

How the Coronavirus Pandemic Will Change Trump's China Policy

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The ongoing pandemic crisis caused by the novel coronavirus (formally designated by the World Health Organization as “COVID-19” but referred to by many conservative American politicians and commentators as the “Wuhan virus” or the “China virus”) has had a devastating effect on the global economy, international relations and possibly global stability. The virus caused an estimated 231,000 deaths worldwide and 64,000 in the United States through the last week of April.

Although President Trump and his administration initially tried to restrain criticism of China’s leadership for mishandling of the virus and even praised the regime for the sake of diplomatic stability, growing evidence of Beijing’s criminal negligence in this crisis – plus demands in the U.S. and other allied countries that China be punished or forced to pay compensation – likely will lead to significant changes in America’s relationship with China and have long-term implications for global security.

There is a “blame game” going on in the United States over who is responsible for the spread of the virus in America. On one side, Democrats and the mainstream media insist that President Trump is singularly responsible for the pandemic in the United States and that talk of the Chinese government’s culpability represents xenophobia, racism and efforts by the President to shift the blame. On the other side, Republicans praise President Trump’s response to the pandemic – especially his cutoff of flights from China on January 31 – and argue that the Chinese government delayed informing the U.S. and the world, prevented the U.S. from properly preparing for the pandemic by spreading propaganda to confuse and disinform the outside world, and therefore must bear the blame for this global crisis.

This blame game will continue until the November presidential election. As opposed to some countries like Australia, where the minority Labor party is fully backing the governing Liberal party in blaming the Chinese government and demanding answers from Beijing, most Democrats will never cease their efforts to use the coronavirus to defeat Mr. Trump. However, the debate in the U.S. over assigning blame began to shift in mid-April as evidence of Chinese negligence and misconduct became so overwhelming that many of the president’s strongest critics such as the *Washington Post*¹ and CNN² could not ignore it. Both media outlets

¹ Josh Rogin, “State Department cables warned of safety issues at Wuhan lab studying bat coronaviruses,” *Washington Post*, April 15, 2020.

² Josh Campbell, Kylie Atwood and Evan Perez, “US explores possibility that coronavirus spread started in Chinese lab, not a market.” CNN.com, April 16, 2020

published articles on how the pandemic may be a result of dangerous research conducted by Wuhan biological laboratories on coronaviruses obtained from bats. There also is growing anger in the U.S. that although Beijing conducted a massive quarantine of the Wuhan area to prevent the virus from spreading throughout China, it did not stop international flights from Wuhan which led these travelers to spread the virus around the world, and it censored, repressed, and even disappeared Chinese scientists, doctors, and journalists who revealed truths that the regime wanted hidden. As a result, there are growing calls in Congress and across the United States for the Chinese government to pay compensation to the United States for deaths and the huge economic toll caused by its negligent handling of the virus.

This shift is occurring in other countries as well. A German newspaper wants Berlin to send China a bill for €149 billion in compensation.³ The Henry Jackson Society, a UK think tank, estimates China owes the £351 billion.⁴ African states are irate at growing discrimination against Africans in China who are being blamed for the spread of the virus.⁵ Australia has called for an independent international investigation into China's response to the coronavirus pandemic and how the outbreak started, a demand that has led to threats of economic retaliation from Beijing.⁶ The Japanese government announced in early April that it was allocating \$2.2 billion of coronavirus stimulus spending to pay companies to leave China and relocate to Japan.⁷

In addition, a joint intelligence assessment by the “five eyes” countries – the U.S, U.K., Canada, Australia and New Zealand – obtained by an Australian newspaper in early May 2020 found that the Chinese government lied about human-to-human transmission, 'disappeared' whistle-blowers and refused to help other countries prepare a vaccine for the coronavirus.⁸

The Chinese government launched an aggressive public relations and propaganda campaign to counter criticism of its handling of the virus and instead praise China

³ “Was China uns jetzt schon schuldet,” Bild, April 15, 2020

⁴ Matthew Henderson, Dr Alan Mendoza, Dr Andrew Foxall, James Rogers, and Sam Armstrong, “Coronavirus Compensation? Assessing China's Potential Culpability and Avenues of Legal Response,” Henry Jackson Society, April 20, 2020.

⁵ Jason Burke, Emmanuel Akinwotu, and Lily Kuo, “China fails to stop racism against Africans over Covid-19,” *The Guardian*, April 27, 2020.

