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Infrastructure Cooperation: **New** **Opportunities** for China-US Relations



Executive Summary

On April 6, Chinese President Xi Jinping will visit the United States and meet US President Donald Trump for the first time at Mar-a-Largo resort located in Florida. The very first Xi-Trump summit will be a significant event in the Sino-American relations under the Trump administration. It is an urgent task for China's policymaking communities across economy and diplomacy to find a common ground that can serve as the linchpin in Sino-American economic relations in the Trump era. A previous report released by the CCG in January identifies infrastructure investment as one of the eight areas in which the two countries can cooperate to offset the negative effects of the election of Donald Trump. This report further argues that infrastructure cooperation between the two nations constitutes a win-win situation by rendering benefits for both sides.

This report points out that there are seven reasons for optimism in US-China cooperation over infrastructure investment.

1. Chinese investment in US infrastructure will come to Trump's aid in helping his administration boost the economy.
2. Increased infrastructure investments in the US will provide business opportunities for Chinese construction and engineering contractors.
3. Infrastructure cooperation will prompt Chinese rail transportation companies to pursue a more effective "going global" strategy.
4. Trump's infrastructure plan will further motivate Chinese heavy equipment manufacturing conglomerates to expand into US markets.
5. Cutting-edge US mass transport experiments, such as Hyperloop, will have more Chinese high-tech companies as partners.
6. Infrastructure cooperation aligns with an ongoing trend for large institutional investors to take an interest in US infrastructure from an asset management perspective.
7. There is large room for growth in the development of Public-Private Partnerships (PPP) in the US.

However, this report also identifies the constraints that can potentially hinder Chinese partners from participating in US infrastructure projects. These constraints all stem from the complexities of American local politics that require an in-depth understanding and a willingness to take roots in the local community on the part of Chinese companies. The authors thus offer seven recommendations or ways in which China can increase the odds of success in infrastructure cooperation under the Trump administration.

1. Chinese companies can win local support if they orient their US

operations towards helping local governments create jobs and develop local economies.

2. The CIC can work with private PE funds both at home and abroad to form an infrastructure consortium in which they can tap into their overseas networks to facilitate the kind of M&A deals that help circumvent protectionism in Trump's infrastructure plan.

3. Beijing's efforts at stepping up economic diplomacy can include an invitation to the US to participate in Third-Party infrastructure cooperation promoted by the One Belt One Road initiative.

4. International propaganda initiatives focused on the benefits of Chinese outbound investment on foreign economies is needed, so is an institutionalized communication mechanism at the government-to-government level to promote Sino-US infrastructure cooperation.

5. Closer ties between provincial-state governments in China and the US will drive sub-level governments to collaborate with one another over infrastructure projects in their jurisdictions.

6. More exchanges between American and Chinese think tanks will facilitate infrastructure cooperation, since the latter have been tasked with providing foreign policy consulting services and taking an active role in China's public diplomacy.

7. Chinese think tanks can also take lead in partnering with US NGOs in the track-two settings to help cultivate international public relations favorable to Chinese investment.

In sum, CCG is optimistic about the prospects of infrastructure cooperation between China and the US. It is also the authors' hope that infrastructure cooperation will become a positive development in future US-China relations under a precarious Trump presidency.

Introduction

Chinese President Xi Jinping is due to meet with US President Donald Trump at the Mar-a-Lago resort in Florida on April 6, 2017. The Trump-Xi summit is highly anticipated given that since his inauguration, Donald Trump has rolled out a series of controversial policies and statements that reflected his anti-globalization and anti-free trade stance on the campaign trail. Against the backdrop, finding a new pillar of "win-win" cooperation between the US and China has become a formidable task for foreign policy practitioners in China.

Prior to the two leaders' meeting, US Secretary of State Rex Tillerson emphasized during his visit to China that the Sino-US relations were founded on cooperation and friendship. He also reiterated the fundamental principles for the bilateral relations, which were "no conflict, no confrontation, mutual respect, and win-win cooperation." His statement signaled the positive shift in attitude of the Trump administration towards cooperation with China. In a Financial Times article, Martin Wolf writes, "Mr Trump wants an infrastructure boom in the US. China is by far the world's greatest exponent of fast infrastructure delivery. It must be possible to marry China's capabilities to Mr Trump's objectives." In a report launched earlier in January, the Center for China and Globalization also identifies infrastructure investment as one of the areas that holds great potential for US-China cooperation.

