China's Foreign Policy 2018: Implementing the China Dream

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In 2018, China's foreign relations were dominated by the centralization of its foreign policy-making, designed to strengthen the hold of the Chinese Communist Party and the Chinese president himself on the decision-making system. The aim was to create a more efficient system that could better serve the interests of the country, eager to realize its national dream. At the same time, however, China appeared occupied in the exercise of its diplomacy of great power with Chinese characteristics, both at home – hosting three major global events – and internationally – playing a central role in the peace process that took place on the Korean peninsula. In this sphere China's foreign policy witnessed a quite unexpected, but long awaited success; the North Korean leader's repeated visits to the country that marked the end of years of speculation concerning the state of their brotherhood alliance and Beijing's weak grip on its ally. Meanwhile, during the year under review, China had to manage very troubled relations with the US as a direct consequence of the trade war unleashed by the Trump administration, which went far beyond trade imbalances and commercial issues. Interestingly, the tense situation created by the US had some surprising effects: a definitive thawing of relations between China and Japan, one the one hand; and a strengthening of those between China-EU, on the other.
At the closing of the period under review, all the pieces of the puzzle appeared to be in the right place, and China was in a position to declare, without hesitation, that no-one could afford to dictate to the Chinese people what should or should not be done, as Xi Jinping opined at the conference celebrating the 40th anniversary of the reform and opening-up, on 18 December.

1. Introduction

The present article focuses on China's foreign policy which, in the year under review, was marked by a process of centralization, and culminating with the strengthening of the Chinese Communist Party (CCP) and the Chinese president himself on the decision-making system. The purpose was to forge a more efficient system that could better serve the interests of the country, eager to fulfil its national «dream» by 2049, on the occasion of the centenary of the People's Republic of China (PRC).[1]

1. The concept of «China dream» (中国梦) or national «dream» is closely associated with Xi Jinping, who began promoting the term as a slogan in a high-profile visit

This process was begun by Xi Jinping when he came to power and was confirmed by the 19th Party Congress (October 2017), and later by the annual session of the National People's Congress (NPC), in March 2018. The key element of this process was the reform of the Chinese decision-making system, which included both the reorganization of institution building and the amendment of the former procedures of foreign policy decision-making.

In its new demeanour – which can be summarized in the new concept of «great power diplomacy with Chinese characteristics» (中国特色大国外交) – China hosted three key global events, namely the annual conference of the Boao Forum for Asia, the 18th edition of the Shanghai Cooperation Organization (SCO), and the 7th Forum on China-Africa Cooperation (FOCAC). All three events demonstrated China's growing assertiveness and confirmed its central role on the international scene, with special reference to Asia and Africa. At the same time China was able to play a central role in the Korean peninsula peace process which, ostensibly at least, took great leaps in the year under review.

Beyond Beijing's strong diplomatic activism, two main facts dominated Chinese foreign relations in 2018, highlighting the highs and lows of the process of realizing the national «dream». The most surprising, and unexpected one, was the sudden rapprochement between Beijing and Pyongyang, symbolized by the North Korean leader's frequent visits to China – three in less than three months – which marked the end of the never-ending speculation concerning the state of the brotherhood alliance between the two countries and Beijing's weak grip on its ally.

The second event regarded the PRC's troubled relations with the United States of America. Indeed, China was at the centre of a trade war unleashed by Donald Trump's administration which went far beyond any commercial issues. On the one hand it contributed to the thawing in relations between China and Japan, while at the same time facilitated the revival of the trilateral negotiations for a Free Trade Agreement (FTA) between China, Japan and South Korea. On the other hand, it stimulated the strengthening of relations between China and the European Union (EU), as shown by the positive re-

to the Beijing National Museum of China, in the aftermath of his promotion to the top Communist Party post, in November 2012. But the propaganda storm began soon after he became president in 2013, Xi having used the term numerous times in his first address to the nation as head of state on 17 March. Since then the concept has been widely disseminated in official statements, becoming an integral part of the political ideology of Xi Jinping. Xi interprets the «China dream» as a process of «great rejuvenation» of the Chinese nation (中国复兴) and describes it as achieving «two centenarian goals» (两个一百年奋斗目标): the material goal of becoming a «moderately well-off society» (小康社会) by 2021, which marks the CCP's 100th anniversary, and the modernization goal of transforming China into «a wealthy and strong socialist country» (富强的社会主义国家) by about 2049, which will mark the 100th anniversary of PRC's founding. To achieve both goals China has to resort to an active diplomacy (积极外交) while definitively abandoning Deng Xiaoping's low profile strategy (韬光养晦).

sults of 20th EU-China Summit, resumed in its final Joint Statement, even despite the growing tensions around the Belt and Road Initiative (BRI) and its impact especially in Central and Eastern Europe (CEE) countries.

The article concludes with an update on the ubiquitous BRI, that in 2018 celebrated its 5th anniversary, amid continuing expansion and growing criticism. This could in the long term potentially derail China's carefully laid plans, as clearly demonstrated by the attitude of India in the SCO.

2. Towards the centralization of foreign policy decision-making

Since coming to power Xi Jinping has asserted himself as a strong leader and has impressed a strong guide both domestically and internationally, inaugurating a new era of proactive foreign policy, mainly symbolized by the launch of significant international initiatives. At the same time, he has strived to represent China as a responsible «global citizen», committed to the defence of free trade, multilateralism, the environment, respect for the principle of legality, while guaranteeing the country's «right to speak» (话语权), namely the power to dictate international rules and set the political agenda.[2]

Little wonder that some observers interpreted his opening speech at the 19th Chinese Communist Party (CCP)'s Congress as confirmation of the end of the era of low profile, and the beginning of a new one characterized by greater self-confidence, increasing objectives and an unequivocal desire to occupy a global leadership position together with the United States and other major powers.

Such interpretation was corroborated by Xi Jinping's 2017 New Year speech, broadcast simultaneously on CCTV and CGTN (the main overseas Chinese broadcaster), with English subtitles, when he declared that «as a great responsible country, China has something to say», and pledged without hesitation that his country «will be the keeper of the international order».[3] Again in his speech at the conference celebrating the 40 years of «reform and opening-up» (改革开放) on 18 December 2018, Xi Jinping de-

2. 'Xi Jinping to be first Chinese president to attend Davos World Economic Forum', *South China Morning Post*, 11 January 2017; 'Xi's Davos visit shows Chinese wisdom, confidence', *China Daily*, 20 January 2017; 'Xi says China stays committed to upholding world peace', *Xinhuanet*, 19 January 2017; Huang Zheping, 'Chinese President Xi Jinping has vowed to lead the «new world order»', *Quartz*, 22 February 2017; Charlotte Gao, '«A Community of Shared Future»: One Short Phrase for UN, One Big Victory for China?', *The Diplomat*, 5 November 2017.

3. Charlotte Gao, '2018: China Vows to Be the Keeper of International Order', *The Diplomat*, 2 January 2018. Although it is not entirely clear whether Xi Jinping was referring to the present Western liberal order created by the US and its allies, or to a new international order anchored to China's ambitions, culture and desires, his reference to the promotion of a «community of shared future for mankind for the benefit of all people in the world», induces observers to believe he was referring to the latter. For

clared in a very straightforward way that «No one is in a position to dictate to the Chinese people what should or should not be done».[4]

In order to sustain this new more visible and strong profile in foreign relations, the Chinese leadership undertook a process of centralizing foreign policy-making, giving Xi Jinping and the CCP greater control to «provide strong support for opening new horizons in China's diplomacy» (为开创对外工作新局面提供坚强保障).[5]

The process started with the establishment of an unprecedented National Security Commission (NSC), in April 2014, chaired by Xi, aimed at solving the coordination problems of both domestic and foreign policy decision-making. It continued with the concentration of power in the hands of the Chinese president who collected so many significant positions to merit the designation «chairman of everything», and later being hailed as the party «core» (核心) leader.[6]

In 2018 the continuation of this process was reflected both in the changes of the foreign policy leadership team as defined at the 19th Party Congress and confirmed during the annual session of the NPC in March 2018, and in the upgrade of the Central Leading Small Group on Foreign Affairs (中央外事工作领导小组), headed by Xi, to Central Foreign Affairs Commission (外事委员会).