⁶ Emily Jacobs, “China makes economic threats against Australia over coronavirus probe,” New York Post, April 29, 2020.

⁷ Isabel Reynolds and Eni Urabe, “Japan to fund firms to shift out of China,” Bloomberg.com, April 8, 2020.

⁸ Sharri Markson, “Coronavirus NSW: Dossier lays out case against China bat virus program,” The Daily Telegraph, May 4, 2020.

for effectively defeating the coronavirus within its borders and for providing medical supplies to other nations. However, the public relations benefit from Chinese medical supplies was greatly undermined by news that many of these supplies were defective to the point of being useless.

As part of its public relations/propaganda campaign, China has tried to dodge responsibility for the pandemic with groundless claims blaming the United States for the origination of the virus. The Chinese government also has threatened states for any mentions that blame it for the pandemic. Notably, after pressure from Chinese diplomats, the European Union watered down a mildly worded EU report on disinformation about the coronavirus to further soften criticism of China.⁹ While China's virus propaganda might be effective in states like Iran and Pakistan where the United States is unpopular, this effort has angered Americans and many around the globe, and probably will further damage Beijing's image on its handling of the virus.

How Trump Changed U.S. China Policy

Donald J Trump may be the most unorthodox president in American history. He prides himself on breaking with conventional wisdom and the thinking of the Washington establishment. Concerning Trump's national security policies, this led to decisions that a typical Republican or Democratic president would never make, such as withdrawing from the Paris Climate Accord, withdrawing from the 2015 nuclear deal with Iran, moving the U.S. embassy in Israel to Jerusalem, recognizing Israeli sovereignty of the Golan Heights, agreeing to meet with North Korean leader Kim Jong-Un and killing Iranian Qods Force leader Qassem Soleimani.

Trump's approach to China has been similarly unorthodox. Casting aside usual diplomatic niceties, Trump has savaged Beijing for unfair trade practices and stealing American intellectual property. He has not hesitated to impose tariffs against China to force it to negotiate a trade deal. The President criticized China for not honoring UN sanctions against North Korea, sometimes chastising Chinese President Xi by name in tweets. He also irritated Chinese officials with his diplomacy with North Korea – including two summits with Kim Jong Un – that deliberately excluded Beijing.

⁹ Matt Apuzzo, "Pressured by China, E.U. Softens Report on Covid-19 Disinformation," New York Times, April 24, 2020.

At the same time, Mr. Trump has sought to establish a friendly and productive personal relationship with Chinese President Xi Jinping, to whom he often refers as “my good friend.”

Previous Democratic and Republican administrations sought constructive relationships with China that focused on mutual interests and achievable goals while avoiding conflict. Prior U.S. presidents presumed that China’s entry into the World Trade Organization in 2001 would transform it into a responsible international actor both in global trade and international relations. U.S. officials hoped WTO membership and joining the international financial system would end the Chinese Communist Party’s plans for global domination. Many even anticipated that free market forces would lead to political reforms and greater freedom for the Chinese people.

President Trump’s approach to China is based on his belief that these assumptions have been proved wrong. Instead of becoming a responsible and cooperative international trading partner, the Chinese government has engaged in mercantilism to subvert international trade and finance. It has been ruthless in illicitly acquiring foreign technology and trade secrets, often by stealing intellectual property. The ruling Chinese Communist Party has not abandoned its goal of global domination and has made significant advances in developing its armed forces, often with stolen military technology. The Chinese people have less political freedom than any time since Chairman Mao, and their view of the world is carefully controlled through state-controlled media and persistent state propaganda which is instilled in them from an early age, and now enforced by high-tech social credit systems.

Candidate Trump voiced harsh criticism of China during the presidential campaign in 2016, claiming Beijing’s trade practices were “raping” the United States and accusing the regime of stealing American jobs and manipulating its currency to make Chinese exports more competitive on the global market. As president, Trump promised to confront China for unfairly exploiting trade with the U.S. and vowed to impose tariffs against Chinese products until a trade agreement was reached. Candidate Trump sometimes added that he had no ill will toward Chinese officials and put the blame for this situation on decades of incompetent policies by previous Republican and Democratic presidents.

