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US-China Trade Talks, Encircling the United States, and the Belt and Road Initiative—Looking to a Critical Gloss on Xi Jinping's Speeches to the BRI Conference

CPE-Working Group on Empire

A recent series of events — taken as substantially unconnected by the Western Press and those in intellectual and policy circles who ought to know better (but can't help but be victims of their own self-reflexive ideological vision-constraints) — appear to point to an interesting turn in the re-construction of empire (without the baggage of its mostly European past).

- 1) On April 18, Mr. Mueller released the *Report on the Investigation into Russian Interference in the 2016 Presidential Election*;¹
- 2) Earlier, in March, the Chinese and U.S. negotiating teams had reached a consensus on a number of key points about the on-going trade friction;²
- 3) From April 25 to April 26, China held the Second Belt and Road Forum for International Cooperation, at which Xi Jinping featured prominently;
- 4) In May, Trade talks backed down with a consensus view that this was caused by a backtracking by China of earlier concessions;³
- 5) Mr. Trump then imposed the first of a likely series of escalating tariffs;⁴
- 6) The Chinese responded by invoking 19th century unequal treaty tropes and declaring that there is no compromise on principle (their principles anyway, the

1 ROBERT S MUELLER III, REPORT ON THE INVESTIGATION INTO RUSSIAN INTERFERENCE IN THE 2016 PRESIDENTIAL ELECTION (2019).

2 Frank Tang and Kinling Lo, *US and China trade negotiators hit the ground running with dinner diplomacy in Beijing*, SOUTH CHINA MORNING POST, March 28, 2019, available at <https://www.scmp.com/economy/china-economy/article/3003687/us-china-trade-war-talks-hit-ground-running-dinner-diplomacy>

3 *US accuses China of backtracking on trade deal*, BBC, May 7, 2019, available at <https://www.bbc.com/news/business-48173020>

4 Dorcas Wong and Alexander Chipman Koty, *The US-China Trade War: A Timeline*, CHINA BRIEFING, June 29, 2019, available at <https://www.china-briefing.com/news/the-us-china-trade-war-a-timeline/>

Americans are free to compromise their own as they like)⁵ or that there was no breakdown, just the necessary meanderings of talks.⁶

The events tied together suggest some relationship among a number of factors that those who influence Chinese negotiations appear to have adopted. First, of course, that serious negotiations were not possible while the President remained under a cloud (from the Chinese perspective that the opposing faction in US politics might have toppled Mr. Trump in the legal-political manner of American political culture). Second, negotiations continue to go slowly; indeed, they have meandered in ways that make the slow pace of the earlier Trans-Pacific Partnership negotiations seem fast.

There might be a need to consider whether the negotiating tactics are similar to those of the Japanese in Washington in 1940-41— that is they are effectuated to buy time for the implementation of a more important strategic objective. That more important strategic objective in this case might well be the Belt and Road Initiative itself. As a side note (because these appear necessary today) — the analogy to the Japanese negotiations was not meant to suggest the inevitability of war (a completely pathetic use of analogy in these circumstances), but rather to note the strategic parallels in the use of a specific technique: of negotiation along path A to cover a more important strategic maneuver along path B.

This essay briefly sketches the context in which it might be useful to frame these issues for analysis. It speaks to the role of the Belt and Road Initiative as a key strategic element of a well thought out objective to reshape the rules of global trade, and eventually to isolate and contain the US and its own economic area. In articles and commentaries that will follow, the Working Group on Empire will consider the extent to which a critical review of Xi Jinping's address to the BRI conference in Beijing might better reveal Chinese the current state of thinking on these points. Might the Chinese have adopted a particular style of negotiation in order to buy time for the development of the Belt and Road Initiative?

That is, might the Chinese have no real interest in reaching an agreement at all; might they instead be seeking a way of distracting the Americans from the larger and more ambitious project of actually setting up a new trading order around the Americans while they remain oblivious to it —or to the protection of their own interests? Indeed, might the Chinese have learned well the lesson of what they described as an Obama Administration policy of “encirclement” (or containment) against which they bitterly complained during the course of the negotiation of the Trans-Pacific Partnership?⁷

5 中国不会屈服于任何极限施压(钟声) [China will not bend to any extreme pressure (warning bell)], 3 人民日报 [Renmin Ribao], May 11, 2019.