As analyzed in Francesca Congiu's article in this same issue of *Asia Maior*,[7] this concentration of power affected the party. The factions close to former leaders Hu Jintao and Jiang Zemin were largely marginalized, while the personnel appointments to top foreign policy-making positions were all closely linked with the Chinese president and his major concepts and initiatives. The new Politburo Standing Committee members Wang Huning and Wang Yang, and the new Politburo member Yang Jiechi, had been deputy leaders of the BRI leading group since 2014; Wang Huning, being one of the top political theorists, was also supposed to be behind the concept of the «China Dream».[8]

As for the reshuffle of government and party institutions, it involved the upgrade of four Central Leading Small Groups (中央领导小组) – including the one for Foreign Affairs – to the rank of commissions (委员会), with

more information on China's new imagined international system see Bradley A. Thayer & John M. Friend, 'The World According to China', *The Diplomat*, 3 October 2018.

4. Lili Kuo, 'Xi Jinping: president warns other nations not to «dictate» to China', *The Guardian*, 18 December 2018.

5. '中央外事工作会议在京举行' ('The Central Conference on Work Relating to Foreign Affairs was Held in Beijing'), 人民日报 (*People's Daily*), 30 November 2014.

6. Wang Shicheng, 'Xi Jinping's centralization of Chinese foreign policy decision-making power', *East Asian Policy*, September 2017, pp. 34-42.

7. Francesca Congiu, 'China 2018: Bringing the Party back into State Institutions'.

8. Thomas Eder, 'China's New Foreign Policy Setup', *The Diplomat*, 1 August 2018.

the aim of strengthening the authority of the Communist Party and improving policy coordination across the departments. All the commissions were put under the chair of Xi Jinping, while the other members of the Politburo Standing Committee served as his deputy.[9]

Of particular interest for the purpose of this article is the Central Foreign Affairs Commission's replacement of the former Central Leading Small Group on Foreign Affairs as the central institution in charge of coordinating China's foreign policy. It is useful to underline that the Central Leading Small Group on Foreign Affairs was set up in its present form at the beginning of the 1980s with the precise goal of coordinating China's often disjointed foreign policy. That said, its general office, which was located inside the Ministry of Foreign Affairs, was reportedly often bypassed by other government agencies because it was seen as low-ranking and ineffective, and the group appeared to be incapable of coordinating China's foreign policy. The same Ministry of Foreign Affairs has been troubled for a long time by its inability to behave coherently due to the presence of a «cacophony of voices», i.e. multiple actors striving to influence foreign policy.[10]

The new Commission held its first meeting on 15 May 2018, shedding light on the top policy-making body for the future country's diplomacy, as well as its direction.[11] Xi Jinping was revealed as its head, Premier Li Keqiang its deputy head, while Vice President Wang Qishan (CCP's former anti-corruption chief), Wang Huning, and Vice Premier Han Zheng were included in its membership.

In his opening speech Xi Jinping called for enhancement of the Party's centralized and unified leadership on foreign affairs and pledged to continue promoting the BRI – which in the meantime had been included in the party constitution and identified with the «China Dream.»[12] In particular, Xi called for a correct understanding and dealing with the changes of the current international situation, and to forge ahead in opening up new prospects of «major-country diplomacy with Chinese characteristics», so as to make a greater contribution to the realization of the two centenary goals and the Chinese dream of great national renewal.[13]

9. Helena Legarda, 'In Xi's China, the center takes control of foreign affairs', *The Diplomat*, 1 August 2018. 崔士方, '从"小组治国"到"委员会治国" | 外交部', 大纪元时报 (Cui Shifang, 'From «group governance» to «Commission governing the country»', *The Epoch Times*, 22 March 2018.

10. For an in-depth analysis about the topic, see Linda Jakobson & Dean Knox, *New Foreign Policy Actors in China*, SIPRI Policy Papers, vol. 51, September 2010.

11. 'New Foreign Affairs Commission Sets Tone for China's Diplomacy', *Caixin*, 16 May 2018.

12. This was all the more important since, as already pointed out by Francesca Congiu in her article in this same issue, the «China Dream» had definitely taken the place of economic growth as a major source of political legitimation.

13. 'Xi stresses centralized, unified leadership of CPC Central Committee over foreign affairs', *China Daily*, 15 May 2018.

In so doing the leadership was sending a clear message, namely that the party alone controlled China's foreign affairs and that it would not tolerate policies or actions that might compromise China's efforts to become a global power by 2049, the centenary of the PRC.

That said, a more coordinated foreign policy could prove to be a great advantage not only for Beijing, but also for its diplomatic counterparts, since it would help eliminate the conflicting messages resulting from the presence of a multitude of actors, reduce the instances of diplomatic misunderstanding and thus assure a better comprehension of the Chinese system.

3. The «great power diplomacy with Chinese characteristics» at work

As already seen in Francesca Congiu's essay in this same issue of *Asia Maior*, during the first session of the 13th NPC, «Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era» (习近平新时代中国特色社会主义思想) was introduced into the PRC's constitution. According to some Chinese experts in the foreign policy context, the «New Era» (新时代) concept indicates a transition to a more active approach to diplomacy, while the emphasis on «Chinese characteristics» (中国特色) implies that the Chinese government would conduct its international affairs consistent with traditional Chinese cultural values, rather than align with Western models and principles.[14] That was exactly what the new concept of «*great power diplomacy with Chinese characteristics*» (中国特色大国外交) implied.[15]

The events that best showcased China's new diplomatic concept and China's opening-up drive were the three key global events the country hosted during the year under review, namely the Boao Forum for Asia, the Shanghai Cooperation Organization, and the Forum on China-Africa Cooperation. Interestingly, they each presented new features as compared to previous editions.

14. The «Chinese characteristics» are frequently used by Chinese leaders to indicate the adaptation of foreign ideologies or concepts to Chinese specific conditions. This tendency began with the process of sinization of Marxism (马克思主义中国化) by Mao Zedong, and continued with the affirmation of the «socialism with Chinese characteristics» (中国特色社会主义) with Deng Xiaoping. In foreign policy the «Chinese characteristics» refer to China's ambition to shape the global order according to its national interests.

15. Zhang Lihua, Ye Zicheng, Wang Hongxu, *et al.*, 'What does «great power diplomacy with Chinese characteristics» mean?', Carnegie-Tsinghua, Center for Global Policy, 20 April 2018. For further details see 郑泽光, '新时代的中国特色大国外交**',** 国际问题研究 (Zheng Zeguang, 'The diplomacy of great powers with Chinese characteristics in the new era', *Research on international issues*) n. 3, 2018.

3.1. The Boao Forum for Asia annual conference

The Boao Forum for Asia (BFA) annual conference, which took place in Boao, a town in the southern island province of Hainan, from 8 to 10 April, was the first since Xi Jinping was «unanimously re-elected» as Chinese president and the first since China's commitment to building a «community with a shared future for humanity» (人类命运公同体) was written into the country's constitution in March.

According to Chinese foreign minister Wang Yi, Xi's attendance at the BFA annual conference at that historic moment – 2018 marked the 40th anniversary of «reform and opening-up» and the beginning of the implementation of the decisions taken at the 19th Party Congress – was of great significance in further promoting the «major-country diplomacy with Chinese characteristics in the new era», building «a community with a shared future» for Asia and humanity, and advancing the cause of peace and development.[16]

Indeed, in his keynote speech delivered at the opening ceremony, Xi Jinping vowed non-stop effort in continuing the process of «reform and opening-up» and called for people around the world to work together to build a «community with a shared future for mankind» and make Asia and the world peaceful, prosperous and open, since China and the world could not develop without each other.[17]

Beyond this rhetoric, Xi's speech was focused on four main themes – improvement in the market environment; market access for foreign firms; investment opportunities for foreigners, and the creation of a strengthened intellectual property protection regime in China for the benefit of foreigners and the domestic economy. It was praised by both US experts and other Western observers.[18] It is worth quoting the International Monetary Fund (IMF) managing director Cristine Lagarde's comments: «Xi's speech added certainty and hope to the world today, and the world needs leadership like China».[19]

3.2. The 18th Shanghai Cooperation Organization summit

The 18th SCO summit, held between 9-10 June in East China's coastal city of Qingdao, was the first following the crucial membership expansion to include India and Pakistan in June 2017; these were grounds enough to

16. 'Chinese president to address opening ceremony of 2018 Boao Forum', *Xinhuanet*, 3 April 2018.

