

China Politics Weekly

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Dear friends and colleagues,

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Spring Break 2017

I cannot wait to see what happens when Xi meets Trump in Florida.

The relationship was already creaking before Trump was elected. Here's an excerpt from [CPW 43](#) in March 2015:

I just spent a week in DC meeting with officials, academics and businessmen; the mood towards China seems increasingly sour. Big business, once the PRC's biggest champions, are increasingly put off by regulatory actions that seem to target foreign business such as the recent judgment against Qualcomm. Academics and professional China watchers worry about intellectual repression and a tightening of the ideological sphere. Many in and around government also intimate concerns over a new aggressiveness in the PRC under Xi's leadership.

While almost everybody in DC is unhappy with developments in China, nobody seems to have a coherent strategy for influencing the situation. Policy towards China is unfocused and ill-defined for structural bureaucratic reasons, political gridlock on the Hill and an insular, dysfunctional White House.

Much of that holds true today as well, and you can add to it Trump's upset over the trade deficit and two important (semi) external factors: Taiwan and North Korea (both of which are in unstable equilibrium).

The upshot is that the bilateral relationship is at its most fragile since relations were established in 1979. Neither Xi nor Trump are happy with the *status quo*, so it seems inevitable that things will change. The question is not "if", but "how".

Xi's 25 hours in Florida should give an indication of where things are going. But given Trump's unpredictability it's impossible to predict what will happen. The US president's combative style creates the real possibility that the meeting could put the two countries on a more explicitly confrontational path.

Yet the most likely scenario is that, at least on the surface, nothing much happens this week. There will almost certainly be no joint statement or concrete outcomes. Instead the two leaders will use the meeting to (hopefully) develop a rapport (and take the measure of each other).

Upside surprise?

Trump and other members of his administration (Ross and Navarro in particular) continue to tough talk on trade with China. Just last week, Trump tweeted: "The meeting next week with China will be a very difficult one in that we can no longer have massive trade deficits and job losses."

Yet there's not going to be a trade war in the near term. The Chinese don't want one and Trump isn't prepared – his trade representative still hasn't been confirmed and the Commerce Department's study on trade deficits won't be completed for 90 days.

Trump admitted as much in his *FT* interview this weekend: "I don't want to talk about tariffs yet, perhaps the next time we meet. So I don't want to talk about tariffs yet."

Meanwhile, there are hints that the Chinese side is willing to make a deal on issues of market access and import duties. But they are not going to act unilaterally – they have to come away with something that they can claim as a "win". The problem is that there is no obvious place where Trump seems willing to give. But Trump has proclaimed himself "world's best dealmaker", so maybe he has something up his sleeve...

Regardless, it's going to be fun to watch!

PBSC Week in Review

Xi Jinping <i>Party General Secretary; PRC President; Chairman of Central Military Commission</i>	Apr 4	Xi left for Finland. Xi sent condolences to Russian president Vladimir Putin after the subway bombings in St. Petersburg.
	Apr 2	Xi sent a message of condolences to Colombian President Juan Manuel Santos over the flooding and landslides.
	Mar 31	Xi chaired a meeting of the Politburo. <i>The meeting heard reports of provincial Party committees and governments' achievements and evaluation work on poverty relief in 2016.</i>
	Mar 30	Xi held talks with Serbian President Tomislav Nikolic. <i>They agreed to enhance cooperation within the Belt and Road Initiative and the "16+1" cooperation mechanism. They also agreed to boost progress of their comprehensive strategic partnership. President Nikolic was awarded the title of "honorary citizen of Beijing."</i>
	Mar 29	Xi attended a tree planting activity.
	Mar 28	Xi attended the cremation of Wan Guoquan.
Li Keqiang <i>Premier</i>	Apr 4	Li sent condolences to Russian prime minister Dmitry Medvedev after the subway bombings in St. Petersburg.
	Mar 31	Li presided of the 7th plenary meeting of the State Council. <i>The meeting decided to appoint Lam Cheng Yuet-ngor the fifth-term chief executive of Hong Kong Special Administrative Region.</i>

		Li met with Serbian President Tomislav Nikolic.
	Mar 29	Li returned to Beijing.
	Mar 28	Li met with New Zealand Governor-General Patsy Reddy in Auckland, New Zealand.
		Li and New Zealand Prime Minister Bill English visited a Chinese-owned research and development center in Auckland, New Zealand.
		Li spoke at a welcoming luncheon organized by the political, business and academic circles of New Zealand in Auckland, New Zealand. Full text of his speech (in Chinese).
		Li sent a written instruction to a national conference on health reform.
	Mar 27	Li traveled from Wellington to Auckland, New Zealand.
Zhang Dejiang <i>Chair of the National People's Congress</i>	Mar 31	Zhang met with Serbian President Tomislav Nikolic.
	Mar 30	Zhang met with Cuban Minister of the Revolutionary Armed Forces Leopoldo Cintra Frias.
	Mar 29	Zhang attended a tree planting activity.
	Mar 28	Zhang attended the cremation of Wan Guoquan.
Yu Zhengsheng <i>Chair of the Chinese People's Political Consultative Conference</i>	Mar 30	Yu chaired a bi-weekly consultation session of the CPPCC. <i>The session discussed ways to improve regulation of e-commerce.</i>
	Mar 29	Yu attended a tree planting activity.
	Mar 28	Yu chaired a meeting of the CPPCC Standing Committee.
		Yu attended the cremation of Wan Guoquan.
	Mar 27	Yu spoke at a symposium on poverty alleviation.
Liu Yunshan <i>Head of Party Secretariat; Head of Propaganda</i>	Mar 31	Liu attended a symposium to commemorate the 100 th anniversary of the birth of late procurator-general Liu Fuzhi.
	Mar 29	Liu attended a tree planting activity.
	Mar 28	Liu attended the cremation of Wan Guoquan.

Wang Qishan <i>Secretary of the Central Commission for Discipline Inspection</i>	Mar 29	Wang attended a tree planting activity.
	Mar 28	Wang attended the cremation of Wan Guoquan.
Zhang Gaoli <i>Executive Vice Premier</i>	Mar 31	Zhang attended the plenary session of the State Council.
	Mar 29	Zhang attended a tree planting activity.
	Mar 28	Zhang attended the cremation of Wan Guoquan.

About CPW

China Politics Weekly aims to keep business leaders, investors, diplomats, scholars and other China hands up to date on important trends in China. It is produced by Trey McArver, a London-based consultant providing advice and intelligence to firms and investors engaged in China and the region. You can find out more about Trey and CPW in [this interview](#).

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