

## Audio file

[119066-ClashoftheSuperpowers1.mp3](#)

## Transcript

Speaker 1

Xi Jinping and Donald Trump, the leaders of the world's most powerful countries, are locked in a high-stakes battle for global power and influence. It's a fight that's threatened to explode since Trump first took office, tore up the diplomatic rule book, and smashed the consensus on free trade.

Speaker 2

We lose almost \$500 billion a year with China, and we want to know what's wrong with us.

Speaker 3

We are about to help President Trump affect the biggest shift in U.S. foreign policy since the end of the Cold War.

Speaker 1

Now, with both sides staking their claims on different parts of the world, this is the story of how these two superpowers have become tangled in a struggle for economic supremacy, with repercussions everywhere.

Speaker 4

We have to realize there's this crisis, and we have to take action to change. The alternative is total defeat.

Speaker 1

We'll hear from top U.S. officials and Chinese academics who give the inside track from Beijing.

Speaker 5

When the president's off the handle, you don't know what's gonna happen.

Speaker 1

As well as those caught in the middle of this dangerous standoff.

Speaker 6

The message from the White House was, The President of the United States wants you to choose, and he wants you to choose America.

Speaker 1

A few days before Donald Trump was first sworn in as president, Xi Jinping headed to the Swiss Alps. The leader of the world's largest communist country, was there to join the business and political elites at the annual World Economic Forum.

Speaker 5

This is the first time President Xi attended. So China want to make a clear point where we stand on international economic system.

Speaker 6

Davos is an extraordinary environment. It's jammed solid. with the world's political leaders, bankers, financiers. This year, in particular, was extraordinary, because Trump was about to be inaugurated, and many of us were quite alarmed.

Speaker 5

We had never seen a politician like Trump. Nobody knew his quality, how he operates.

Speaker 6

Trump was clearly turning his back on free trade and open markets, the traditional American mantras that had led the free world for decades. And then enrolls President Xi in a magnificent piece of theatre and delivers a speech which says, essentially, I am the custodian of free trade and open markets.

Speaker 7

I never thought in.

Speaker 5

My lifetime to see a communist leader actually to defend the free trade. But remember, free trade is good for China. The other thing is to remind Trump that this is your system you created to benefit you and also benefit the rest of the world. So you better keep it. Don't abandon the ship. You are the captain.

Speaker 6

People didn't know whether he was taking the mickey a little bit at first. It was such an extraordinary, counterintuitive speech for Xi to be making. Follow me, work with me to ensure that we don't allow anyone, in brackets, incoming US President Trump, to trample down this magnificent free trading structure that has made us all so much

more prosperous. He saw an opportunity and he took it. was a brilliantly crafted intervention and it completely stole the show.

Speaker 1

She was the toast of Davos. Quite a journey for a man who'd become leader of the Chinese Communist Party, the CCP, only four years earlier. He'd taken office promising to build on a booming economy and to reclaim China's centuries-old place as a leading nation of the world. He called his vision the Chinese Dream.

Speaker 5

What a China dream basically means that China restore its previous position. It's not China will dominate or try to take over the world. In the West, the press call it rise of China, which is a total misnomer. Xi make a point saying this is a restoration, not rise. Please welcome the next president of the United States, Mr. Donald J. Trump.

Speaker 1

Now Trump was heading to the White House with his own promise to make his country great again. His victory followed a campaign where he put China front and center of his foreign policy in his own unique style.

Speaker 2

We can't continue to allow China to rape our country, and that's what they're doing. It's the greatest theft in the history of the world.

Speaker 8

One of the first times I briefed President Trump was during the campaign. I get about four sentences into my briefing, my brilliant briefing on China, and then Donald Trump, with, like, a staccato approach, starts firing questions at me. What's China's GNP? What's the trade imbalance between the United States and China? Is there military any good? And then I realized he cared about the balance of payments. He knew about tariffs. He understood the business aspect of the relationship.

Speaker 2

For many decades, we've made other countries rich, while the wealth, strength, and confidence of our country has dissipated over the horizon. USA! USA.

Speaker 8

He paid attention to a group of people, what we call our Rust Belt, the former manufacturing part of the United States. He was the only candidate who recognized their legitimate pain, and the only candidate who had a solution, which is we're going to go and renegotiate all those trade deals with China.

Speaker 2

Together, we will make America great again. Thank you, God bless you, and God bless America.

Speaker 9

I remember walking into the Executive Office Building one day into the Trump presidency, And there's a big sign that lists all the meetings that are being held. And one of the titles is something like, Let's Talk About Greater U.S.-China Economic Integration. This is a day into the Donald Trump administration, and he's just won an election with a significant part of his agenda being to fight off China's economic predation, and people in his bureaucracy, in his building, are having meetings about how we could do more economically with China.

