev Miglani, 'Indo-Pacific? Not from where China is sitting' accessed at <https://in.reuters.com/article/usa-china-indo-pacific/indo-pacific-not-from-where-china-is-sitting-idINKBN1DA1Y0>.

³⁶Iain Marlow, 'Why India Could Be the Winner of a U.S.-China Trade War' accessed at <https://www.bloomberg.com/news/articles/2017-04-06/india-could-win-from-a-u-s-china-trade-row-modi-s-party-says> .

Modi proposed a vision of India and the US working together in Asia and the rest of the world.³⁷ Besides this, the two leaders also attended the 'Quadrilateral' (Quad) meeting in Manila. The Quad is a cooperative forum of India, Australia, Japan and the US, aimed at keeping the Indo-Pacific region free, open and inclusive. Notably, India maintains its 'strategic autonomy' in such kind of grouping. The recent developments in the Indo-Pacific region are therefore in India's favour.

In the on-going trade conflict between China and the United States, India may be a principle beneficiary. Donald Trump may take some hard measure against the Chinese manufacturers. This will provide a boost to the Indian economy. India being a huge market, it will only be the next destination for Chinese manufacturers. According to Shashi Tharoor, the US-China economic rivalry may push both, China and the US, towards India. He said, "If the US and China don't get along, the US will turn increasingly to India as a large Asian actor". He further said, "And China, if its market contracts, will need to diversify its markets and investment outlets, including towards India."³⁸

Further, the National Security Strategy Report, 2017, published by the US, mentions China as a 'revisionist' power along with Russia. This Report has stated the importance of the Indo-Pacific region for the US and eventually has conveyed the strategic importance of India. However, China does not support the term 'Indo-Pacific'. Earlier, on 13 November 2017, the spokesperson of the Chinese Ministry of the Foreign Affairs had mentioned that it is the shared responsibility of all regional countries to promote stability and prosperity in the Asia-Pacific." China insists on using the term 'Asia Pacific' instead of 'Indo-Pacific.' Succinctly, the Report also mentions China's aggressive posture in the South China Sea. The developments of the South China Sea are important for India as well. Over 55 percent of India's trade passes through the South China Sea, and therefore, peace and stability in the region are of great significance to India. But with the post-Doklam, India-China relations passing through a strained period, highlighting India's importance might add to the impending 'strategic distrust' between India and China relations.

Bilateral relationships do not occur in a vacuum. They are influenced by external factors such as international organisations, reaction of other states, alliances and the world public opinion. While assessing the US-China relations, we have to take into account the evolving geopolitics. The series of tweets by Trump indicate that he is reviewing US trade policy towards China by weighing its efforts in

³⁷ASEAN summit: Modi meets Trump in Manila, says India and US can work for future of Asia
<http://www.hindustantimes.com/india-news/narendra-modi-meets-donald-trump-in-manila-says-india-us-working-for-future-interests-of-asia/story-Nyn5Gf5RinMflzqxV3PZBK.html>.

³⁸ Iain Marlow, 'Why India Could Be the Winner of a U.S.-China Trade War' accessed at <https://www.bloomberg.com/news/articles/2017-04-06/india-could-win-from-a-u-s-china-trade-row-modi-s-party-says>.

pressurising North Korea to control its nuclear and missile programs. The bilateral visits and meetings are therefore important to maintain the diplomatic channels.

Overall, the issues in the bilateral relations remain the same, except for the fact that North Korea has become the most urgent issue which further affects the trade relations. The South China Sea and Taiwan Strait issues remain as potential hot-spots in the US-China bilateral relation. The US has expressed its concerns over China in its National Security Strategy Report, 2017. Clearly, the tensions will increase. However, there is immense economic interdependence between China and US. Hence, it is in the interest of both the countries to develop the bilateral relations on pragmatic lines.

Image Source

- http://www.xinhuanet.com/english/2017-04/08/c_136192659.htm

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