



RECENT DEVELOPMENTS IN THE U.S.-CHINESE RELATIONS

Since the United States and China are the world's largest economic powers, in the current international landscape the great importance is attached to their bilateral relations. From this point of view, it could be said that the U.S.-China relations are not limited to bilateral relationship, as they also significantly affect economic, commercial, political and military affairs in the regional and global contexts. In general, it appears that the relations developed by the two countries have a competitive nature, however, this does not prevent them from promoting sustainable cooperation. In fact, the rise of China as a new hegemon with growing regional and global influence exacerbates the existing competition with the United States, increasing the potential for diplomatic tension and trade wars. Moreover, the gradually developing anti-Western China-Russia alliance, as well as expanding military cooperation between the United States and Japan coupled with the deployment of the Terminal High Altitude Area Defense (THAAD) missile system in South Korea are among the additional factors that have strained the relations between the two countries. Furthermore, after the election of Donald Trump as the U.S. President in November 2016, the future of bilateral relations between the United States and China has entered into a period of uncertainty.

However, despite the fact that the two countries compete with each other, the parties show a willingness to eliminate uncertainty in their bilateral relations indicating common economic and strategic interests. Considering the U.S.-China economic and trade relationships, the increase in tensions between the two countries will not bring benefits to their economies. Nowadays, the United States are China's second largest export partner and fourth largest import partner, while China is the third largest market for the U.S exports and the largest importer of the U.S. goods and services. At the same time, the United States and China are continuously improving their mutual investment relations. For instance, the United States invested a total of \$79.86 billion in 67,000 projects in China by the end of 2016, while China's investments in the U.S. economy amounted to \$49.99 billion. According to the Chinese Ministry of Commerce, in 2016, the bilateral trade turnover between the parties reached \$578.59 billion, and the share of China in the total foreign trade of the United States totaled 15.9%. In 2016, China's imports from the United States dropped by 0.3% to \$115.775 billion, while China's exports to the United States decreased by 4.2% to \$462.813 billion. The U.S. share in the total China's exports amounted to 8%, while China's share in the total imports of the United States totaled 21.1% in 2016.

In general, in 2016, the total trade turnover between the United States and China declined by 3.5% with a decrease in both exports and imports. The recent tensions between Washington and Beijing that have appeared over the past year could be identified as one of the main reasons for this downward trend. Since the parties have common strategic interests, the U.S.-China cooperation is

required to address a number of regional and global challenges. For example, the growing tension between the United States and North Korea arising from Pyongyang's nuclear weapon threat has led the Trump administration to ask for China's political assistance. On the other hand, Beijing interested in ensuring a stable economic growth and implementing the Belt and Road Initiative seems willing to negotiate with Washington on the North Korean nuclear issue. Moreover, among the reasons for the improvement of relations with the United States could be China's concern over the Taiwan issue. Therefore, both economic and strategic interests are the main factors affecting the rehabilitation of the U.S.-Chinese relations.

In order to understand current developments in the U.S.-Chinese relations, there is a need to look at the high-level political contacts between the parties, including diplomatic phone calls and visits at various levels. The first step was made by Chinese President Xi Jinping, who sent a congratulatory letter on the inauguration to U.S. President Trump on January 20, 2017. On February 9, 2017, Trump sent a congratulatory letter to Xi for the Lunar New Year, after which the first telephone conversation between Trump and Xi took place on February 10, 2017. During the phone call, Trump stressed the U.S. government's adherence to the One China policy that allowed easing the tensions between the United States and China and facilitated the visits at all levels. On February 27-28, 2017, State Councilor of China Yang Jiechi made an official visit to the United States, while on March 17, 2017, U.S. Secretary of State Rex Tillerson visited China as the final leg of his first Asia tour. As a result of these two visits, the first official meeting between Trump and Xi took place on April 6-7, 2017 in Florida, as part of Xi's visit to the United States. It can be said that this meeting, at which current bilateral relations, as well as regional and global challenges such as the North Korean nuclear issue, the South China Sea dispute, the U.S. policy toward Taiwan, and the THADD issue were discussed, was a major step towards resolving the tensions between the United States and China.