6 *The Latest: Chinese envoy says trade talks didn't break down*, Fox News, May 11, 2019, available at <https://www.foxbusiness.com/markets/the-latest-chinese-envoy-says-trade-talks-didnt-break-down>

7 On the Chinese strategic approaches to the Trans-Pacific-Partnership and its effects on Chinese efforts to engage in shaping the course of global trade in the first decades of the 21st Century, see Larry Catà Backer, *The Trans-Pacific Partnership: Japan, China, the U.S., and the Emerging Shape of a New World Trade Regulatory Order*, 13, 1 WASH. U. GLOBAL STUD. L. REV. 49 (2014).

With the Belt and Road Initiative operational, the Chinese will be in a position to encircle the United States—and indeed to contain the Americans in global trade in ways that might substantially affect the US ability to lead trade. And it would certainly change the basic framework of international trade regimes in ways that would hurt US business. The US business model, built into the bones of the current framework for global trade, is heavily dependent on markets and market control, and abhors a substantial public element (interference or the use of economics for national political objectives) in economic markets. All of that would be reformed along lines that would see a substantially larger role for states, and a larger place for national objectives, in the construction and management of economic markets.

The key to the trade talks, then, does not lie in the usual elements of bilateral negotiations. Nor are those issues central to the strategic thinking of China. And China has not hidden any of this from those willing to take Chinese thinking seriously. Rather, it lies in the use of bilateral trade talks for a much more ambitious purpose — to remake the ground rules for global trade, and to place China at the center of the new economic-political global order. To that end, the development and autonomous functioning of the Belt and Road system might play an essential role.

The Belt and Road Initiative serves as the living laboratory of emerging core Chinese trade principles — one that re-centers the state and that treats trade as a critical element of state-to-state relations and the progress of national policies through a public barter system among states carried out through their economic instrumentalities to the extent useful. It has more in common with the Cuban-Venezuelan Socialist regional trade system, ALBA, than it does with that to be crafted through the Trans-Pacific Partnership.⁸

But the Belt and Road Initiative also serves as the conduit through which another quite public Chinese policy can be realized —the internationalization of its currency. More aggressively, the policy means eventually not merely to internationalize the Yuan but to displace the dollar. Though China has been its own worst enemy in that process —by seeking all the outward benefits of internationalization without bearing any of its burdens—it might be thought that the Belt and Road Initiative might provide a means of achieving yuan internationalization, at least partially and at least in and through the Belt and Road multi-national system. But most importantly, the Belt and Road Initiative might well provide a means to undermining and then displacing US leadership in an ironically delicious way.

The Belt and Road might serve as the means of encircling and then cutting off the US in the way that the Obama era Trans-Pacific Partnership was meant to do the same to China. The Trans-Pacific Partnership was meant to bring China to consensus by isolating it from the main drivers of trade unless it agreed to the basic “rules of the road” negotiated in the TPP, rules that implemented the US strategic vision for markets based, privatized, trade. The Belt and Road Initiative may mean to do the same thing —to create a global trading bloc that

⁸ On ALBA, see Larry Catà Backer and Augusto Molina, *Cuba and the Construction of Alternative Global Trade Systems: Alba and Free Trade in the Americas*, 31 3 U. PA. J. INT’L L 679 (2010).

would require the US to concede its principles if it means to continue to engage meaningfully in trade. To the extent that the Americans continue to treat each element of Chinese strategy as autonomous and unconnected, they will continue to act against their own strategic interests.

Worse for the Americans, is the continued belief that the critical element of the relationship between the US and the Chinese, in terms of their strategic visions for trade, and their respective drives for dominance, is centered on the bilateral arrangements between them. The opposite is true. In part, the Americans are tripping over their own emerging ideology. They tend to see things in piecemeal and assume the prominence of short-term objectives. Connecting pieces in complex strategies appears to be beyond the thinking of economic policy strategies, at least at the global level. Or perhaps it is, and the Americans are tripping over their own “America First” ideology, grounded (at worst and at its most grotesque) in tunnel vision bilateralism existing within an anarchic universe in which connections are hard to make.

That would certainly be a pity, at least for the Americans.