17. 'Transcript: President Xi Addresses the 2018 Boao Forum for Asia in Hainan', *US-China Perception Monitor*, 11 April 2018.

18. Chen Weihua, 'US experts praise keynote speech at Boao', *China Daily*, 16 April 2018; 'Analysis of President Xi Jinping's Boao Forum speech', *The Telegraph*, 20 April 2018.

19. 'Xi says China will continue to support free trade', *Xinhuanet*, 10 April 2018.

consider it a historical summit. Here the peculiar position of India must be highlighted, it being a member of the revived quadrilateral entente, or «Quad», which besides India, includes Australia, Japan, and the US.

For these reasons, since its formal inclusion in the SCO there has been an intense debate among observers mainly focused on doubts relating to India's readiness to join the Organization while jointly safeguarding Western interests, as well as the kind of contribution New Delhi might make to it.[20]

Unsurprisingly, India was the only member state that did not endorse the BRI programme, as revealed in the «Qingdao Declaration», which named all member states, except one, as «reiterating support for China's BRI» project.[21] In defense of his position, as when in 2017 New Delhi declined China's invitation to join the first Belt and Road Forum in Beijing,[22] Indian prime minister Narendra Modi spoke of the need to «respect sovereignty» in dealing with infrastructure projects. He was clearly signalling his government's objection to a portion of the BRI, that is the China-Pakistan Economic Corridor (CPEC) – one of the six economic corridors under the Initiative – which passes through Pakistan-occupied Kashmir. Modi also specified that his country welcomed new connectivity projects «that are inclusive, sustainable, transparent, and those that respect the sovereignty and territorial integrity of nations», adding that «connectivity with SCO and neighbours is a priority for India».[23] In other words Modi made clear that India could not accept a project that would ignore its core concern on sovereignty and territorial integrity – two main pillars of PRC's foreign policy – and that would have the potential to greatly strengthen one of his country's historical enemies.

That said, Beijing was reportedly successful in obtaining India's participation in its effort to rally support for China in the trade dispute with the Trump administration,[24] a matter of no secondary importance. Of even greater importance was the fact that India declined the invitation to be

20. Zamir Avan, 'What will India's role be in the SCO?', *Asia Times*, 28 May 2018.

21. 'Qingdao Declaration of the Council of Heads of State of Shanghai Cooperation Organization', 10 June 2018, (http://eng.sectsco.org/documents). It should be noted that India was among the 50 countries that signed the agreement to establish the AIIB on 29 June 2015.

22. Michelguglielmo Torri & Diego Maiorano, 'India 2017: Narendra Modi's continuing hegemony and his challenge to China', *Asia Maior 2017*, pp. 267-280, esp. p. 285.

23. Saibal Dasgupta, 'India only SCO member to oppose China's BRI', *The Times of India*, 10 June 2018. For a better understanding of India's position on the BRI, see Vinai Kaura, 'Understanding India's response to China's Belt and Road', *The Asian Times*, 10 June 2017; Musarat Amin & Rizwan Naseer, 'Indian Opposition to Chinese Belt and Road Initiative: Response, Rationale and Action', *Central Asia Journal*, No. 81, Winter 2018, pp. 13-34.

24. Saibal Dasgupta, 'India only SCO member to oppose China's BRI', *The Times of India*, 10 June 2018.

part of a US-led trilateral initiative (including also Japan and Australia), launched on 30 July to fund infrastructure projects in order to counterbalance the BRI in the Indo-Pacific region.[25] A decision that, according to specialists, was consistent with the country's emphasis on multipolarity in the Indo-Pacific region and non-bloc security architecture, but reflected at the same time Modi's government efforts to stabilize India's relations with the PRC. This was in line with the positive tone that characterized bilateral relations in the final phases of 2017.[26] The two countries held a series of engagements during the year under review, starting with Indian prime minister's informal summit with Xi Jinping in Wuhan on April 27-28.[27] Another two meetings took place on the sidelines of major events, in addition to the SCO, such as the BRICS summit in Johannesburg in July, and the G-20 in Buenos Aires at the end of November. In particular, during their last encounter both leaders agreed that there had been a «perceptible improvement» in bilateral ties over the year.[28]

3.3. The 7th Forum on China-Africa Cooperation

The 7th Forum on China-Africa Cooperation (FOCAC) opened in Beijing on 3 September at the Great Hall of the People with a keynote speech delivered by the Chinese president, entitled significantly «Work Together for Common Development and a Shared Future» (合作共赢携手构建更加紧密的中非命运共同体). During the speech Xi announced that China would implement eight major initiatives with African countries in the following three years and beyond, covering fields such as industrial promotion, infrastructure connectivity, trade facilities, and green development, in an evident attempt to rebrand China's policy in Africa, and definitively dispel the accusation of neocolonialism.[29]

The state of relations and the different level of cooperation between the two parties were clearly shown in a promotional video produced by China Global Network Television (CGNT) from China Media Group and aired at the start of the opening ceremony. Despite the banality and rhetoric of the title – «A Shared Dream, A Shared Future» (同心筑梦命运与共) – the video was a compilation of the many activities that China pursues in Africa on different levels, and in many ways is emblematic of China's definitive

25. Dipanjan Roy Chaudury, 'India not to join US-led counter to China's BRI', *The Economic Times*, 7 August 2018.

26. Michelguglielmo Torri & Diego Maiorano, 'India 2017: Narendra Modi's continuing hegemony and his challenge to China', *Asia Maior 2017*, pp. 288-290.

27. Sutirtho Patranobis, 'Wuhan Summit highlights: Narendra Modi invites Xi Jinping to India for informal summit in 2019', *Hindustantimes*, 28 April 2018.

28. 'Modi, Xi say perceptible improvement in India-China relations post-Wuhan summit', *The Hindu Business Line*, 1 December 2018.

29. Shannon Tiezzi, 'FOCAC 2018: Rebranding China in Africa', *The Diplomat*, 5 September 2018.

success on the continent.[30] A symbolic aspect of that success is the fact that after Burkina Faso cut ties with Taiwan, at the end of May, [31] there remained only one country which failed to recognize the Republic of China (ROC), namely the Kingdom of Eswatini (formerly Swaziland).

In fact the former Swaziland was the only African country absent at the important summit in September. [32] Speaking at a news briefing, China's special envoy for Africa, Xu Jinghu, said that the issue of Eswatini and its lack of ties to Beijing was «an important question», but it was up to them to take the initiative. «On this issue we won't exert any pressure. We'll wait for the time to be right», he said, adding that he was convinced that that day would come sooner or later.[33]

Interestingly, the 7th FOCAC was preceded in June by an unprecedented China-Africa Defense and Security Forum, a two-week conference hosted by China's Ministry of National Defense in Beijing. The Forum, which focused on the security situation in Africa and the goal of deepening military cooperation between China and African nations, was attended by military leaders from nearly 50 African countries, clearly reflecting the expanding influence of China's military on the continent.[34] Contrary to the vision of the majority of experts who considered China's relations with African states to be mainly economically focused and far less interested in military matters, the Forum was a demonstration of China's growing military ties with Africa, [35] symbolized by the inauguration of the country's first overseas «military base» in Djibouti in August 2017,[36] and Beijing's increasing contribution to UN peacekeeping missions.[37]

30. https://www.youtube.com/watch?v=NnVYlp2elLo

31. 'Burkina Faso cuts diplomatic ties with Taiwan after intense pressure from China', *The Telegraph*, 24 May 2018.

32. Rick Noak, 'All of Africa is now competing for Chinese money. Except for one country', *The Washington Post*, 3 September 2018.

33. Ben Blanchard, 'China says not putting pressure on Taiwan's last Africa ally', *Reuters*, 1 September 2018.

34. 'China-Africa security forum concludes in Beijing', *Africa Times*, 11 July 2018.

35. Lina Benabdallah, 'China-Africa military ties have deepened. Here are 4 things to know', *The Washington Post*, 2 July 2018. For an overview of China's growing involvement and the substantial changes of its participation in the UN peacekeeping operations, see 'China's Role in UN Peacekeeping', *ISDP*, March 2018.