After the presidential talks, the U.S.-China relations has gained a momentum, as reflected by the speedy establishment of high-level dialogue mechanisms, despite the differences among the parties on a number of issues. In order to reduce disagreements, the two countries launched four top-level dialogue mechanisms on the issues such as diplomacy and security, comprehensive economic cooperation, law enforcement and cyber security, and social and cultural issues. For instance, during the first round of the U.S.-China Diplomacy and Security Dialogue held on June 21, 2017, in Washington, the sides discussed a wide range of topics including the North Korean nuclear issue, the South China Sea dispute, navigation safety at sea, and anti-terrorism cooperation. Moreover, during the first round of the Comprehensive Economic Cooperation Dialogue held on

July 19, 2017, in Washington, the parties discussed bilateral economic and trade relations and the U.S. trade deficit with China. During the first round of the Social and Cultural Dialogue held on September 28, 2017, in Washington, the representatives of both countries discussed opportunities for enhancing cooperation in education, science and technology, environmental protection, culture, health and social spheres. Furthermore, during the first round of the Law Enforcement and Cyber Security Dialogue held on October 4, 2017, in Washington, the discussed issues included terrorism, international crime, drug trafficking, restitution of stolen cultural property, deportation of illegal immigrants, cybercrime and theft. It is expected that the U.S.-China military cooperation dialogue mechanism would be established in the near future. In fact, during the visit to China on August 15-17, 2017, Chairman of the U.S. Joint Chiefs of Staff Joseph Dunford already signed a bilateral agreement on this issue.

It could be said that U.S. Secretary of State Tillerson and Chinese State Councilor Yang are actively engaged in the high-level talks and dialogue meetings between the United States and China. In fact, on September 30, 2017, Tillerson paid a one-day official visit to Beijing one month before Trump's first official visit to China. As a result of these preparations, President Trump made his first official visit to China on November 8-10, 2017. The greatest success of Trump's first trip to China, which has been the focus of the world's attention, is that the parties agreed to work together to address the North Korean nuclear issue. It is worth noting that Trump's first visit to China also resulted in signing trade and investment agreements worth a total of \$253.5 billion in sectors such as energy, manufacturing, agriculture, aviation, electricity and car manufacturing.

In conclusion, considering the recent developments in the U.S.-Chinese relationship, it can be said that after passing through a difficult period the bilateral relations have improved again. It is noteworthy that the progress toward the healing of the U.S.-China relations is usually related to the North Korean nuclear issue, which became the most widely discussed topic during the high-level visits and nine phone calls conducted by the U.S. and Chinese presidents in 2017. The main reason behind Trump's first visit to China, which had previously been accused by the United States of breaking trade rules, is to reach understanding and harmonize positions concerning the North Korean nuclear problem. However, the North Korean nuclear issue is not the only major determinant of the U.S.-Chinese relations. In fact, diplomatic and economic relations between the United States and China are also dependent on future developments in geopolitics in the Asia-Pacific region, especially the Taiwan and South China Sea issues.

Politics, Foreign Affairs and Security

- During the session of the Collective Security Council of the Collective Security Treaty Organization (CSTO) held in Minsk, the heads of the CSTO member states discussed the current international situation and the measures taken to strengthen the CSTO's collective security. As a result of the meeting, a package of documents was adopted, including the declaration on the 25th anniversary of the Collective Security Treaty and the 15th anniversary of the organization. The presidents also reviewed the draft decision on the implementation of the CSTO collective security strategy through 2025. Since Kazakhstan assumed the 2017-2018 CSTO chairmanship, President Nursultan Nazarbayev laid out the country's priorities for this period.
- During the 16th Heads of Government meeting of the Council of the Shanghai Cooperation Organization (SCO) held in Sochi, the participants approved a joint communique that highlights intention to enhance cooperation and coordination among the SCO members in addressing economic challenges. According to the communique, the SCO member states advocate an open, inclusive, transparent, non-discriminatory and rule-based multilateral trading system.
- During the 7th Ministerial Conference titled Security and Economic Connectivity towards a Strengthened Heart of Asia Region held in Baku within the framework of the Heart of Asia – Istanbul Process, the high-ranking participants reaffirmed their commitment to the non-use of force against sovereignty, territorial integrity and independence of states. As a result of the meeting, the Baku Declaration was adopted. The declaration highlights the role of the international community in Afghanistan and calls for a fight against terrorism, drug trafficking and organized crime.
- During the first trilateral meeting of the foreign ministers of Azerbaijan, Turkey and Pakistan, Elmar Mammadyarov, Mevlut Cavusoglu and Khawaja Muhammad Asif, held in Baku, the parties discussed the ways to increase mutual trade turnover and intensify cooperation in the sphere of defense.
- During his official visit to Moscow, President of Kyrgyzstan Sooronbai Jeenbekov met with his Russian counterpart Vladimir Putin to discuss further strengthening of strategic partnership and development of economic cooperation between the two countries.

Economy, Finance and Energy

- During his official visit to Baku, President of Afghanistan Mohammad Ashraf Ghani met with his Azerbaijani counterpart Il-

ham Aliyev to discuss issues related to bilateral cooperation in the energy field and some other economic sectors, especially transport and infrastructure.

