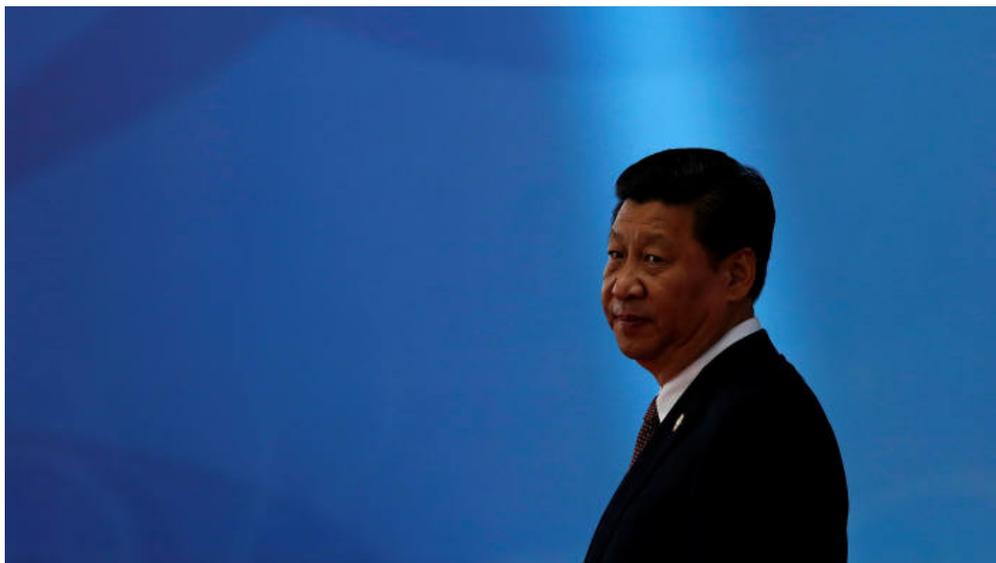


By continuing to use this site you consent to the use of cookies on your device as described in our [cookie policy](#) unless you have disabled them. You can change your [cookie settings](#) at any time but parts of our site will not function correctly without them.

## China trade

# Beijing reacts cautiously to Trump triumph

## President-elect has threatened China with trade and currency wars



*President Xi Jinping © Reuters*

NOVEMBER 9, 2016 by: **Tom Mitchell** in Beijing

The Chinese government's muted reaction to Donald Trump's victory in the US presidential election belied a result that threatens to upend decades-old policy certainties in the region, with far-reaching consequences for the world's second-largest economy.

As the election result was confirmed on Wednesday afternoon in Beijing, a foreign ministry spokesperson said only that "we are following the election and will work with

the new US president to ensure steady and sound development of bilateral relations”.

While president and Communist party general secretary [Xi Jinping](http://next.ft.com/content/57371736-4b69-11e6-88c5-db83e98a590a) (<http://next.ft.com/content/57371736-4b69-11e6-88c5-db83e98a590a>) later called the US president-elect to congratulate him, Sino-US relations could undergo a sea change if Mr Trump follows through on his most bellicose rhetoric.

Mr Trump has threatened Beijing with trade and currency wars. Conversely, he has suggested that the US could scale back its military presence in South Korea and Japan, handing Mr Xi a geopolitical gift by weakening the “first island chain” that Chinese strategists say restrains their military’s ability to project power across the region.

But at least one important Trump policy adviser has also promised a much tougher response to Chinese efforts to secure its vast [territorial claims](http://next.ft.com/content/52072080-4a6f-11e6-8d68-72e9211e86ab) (<http://next.ft.com/content/52072080-4a6f-11e6-8d68-72e9211e86ab>), especially in the South China Sea.

As a result, analysts say an uncertain new era now looms for the world’s most economically dynamic region after decades in which Democratic and Republican administrations alike supported stability and free trade, contributing to the region’s economic rise. President Barack Obama backed up those policies with his military and economic “pivot” towards east Asia.

“Economically speaking, things will be more difficult for China because of Trump’s win,” said Zhang Ming, an international studies professor at Renmin University in Beijing. “And our biggest problem is the economy.”

With the Chinese economy now growing at its slowest rate in a quarter century and Mr Xi’s team struggling to enact difficult reforms, it is also a difficult time to begin sparring with a protectionist US president.

“A Trump presidency portends rising economic tensions with China, particularly on trade and currency policies,” said Eswar Prasad, a China finance expert at Cornell University.

“Under a Trump presidency, the notion of labelling China a currency manipulator and imposing high across-the-board tariffs against Chinese imports, once regarded as nuclear options, become strong possibilities,” he added.

Richard Vuylsteke, president of the American Chamber of Commerce in Hong Kong, agreed that a Trump presidency would “not be business as usual”.

In a piece published this week in Foreign Policy magazine, one of Mr Trump’s advisers signalled an end to US support for regional trade agreements, while also promising a tougher response to Chinese assertiveness.

“Obama’s pivot has turned out to be an impudent case of talking loudly but carrying a small stick . . . that has led to

more, not less, aggression and instability in the region,” [Peter Navarro \(http://foreignpolicy.com/2016/11/07/donald-trumps-peace-through-strength-vision-for-the-asia-pacific/\)](http://foreignpolicy.com/2016/11/07/donald-trumps-peace-through-strength-vision-for-the-asia-pacific/) wrote on Monday.

He added that the president-elect would “pursue a strategy of peace through strength” by expanding the US navy while “never again sacrifice[ing] the US economy on the altar of foreign policy by entering into bad trade deals”.

One of those trade deals, the Trans-Pacific Partnership, pointedly excludes Beijing, ostensibly making its demise a welcome development for Mr Xi.

The lower house of Japan’s parliament was due to pass the TPP on Thursday but Mr Trump has pronounced it dead upon his arrival in the Oval Office.

A failed TPP would, however, herald the possible end of an era in which Beijing could count on a benign international environment conducive to its economic development, worrying many in the Chinese capital.

“We are heading into a dark century,” says Wu Qiang, a political science professor at Tsinghua University. “The era of instability has arrived. Many countries are now polarised, transforming global politics.”

*Additional reporting by Charles Clover, Robin Harding and Wan Li*

---

Print a single copy of this article for personal use. Contact