36. The Chinese government prefers the use of the more neutral term when referring to the Djibouti base, such as «support base» (保障基地), «logistical facility» (后勤设施), or «protective facility» (防护设施).

37. Lina Benabdallah, 'China-Africa military ties have deepened. Here are 4 things to know'.

4. China-North Korea: the long-awaited renewal of the brotherhood alliance

In 2018 Sino-North Korean relations underwent major changes, the most striking of which related to the North Korean leader's repeated visits to China. These visits marked the end of years of speculation concerning the state of the brotherhood alliance between the two countries, and Beijing's weak grip on its ally.[38] The events that occurred on the Korean peninsula confirmed the centrality of China, and Beijing's intention to assert its role, contradicting what Chinese officials had often reiterated in the last few years, namely that Beijing had very limited influence on the entire situation and that the US, not China, held the key to solving the North Korean nuclear issue.[39] The meetings between the Chinese and North Korean leaders not only reinvigorated bilateral relations but underscored the necessity of respecting China's interests and role vis-à-vis the Korean Peninsula. That is why according to Scott Snyder and See-won Byun: «China's rapid revival of its traditional role as North Korea's staunchest supporter might prove to be the more strategically significant development».[40]

Kim Jong Un's three visits in less than three months – the first in Beijing on March 27-28, the second in Dalian on May 8, following the inter-Korean summit of 27 April, and again in Beijing on June 19-20, in the aftermath of the historical Singapore summit between Kim Jong-un and Donald Trump – were of great symbolic significance for Beijing, and Xi Jinping in particular. For seven years the two allies never met. In 2014, Xi's first visit to the Korean Peninsula as the PRC's president had been to Seoul, not Pyongyang. North Korea's best friend had snubbed it for its most bitter rival.[41]

Given the relevance of the issue for both parties, it may be interesting to briefly analyze the individual visits, focusing on the salient aspects of each of them.

The first two trips were both «unofficial» and followed the tradition of China state media placing a moratorium on the announcement until the Democratic People's Republic of Korea (DPRK) leader was on his way home. The third was similar to the time-honoured visits of foreign heads of state, and as such heavily covered in newspapers and television news bulletins. Symbolically the most important visit was the first, in terms of both its timing and unexpectedness. Most probably the Chinese leadership had reached its decision to issue the invitation at the beginning of March after

38. Yun Sun, 'The State of Play in Sino-DPRK Relations', *38° North*, 5 September 2018.

39. Xuan Loc Doan, 'China's contradictions over the Korean Peninsula Issue', *Asia Times*, 16 May 2018.

40. Scott Snyder & See-won Byun, 'China's Multiple Roles in the Korean Drama', *Comparative Connections*, vol. 20, no. 2, pp. 83-92, esp. p. 84.

41. Marco Milani & Barbara Onnis, 'Penisola coreana 2014: «ombre» all'interno e «luci» all'esterno', *Asia Maior 2014*, p. 128.

the surprise announcement that the US president would meet Kim Jong Un to discuss Pyongyang denuclearization; Beijing risked possible marginalization in what were likely to be historical talks. One striking aspect concerned the style of the visit. Kim and his wife were «treated lavishly and showered with luxury gifts» by Xi Jinping (including expensive alcohol banned under UN sanctions).[42] But of utmost importance was the deference showed by Kim Jong Un[43] and the words pronounced by the North Korean leader in his toast to the Chinese president, as reported by the North Korean state news agency *KCNA*: «It is appropriate that my first trip abroad is in China's capital, and my responsibility to consider continuing North Korea-China relations as valuable as life».[44] That was a worthy accolade for all of China's previous efforts, and one that allowed Beijing to save its face, finally.

The second meeting, on 8 May in Dalian, projected quite strangely the image of an already well-established relationship between the two leaders, despite the fact that it was «newborn», about to prepare for the Kim-Trump meeting. Chinese reports quoted Kim Jong Un as reiterating his country's longstanding position that: «As long as relevant parties abolish their hostile policies and remove security threats against the DPRK, there is no need for the DPRK to be a nuclear state and denuclearization can be realized», and referring to «phased and synchronous measures» to «eventually achieve» a formal peace treaty.[45] For his part, Xi was reportedly emphasizing the restoration of the «traditional friendship» as fellow socialist countries, underscoring the «irreplaceably significant» role of high-level exchanges to the development of strategic communication, mutual trust, and the safeguarding of common interests, and pledging to strengthen people-to-people exchanges between the two countries.[46] At the same time Xi expressed China's willingness «to continue to work with all relevant parties and play an active role in comprehensively advancing the process of peaceful resolution of the peninsula issue through dialogue, and realizing long-term peace and

42. Kim Jin-myung, 'Xi Showered Kim Jong-un with Gifts During Visit', *The Chosun Ilbo*, 5 April 2018.

43. The Chinese state press agency *Xinhua* reported that during the encounter Xi referred to Kim as 你, while Kim referred to Xi as 您. Both pronouns mean 'you', but 您is more polite and respectful than 你. See Katsuji Nakazawa, 'Kim Jong Un's 21-car train was packed with gifts and much more', *Asia Nikkei Review*, 9 April 2018.

44. Emily Rauhala, 'North Korea leader meets with Chinese president's during «unofficial visit» to Beijing', *The Washington Post*, 27 March 2018. Asked for a comment on the visit, Aiden Foster Carter, honorary senior research fellow at Leeds University, said it would have been almost unthinkable for Kim to meet with Moon Jae-in and Donald Trump having never met Xi Jinping. James Griffiths, 'Why Kim Jong Un Made a Secret Visit to China', *CNN*, 5 April 2018.

45. Scott Snyder & See-won Byun, 'China's Multiple Roles in the Korean Drama', p. 84.

46. *Ibid.*

stability in the region».[47] Above all, the main message of the Dalian meeting, as pointed out by Scott Snyder and See-won Byun, was that Beijing would be included «in the process designed to pave the way for new political arrangements on the peninsula».[48] The «Panmunjom Declaration» made explicit reference to a peace treaty among three or four parties (North Korea, South Korea, the United States, and China).[49] Not surprisingly Xi Jinping emphasized more the geostrategic importance of the renewed bilateral ties than the Peninsula's denuclearization.

For the third visit on 19-20 June, as before, Kim Jong Un arrived in China much like any other foreign leader, landing at Beijing's international airport and being driven by limousine to the city centre. Contrary to the previous two visits though, China state media announced that the Korean leader would be visiting Beijing for two days, shortly after his arrival in the capital[50] and released photographs of Kim Jong Un meeting with Xi Jinping at the Great Hall of the People – where foreign head of states are usually greeted – while the visit was in progress. The Chinese state press agency *Xinhua* reported that the two leaders «agreed to safeguard, consolidate and develop China-DPRK relations, and jointly push forward the sound momentum of peace and stability of the Korean Peninsula to make a positive contribution to safeguarding world and regional peace, stability, prosperity, and development», with almost no mention of denuclearization. In fact, analysts agreed that Kim went to China to brief Xi on the Singapore summit, seek economic assistance, as well as show respect and deference to Beijing, which for its part was eager to underline its crucial role in talks between Pyongyang, Washington and Seoul.[51]

In the eyes of many international observers China proved to be the biggest winner of the Singapore summit for two main reasons. On the one hand, the agreement adopted by Trump and Kim which granted a *de facto* dual suspension of North Korean tests and US-ROK joint military exercises (so called «freeze-for-freeze approach») was similar to the proposals that Beijing had been promoting for months. On the other hand, the US president gave assurance of China's inclusion in the formal replacement of the armistice with a Korean peace treaty.[52]

47. 'Xi Jinping, Kim Jong-un hold talks in Dalian', *The Global Times*, 8 May 2018.

48. Scott Snyder & See-won Byun, 'China's Multiple Roles in the Korean Drama', p. 84.

49. '[Full Text] Panmunjeom Declaration', *The Korea Times*, 27 April 2018.

50. On previous visits by North Korean leaders, including those of Kim Jong Un' father and grandfather, the visits were not announced until after they had left the country and were on their way home.