- During his official visit to Baku, Army General Hasan Kucukakyuz, the Commander of the Air Force of Turkey, exchanged views with Lieutenant General Ramiz Tahirov, the Deputy Defense Minister and Commander of the Air Force of Azerbaijan, on the current state and expansion of cooperation between the Air Forces of Azerbaijan and Turkey, as well as other issues of mutual interest.
- According to Oil and Gas Minister of Oman Mohammed bin Hamad Al Rumhy, OPEC and non-OPEC producers agreed to extend oil output cuts until the end of 2018. It was noted that Libya and Nigeria, previously exempt from cutting production, agreed to a collective cap on their output.
- During his official visit to Astana, Deputy Prime Minister of Kyrgyzstan Tolkunbek Abdygulov met with his Kazakh counterpart Askar Mamin to sign a road map on bilateral economic cooperation. Under the document, the Kyrgyz-Kazakh border checkpoints started to operate in a normal mode from December 3, 2017. The road map is designed to solve the problematic issues existing between the two states, including in border, customs, tax, transport, phytosanitary and veterinary controls. The talks held in Astana were aimed at implementation of the agreements reached during the meeting of President of Kyrgyzstan Sooronbai Jeenbekov with his Kazakh counterpart Nursultan Nazarbayev in Minsk on the sidelines of the CSTO Collective Security Council session.
- According to Finance Minister of Azerbaijan Samir Sharifov, the upper limit of the country's external debt was increased by 2.15 billion manats (\$1.27 billion). It was also noted that as of July 1, 2017, Azerbaijan's external public debt amounted to 12.208 billion manats (\$7.17 billion), which is 18.9% of the country's GDP.
- According to the government of Azerbaijan, the draft state budget of the country for 2018 was adopted. Under the draft budget, revenues and expenditures of the Azerbaijani state budget for 2018 are forecasted at 20.127 billion manats (\$11.9 billion) and 21.047 billion manats (\$12.39 billion), respectively. The uppermost limit of the state budget deficit is expected at 920 million manats (\$541.5 million).
- According to Alexei Miller, the Chief Executive Officer of Russia's state-owned gas producer Gazprom, the company expects the natural gas production to reach 470 billion cubic meters in 2017, which is 50 billion cubic meters, or 12%, more than in 2016. It is also noted that the company plans to set an absolute record of natural gas exports – 192 billion cubic meters as of 2017 year-end.

- According to Russian Ambassador to Uzbekistan Vladimir Tyurdenev, in January-September 2017 the trade turnover between Uzbekistan and Russia amounted to \$2.4 billion, which is a 23% increase compared to the same period of 2016.
- According to Andrei Zotov, the representative of Gazprom Export, this Russian state-owned gas company plans to increase natural gas imports volumes from Kazakhstan and Uzbekistan to 20 billion cubic meters of natural gas in 2017. It is planned to purchase the same amounts of natural gas in 2018.

Society and Culture

- According to the Russian-state owned space company Roscosmos, the Soyuz-2.1b carrier rocket with 19 satellites was launched from the Vostochny spaceport in the Russian Far East. However, the satellite never reached its target orbit, more than 825 kilometers above Earth, and Roscosmos lost contact with the Fregat booster. The Fregat was carrying the Meteor M2-1 weather and climate satellite, as well as more than a dozen secondary payloads.
- According to the Ministry of Education of Kyrgyzstan, almost 25 million soms (\$0.34 million) will be spent for editing and printing textbooks and teaching aids in the Kyrgyz and Russian languages for schools, including 12.8 million soms (\$0.18 million) that are planned for the publication of a reading textbook for the second grades.
- According to the Russian Reconciliation Center for Syria, Russian officers delivered a 1.3-tonne batch of humanitarian aid to residents of the settlement of Sawran, in Syria's Aleppo province. It is noted that the people received 300 food sets.
- According to Deputy Foreign Affairs Minister of Russia Gennady Gatilov, the country allocated \$500,000 via the United Nations Industrial Development Organization to create a program for sustainable industrial development of Kyrgyzstan for 2017-2020.
- According to Darkhan Kydyrali, the President of the Turkic World Educational and Scientific Cooperation Organization, the plenary session of the Union of the Turkic World National Academies of Sciences (UTWNAS) was held in Astana. The participants summarized the UTWNAS activities, discussed future projects, and various proposals in order to improve the efficiency of the Union. In addition, the parties approved the prerequisites for transferring the chairmanship of the Union in 2018 from the Turkish Academy of Sciences to the Academy of Sciences of Azerbaijan.