In the EAI weekly discussion, EAI scholars noted that there was no mention of Donald Trump’s promise to halt the imposition of tariffs for 90 days in Chinese media. Only US media outlets made the report.

In this round of the trade war, the United States seems to be on the losing end and China on the winning side as the trade deficit of the United States has gone up, and there was also no return of investments back to the United States which was the original intention of the tariffs. Multinational corporations are still operating in China.

Despite the trade war, China ranked number one in terms of foreign direct investment inflows. Domestic unemployment rate in China, from January to September 2018, decreased from 5% to 4.9%, indicating a robust local labour market amidst growing economic tensions. Evidently, the main concern of the United States towards China is intellectual property rights and cyber theft. Trade imbalance and the accompanying tariffs mask these two critical issues.

Ideological and strategic competition between the United States and China is also at the heart of the tensions. Although Donald Trump is focused on economic issues, his advisers are focusing on the ideological differences between China and the United States and seeing the rise of China as a strategic threat to the United States. For China, there is no mention of the ideological and strategic aspects of the tensions with the United States.

On the recent Taiwan local elections, the unexpected victory of Han Kuo-yu in Kaohsiung, would affect the way Donald Trump plays his Taiwan card. Kaohsiung is a military port and with Han as mayor, the United States may face difficulties stationing their fleets there.

The victory of the Kuomintang in local elections was mostly based on bread and butter issues, rather than foreign policy issues or the relationship with China. A possible reason why the Democratic Progressive Party (DPP) lost the local elections is the frustration that the DPP did not carry out their promises when in power. The DPP administration, as a movement government, is likely to make promises during election campaigns to gain popular support, promises which they may not be able to fulfil when in power.

DPP policies in the last two years have also alienated large parts of the public. There was an unpopular reform that affected a total of 900,000 military personnel, teachers and public servants. DPP’s economic policies also did not result in the alleviation of income inequality which is still widening. Economically, Taiwan did not perform well, registering an increase of only 0.5% as compared to last year’s and it is still low compared to China’s.