51. Lili Kuo, 'Kim Jong-un meets Xi Jinping for third time', *The Guardian*, 19 June 2018.

52. Scott Snyder & See-won Byun, 'China's Multiple Roles in the Korean Drama', p. 85.

At the same time, according to Andrei Lankov, one of the world's leading Korea experts, and director of the Korea Risk Group, visiting China for the third time in such a short period, Kim might be seeking to take advantage of the trade conflict between China and the US, and trying to deepen their rivalry to ensure they could not join forces against him, as happened with UN sanctions over North Korea's weapons programme. In this regard, according to Lankov, Kim Jong Un was turning out to be a «very good diplomat».[53] Last but not least, Pyongyang might be hoping Beijing would ease up on sanctions following the summits with Seoul and Washington. In any case, the support of its main ally was probably seen as essential for the redefinition of the North Korean foreign strategy.

A further step in the consolidation of the renovated Sino-North Korean strategic ties involved Li Zhanshu, chairman of the NPC, who attended the 70th anniversary celebration of the DPRK's founding in Pyongyang in September, as Xi's special representative.[54] Previous reports had suggested Xi Jinping would travel to Pyongyang to meet with Kim Jong Un in what would have been the fourth summit between the two leaders in 2018, and the first visit by a Chinese leader to North Korea in over a decade.[55] Reportedly there was intense debate in Beidaihe during the so-called «summer summit»,[56] about Xi visiting Pyongyang for the celebrations. Not surprisingly the main focus of the debate was how his visit to North Korea might affect China's difficult relations with the US.[57] In fact, the Chinese president's trip would have taken place at a time when the US President was pointing fingers at China for «[…] [not] helping with the process of denuclearization», due to trade tensions.[58] But Xi Jinping's decision to send a representative might also be related to concerns about China appearing to support North Korea's nuclear weapons programmes, especially considering that Kim might choose to show off his nuclear-capable ballistic missiles at the parade.

Ultimately, the three visits reinforced China's view that it was a driving force behind developments on the peninsula. This bolstered Beijing's

53. Jane Perlez, 'Kim Jong-un returns to China, this time with leverage', *The New York Times*, 18 June 2018.

54. Mo Jingxi, 'Anniversary Celebrations show importance of DPRK ties, experts say', *China Daily*, 10 September 2018; 'China's top legislator visits DPRK, attends Foundation Day celebrations', *Xinhuanet*, 10 September 2018.

55. Ankit Panda, 'China's Li Zhanshu to Visit North Korea As Xi Jinping's Special Representative', *The Diplomat*, 5 September 2018.

56. The Beidaihe meeting – held annually in the resort town in Hebei province – is where China's leaders and elders from earlier generations meet in an informal setting in summer time for closed-door discussions that will set the tone for major domestic issues.

57. Katsuji Nakazawa, 'Xi-Kim honeymoon exposed as a façade', *Asia Nikkei*, 13 September 2018.

58. Yun Sun, 'The State of Play in Sino-DPRK Relations'.

confidence in its relations with North Korea, thus averting its initial fear of exclusion and confirming its centrality in the issue.[59]

As to the substance of the renewed bilateral ties, Andrei Lankov did not hesitate to express his reluctance since in his view there was no love lost between the two powers: «Let's not have illusions. China and North Korea don't see each other with any kind of mutual sympathy. There are zero warm feelings between the two countries». For Lankov, «China is seen as a potential threat, almost as much as the US is. The Chinese see North Korea as irrational, unreliable, ungovernable, highly dangerous».[60] Put another way, considering the long history of scepticism and tension between the two sides, they could be considered at least «partners of convenience».

5. Strained relations between China and the US: beyond the iron fist on tariffs

As in the year 2017, in 2018 relations between China and the US presented many ups and downs, with strong deterioration on the commercial side. In particular, the second part of the year under review was mainly characterized by the open hostility of the Trump administration towards China, as clearly shown by the trade war and the deep-rooted distrust between the two countries in many chapters of their foreign policy agenda, with special reference to the Korean peninsula.

Since China's inclusion in the list of countries that «challenge American power, influence, and interests, attempting to erode American security and prosperity» and «are determined to make economies less free and less fair, to grow their militaries, and to control information and data to repress their societies and expand their influence» (mentioned in the first Trump administration's National Security Strategy[61]), the US president never ceased to underline his intentions of promoting American national interests, frequently repeating the «America First» mantra, while defending his right to do so. Accordingly, Washington launched what the Chinese Ministry of Commerce considered as the «largest trade war in economic history» (经济史上规模最大的贸易战).[62]

The dispute started in January 2018 when the US approved controversial tariffs on imported washing machines and solar panels to «defend

59. 'Is China being marginalized on Korean peninsula?', *The Global Times*, 28 May 2018.

60. 'Xi and Kim's Marriage of Convenience', *Foreign Policy*, 22 June 2018.

61. The White House, *National Security Strategy of the United States of America*, December 2017 (https://www.whitehouse.gov/wp-content/uploads/2017/12/NSS-Final-12-18-2017-0905-2.pdf), p. 12.

62. 商务部新闻办公室 (Ministry of Commerce Press Office), '商务部新闻发言人就美国对340亿美元中国产品加征关税发表谈话' ('Ministry of Commerce spokesperson speaks on US tariffs on US$ 34 billion in Chinese products'), 6 July 2018.

American workers, farmers, ranchers and businessmen»,[63] in what was seen as Trump's most significant trade move since his decision to abandon the Trans-Pacific Partnership (TPP) and renegotiate the North American Free Trade Agreement (NAFTA). The move was highly criticized by both China and South Korea. In particular Samsung called the tariffs «a tax on every consumer who wants to buy a washing machine», while China, being the world's biggest solar panel manufacturer, complained it would further damage the global trade environment.[64]

But the «real» war started at the beginning of July and was aimed in the eyes of the American president at resolving some long-standing issues that went far beyond trade imbalances with the PRC. Trump was especially keen to punish Beijing for years of unfair trade policies, including stealing American intellectual property for the benefit of the Chinese economy, and the end of the policy of subsidy and state support to the technology and innovation programmes of Chinese state-owned enterprises.

Washington imposed three rounds of tariffs on Chinese products, totaling US$ 250 billion worth of goods. China retaliated in kind, imposing tariffs on items worth US$ 110 billion.[65] Despite its brevity – it ended with a «90-day truce» signed in Buenos Aires by the two countries' presidents on the sidelines of the G20[66] – it risked damaging the global economy. At the beginning of October, the IMF released a report which projected a downturn in the global economy growth, a result of Trump's trade policies.[67]

In the midst of growing trade tensions, other factors contributed to further deteriorate bilateral relations.[68] In the second half of September Washington imposed sanctions against a unit of China's Defense Ministry (China's Equipment Development Department, EDD) and its government director (Li Shangfu) for purchasing Russian military equipment, in violation of a US sanction law punishing Moscow for meddling in the 2016 US elections. The sanctions blocked the EDD and his director from applying for export licenses and participating in the US financial system. The US also added them to the Treasury department's list of specially designated individuals with whom Americans were barred from doing business.[69] At

63. US slaps «America First» tariffs on washing machines and solar panels', *BBC news*, 23 January 2018.

64. *Ibid*.

65. Dorcas Wong & Alexander Chipman Koty, 'The US-China Trade War: A Timeline', *China Briefing*, 10 January 2019.

66. Mark Landler, 'U.S. and China Call Truce in Trade War', *The New York Times*, 1 December 2018.

67. Yen Nee Lee, 'IMF cuts its global growth forecasts, citing trade tensions between the US and its trading partners', *CNBC*, 8 October 2018.

