

**UNCERTAIN TIMES: THE  
RECONSTRUCTION OF  
CHINA-US RELATIONSHIP**

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## **Executive Summary**

1. In contrast to Obama administration's engagement strategy, the Trump administration is taking a hard-line approach to China while still attempting to engage and not "de-couple" from China.
2. Five main pillars sustain US dominance in the world and the US-led international order: military power, economic and technological power, soft power, US-led international institutions and defence alliance networks.
3. China's rise has shaken, to a different extent, these pillars through its military build-up, increasing economic and technological power, development model, leadership and attitude change, Belt and Road Initiative and other outreach activities, international institutions, and organisation participation and building.
4. The United States has responded to China's rise at three levels: political, strategic and policy. A bipartisan consensus against China's rise has formed in the United States. All developments so far and current signs indicate that a containment policy against China's rise is taking shape on a piecemeal basis in the United States.
5. The world is entering uncertain times. Due to structural causes, a new China-US relationship could take a decade or longer to construct. The two sides are now bracing themselves for the competition and construction of a new relationship.
6. Since the competition is primarily economic and technological, China would be forced to (1) focus on its domestic market, Belt and Road Initiative, and relations with the EU, Japan, Southeast Asia and the rest of the world; (2) increase efficiency through reforms; and (3) become independent technologically.
7. The agreement in principle reached during the 13th round of trade talk is a good step and Phase I agreement is likely to be signed soon. Phase II will be more difficult and Phase III may be impossible unless China is willing to change some of its "Chinese characteristics" demanded by the United States.

8. The United States may now find it difficult to convince its allies and the rest of the world to choose sides particularly when they trade more with China than with the United States. Economic growth, new scientific and technological breakthroughs and problem-solving at home and abroad are still the central themes today.
9. US competitiveness cannot be achieved by solely containing China, but by building a strong economy, making breakthroughs in innovations and attending to problem-solving at home.
10. Given the challenges faced by the two countries at home and the global challenges faced by the world, the success or failure to resolve each disputed issue in a timely fashion will determine whether new rules, norms, frameworks, regimes and pillars for a new China-US relationship could be constructed. A new China-US relationship will be a win-win for China and the United States, as well as for the world.