Speaker 10

I was surprised by some of the assumptions that were being presented by longtime diplomats, longtime intelligence officers, and others. There was a view that really all that Beijing wanted at the end of the day was just to access a large American market and to prosper and thrive in a U.S.-dominated world order. I thought that those assessments were out of date, to put it mildly.

Speaker 1

In the '80s and '90s, the Chinese Communist Party had opened the country to Western markets. Part of what they called socialism with Chinese characteristics, the country enjoyed unprecedented growth, which was given a huge boost in 2001, when China was welcomed into the WTO, the World Trade Organization. It defined China as a developing economy, meaning trade rules were applied more leniently. while the world's biggest companies continue to flood into the country.

Speaker 10

I was there as a reporter for Reuters news agency all the way from the late 90s until 2005. It was a heady time. It was hard not to feel optimism that China would continue opening up, that its marketization would continue, and there was a hope. the politics would begin to moderate as well. But by the time I left, I had this sinking feeling that many of those optimistic assumptions were going to be dashed.

Speaker 11

I think China entered the WTO with a really good deal. They got the benefits of participating in a global trading system in which there were rules and norms. But it was given a special carve-out where it could pretend that it was a developing country, which I think is always tough when you're one of the world's largest consumers of Ferraris and

Lamborghinis. It's entirely logical and sort of expected that Beijing would want to maintain that system.

Speaker 1

Coming into the White House, Trump's team included hawkish advisors who wanted to ensure the new president would deliver on his promise to take on China. But they knew that for all of Trump's tough talk, he had a reputation to protect as a champion of business. And he wanted to keep the CEOs on side, many of whom had moved manufacturing to China.

Speaker 12

In the White House, we had the two camps start to develop. the more globalist establishment camp and more of the kind of disruptors, populist, nationalist camp. The biggest fights were about China and trade. And that's because the reason is we had so many Wall Street guys. And look, I've worked at Goldman Sachs. We had Goldman Sachs guys in there. Goldman Sachs and Wall Street is the investor relations partner for the Chinese CCP. this radical cadre that runs China.

Speaker 1

Chief amongst the Wall Street faction was Gary Cohn, the former president of Goldman Sachs, and Trump's choice as his top economic advisor.

Speaker 13

As a market practitioner, I think that we can have a globalized world that works well.

Speaker 2

You want to expand your plant? or when Mark wants to come in and build a big, massive plant, or when Dell wants to come in and do something monstrous and special, you're going to have your approvals really fast. Thank you, sir.

Speaker 13

The question is, can we both be complementary to each other? I think the answer is yes.

Speaker 1

Whether the Hawks or the Globalists would have their upper hand would be put to the test at Trump's first summit with Xi. As he got ready, the U.S. president was briefed by his national security advisor.

Speaker 3

President Trump is kind of reflexively contrarian. And because he's reflexively contrarian, if you advise President Trump and say, hey, everybody agrees, This is what you should say. He might just say the opposite to spite everybody. So what we decided is what we would emphasize with President Trump is what Xi Jinping wants him to say and let President Trump be contrary to Xi Jinping rather than to his advisors. What we said to President Trump is how Xi Jinping uses this language that sounds nice or at least innocuous. And when the Chinese Communist Party officials say win-win, what they mean is they win twice.

Speaker 1

Xi arrived in America, hoping Trump might back down from the aggressive threats of his campaign.

Speaker 14

You know, for people in China, basically, we know every election, there's always a bashing China element somewhere. A lot of name-calling, a lot of blaming. I think also the advisors that he was using at that time was very hawkish, like Steve Bannon, Matt Partinger, and all those people. But then, normally, when the new administration come into the White House, it become more, you know, pragmatic.

Speaker 15

President Xi attached great importance to the personal relationship. His personality is he's very easygoing. He want to make friends. And when he recognized the other side as a friend, I think that will be very helpful for the bilateral relations.

Speaker 1

Trump had chosen to host Xi, not at the White House, but at his Palm Beach resort, Mar-a-Lago.

Speaker 3

President Trump, he fancies himself as a great negotiator. And part of that is separating the relationship from the tough issues you're negotiating.

Speaker 2

Thank you, Elizabeth. Thank you.

Speaker 3

He's in the hospitality business. He had his granddaughter, was learning Chinese, singing a Chinese folk song.

Speaker 5

This is a great move. It's very positive. It's like a family reunion.

Speaker 13

One of the biggest parts of Mar-a-Lago was time set aside for the two heads of state to be alone one-on-one. The two spent a vast amount of time together. The main message the president was delivering to us is that, you know, he and she were hitting it off.