68. Mark Valencia, 'Are the US and China on the brink of a cold war?', *Asia Times*, 2 October 2018.

69. Lesley Wroughton & Patricia Zengerle, 'U.S. sanctions China for buying Russian fighter jets, missiles', *Reuters*, 20 September 2018.

the same time Washington announced the sale of US$ 330 million worth of military equipment to Taiwan. [70] In mid-October the US despatched two US Air Force B-52 bombers to fly over the hotly-contested South China Sea, thus sending a clear message about China's determination to continue to fly and sail «whenever international law allows».[71] It should be noted that those flights came just a few weeks after a showdown between a Chinese destroyer and a US navy warship near the Spratly Islands.[72] Meanwhile, the US president and Vice President Mike Pence accused Beijing of meddling in the upcoming American mid-term elections.[73]

The prevailing mood at the G20 Summit in Argentina was tense, especially considering the open hostility between the two parties during the APEC Summit in Papua New Guinea (17-18 November), where Mike Pence warned countries in the Indo-Pacific region not to fall into the trap of Chinese debt diplomacy, instead encouraging them to choose «the better option» of American development financing.[74] During his sharply-worded speech Pence also stated that «Authoritarianism and aggression have no place in the Indo-Pacific», clearly referencing China.[75]

Xi Jinping and Donald Trump's encounter in Buenos Aires, on the sidelines of the G20 Summit, was the first face-to-face meeting between the two leaders in nearly one year, and the first since Trump began the trade war.[76]

Many observers in their analysis pointed to the importance of the leaders' personal chemistry as a means of dispelling the possibility of a new Cold War.[77] According to Ni Feng, a specialist on Sino-US relations at the Chinese Academy of Social Sciences, «In the history of China-US relations, it has always been determined by the top leaders.»[78] Zhang Baohui, an international

70. 'U.S. approval of $330 million military sale to Taiwan draws China's ire', *Reuters*, 24 September 2018.

71. Ryan Pickrell, 'US B-52 bombers tore through the South China Sea in a power play ahead of a sit-down between the US and the Chinese defence chiefs', *Business Insider*, 18 October 2018.

72. Ryan Pickrell, 'A Chinese warship reportedly threatened a US Navy destroyer in the South China Sea', *Business Insider*, 4 November 2018.

73. 'China-US Relations: What's Next?', *The Diplomat*, 5 October 2018; 'Mike Pence accuses China of meddling in US elections despite lack of evidence', *The Guardian*, 4 October 2018.

74. 'Apec summit: Pence warns Indo-Pacific region against China's debt diplomacy, says US offers «better option»', *The Straits Times*, 17 November 2018.

75. Daniel Hurst, 'From Japan, US VP Denounces «Authoritarianism and Aggression»', *The Diplomat*, 16 November 2018.

76. Zhou Xin & Jun Mai, 'Xi Jinping, Donald Trump agree to talks at G20 summit next month, source says', *South China Morning Post*, 19 October 2018.

77. Mark Landler & Jane Perlez, 'At Stake When Xi and Trump Meet: The Possibility of a New Cold War', *The New York Times*, 30 November 2018.

78. Catherine Wong, 'Will Donald Trump and Xi Jinping rekindle their «great chemistry» at the G20 summit?', *South China Morning Post*, 26 November 2018.

relations expert at Lingnan University in Hong Kong also agreed, arguing that a successful meeting would at least «slow down the momentum of a new Cold War», while a bad one would «make that irreversible.»[79] In this sense, the meeting was considered as «a testament to how much trade and the personal chemistry between Mr. Trump and Mr. Xi have come to dominate the relations between the United States and China. While these are only subplots in a larger drama that also includes a military contest in the Pacific and nuclear negotiations with North Korea, they could also define the next chapter in that relationship».[80]

After dinner, both presidents appeared satisfied with their «highly successful meeting». In particular, Trump referred to «an amazing and productive meeting with unlimited possibilities for both the United States and China».[81]

That said, at exactly the same moment the two leaders were dining together in Buenos Aires and agreeing to a «90-day trade truce», Meng Wanzhou, top executive and daughter of the founder of the Chinese tech giant Huawei, was arrested in Canada, at the request of the United States, for alleged violations of US sanctions to Iran.[82] Meng was charged with conspiring to violate sanctions on Iran by doing business with Teheran through a subsidiary (Skycom) which she had tried to conceal. If the accusations were confirmed she risked a maximum penalty of 30 years in prison. It was immediately evident to observers and analysts that Meng was a mere «hostage» in the Sino-American trade war. [83]

Tensions between US authorities and Huawei have been high since 2016. Washington has long viewed Huawei and its close ties to the Chinese government as a threat to national security and the US has been investigating Huawei for possible violations of UN sanctions on Iran. The charges include bank fraud, obstruction of justice, and theft of technology.[84] As reported by Hu Xujing, editor in chief of the Chinese and English editions of the Global Times, the US was trying to find a way to attack Huawei and destroy its reputation. In other words, Meng's arrest was not simply a case about the arrest of a woman, or about a company, but strictly related to the two giants' technological rivalry, in particular the creation of the new-generation

79. *Ibid.*

80. Mark Landler & Jane Perlez, 'At Stake When Xi and Trump Meet: The Possibility of a New Cold War', *The New York Times*, 30 November 2018.

81. 'Statement from the Press Secretary Regarding the President's Working Dinner with China', 1 December 2018.

82. *The White House, Statement from the Press Secretary Regarding the President's Working Dinner with China*, 1 December 2018 https://www.whitehouse.gov/briefings-statements/statement-press-secretary-regarding-presidents-working-dinner-china.

83. Karishma Vashwani, 'Huawei arrest of Meng Wanzhou: A «hostage» in a new US-China tech war', *BBC news*, 6 December 2018.

84. Rob Price & Troy Wolverton, 'Canada arrested Huawei's CFO, and the US is seeking to extradite her,' *Business Insider*, 5 December 2018.

5G computer and phone market and Huawei's role in them. According to specialists and observers, this provided the rationale for Meng Wanzhou's arrest. This was evident by the lively debate unleashed on social media by the intervention of the well-known economist Jeffrey Sachs. On 10 December, Sachs published a story entitled «The war on Huawei» stating that the Trump administration was unfairly targeting Meng Wanzhou. Washington had only ever levied heavy fines against senior executives of US companies similarly accused of violating its sanctions regime.[85]

6. «Two dogs strive for a bone, and the third runs away with it»: the unexpected consequences of the Sino-American trade war

One of the most interesting consequences of the China-US trade war was the thawing in relations between China and Japan. It was preceded by the revival of the trilateral negotiations for a Free Trade Agreement (FTA) between China, Japan and South Korea. Another important effect was the joint strengthening of relations between China and the EU, despite some frictions related to the BRI.

6.1. China-Japan: the pragmatic rapprochement

Interestingly, concern for the global economy caused by the unilateral US trade moves, especially its growing protectionist measures and trade aggression, favoured the revival of the long-stalled China-Japan-South Korea FTA talks, as well as improving relations between Beijing and Tokyo.

At a forum held in Beijing on 19 September, representatives from China, Japan and South Korea vowed to accelerate negotiations for a trilateral FTA, begun in 2012, which had seen slow progress due to political and economic differences among the three countries. Addressing the forum, Kim Jeongil, director general of the FTA Policy Bureau at South Korea's Ministry of Trade, Industry and Energy, stated that the world was witnessing growing trade protectionism, which created urgency for completing talks on the China-Japan-South Korea FTA and other multilateral trade pacts.[86]

Chinese economist Chen Zilei, director of the Research Center for Japanese Economics at the Shanghai University of International Business and Economics, agreed that while the acceleration of the trilateral FTA should not be considered a direct countermeasure against the US – given

85. Keegan Helmer, 'US economist Jeffrey Sachs retreats from Twitter after criticising US' treatment of Huawei CFO Meng Wanzhou', *South China Morning Post*, 1 January 2019. For a complete reading of Sachs's story, see 'The war on Huawei', *Project Syndicate*, 11 December 2018.

86. Wang Cong, 'Chaos caused by US trade aggression spurs faster regional FTA talks', *The Global Times*, 19 September 2018.

that Seoul and Tokyo remained close allies of Washington – nonetheless, growing US trade aggression and the protectionist climate promoted by the Trump presidency provided the catalyst to resume talks. [87] As mentioned, during the year under review other regional trade pacts have also seen accelerated negotiations, including the Regional Comprehensive Economic Partnership (RCEP), a trade pact between 16 Asian economies. At the same time many countries pursued bilateral trade deals; among them China accelerated FTA talks with the EU, New Zealand,[88] while Japan signed a trade agreement with the EU. In Chen's words: «This is the bright side of the US trade protectionism. It has pushed all these countries to accelerate FTA talks and try to set up a firewall against the US actions».[89]

Related to Trump's aggressive stance on trade was the Japanese prime minister's more convincing rapprochement to China, after the timid gestures in 2017.[90] It concluded with Abe Shinzo's visit to China at the end of October, the first formal bilateral visit by a Japanese leader to the country in nearly seven years.[91] Though nominally intended to commemorate the 40th anniversary of the China-Japan Treaty of Peace and Friendship, the visit completed a quiet process of mutual accommodation over the year,[92] reflecting realism and self-interest on both sides.