Trump’s views on international economics and relations with China are part of his “America First” national security strategy which puts the American worker and the U.S. economy ahead of international agreements and globalism. Although

Trump's critics claim America First represents American isolationism and mercantilism, this is not the case. The philosophy is consistent with the views of American conservatives like John Bolton and Newt Gingrich who take a dim view of multilateral organizations like the United Nations that rob the U.S. of sovereignty. But America First is not simply anti-U.N. It represents the belief of many Americans that previous U.S. leaders had struck international agreements that met idealistic, international goals but hurt U.S. interests, especially those of American workers. Trump and his advisers believed this was the case with the North American Free Trade Agreement, the Transpacific Partnership and the Paris Climate Accord.

Critics of President Trump often try to dismiss his foreign policy, including America First and his approach to China, by focusing on his inexperience as a world leader and his undiplomatic and mercurial nature. His supporters look past these issues because they see Trump as the rare statesman willing to defy conventional wisdom and speak his mind regardless of the resulting criticism and, indeed, to serve as a wrecking ball against a failed, often corrupt, foreign policy establishment. Some Washington foreign policy insiders have told me that although they sometimes see the president as "rough around the edges," they concede he has been effective and that many of policies represent things they deeply believe but were unable to implement or afraid to say in public.

As president, Trump has attempted to balance the America First strategy with his desire to maintain a constructive relationship with China and get a trade deal. This has often led to heated internal discussions between top Trump officials eager to negotiate a deal, such as Commerce Secretary Steven Mnuchin and U.S. Trade Representative Robert Lighthizer, against China hardliners Director of Trade and Manufacturing Policy Peter Navarro.

An Inconclusive Pause in the U.S.-China Trade War

Almost two years after President Trump began a trade war with China to bring about free and fair trade between the two nations, the United States and China agreed in December 2019 to a first stage trade deal that lowered tensions and avoided \$156 billion in new U.S. tariffs against Chinese exports that Trump threatened to impose on December 15. The agreement represented partial wins for both sides but was criticized by Trump's opponents as a major retreat. The president disagreed, calling the agreement "an amazing deal" and pledged to pursue a phase two deal to address unresolved issues, although he conceded this probably would not occur until after the November 2020 presidential election.

Under the agreement, China promised to increase purchases of at least \$200 billion in U.S. goods and services, provide greater access to the Chinese market by American banking, insurance and other financial firms. It agreed to reduce some barriers to U.S. farm products. China also agreed to improve protection and enforcement of intellectual property rights. It maintained tariffs of 5 to 25 percent on \$100 billion in U.S. products but China agreed to some exclusions.

For its part, the United States agreed to forgo new tariffs but, to the disappointment of Beijing, declined to agree to a stiff rollback on existing tariffs, and maintained 25% tariffs on \$250 billion of Chinese exports. The U.S. did agree to reduce 15% tariffs to 7.5%. The agreement followed actions by China in September 2019 to exempt some U.S. soybean and pork exports from tariffs and to crack down on exports of the addictive drug fentanyl, a priority of President Trump to protect the American public.

The phase one trade agreement was the result of President Trump's promise to overhaul trade with China that he began to act on shortly after assuming office. Although the President and his senior officials talked tough on China trade during his first year in office, the Trump administration used investigations and diplomacy in 2017 to try to find a negotiated solution to this problem. This included a visit by Chinese President Xi to President Trump's Mar-a-Lago resort in April 2017 and a state visit to China by Trump in November 2017. When Chinese officials failed to deliver on their 2017 promises to President Trump, a U.S.-China trade war began in July 2018 when he imposed China-specific tariffs by placing a 25% tariff on 818 imported Chinese products valued at \$34 billion.

The July 2018 to December 2019 U.S.-China trade war was a result of the different approach to international relations by President Trump as well as misunderstandings by both sides on how to resolve their differences. For the U.S. negotiating team, their objectives were bringing about free, fair and equal trade, ending the theft of U.S. intellectual property, ending force technology transfers by American companies operating in China, and halting Chinese government subsidies to Chinese companies. While U.S. negotiators found that it was possible to make progress on the trade deficit, other issues more difficult because they involved China making structural economic changes, changing laws, and admitting to unethical practices.

The U.S. team appeared to make progress in early 2019 getting their Chinese counterparts to agree to some structural economic changes, including a pledge to

ban the forced transfer of technology and equal treatment of foreign companies in China. However, Chinese leaders later withdrew these agreements. This was partly because senior Chinese officials claimed it would be too difficult to change laws to implement these concessions. But the real reasons appeared to concern the reluctance of the Chinese Communist Party to make any concessions to the United States and worry by President Xi, who was still facing internal opposition while consolidating control over the Party, of being seen as making too many concessions to Washington.