Speaker 5

It seems they like each other. Yeah, chemistry is good.

Speaker 2

We've had a long discussion already. And so far, I have gotten nothing. Absolutely nothing. But we have developed a friendship. I can see that. And I think-- You.

Speaker 8

Know, President Trump, he's a New Yorker. I'm a New Yorker. And New York men of that certain age, they tend to say, He's my best friend. He's a palate mind. And they were not really friends. They've just met each other, and they probably have business interests together. But it doesn't mean they're golf buddies. So when President Trump says, oh, he's my friend, I think what that meant is that President Trump met him, he understands how he's going to negotiate with him.

Speaker 2

Thank you, everybody. Thank you very much.

Speaker 1

Xi wasn't only relying on his budding relationship with Trump. He'd long been working to ensure China would be at the center of global trade, with or without America. A month after Mar-a-Lago, He played host to leaders from around the world to celebrate his flagship initiative. Beltham Road. Harking back to the ancient Silk Road between East and West, Beltham Road aimed to better link China with the world, financing huge infrastructure projects. One of the most ambitious schemes ever conceived. It spanned continents with over a trillion dollars spent, showcasing China's ability to deliver world-leading feats of engineering. Now Xi put on a summit befitting its scale.

Speaker 6

The Chinese do know how to put on a show. The biggest rooms you've ever seen, vast banqueting tables. you know, more flowers than they've got in Kew Gardens. We invite President Xi to the podium.

Speaker 14

President Xi decided to make a Belt and Road Summit to assure the world if the U.S. is back to the protectionism, China is still there to help and to work with everybody.

Speaker 5

Belt and Road is important in demonstrating to the American president or American government that China could have alternative if Western countries decide to block or slow down Chinese economic activities.

Speaker 1

Cutting a somewhat lonely figure at the summit was the U.S. Representative Matt Pottinger. One.

Speaker 10

Of the things that Beijing does is to try to create the sense that the Communist Party's success is inevitable. So come jump on the bandwagon. They wanted to assemble as many world leaders as possible to essentially endorse Belt and Road. I remember speaking to President Trump, explaining that Belt and Road was actually a system designed to diminish The influence of the United States, it was an extremely opaque system whereby governments would have to surrender sovereignty over critical infrastructure as collateral in case they weren't able to pay back debts. And so it was really sort of a form of loan sharking on a global scale.

Speaker 1

Pottinger's line didn't go down well with the other attendees. One of them was Kenya's president, whose country had just that month opened a multibillion-dollar new railway, largely financed by China.

Speaker 16

Kenya took a big loan to build the standard gauge railway, and it was never going to be easy paying it. But was there a Chinese debt trap? No. African countries are caught in a debt trap, but it's not of Chinese making. The predominant amount of money owed by African states is owed to Western governments and private banks.

Speaker 6

The Americans were uncomfortable with any Chinese initiative that looked as though it had a strategic dimension. And this clearly was a strategic project. It was about projecting Chinese influence, securing Chinese supply lines, and securing export routes as well.

Speaker 1

The same day that Xi was hosting his guests in Beijing, Trump's new trade representative was being sworn in. Robert Lighthizer had spent years accusing China of breaking trade rules.

Speaker 4

Thank you all very much for being here. I'm very grateful for your friendship.

Speaker 1

He quickly summoned top officials to the West Wing.

Speaker 4

The senior people were there. A lot of them were in the direction of, Well, we have to have dialogue. We have to tell the Chinese what we want, all these kinds of things. You know, I said, You know, I don't agree with any of this. The Chinese game plan has been dialogue, dialogue, dialogue, talk, talk, talk, talk, talk, and then don't do anything at all.

Speaker 1

Lighthizer's strategy was to tax goods coming to the U.S. from China. But his plans ripped open divisions with the Wall Street faction in the White House.

Speaker 4

I wanted tariffs on as much as we can to change the economic relationship between the United States and China to force companies to come back to the United States or to find other places to manufacture. But there was an organized group who's against tariffs.

Speaker 13

I thought there was more question to who we were hurting and who we were helping by putting tariffs on.

Speaker 9

Lighthizer started to get to the president and say, Mr. President, Your voters, the people who trusted you, expect that this is going to get done. It's not getting done not because you don't want it to get done. It's not getting done because people on your team are deliberately obstructing your order to bring China to account for what it's done to the American people for 30 years. And the president said, I'm not going to let people delay anymore.

Speaker 1

Trump gave Lighthizer the green light to launch a major investigation into China's trade practices.

Speaker 2

Thank you very much, Ambassador Lighthizer.