The event underscored Chinese president Xi Jinping's efforts to reduce his country's exposure to the US market but it indicated a certain amount of pragmatism on the part of the Japanese prime minister too. By reporting to journalists after meeting with Xi, Abe declared: «From competition to coexistence, Japanese and Chinese bilateral relations have entered a new phase», adding that he wanted «to carve out a new era for China and Japan». For his part, the Chinese president stated that the two neighbours had to move in a «new historic direction» by working together at a time of growing global «instability and uncertainty».[93]

87. *Ibid.*

88. In the last few years China has intensified its efforts to build a global trade network with greater use of FTAs in order to diversify its markets and counter protectionism. So far it has signed 17 FTAs with 25 countries and regions and is in talks over 12 new or upgraded FTA deals. In addition, there is a list of FTAs under consideration. For the list of China's FTA agreements see the official website of the Ministry of Foreign Affairs at http://fta.mofcom.gov.cn/english/index.shtml.

89. Wang Cong, 'Chaos caused by US trade aggression spurs faster regional FTA talks'.

90. Sebastian Maslow & Giulio Pugliese, 'Japan 2017: Defending the domestic and international status quo', *Asia Maior 2017*, pp. 98-100.

91. Charlotte Gao, 'Amid US-China Tensions, Xi and Abe to Meet in Beijing', *The Diplomat*, 24 October 2018;

92. J. D. Pollack, 'Abe in Beijing: The Quiet Accommodation in China-Japan Relations?', *The Brookings Institution*, 25 October 2018.

93. Anna Fifield, 'China and Japan pledge to take their relationship in «new historic direction»', *The Washington Post*, 26 October 2018.

In other words, while for Beijing the meeting was about pacifying its neighbourhood so that it could concentrate on challenges coming from the US, for Tokyo it was an important occasion to recalibrate Sino-Japanese relations, focusing on deepening economic exchanges while putting aside political problems. Japan was aware that despite the security concerns, the country's return to economic growth had been in part fueled by the Chinese economy's growth, and that any sustained economic growth in Japan would necessarily include more, not less, trade and engagement with China.[94]

The meeting in Beijing was preceded by another bilateral encounter on 12 September during Abe and Xi's visit to Vladivostok to attend the Eastern Economic Forum. Abe reported that the Japan-China relationship had «return to normal track». This was especially so after an important agreement had been reached in May, following a decade of talks regarding the establishment of a security hotline to defuse maritime confrontations.[95] Besides the hotline, the agreement provided for regular meetings between both nations' defense officials and a mechanism for their naval vessels to communicate at sea to avert maritime incidents. This agreement served to enhance bilateral ties strained by historical animosity as well as the dispute concerning ownership of islets in the East China Sea. The October meeting was a clear demonstration of both sides being able to reach a mutual accommodation, «under the shadow of Trump».[96]

6.2. The enemy of my enemy is my friend. The consequences for China-EU relations

The China-US trade war, and more generally Trump's attacks against the global system, represented an occasion for China to strengthen its relations with Brussels,[97] despite the growing tensions between the two parties. These were due to both the disruptive effects of the BRI on the continent, and the Chinese strategy towards the Central and South European countries, carried out with the so-called 16+1 Group (or CEEC+1 Forum, 中国与中东欧国家合作).[98] This was particularly evident during the 20th China-EU Summit.

94. Stephen R. Nagy, 'Can Japan-China relations return to «normal»?', *The Japan Times*, 23 October 2018.

95. 'Japan and China agree on security hotline after a decade of talks', *CNBC*, 9 May 2018.

96. K. Olsen, 'Japan's Abe will meet China's Xi – under the shadow of Trump', *CNBC*, 23 October 2018.

97. Ruth Berschens & Sha Hua, 'EU and China find new rapport in Beijing, amid US trade disputes', *Handelsblatt*, 17 July 2018.

98. The16+1 Forum is an initiative established by Beijing in 2012 aimed at intensifying and expanding cooperation with 16 Central Eastern European countries (CEE), in various fields (investment, transport, finance, science, education, and culture). Among the 16 CEE countries, 11 are EU members (Bulgaria, Croatia, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia, Slovenia) and five are Balkan countries (Albania, Bosnia and Herzegovina, Macedonia, Monte-

The China-EU Summit was preceded by Trump's declarations during an interview with CBS at the President's golf resort in Turnberry (Scotland) – aired on «Face the Nation» on 15 July – when he defined the European Union as a «foe» of the United States.[99] That statement became part of Washington's constant criticism of NATO's European allies for not spending enough on defense.[100] Although it was not new for a US president to push NATO members to spend more on defence, nonetheless the harshness and frequency of Trump's attacks were without precedent.[101]

The importance of the 20th EU-China Summit was manifest in its lengthy final Joint Statement; due mainly to disagreements over granting «market economy» status to China, and other disputes over the South China Sea and trade, the previous two summits had ended without joint statements. Interestingly, at 2018's summit, China mentioned neither the market-economy topic nor the issue of the arms embargo.[102]

On paper, the main achievement of the summit was a Chinese agreement that the World Trade Organization had to be reformed if it was to survive the «Trumpian times».[103] During a meeting with Donald Tusk (president of the European Council) and Jean-Claude Junker (president of the European Commission) on the sidelines of the summit, Xi Jinping told his guests that China and the EU could not watch the old world order be destroyed and a vacuum being created. For his part Tusk, referring to the Helsinki meeting between Trump and Putin, stated that «the architecture of the world is changing before our very eyes» and urged Europe, China, Russia and America «not to destroy this order but to improve it».[104] That said, the summit was characterized by a particular closeness between China and the European Union, which was by no means obvious.

The fact that the 16+1 Group summit – held in Sofia on 6-7 July – was postponed by almost half a year from its original schedule, at Beijing's initiative, to only a few days before the EU-China Summit, irritated many

negro, and Serbia). Among these last, four are recognized as candidates to membership (Albania, Macedonia, Montenegro, and Serbia), while Bosnia and Herzegovina is officially recognized as potential candidate, Sarajevo having submitted a membership application. In the framework of the Initiative, China has defined three potential priorities areas for economic cooperation, i.e. infrastructure, high technology, and green technologies, all key issues within the BRI.

99. M. Vasquez, 'Trump calls the European Union a «foe» of the United States', *CNN*, 16 July 2018.

100. 'Worried Nato partners wonder if Atlantic alliance can survive Trump', *The Guardian*, 8 July 2018.

101. Christopher Woody, 'Here's how Donald Trump took shots at NATO in 2018 – and it spurred Jim Mattis to quit in protest', *Business Insider*, 21 December 2018

102. European Union External Action, 'Joint Statement of the 20th China-EU Summit', 17 July 2018.

103. 'Amid Tensions with America, China is turning to Europe', *The Economist*, 19 July 2018.

104. *Ibid*.

officials in Brussels and left some EU 16+1 members embarrassed.[105] For example, Poland – the biggest European 16+1 economy – was represented in Sofia by its deputy prime minister, while its prime minister stayed home to attend a pilgrimage.[106]

The main reason for the postponement resided in the fact that Beijing remained unmoved by the loud calls from Berlin, Brussels and Paris to tone down its 16+1 activities.[107] Rather, China had sought an intensification and broader institutionalization of the Group, while welcoming the interest expressed by Austria and Greece (16+1 observers) to full membership of the format. Furthermore, Beijing had not given up the idea of establishing additional sub-regional grouping in both Northern and Southern Europe.[108]

But the majority of frictions were to be found in the perceived aggressiveness of the BRI, since the vast majority of BRI projects in the CEE region remained firmly in the hands of Chinese leaders and companies. It was apparent that China's BRI-related infrastructure projects were creating an economic and financial instability in the EU's regional neighbourhood, through the so-called «debt trap», i.e. the debts incurred by countries as they took on BRI loans from Beijing, leaving them vulnerable to China's influence.[109] Moreover, in the majority of cases those projects did not respect EU rules and standards for building large-scale infrastructures, from transportation to energy and communications. These were some of the reasons why, in April, the overwhelming majority of EU members' ambassadors to China –with the exception of the Hungarian – signed an internal report sharply criticizing China's new Silk Road project, denouncing it as «designed to hamper free trade and put Chinese companies at an advantage».[110] In the report, leaked to the German newspaper *Handelsblatt Global*, the 27 EU ambassadors blamed China's intention to shape globalization to suit its own interests. Additionally, they warned that European companies would refuse to sign any contract if China failed to adhere to the European principles of transparency in public procurement, as well as environmental and social standards. At the same time, EU officials accused China of attempting to divide Europe in reference to its strategy with individual member states, such as Hungary and Greece, which both

105. Jan Weidenfeld, 'China's Europe Policy Poses a Challenge to EU Cohesion', *The Diplomat*, 16 August 2018.

106. Bartosz Kowalski, 'What's Next for the China-CEE 16+1 Platform?', *The Diplomat*, 13 July 2018.

107. Richard Q. Turcsanyi, 'Growing Tensions Between China and the EU Over 16+1 Platform', *The Diplomat*, 29 November 2017.