President Trump has drawn a grand blueprint to revive the US economy, and one of the major pathways is investing in infrastructure. While announcing his plan for his first 100 days in office, Trump set a goal to increase infrastructure investment up to \$1 trillion in the next decade. This commitment is reinforced by his first presidential speech at the Congress – "To launch our national rebuilding, I will be asking Congress to approve legislation that produces a \$1 trillion investment in infrastructure of the United States."

China, on the other hand, has comparative advantages in capital, technology and expertise America needed for infrastructure development. China invested approximately \$1.4 trillion in infrastructure in the first ten months of 2016. That is to say, in less than one year, China has reached the target that takes the US ten years to achieve. In the meantime, there is a strong momentum for Chinese investment in the United States, hitting a new historic record at US\$45.6 billion in 2016.

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4. Trump's infrastructure plan will further motivate Chinese heavy equipment manufacturing conglomerates to expand into US markets.
5. Cutting-edge US mass transport experiments, such as Hyperloop, will have more Chinese high-tech companies as partners.
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1. Chinese companies can win local support if they orient their US operations towards helping local governments create jobs and develop local economies.
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3. Beijing's efforts at stepping up economic diplomacy can include an invitation to the US to participate in Third-Party infrastructure cooperation promoted by the One Belt One Road initiative.

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Background of President Trump's Infrastructure Plan

US infrastructure is in dire need of maintenance and renovation. According to the "Global Competitiveness Report" by the World Economic Forum, the US is ranked 19th in terms of infrastructure quality, after Spain, Portugal and Yemen. Another report released by the American Chamber of Commerce estimates that the United States would need to invest a total of US\$8.2 trillion between 2013 and 2030, or US\$455 billion per year, in infrastructure.

The consensus has been formed in the US political and academic communities that investing in infrastructure can bring America both economic and social benefits by driving economic growth and job creation. A 2014 IMF report reaffirms that increasing infrastructure investment is one of the few fiscal policy tools capable of driving growth. In addition, improved transportation infrastructure is also conducive to reducing traffic congestion and air pollution, accelerating the mobility of people and goods, increasing efficiency and productivity, and enhancing US competitiveness. There is evidence to show that every dollar spent on public transportation generates four dollars in economic returns.

Since the era of New Deal, infrastructure investment has remained an instrument to boost the US economy. Infrastructure initiatives tended to win support from both sides of the aisle, particularly the state governments. Trump's infrastructure call is nothing new. The Obama administration has also attempted to use infrastructure investment to drive growth and job creation since the Great Recession.

While the idea of investing in US infrastructure is one thing, funding US infrastructure is quite another for cash-strapped governments. President Obama appealed to Chinese investors on multiple occasions in 2011, 2012, and 2013. In July 2014, the White House launched the "Build America Investment Initiative," calling on public and private sectors to explore "creative financing strategies," including attracting investors for US projects from around

the world through the SelectUSA program. Henry Paulson and Robert Ruben, two former US Treasury Secretaries wrote an article entitled "Why the United States Needs to Listen to China" to champion for Chinese investment in US infrastructure.

Nowadays, the Sino-US relations are facing a lot of uncertainties. Nevertheless, investing in US infrastructure is in line with both Trump's political agenda and China's interest. Therefore, infrastructure cooperation can be a key strategy for Beijing to improve the bilateral relations. The Chinese Ministry of Foreign Affairs has made it clear that it welcomes the opportunities to work with the United States on infrastructure development. There is widespread agreement among a group of senior economic and trade experts and officials across the Pacific, including former Australian Prime Minister Kevin Rudd, that the Trump administration should welcome Chinese participation in its infrastructure plan.