Speaker 1

Especially claims it was forcing U.S. companies to give up blueprints for their most valuable technology.

Speaker 2

We're going to be fulfilling another campaign promise by taking firm steps to ensure that we protect the intellectual property of American companies. and very importantly, of American workers.

Speaker 9

American companies were desperate to do business in China. And the Chinese would say, you can enter the Chinese market, but you have to allow us access to your proprietary technology. Well, when American companies did that, very quickly they found that technology belong to their Chinese partners. And then they would go flood the market with these products at a much cheaper rate, put American businesses out of business, and dominate the global supply chains.

Speaker 1

The investigation could pave the way for wide-ranging tariffs on China. This is just the beginning.

Speaker 4

Economists believe that tariffs are gonna raise prices and lead to inflation. Even if you bought the idea, What's the alternative that we teach our children Chinese and tell them to prepare for a life of servitude? We have to realize there's this crisis, and we have to take action to change. And if there's some small cost associated with it, the alternative is total defeat, and that's not an option.

Speaker 1

In Beijing, Xi was showing no sign of making concessions. Although China's phenomenal growth was slowing, his ambition remained resolute. In a three-hour speech to the annual party congress, he described 5,000 years of China's great imperial past. before the century of humiliation that started with the Opium Wars of the 19th century.

Speaker 5

Before British came, they invade the Opium War, I'm talking about 1820s, '30s, Chinese economy 32.5 percentage of global GDP. When communists took over 1949, Chinese

economy less than 2% of global GDP. That is a free-fall disaster. At the time Xi Jinping announced the China Dream, we are about 12 or 15% of GDP, which means if you compare with 1830s, we still have a lot of room there, right?

Speaker 1

Three weeks later, Trump arrived in Beijing for what the Chinese were calling a state visit plus. With the threat of tariffs looming large, this was a chance for Xi to win round the U.S. president.

Speaker 5

Xi want to make it as spectacular as possible, for obvious reasons. Everybody knows that Trump like spectacle. He likes, well-being treated like a king, maybe.

Speaker 3

We talked to President Trump about the images that Xi Jinping would try to create. He would try to make it seem like the leader of the free world, President Trump, was coming to Beijing to kowtow, you know, to the emperor, you know, to Xi Jinping.

Speaker 4

Picture yourself as Nero, the emperor of Rome. and you want to impress somebody, what would you do? It was everything you can imagine. Everything from music to singing to dancing. They really pulled out all the stops, and it was impressive.

Speaker 1

Perhaps most extraordinary, Trump was invited to dine in the Forbidden City.

Speaker 5

Forbidden City means forbidden. So historically, this is the residence of Emperor. This is an extraordinary honor. Chinese are not even allowed to go. So it's quite amazing to treat Trump that way.

Speaker 2

That's something I'm We're having a great time. Thank you.

Speaker 5

I don't believe Putin even get that treatment.

Speaker 1

Earlier that day, she had even given Trump a personal tour. But not everyone was welcome.

Speaker 10

As President Trump was about to be escorted through the Forbidden City, before I understood what was happening, I was diverted before I could get into the gate.

Speaker 3

Matt Pottinger is, like, the man who knew too much, you know? And he really would make the Chinese leadership very uncomfortable. I mean, there's a guy who's fluent in Mandarin and knew the Chinese Communist Party so well. When we get to the Forbidden City, I'm looking around. Yep. Where's Matt Pottinger? He's not there.

Speaker 10

The one guy who could actually speak the language and know something about this system has somehow been kept out.

Speaker 1

The imperial setting was the perfect spot for Xi to give Trump an education on China's historic place in the world.

Speaker 2

And I guess the oldest culture, they say, is Egypt at 8,000.

Speaker 7

Egypt. Egypt.

Speaker 2

So this is your original form, right? Yeah, it's really is.

Speaker 7

And people like us, we trace back to 5,000 years ago. We call ourselves the people going down from...

Speaker 2

That's good.

Speaker 1

Xi's charm offensive looked to be working, as the leaders and their team sat down in the Great Hall of the People.

Speaker 2

Our meeting last night was... absolutely terrific. Our dinner was beyond that.

Speaker 1

Then Trump turned to his team.

Speaker 4

The president, after the first two or three statements, asked me to address the, um, the trade issue. I didn't have a script. I didn't know for sure that I would be called on.

Speaker 5

Ludheiser was really the trade war warrior for many, many years. So Chinese know that. His basic argument is familiar, but the way he presented it is quite, I will say, quite aggressive from a Chinese point of view.

Speaker 3

Lighthizer couched his presentation around the practices of forcing the transfer of intellectual property. So he just went through many of these practices with such clarity. I think it was arresting to Xi Jinping and the other officials there.