108. Jan Weidenfeld, 'China's Europe Policy Poses a Challenge to EU Cohesion'.

109. Francesca Congiu & Christian Rossi, 'China 2017: Searching for internal and international consent', *Asia Maior 2017*, pp. 59-92, esp. 79-82. See also Brahma Chellaney, 'China's debt trap diplomacy', *Project Syndicate*, 23 January 2018.

110. 'EU ambassadors band together against Silk Road', *Handelsblatt*, 17 April 2018.

relied on Chinese investments, and had in the past shown their susceptibility to Beijing's pressures.[111]

The Ambassadors' report was intended to be presented during the China-EU summit in July, but reportedly it was not. Maybe the trade war unleashed by Trump and more generally his widespread offensive against the multilateral system of the last seven decades, and his attacks on the European allies, contributed to question everything.[112]

Many of the criticisms made by the US president in defense of his protectionist stance were, as always, that the European countries had being moving to China for a long time.

7. *The Belt and Road Initiative on its 5th anniversary*

In 2018, as China's Belt and Road Initiative turned five years old, it continued to develop and become more widespread and to growing criticism.

During those five years, the BRI has experienced a great evolution, from an initiative solely focused on infrastructure to one which also includes industry, technology, cultural, legal and environmental components. At the same time, the BRI has been enlarging its geographical scope by shifting its focus from the historic Silk Road region to the entire globe. Chinese leaders have also been setting increasingly ambitious goals for the Initiative: from economic development to constructing a «community of shared destiny for all mankind». Finally, its inclusion in the party constitution confirmed its status as a long-term project, much like Deng Xiaoping's «reform and opening-up» policy.

According to *Xinhua*, in the year under review Beijing signed 123 cooperation documents on BRI development with 105 countries (in Asia, Africa, Europe, Latin America, and the South Pacific region) and 26 similar documents with 29 international organizations.[113]

In particular, the 2018 Beijing Summit of the Forum on China-Africa Cooperation (FOCAC) gave China the opportunity to sign Memorandum of Understandings (MoUs) with 37 African countries (and the African Union), which, according to Xia Qing, an official with the National Development and Reform Commission (NDRC), accounted for 70 percent of the 53 African nations attending the summit.

111. *Ibid.*

112. Pierre Haski, 'Face à Trump, la Chine est-elle un ami ou un ennemi de l'Europe?', *LObs*, 22 juillet 2018.

113. 'China signs MOUs with 37 African countries, AU on B&R development', *Xinhuanet*, 7 September 2018.

On 5 December, Portugal joined the list of European countries to sign such a memorandum.[114] Interestingly, Lisbon not only signed, despite pressure against doing so from both the European Union and the US State Department, but the communiqué stated that both parties agreed to jointly encourage the strengthening of the EU-China Strategic Partnership, and work towards developing «synergies» between the BRI and EU connectivity and investment strategies.[115]

At the same time, views on the BRI grew increasingly polarized, not only between countries, but also within them. The most emblematic cases regarded the US, with the Secretary of State Mike Pompeo issuing a warning to Panama and other nations in the region about the potential dangers of accepting Chinese investments,[116] and the EU, with the aforementioned letter of condemnation of the BRI signed by 27 of the 28 EU ambassadors in Beijing (see § 6.2.).

A remarkable example of the growing polarization within countries occurred in the Australian state of Victoria. In October it independently joined the BRI by signing a MoU with Beijing, despite the resistance of Canberra.[117]

7.1. The growing focus on debt and international standards

As already analysed in the previous issue of *Asia Maior*,[118] China's financing and building infrastructures in developing countries, labelled «debt-trap diplomacy», and the inadequacy of Chinese projects which did not respect international standards, were the subject of severe criticism.

This is why some countries have actively resisted China's calls for them to sign BRI MoUs, while simultaneously trying to work with Beijing to improve the debt sustainability of the Initiative and ensure it meets international standards. To this end, the British government appointed Sir Douglas Flint, former Chairman of HSBC, as its BRI envoy, to ensure that projects become more bankable and open to financiers from around the world.[119]

114. In addition to the overwhelming majority of countries belonging to the CEEC group, Greece, Malta and Romania (https://www.beltroad-initiative.com/memorundum-of-understanding-belt-and-road-initiative).

115. 'Portugal Officially Joins the Belt and Road Initiative', *Executive Intelligence Review*, 5 December 2018.

116. Owen Churchill, 'Mike Pompeo warns Panama and other nations about accepting China's «belt and road» loans', *South China Morning Post*, 20 October 2018.

117. Michael Smith, 'Victoria goes it alone with support for China's Belt and Road', *Financial Review*, 26 October 2018.

118. Francesca Congiu & Christian Rossi, 'China 2017: Searching for internal and international consent', pp. 79-81.

119. Cecily Liu, 'BRI helps companies build global bridges of connectivity', *China Daily*, 13 November 2018.

Much of that criticism continues to focus on the debt incurred by countries as they take on BRI loans from China.[120] A study conducted by three researchers from the Washington-based think tank Center for Global Development (CGD), confirmed that BRI elevates sovereign debt risks in some countries involved in the Initiative.[121] In particular, of the 68 countries identified as potential borrowers, 23 were found to be already at a «quite high» risk of debt distress. Among those countries was Sri Lanka, which in December 2017 transferred the control of Hambantota port, built using Chinese loans, to China Merchants Port Holdings, a state-owned port operator.[122] Furthermore, the study revealed that eight of those 23 countries, namely, Djibouti, the Maldives, Laos, Mongolia, Montenegro, Pakistan, Tajikistan and Kyrgyzstan, would most likely face difficulties in repaying their debt because of future financing related to BRI projects. Pakistan was considered by far the largest country at high risk, with Beijing reportedly financing about 80 percent of its estimated US$ 62 billion additional debt. Laos was no better, considering its several BRI-linked projects which included a US$ 6.7 billion China-Laos railway that represented nearly half the country's GDP, leading the IMF to warn that it might threaten the country's ability to service its debts.[123] The eight-countries list also included a European country – Montenegro – that saw a sharp increase in its debt after accepting a Chinese loan in order to construct a highway linking the port of Bar to Serbia. However, the project risked collapse as Podgorica's debt was expected to approach 80 percent of gross domestic product (GDP) by the end of 2018. Again, the IMF intervened stating the country could not afford to take on any more debt to finish the ambitious project.[124]

These episodes were symptomatic of the multiple setbacks and failings that Xi Jinping's Initiative face. Furthermore, they have the potential to derail China's carefully-laid long term plans for achieving its national «dream».

120. Cheang Ming, 'China's mammoth Belt and Road Initiative could increase debt risk for 8 countries', *CNBC*, 5 March 2018.

121. John Hurley, Scott Morris & Gailyn Portelance, 'Examining the Debt Implications of the Belt and Road Initiative from a Policy Perspective', *CGD Policy Paper*, No. 121, March 2018.

122. Kiran Stacey, 'China signs 99-year lease on Sri Lanka's Hambantota port', *Financial Times*, 11 December 2017

123. 'China's mammoth Belt and Road Initiative could increase debt risk for 8 countries'.

124. Noah Barkin & Aleksander Vasovic, 'Chinese 'highway to nowhere' haunts Montenegro', Reuters, 16 July 2018.