On several occasions, Chinese trade officials objected to being forced to negotiate in response to U.S. threats and expressed their irritation at President Trump for trying to bully China into a trade deal by citing the so-called “unequal treaties” of the 19th and early 20th centuries.

There is no question that Chinese officials have been irritated at President Trump and often misjudged him because his approach to foreign policy is so unorthodox and more critical of the Chinese regime than recent U.S. presidents. Beijing appeared to believe that diplomatic efforts in 2017 – especially Trump’s lavish state visit to China – would mollify him and put U.S.-China relations on a traditional and predictable track. They did not foresee Trump’s unpredictability and his willingness to ignore diplomatic protocols, such as by suddenly imposing tariffs even if the U.S. – especially U.S. farmers – would suffer when China retaliated. This has been a conundrum for China’s leadership which operates on the basis of predictability and long-term planning.

The phase one agreement came about because both sides wanted a partial agreement and realized what they could get from the other. President Trump was counseled by his negotiators and by business leaders that it was time to end the trade war by getting a partial deal that would set the stage for a better deal in 2021. Chinese leaders needed a deal because of China’s economic problems and realized that if they did not find a way to strike a partial deal, President Trump would continue to escalate economic pain on them with more and more tariffs.

There was another important consideration for President Xi and the Chinese leadership: they knew it is possible that President Trump will not be reelected. Chinese leaders probably believed that a partial trade deal would appease Trump and allow them to put off difficult unresolved decisions for a phase two deal until 2021. In the event Trump loses, they probably assessed that America will have a weaker Democratic president who would not press to resolve these issues, and indeed, give Xi Jinping what he wants.

U.S.-China Relations After the Pandemic

As I finished this article in early May, President Trump's rhetoric on China and its responsibility for the coronavirus pandemic was becoming much harsher. The President asked the U.S. intelligence community to determine whether the virus originated in a Wuhan virology lab. High-level White House meetings reportedly were discussing compensation demands to China, canceling U.S. debt payments to Beijing and removing sovereign immunity limitations that prevent American citizens as well as state and local governments from suing the government of China for damages over the virus.

At the same time, President Trump called on Beijing to honor and fully implement the phase one trade deal, which could be read as the President leaving the door open to a productive relationship with China despite its mishandling of the virus.

This represented a major change from the president's previous approach which was to moderate his administration's criticism of Beijing in hope of not damaging relations and gains made in trade talks. It appears that mounting evidence of the Chinese government's criminal negligence in its handling the coronavirus pandemic has convinced the President to consider a more confrontational approach.

In my opinion, the Chinese government will never agree to pay reparations or compensation for its role in the pandemic. However, a growing international consensus of China's gross misconduct likely will significantly undermine its global image and its attempts to expand China's economic influence, especially in the Third World.

The best-case scenario at this time would be for the Trump administration to use public criticism and threats of demands for reparations to pressure the Chinese government to fully cooperate in investigations of the virus, including inspections of Wuhan virology labs and "wet markets." China must also agree to close the wet markets and international supervision of virology labs engaged in dangerous research.

If this does not occur, there could be a new Cold War with China that might last as long as Donald Trump is president. Such an outcome likely would cause a

major downturn in the global economy and possibly instability in East Asia, especially the South China Sea.

If President Trump is reelected and if a Cold War with China does not occur, prospects for a second phase trade deal that addresses unresolved issues such as forced transfers of technology and subsidies to Chinese companies will be very difficult to reach because both sides likely will take much harder lines in future negotiations and sacrifice any advantage the United States may have gained. On the U.S. side, China hardliners who see trade deals with China as strengthening a U.S. enemy appear to be becoming more influential with President Trump. This could mean that Trump's second term China trade policy will be focused on convincing U.S. firms to move out of China and securing foreign supply chains so the United States is not reliant on China for sensitive imports like pharmaceuticals and rare earth elements.

On the other hand, if a Democrat assumes the White House in January 2021, U.S.-China relations will probably be quickly normalized as the new Democratic president replaces Trump's confrontational policies with diplomatic talks that are certain to go nowhere.

This is a difficult and unpredictable time for China, the United States and the world. Hopefully, Chinese officials will take responsibility for their negligent handling of the virus outbreak and agree to fully cooperate with the international community on the aftermath of this crisis to avoid a serious downturn in international relations that could have major costs for the Chinese people and the world.

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