Speaker 4

I basically made the argument that we were the victim here. It wasn't China, and it can't continue, and it won't continue. And I think that was a little befuddling, like, what's going on here?

Speaker 1

But the Chinese hosts weren't done yet. Trump had traveled to Beijing with dozens of American business leaders in tow. In front of the cameras, they signed more than \$250 billion worth of deals with China.

Speaker 14

China was quite generous to really make all those things happen. It shows that China is really willing to collaborate with the U.S.

Speaker 2

Dallas, the president and CEO of Boeing Commercial Airplanes and Mr. Zhao Baojun.

Speaker 14

That was really a big boost for President Trump, and he really had a big harvest for his first trip to China.

Speaker 17

Donald Trump wanted to show the American people that during his visit to China, he got something for, you know, America. And this was something really tangible and right in his wheelhouse.

Speaker 1

Now Trump had his chance to talk directly to the press.

Speaker 2

I don't blame China. After all, who can blame a country for being able to take advantage of another country for the benefit of its citizens? I give China great credit. He turns to Xi Jinping and goes, Oh, for all the sake, I don't blame you.

Speaker 3

I blame us.

Speaker 2

But in actuality, I do blame past administrations for allowing this out-of-control trade deficit to take place and to grow.

Speaker 10

It was very Trumpian in that it was simultaneously gracious to the host, but also had a sharp edge to it. In spite of all the flattery and the rest, he was not going to back off his demands for a really significant shift in that economic relationship. When that shift did not materialize, President Trump resorted to a trade war.

Speaker 18

Here's what's on the Power Lunch menu. President Trump hitting China with \$60 billion worth of tariffs, raising fears about a global trade war.

Speaker 1

In March 2018, Lighthizer's report was published.

Speaker 18

It says the economic harm to the U.S. of unfair trade practices on intellectual property is in the range of \$50 billion. And so it plans to try to recoup some of that cost with these tariffs.

Speaker 1

Trump announced tariffs on Chinese exports, particularly those the U.S. said use stolen technology. China would respond in kind, sparking a tit-for-tat escalation that spiraled over the coming months.

Speaker 2

If they charge us, we charge them the same thing. That's the way it's got to be.

Speaker 1

Trump was smashing decades of Washington consensus on trade. Earlier that month, Gary Cohn resigned.

Speaker 13

The only thing the tariff was doing was acting as a consumption tax, to the U.S. consumer that bought that good from China.

Speaker 11

I can remember talking with business leaders and investors and many folks assuring me that there's no way these tariffs could stay on more than three or four months, because it would be too harmful to the U.S. economy. And I can remember telling folks that I think we're actually much more in a new normal. Just because they have a business model that works really well, that the rest of the world should just stay static so that they can benefit from that isn't a realistic perspective to have. And that's tough to hear, particularly when you're a powerful company. You've been kind of a master of the universe, but that's the reality.

Speaker 1

Trump's team now had to face officials from Beijing.

Speaker 17

The Chinese really were taken aback. They didn't think that Trump would really go ahead with the tariffs. They had a sense for a long time that it was a bluff. You know, they had signed this \$250 billion worth of deals just back in November. You know, that was a serious amount of money, and they thought, you know, they had done the necessary and didn't understand why, you know, it wasn't working.

Speaker 1

As America and China braced for what could be a costly trade war, Xi put on a show of strength. Within weeks of the tariffs being announced, he donned military fatigues to preside over a massive naval parade, the largest of its kind ever conducted by the Chinese. It took place in the South China Sea, a crucial shipping corridor where China was building artificial islands to back up its claims on the area. Claims rejected by most countries, including the US.

Speaker 19

He says he wants a modernized military by 2035. He wants a world-class military by 2049, which means pretty much he wants to displace the United States from the Indo-Pacific. They want to defend all the waters surrounding China and manage the trade

and everything passing through them. This was China interrupting and trying to change international rules and norms that we felt that we couldn't tolerate.

Speaker 1

The situation was becoming more and more dangerous, as U.S. ships and aircraft continued what they called freedom of navigation exercises.

Speaker 20

U.S. military aircraft, Papo Alpha, this is the Chinese Yuan Rip. China has sovereignty of the national islands, including Yuan Rip and its adjusted waters, leave immediately and keep on off so as to avoid enemy standing.

Speaker 1

Tensions were high as world leaders arrived in Argentina for the annual G20 summit. It would be Trump and Xi's first meeting since Beijing. The U.S. president had a new national security advisor.

Speaker 21

I thought this was obviously a significant opportunity. to make points about things that concerned us about China's aggressive behavior along its periphery and talk about the big strategic issues. What Trump mostly wanted to talk about, though, was trade.

