United States 2017: Trump and Asia

Prof. Amit Gupta
The International Strategic & Security Studies Programme, was started at the National Institute of Advanced Studies (NIAS), Bangalore in 1996 with the broad objective of conducting academic and policy research related to national and international security issues. The emphasis of research is towards integrating complex elements of science and technology with policy, organizational and institutional arrangements.

NIAS Strategic Forecasts aim at highlighting trends, threats and projections on contemporary developments at the regional and global levels.

This series include the following reports:

**US 2017: Trump and Asia**
Prof Amit Gupta

**East Asia 2017: In the age of Donald Trump**
Dr Prakash Panneerselvam

**China 2017: Foreign Policy Offensive?**
Dr Bhartendu Kumar Singh

**Bangladesh 2017: Resurgence of Radicalism**
Dr Bibhu Prasad Routray

**Myanmar 2017: One Step Forward, Two Steps Backward**
Dr M Mayilvaganan

**Nepal 2017: Where to from here**
Sohan Sha

**Pakistan 2017: The Slow Burn**
Prof D. Suba Chandran

**Sri Lanka 2017: A Balancing Act**
Dr N. Manoharan

**Leftwing Extremism 2017: Sparks from a flailing revolution**
Dr Bibhu Prasad Routray
United States 2017: Trump and Asia

Amit Gupta
US Air War College, Alabama, US

Where is the Trump Administration likely to go in its dealings with Asia? Are we likely to see a transformational overhaul of America’s Asia policy are is it more a case of changing the policy around the margins and going for more of the status quo?

The results may well lie somewhere in between.

On the campaign trail Donald Trump made a series of provocative statements about dealing with China and the broader Asian region. He suggested that his administration could impose 45% tariffs on China, accused Beijing of currency manipulation, and swore to withdraw the United States from the Trans Pacific Partnership.

After being elected, President Trump took a congratulatory call from the President of Taiwan and even questioned the rationality of the United States’ decades long one-China policy. Added to these proclamations was the insistence that a Trump Administration would not tolerate a nuclear and aggressive North Korea.

Where is the Trump Administration likely to go in its dealings with Asia? Are we likely to see a transformational overhaul of America’s Asia policy are is it more a case of changing the policy around the margins and going for more of the status quo? The results may well
What the withdrawal has done, however, is to leave the field of economic opportunity in Asia wide open to China and dealing with Beijing President Trump does not have the complete leeway that he thought he had before he came to power in January 2017.

Trump’s Asia Policy

Shortly after coming to power Trump pulled the United States out of the TPP stating the treaty would take away jobs from the United States. In fact, the treaty was more a political statement than an economic one since experts estimated that at best it would raise trade by about 2% since most of the signatory countries already had beneficial trade arrangements with the United States (though it would have led to further growth in the US-Japan economic relationship). What the withdrawal has done, however, is to leave the field of economic opportunity in Asia wide open to China and in dealing with Beijing President Trump does not have the complete leeway that he thought he had before he came to power in January 2017.

Despite the declarations made before he came to power, and the phone call as President Elect with the Taiwanese President, Trump’s policy has shown a degree of caution if one is to go by the actions taken so far by the new administration. First, the new president reaffirmed the US commitment to the defense of Japan thus reassuring Prime Minister Abe, during his visit to Washington, of the U.S.’s continued support to its most important ally in Asia. The president made it clear that the US-Japan defense treaty would stay in place and be honored by Washington much in the same way as President Obama, in 2016, had reassured Prime Minister Abe. Trump thus did not bring about a fundamental shift in the US-Japan relationship and he quietly dropped the public demand he had made during the campaign that Japan develop nuclear weapons—something that caused considerable discomfort in Tokyo which is deeply committed across party lines to its opposition to nuclear weapons.

The public show of support for Japan in general and the Abe government in particular was also important in terms of signaling to Beijing the American commitment to bring about the peaceful resolution of maritime disputes in Asia—which in the China-Japan case revolves around the Senkaku-Daiyu Islands dispute—and to warn Beijing against unilaterally changing the status quo through the use of force. The key relationship to look at though remains China.

