GLOBAL 01.04.2020 | Philipp Mattheis

What corona means for US-China relations

Corona has accelerated damaging trends in US-China relations. Both are using the opportunity to tip the global power balance

Read this article in German.

For years, Bill Bishop, a China expert, has been rounding up all the news related to China in a newsletter. On 17 March he introduced it with the following sentence: 'I can not think of a more dangerous time in the US-China relationship in the last 40 years, and the carnage from the coronavirus has barely begun in the US.'

Even before the corona crisis, relations between the two biggest economies were strained. Since Donald Trump has taken office, the US has taken tougher action against China's unfair trade practices. Since 2018, the Trump Administration has imposed customs duties of 25 per cent on Chinese goods worth around USD 250bn. That hit the Chinese steel and aluminium industry in particular. They only found a temporary agreement in the trade conflict at the end of December last year.

The coronavirus could be an opportunity for more cooperation, but instead tensions are mounting. In early January, Beijing refused to grant access to Wuhan to an American delegation of doctors, who were trying to get a picture of the situation for themselves. In turn, Trump's decision at the end of January to reject entry into the US of all non-American citizens from China stoked anger in Beijing.

On Twitter and in his speeches, US President Donald Trump talks again and again about the 'Chinese virus' – which Chinese bodies reject as being racist. Describing the coronavirus as the Chinese virus is 'extremely irresponsible', said Zhao Lijian, a spokesperson from China's Foreign Ministry, in mid-March. After all, the origin of the virus is unclear. The Chinese ambassador in South Africa tweeted something similar.

The expulsion of US journalists

For a few weeks now, Beijing has been trying to reframe the narrative about the origin of the coronavirus. According to Beijing, it has not at all been proven that the virus came from the fish market in Wuhan, instead it may have originated in several places in the world at the same time. The state news agency *Xinhua* and the *Global Times*, a newspaper that is close to the state, spread the supposition that the virus did not have its origins in China at all but had been brought to Wuhan by the US military in a joint exercise in autumn. This was admittedly contradicted by the plague expert Zhang Wenhong from Fudan University in Shanghai. But his comments soon disappeared from the internet. On 12 March, the Foreign Ministry spokesperson Zhao Lijian repeated the conspiracy theory.

But, according to Beijing, it is for sure that something worse has been prevented by the decisive action of the Chinese government. The line of argument is that only because strict measures were taken and a whole province with the population of France was put in quarantine has a global epidemic been prevented. The state news agency *Xinhua* disseminated an article from a WeChat account with the title 'The world owes China a thankyou'. In turn, Trump countered that: 'The virus could have been stopped precisely where it emerged, in China.'

For Beijing, the current crisis is an opportunity to establish itself even more as a leading global power.

But the conflict has not only peaked in terms of rhetoric. The latest escalation is tangible: Beijing expulsed 13 American correspondents from its country in the middle of March, from the *New York Times*, the *Wall Street Journal* and the *Washington Post*. They will also be banned from working in Hong Kong and Macao.

The expulsion of the journalists admittedly has a back story. On the 3 February, the *Wall Street Journal* had published an opinion piece by a guest author, which was entitled 'China is the sick man of Asia'. It was about Beijing's approach to the coronavirus crisis but above all about the country's fragile financial markets. The Chinese Government criticised the headline as racist for making a link back to colonial times.

As usual in such cases, the argument was that the headline has 'hurt the feelings of the Chinese people'. Beijing demanded an apology from the *Wall Street Journal* and that in addition the headline should be amended. When this did not happen, Beijing expelled three of the newspaper's correspondents from the country. Washington retaliated as, from now

on, Chinese press bodies in the US will have to be registered as a foreign representation, in a similar way to an embassy. That also led to an upper limit of 100 accredited workers. Nevertheless, Beijing's step lacks any kind of proportionality. Since 1949, the establishment of the Chinese People's Republic, there has been no mass expulsion of journalists.

US-China cooperation more unlikely with every passing day

The idea that a tougher policy on China is necessary is not only limited to the Trump Administration but has broad support in political circles. The long-term aim of this policy is also to redirect global supply chains. Thus international companies are supposed to become more independent of the Chinese market and investment is supposed to be shifted towards south east Asia. For many 'China hawks' in the US government, the coronavirus crisis is a welcome opportunity to speed up this process again by raising companies awareness of their *overly* high level of dependence on China.

But China has also moved on a collision course since Xi Jinping took office in 2013. Xi is regarded as the most powerful president since Mao Zedong, he has abolished the limitation of his own period in office and sworn the country onto a nationalist path. The phase of 'transformation via trade', which determined the West's China policy for years, is over. China is neither making itself more democratic with its increasing economic success nor is it paying more attention to human rights, as the millions of Uigurs imprisoned in detention camps in Xinjiang resoundingly prove. With increasing power and influence, Beijing is also daring to have a more open confrontation with the US.

For Beijing, the current crisis is an opportunity to establish itself even more as a leading global power. On 19 March, the government announced for the first time since the outbreak of the crisis that there had been no new infections in the province of Hubei, the centre of the epidemic. The country is now massively protecting itself to prevent the introduction of new infections from abroad. At the same time, Beijing is sending teams of doctors and aid goods to affected countries such as Italy. We can assume from that Beijing will do everything to use the coronavirus to tilt global power in China's favour.

It was possible to head off the last global crisis, the 2008-2009 financial crisis, via decisive steps and international cooperation. Back then it was the heads of state Hu Jintao and Barack Obama who decided on their actions together in order to prevent a global recession. A similarly

cooperative approach is far more urgently needed today. But times have changed.



Philipp Mattheis
Bangkok

Philipp Mattheis publishes the 'Bling Bling' newsletter on Substack, in which he regularly writes about artificial intelligence, cryptocurrencies and related topics.