Speaker 1

By now, the U.S. had ramped up tariffs to hit \$250 billion worth of Chinese goods. Trump was threatening to go even higher. But Bolton feared the prospect of a trade deal with China might soften Trump's resolve. The two leaders met for dinner on the sidelines of the summit.

Speaker 21

This was the first time I had seen them together. It was unnerving to watch Xi, in a very systematic, thorough way, advance what were clearly his well-thought-out objectives, and to watch Trump wing it.

Speaker 2

The relationship is very special, the relationship that I have with President Xi. And I think that is going to be a very primary reason why we'll probably end up getting something.

Speaker 1

Xi had come to the meeting with a headline-grabbing pitch. If the U.S. would hold off further tariffs, China would commit to buying U.S. goods and services worth over a trillion dollars.

Speaker 5

Chinese site, for example, Walmart and other successful retailers, how they're successful because of Chinese made in China. So that is what the argument they are making, saying you might end up hurting yourself.

Speaker 21

I was worried throughout the dinner that we were basically going to agree to things. And indeed, Trump did make concessions in terms of not putting tariffs in place that he had threatened. so that we could have good trade discussions with China.

Speaker 1

A truce in the trade war was agreed. But just then, news came through that it had the potential to undermine any goodwill.

Speaker 11

I hear my phone ringing. I look down, and it's my colleague at the Justice Department. And I don't normally get calls from the Justice Department. And he informs me that they're going to exercise an arrest warrant against the chief financial officer of Huawei as she goes through a Vancouver airport. I immediately think about how this is going to be interpreted as a deliberate snub and a deliberate affront to the Chinese counterparts, and how This will throw a wrench into what the president is trying to achieve.

Speaker 18

And let's get back to the big story this morning weighing on futures with big implications for the U.S.-China trade truce and relationship. Canada has arrested the CFO of Huawei, who also happens to be the daughter of the company's founder.

Speaker 12

Meng's charges were part of a sweeping set of criminal charges by the Trump administration unveiled yesterday, accusing the company of stealing trade secrets and violating sanctions.

Speaker 14

We all hear the news, we were surprised, because while we're shaking hands on the table, and the U.S. is kicking us back under the table.

Speaker 21

We knew for some time before that Meng was coming, it was imperative that not leak out.

Speaker 1

John Bolton had been told that Meng's arrest was imminent just before the dinner was Xi. He decided not to inform Trump until it was made public.

Speaker 21

In the flight back to Washington, I explained what had happened in Canada and what would flow from that. He didn't really have much of a reaction to Meng's arrest when I briefed him on it.

Speaker 18

Officially, the Chinese government isn't directly linking Meng's arrest to the trade negotiations just yet, but unofficially in the state media, this is being seen as a political decision.

Speaker 21

Trump had a Christmas dinner in the East Room for his top White House staff, and at one point, out of nowhere, he said, By the way, why did we arrest Meng, the Ivanka Trump of China? I thought maybe first I would say, You didn't tell me that Ivanka was a spy and an agent of our government, but I didn't, fortunately for me, probably.

Speaker 1

Telecoms giant Huawei It was a shining example of Xi's vision for China to dominate technologies of the future. It had become a battleground with the Americans, who placed restrictions on the company, citing fears China could use its equipment for spying. Meng's high-profile arrest only raised the tensions.

Speaker 2

Fujing...

Speaker 1

With relations between the superpowers deteriorating, other countries were finding themselves caught in the crossfire, and not just over Huawei. The British Chancellor got a taste of this when he addressed that year's Belt and Road Forum.

Speaker 6

The speech lauded the scale and ambition of the project and the Chinese delivery of it, but said explicitly that if this is going to work, it's got to be very careful about the debt burdens that recipient countries are taking on. I was invited to the heads of state lunch, which was hosted by President Xi. And he just lashed into me, saying this was none of my business, and the Belt and Road was China's project, and China would run it in the

way that China chose to run it. So it was quite a moment, being given a finger-wagging lecture by President Xi.

Speaker 1

Returning to London, Hammond would find that the fallout wasn't over.

Speaker 6

So I get a call from the White House. I get the deputy national security advisor on the phone, and he says, We'd like to talk to you about your speech.

Speaker 10

We had seen a speech that Philip Hammond had just delivered. that it appeared to be an endorsement of China's debt-trap diplomacy. So it was a bit cheeky, but one of my colleagues from the State Department printed out Hammond's speech on a poster board with some of the key phrases that looked like they'd been taken straight from Beijing's propaganda highlighted.