The Chinese government while not happy with the Taiwanese phone call, the comments about two Chinas, or the accusations of currency manipulation (which Trump has repeated), has done what all great powers do when tensions arise with other great powers and sought to make concessions around the margins to the other state. The Chinese thus removed their earlier objections and provisionally gave
Donald Trump’s businesses 38 trademarks (including one for an escort service). The Chinese have begun to play around the margins.

In turn, Rex Tillerson, in his recent visit to China stated that the US-China relationship was guided by “non-conflict, non-confrontation, mutual respect, and win-win cooperation.” While the Secretary of State was criticized in the United States for his excessively friendly statement that suggested that the two countries did not have significant differences on global and regional issues, it did lay the ground for what will be the first major diplomatic test of the Trump Administration—the visit of President Xi Jinping to Washington.

One of the central issues that is likely to come up—apart from the trade deficit and charges of currency manipulation—is what to do about North Korea? Mr. Trump has expressed concern about the country’s nuclear and missile programs and has argued that China does little to restrain its small and bellicose neighbor. The Chinese will claim that they do not have the type of influence that Washington thinks Beijing does in North Korea. There is some truth to this since Pyongyang informed Beijing of its intentions only 20 minutes before it conducted its first nuclear test. The Chinese are also likely to point out that they do not support any precipitous actions towards North Korea because a collapse of the Kim regime could well lead to a massive flow of refugees into both China and South Korea.

On their part, the Chinese are likely to express their concern about the US decision to give South Korea the Terminal High Altitude Area Defense (THAAD), a move that they see as destabilizing to the military balance in the region. The United States and South Korea have stated that the THAAD was meant to deal with North Korean missiles but the Chinese have argued that it raises insecurity in the region. What may be of concern to the Chinese is the AN-TPY-2 radar that goes with the anti-missile system and can be used to locate missile launches. Such a capability could be used further afar to monitor Chinese missile launches.

Along with the thorny North Korean issue the ever present problem of Chinese cyber hacking and the more difficult task of trade imbalances may come up. But the real problem for Trump may come from the fact that in an age where anti-globalization sentiments are growing, China is the one nation that not only benefits from globalization but also symbolizes it. Xi Jinping made this abundantly clear in a speech to the United Nations in Geneva on January 23, 2017: “Between 1950 and 2016, China provided foreign countries with over 400 billion yuan of aid, and we will continue to increase assistance to others as its ability permits. Since the outbreak of the international financial crisis, China has contributed to over 30% of global growth each year on average. In the coming five years, China will import eight trillion US dollars of goods, attract 600 billion US dollars of foreign
investment, make 750 billion US dollars of outbound investment, and Chinese tourists will make 700 million outbound visits. All this will bring more development opportunities to other countries.’”

This impressive nature of the Chinese economy and its links to globalization have important implications for the US-China relationship, particularly for President Trump’s to Make America Great Again. Trump wants other countries to invest in the United States and to bring jobs into the country. Paradoxically the one nation that has the investment capital and the corporations that want to do so is China which has sought to expand its investments in the United States. Thus the Chinese sought to purchase an oil company and that was turned down by the United States. Similarly, China’s attempt to buy Lehman Brothers was thwarted as was an attempt to build a high speed rail from California to Las Vegas. Further, in 2015, the United States Congress turned down a request by the BRICS nations to increase their contributions to the International Monetary Fund. The US has been unwilling to allow the Chinese to invest in the critical sectors of the US economy for security reasons and there is also the reluctance to build Chinese power and allow it to challenge the US’s unipolar status in the international system.

