

President Trump's Visit to Asia: Limited Achievements

Hadar Glottman and Oded Eran

President Trump's visit to East Asia in early November 2017, which included stops in Japan, South Korea, China, Vietnam, and the Philippines, earned conflicting grades, mainly in the United States. The President was quick to praise his own achievements in the areas of politics and economics, and particularly his work to rehabilitate the stature of the United States in the region. Some commentators, however, assessed the tour as "the worst" of the President's overseas visits, inter alia due to what they called "ceding global leadership to China." Certainly, however, the visit should be assessed by comparing the objectives that the administration defined for itself with the immediate achievements, as well as potential future achievements. Trump himself defined three objectives: forming a coalition to deal with the North Korean nuclear threat; strengthening alliances and economic cooperation with countries of what Trump called the "Indo-Pacific region"; and formulating understandings regarding fair mutual trade.

Trump's meeting with Chinese President Xi Jinping was the jewel in the crown, with two important subjects to the United States and China leading the agenda – the challenge posed by North Korea, and bilateral trade. The public statements of Presidents Trump and Xi expressed their points of agreement and disagreement. Both concur that the objective is to denuclearize the Korean peninsula, and that Security Council resolutions on this matter must be strictly and fully implemented, and that a solution to this issue is to be attained through dialogue and negotiations. In this, Trump accepted China's approach, but it appears that herein ended their agreement. On his return to Washington, Trump added that he had explained to his host that a nuclear North Korea is a danger to China, and that he had clarified that "all the options are on the table," but he did not confirm that the Chinese President shares this position – and apparently he does not. It is also not clear whether the Chinese President agreed to the wording of Trump's speech at the National Assembly in South Korea, where he said that the solution is an end to North Korea's aggression and its development of ballistic missiles, plus complete, full, and verifiable denuclearization.

As such, it is highly doubtful whether President Trump significantly changed the positions of the three North Korea neighbors that he visited. These three countries are eager to see Pyongyang's nuclear disarmament, but at this stage are not considering using

weapons to promote this objective. On the positive side of the balance sheet, Trump can record their willingness to adopt additional sanctions. While a comparison between the North Korean nuclear situation and the Iranian case reveals significant differences, international unwillingness to use force is common to both. This is not a new insight for Israel, but it was reinforced by Trump's visit to Asia.

A more balanced trade relationship, particularly in China, was the second important objective of the visit. Indeed, Trump had made this a central theme during the presidential campaign, although presentation of the issue was partial and superficial and did not include other economic indicators on bilateral relations, including exchange rates or investments. The US trade balance in 2016 with China, Japan, and South Korea in fact shows a deficit of \$347, 69, and 27 billion, respectively. However, in view of the criticism voiced earlier this year by German Chancellor Angela Merkel - that beyond the American trade deficits, German external investments in the United States that create thousands of jobs should be considered as well - Trump expanded his goals beyond just closing the gap, and began to include investments by these countries in the US economy, with the jobs they create.

Both Trump and Xi announced that during the visit, deals were reached worth some \$250 billion, but this is an deliberately inflated presentation, since some of the deals are memoranda of understandings rather than agreements for immediate implementation. The actual deals will be spread over a number of years, and even if fully implemented will just reduce but will not cancel the American trade deficit with China. Among the deals signed in the presence of both Presidents, as published by the US Department of Commerce: the sale of Boeing aircraft for over \$60 billion to Chinese airline companies, which are expanding their operations and destinations in China and elsewhere; the sale of a second batch of Bell helicopters, doubling the size of the deal; the sale of aircraft engines and gas turbines by General Electric; the sale of cars over the next three years by Ford and General Motors, worth \$12.5 billion. As with the deals signed between the United States and Saudi Arabia during President Trump's visit to Riyadh, implementation of these deals is neither immediate nor assured.

Other deals signed are in the of energy sector. Alongside the sale of natural gas from Alaska and Louisiana to China, there is a significant memorandum of understanding between West Virginia and the Chinese company Shenhua on the development of shale gas for the use of the petrochemical industry, with an investment of \$83 billion over 20 years. The power company (part of a group with the same name that was in China. However, the scope of this project, the fact that the Chinese company is controlled by the Chinese government, and the possibility that in addition to developing gas it will attempt to increase West Virginia's coal production, an abundant resource in that state but of

declining use because of environmental damage, could arouse opposition to the project in the United States.

The American effort at a greater trade balance was less prominent in Japan and South Korea. President Trump stated that Japan promised to increase its participation in the cost of its defense, apparently by larger purchases of military equipment in the US. According to Trump, in 2017 Japanese companies are investing \$8 billion, which will create 17,000 jobs in the United States. South Korea agreed with Trump to reopen negotiations on the bilateral trade agreement. The President also announced that 42 Korean companies intend to invest \$17 billion in the United States, and another 24 companies announced purchases worth \$58 billion in the American market.

Improved data in the near future, even if only partial, in the foreign trade balance sheet, and greater scope of investments by foreign companies in the United States, as well as the increase in the number of jobs in the American economy, may affect the outcome of the 2018 Congressional elections - and even Trump's decision whether to run for a second term. Thus while the administration has inflated future purchases and investments from East Asia in the United States, in the economic context Trump's visit can be deemed a success.

Did Trump achieve his objective of strengthening the alliance between the United States and its friends in East Asia, and sending a message of a continued American commitment? It appears that the leaders of countries considered allies of the US have come to terms with China's growing power in the region. The Chinese combination of increased military power with a slow but steady spread by means of building/buying bases has achieved success even beyond East Asia. In reviewing his visit to China, Trump stated that the exchange of views on East Asian security and maritime issues between the parties was frank and constructive, with an emphasis on the need to limit the risk of clashes between armies, while maintaining American commitment to open maritime traffic for everyone. For his part, in a speech to the National Congress of the Communist Party on October 18, Xi presented the objective of turning the Chinese army into a world-class force by mid-century. It may take another 33 years to achieve this objective, but even now China is displaying strength, including military strength, that positions it as the number one regional power in East Asia.

The determined American declarations about commitment to their friends in Asia therefore may have not persuaded the region's leaders that the United States will indeed stand up to China in crisis situations - or to North Korea, though this is a totally different issue. Consequently, regional leaders will likely increasingly prefer to settle their disputes with China by direct dialogue. Like them, the United States must come to terms with a

reality in which China is a dominant power, military as well as economic, on the Asian side of the Pacific Ocean.

The consequences of dealing with the nuclear challenge posed by North Korea - and their impact on dealing with the Iranian nuclear challenge - are of course relevant to Israel. Iran is most probably watching other developments in the North Korean nuclear file and could draw conclusions pertaining to its own further conduct. The subject of trade between the United States and China is also relevant for economic relations between China and Israel. Studying the patterns of trade between the US and China and the limitations and constraints of the two parties can provide Israel with important tools in trying to balance its own economic relationship with China.