Speaker 6

A meeting was set up, and somebody came over and arrived in my office in Number 11. He laid them out in my office in Downing Street along the wall, so that all the text of the speech was there. And I was asked by the Americans to justify the... or to explain my thinking behind the less critical parts of that speech. I'd said from the outset, the UK cannot be in a position of having to choose between the world's largest economy and the world's second-largest economy. And that was what I told the Americans. The response I got was, That is exactly what the President of the United States wants you to do. He wants you to choose, and he wants you to choose America.

Speaker 1

Trump now ramped up the pressure even more. He signed an executive order preparing the ground for a total ban of Huawei equipment in U.S. systems. And the Americans set to work, persuading other countries to follow suit, beginning with their closest ally.

Speaker 11

We had to start with the U.K., because, in many ways, the U.K.'s position as sort of a cybersecurity and telecommunications power, GCHQ, is seen as sort of world-class, and that was allowing, you know, everybody else to essentially point to and say, Well, GCHQ says it's okay, so why are you, America, making a big deal about this?

Speaker 21

The position of the British government was very strongly against making any significant changes to Huawei, and we met with a lot of resistance. Philip Hammond, the Chancellor of the Exchequer, and others were very strong on that.

Speaker 6

The message from the White House was, We want Huawei out. Get it out, and tell these Europeans that they've got to toe the line. The Chinese had made this a totemic issue, that if we cut Huawei off, there would be significant trade and other consequences. So we very much squeezed in the middle.

Speaker 1

As Trump arrived for a long-promised state visit, the Brits hoped to convince the Americans that they could keep Huawei out of the most sensitive parts of their network.

Speaker 22

Our security experts essentially said we've engineered the systems in a way that the Americans are overstating the risk.

Speaker 10

We had very deep concerns and plenty of evidence that there were back doors, there were software and hardware vulnerabilities that would make it fairly easy for data to be siphoned out of those networks.

Speaker 21

They thought they could protect telecommunications in Britain, and we simply didn't agree with that.

Speaker 22

There was this tension between our security experts. Ours were clear. that we could manage any risk from Huawei. It was never in the core of our infrastructure, only in the periphery. And they didn't agree.

Speaker 11

Our main point is, is that this is not a technical discussion. This is a policy discussion, right? We felt that they simply did not want to re-examine the decision, because changing their decision that they had made before would likely entail retaliation by Beijing.

Speaker 6

We explained to Trump how our network was configured differently from the American network, that we were very confident that what we had was a robust, um, system, but

he was not listening. In fact, most of the time, when you engaged with the president, there was no sense that he was actually listening to what anybody else was saying. He was simply preparing for the next, uh, sentence that he was going to say. said to each other that this is a foretaste, Huawei. We're going to be here a lot in the future. We're going to find plenty of issues where the Chinese are squeezing us from one side and the Americans from the other. Not just the UK, but all the middle-ranking powers.

Speaker 1

The Brits stood firm on Huawei for now. It was some of Trump's aides who worried their boss might not stick to his guns.

Speaker 21

I felt that it was important to impress on Trump that if we were going to take strong measures against Huawei, this was not something to give away later. This had to be the beginning of a strong and consistent policy, because to Trump, everything is negotiable. Everything is a bargaining chip.

Speaker 1

While Trump was in the UK, in Hong Kong, Thousands joined a vigil to mark 30 years since China's deadly crackdown on pro-democracy protesters in Beijing's Tiananmen Square. The vigil took place in the midst of a growing wave of protests against a new law that would make extradition to mainland China easier.

Speaker 21

Normally, every fifth anniversary of Tiananmen, the White House would put out a statement on behalf of the president. And I had given Trump a draft statement that would commemorate the 30th anniversary. And Trump said, I'm not going to put it out. And I said, But we always put it out every five years. And if you don't put it out, it will look like we're not concerned about what happened at Tiananmen or what it represents for the future of China and Hong Kong. And he said, I don't care. Trump sees international relations through the prism of his personal relations. He thought Xi would take offense if we put out a statement by the president on Tiananmen, and he wasn't going to do it.

Speaker 1

Within weeks, as the protests in Hong Kong grew, the authorities responded with brutal force. It was against this backdrop that Trump would next meet Xi at that year's G20 summit. The US president was facing further calls to confront him about Hong Kong and China's wider human rights record, including the treatment of Uyghur Muslims in Xinjiang. As he landed, he took a call from the Speaker of the House. He.

Speaker 23

Said, well, since you're at the G20, you're in Asia. Isn't it remarkable what's happening in Hong Kong? Millions of people are in the streets demonstrating for democracy. I'm sure G-20 won't say anything about that, because she is there. But I think it would be great if you could say something to him that the House and the Senate, Democrats and Republicans, have voted in favor of the Uyghurs.