If President Trump can work out a working and productive arrangement with Xi Jinping, however, he will be able to tap into the resources that the Chinese are able to offer at the international level. The Chinese have kept buying US treasury bills and as of December 2016 held about $1058 Billion in treasury bills. These give them little financial return—even though it does signal a Chinese intention to show a commitment to the US economy—so they would like to invest in more productive areas of the United States economy like telecommunications (where the Chinese company Huawei would be a natural investor) or in automobiles where a company like Cherry would fancy its chances in the US automotive market. The central question then is can President Trump work a mutually productive arrangement with the Chinese? One should not rule out the possibility of this happening.

II

Trump & India

Indian scholars and politicians have welcomed the election of President Trump for they see someone who is potentially open to a better US-India relationship with greater investments, will counterbalance the Chinese, and will be tough on terrorism—which India expects to include a tougher attitude towards Pakistan. The fact that five Trump Towers are being built in India is indicative of the fact that the Indian market provides opportunities to US investors.
But Indian analysts should be less optimistic about the direction that the relationship is likely to take, particularly whether it will help resolve India’s security dilemma.

When President Trump imposed his travel ban on seven Muslim nations the one that was conspicuously absent was Pakistan even though a number of international terror attacks since 9/11 have had their origins in Pakistan. Further, frustration continues to grow in Washington over the roles the Haqqani network and the InterServices Intelligence play in Afghanistan. But Pakistan remains central to the United States’ mission in Afghanistan and, therefore, Islamabad will not get the just punishment that New Delhi feels it deserves for its support of transnational terror groups.

Nor is the United States likely to get tougher with China unless there is serious provocation from Beijing especially since the economic interdependence between the United States and China makes such a war costly. So those in India who feel that the United States will militarily confront China and do India’s dirty work for it are badly mistaken. Which then brings up the issue of American investments in India and the growth of the US-India relationship.

The Obama Administration sought to develop the India-US relationship by building up the military component of the relationship including the possibility of transferring the F-16 production line to India. The F-16 has been offered by Lockheed because the production of the plane is winding down in the United States and the company would like to move on to the full-fledged manufacture of the more advanced F-35 Lightning.

The F-16 is being sold as a means for India to increase its technological capabilities and to help Prime Minister Modi to bring manufacturing to India as part of his Make in India policy. For several reasons, however, this tech transfer may not work to Indian interests. The Pakistan Air Force is familiar with the performance parameters of the F-16 and this would make the Indian Air Force reluctant to fly it. Further, even though the plane would be made in India its exports would be regulated by the United States and that could include further sales to Pakistan. No Indian government would survive the public ire if such a sale was to go through. What may seal the demise of the deal, however, is President Trump’s own agenda for manufacturing to grow in the United States. There has been some conjecture that given his populist stance to protect manufacturing jobs in the United States he would be reluctant to allow the production line to be transferred to India.

The other issue that could potentially cause problems in the India-US relationship is the H-1 visa grants to India. Attorney General Jefferson Beauregard Sessions is opposed to H-1 visas since he sees them taking away American jobs. 150,000 odd H-1 visas may not be much in a 146
million job US economy but the symbolism matters.

For India though, these jobs bring home hard currency but more importantly shutting them down may be the first step in a series of punitive measures against the Indian economy which is seen as being one of the major beneficiaries of outsourcing. It is not clear whether Trump would be willing to intervene to allow Indians to continue to be advantaged in the granting of such visas.

III

Conclusion

President Trump has shown that he is abiding with his campaign rhetoric by walking out of the TPP but in the case of China the case is far more complicated. The economic interdependency between the two countries makes the US room for maneuver less than some American strategists believe it to be. Thus while President Trump may have harsh words for Xi Jinping, at the end of the day he has to contend with the trade and investment links between the two countries that will be difficult to break in the short to medium term. It is likely, therefore, that despite the rhetoric the two countries continue integrating their economies.

At the same time, President Trump’s emphasis on bilateral relationships is likely to see a strengthening of the US-Japan trade relationship. As for India, until investment, land, and labor laws are simplified one cannot see the two countries economic linkages growing dramatically.

About the author

Amit Gupta is a Professor at the US Air War College, Alabama, US

Views expressed are author’s own