Speaker 21

There's always a summit dinner at these G-20 summits, and typically it's just the leader of each country and their spouse if they're there. One of my staff talked to the U.S. interpreter who was with Trump, who reported that he had a conversation with Xi Jinping and talked about the Uyghurs and Xi defended against charges that these are essentially concentration camps. And he said the Uyghurs appreciated it. They liked it. It was a good thing to do. And Trump basically said, Well, then go ahead and do it.

Speaker 23

Next day, he calls me back and he said, I mentioned Muslims to President Xi, and he said they like being in those labor camps.

Speaker 1

China's record on human rights was never going to be top of Trump's agenda. Trade negotiations had ground to a halt, and election year was fast approaching. A trade deal with China could be a vote winner in the manufacturing and agricultural heartlands of America.

Speaker 2

You know, we've had an excellent relationship, but we want to do something that will even it up with respect to trade. I think it's something that's actually very easy to do.

Speaker 21

Trump basically said to Gee, Look, I want to win this election, and I need the farmer's vote, and you can help me out on that. And, indeed, the trade negotiation then turned into how many tons of soybeans are they going to buy next year?

Speaker 5

At that point, the trade is mostly focused on Chinese buying things, okay, on a massive scale.

Speaker 7

Xi Jinping had great skill in flattering Trump, and Trump responded as he.

Speaker 21

As he often did with flattery of his own. So he took to calling Xi king. And in Osaka, it got even worse. He told him at one point, You're the greatest leader in contemporary Chinese history. And 30 seconds later, he said, You're the greatest leader in all of Chinese history. So we waited to see how Xi would respond to Trump. But he didn't call him the greatest leader in all American history. He just pocketed it, and the conversation went on.

Speaker 1

At home, Xi appeared more powerful than ever. Later that year, he took center stage as the Chinese Communist Party celebrated 70 years of rule in China. a statement of power in the face of the Hong Kong protests.

Speaker 7

Unlike.

Speaker 1

Trump, Xi didn't have to worry about elections. In fact, China had abolished term limits, meaning he could now remain president for life. And when it came to negotiating with Trump, the Chinese were increasingly confident that by playing the long game, they would ultimately win out.

Speaker 5

China understood Trump's way of operating As a professional wrestler, start opening Sabo is always outrageous, frightening. If you chicken out, then he will push even more. If you stand for-- if you know you have the capacity to stand up, he will come down.

Speaker 1

While Xi was parading his military might, his negotiators were putting the final touches to a trade deal with Trump. It was optimistically named the Phase One Agreement. Trump would sign it with China's vice premier to much fanfare. The U.S. agreed to ease tariffs on China. In return, China pledged to buy hundreds of billions of dollars of U.S. goods. But Trump didn't get the major concessions on China's trade practices he talked about on coming to office.

Speaker 15

It's a relief from Chinese side, because we had a very-- we have a tension, you know. And January 2020, it's less than one year ahead of the general election. We believe we would have a relatively stable bilateral relations in that year, and if President Trump won the election, paved the way for the second term.

Speaker 4

It's important to remind yourself that it's not possible to have an agreement between the United States and China that's going to resolve the problem of a Marxist-Leninist country that wants to be the number one country in the world. It's like you can't imagine an agreement between the United States or the West and Soviet Union that would have resolved the fact that they want to take over the world, and we don't want them to, right?

Speaker 2

Today, we take a momentous step, one that has never been taken before with China.

Speaker 4

But what these agreements can do is stop movement towards a hot war, which would be a catastrophe.

Speaker 2

Nobody's ever seen anything like it. This is the biggest deal there is anywhere in the world by far.

Speaker 1

Trump had his deal. But as he talked it up, the world was about to be hit by a catastrophe that few saw coming. one that would bring the U.S. and China closer than ever to a new Cold War.

Speaker 2

China plague. That's where it comes from. They say, Please don't mention China. I say, Why? That's where it comes from.

Speaker 10

I remember President Trump telling me that if he did 100 trade deals with China, it still wouldn't make up for the losses that COVID had inflicted on the United States.

Speaker 1

In the next episode... As a global pandemic rocks the U.S.-China relationship, the race for technological supremacy ramps up. And the stakes are raised as one of America's leading figures crosses A Chinese red line.

Speaker 23

You have to understand whether it's going to Tiananmen Square or going to Taiwan. You cannot let somebody else decide where you're going.

Speaker 5

This is the closest moment of a military encounter. My understanding is that 20% Chinese did not sleep at night.

Speaker 23

She's going to tell us where we can go? I don't think so.

Speaker 24

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