China - US Infrastructure Cooperation – 7 Grounds for Optimism

1. Chinese investment in US infrastructure will come to Trump's aid in helping his administration boost the economy.

According to US Department of Transportation statistics, the financing gap for transportation infrastructure alone amounts to US\$900 billion. Transportation Secretary Elaine Chao told the press that Trump's infrastructure program would cover not only transportation, but other types of infrastructure including water, energy, broadband, and veterans' hospital as well. The tremendous capital demand would put the Trump team's ability to win congressional support to the test. It is understood that the US\$1 trillion infrastructure plan is a crucial component of the so-called

“Trumponomics” that intends to stimulate the economy in a short term through loose spending and tight monetary policies. The expected positive feedback loop is highly dependent on the timing of the policy. Prolonged impasse on Capitol Hill would foil the plan, undermining President Trump’s promise of doubled growth rate and dampening the American people’s hope for a better economic future under this presidency.

China can help Mr. Trump accomplish his mission. After over 30 years of rapid economic growth, China has accumulated massive capital. In the past decade, a total of US\$11 trillion has been invested in the infrastructure sector, 10 times more than Trump’s expected US\$1 trillion investment in US infrastructure.

By 2015, the bilateral trade and investment has reached US\$519 billion and led to the creation of up to 2 million job opportunities in the United States. The average cost of living, as another result, was reduced by US\$850 per year per household in America.

By 2015, China’s cumulative investment in the United States has surpassed US\$100 billion and exceeded the US investment in China. According to a Rhodium Group study on Chinese investment in the United States, around US\$9 billion has flown to the US infrastructure sector.

Mr. Trump wants green field investment to the communities hit hard by the impact of de-industrialization. Chinese companies can do that. Fuyao, the Chinese glass manufacturer has already made significant contributions to the local economies along the Rust Belt. Since the 1990s, Fuyao has established offices and storage centers in Alabama and South Carolina, and created nearly 4,000 jobs through setting up manufacturing facilities in Michigan and Ohio. Its total investment in the United States has reached US\$1 billion.

2. Increased infrastructure investments in the US will provide business opportunities for Chinese construction and engineering contractors.

Contracting foreign projects is a traditional way for Chinese companies to participate in infrastructure investment abroad. According to the 2015 American “Engineering News Record” (ENR), as many as 65 Chinese companies are included in the world’s largest 250 international contractors, with the Chinese Railway Engineering Corporation, China Construction Engineering Corporation, Chinese Railway Construction Corporation, and China Communications Construction Group ranked as the top four. According to another report on the development of China’s foreign project contracting in 2015, the United States has become one of the top 10 markets for Chinese contractors with international business.

By far, using their cutting-edge technology and management, Chinese contractors have successfully completed a number of high-profile infrastructure projects in the United States, such as the Alexander Hamilton Bridge and Manhattan Fulton Transit Center in New York City, and proved their strong international competitiveness.

3. Infrastructure cooperation will prompt Chinese rail transportation companies to pursue a more effective “going global” strategy.

China’s road and rail company (CRRC) has successfully established its foothold in the US rail transit vehicle manufacturing and infrastructure construction industries. At the end of 2014, CRRC signed a contract of US\$566 million to supply 284 subway cars to Boston Metro. In March 2016, it won another contract worth US\$1 billion from Chicago for producing 846 metro cars.

In January 2017, the company received one more contract of supplying 134 cars for the “Boston subway project”. CRRC has complied with the procurement requirements of local governments by setting up local manufacturing plants in Springfield, Massachusetts and Chicago.

According to a CRRC senior executive, the company's exporting capital and technology to developed countries like the US showcases a new type of the so-called "industrial capacity cooperation" and a more advanced version of Chinese investment in the US.

4. Trump's infrastructure plan will motivate heavy equipment manufacturing conglomerates including Chinese ones to expand into US markets.

Heavy machinery manufacturing industry is one of the major actors in the infrastructure development. Some Chinese companies in this sector, such as Sany and XCMG have already entered the US market. Sany set up a R&D center in the United States and opened a factory in southern Georgia in 2011. Xugong started a joint venture in the United States 20 years ago, and has established warehouses and service centers in New York and Orlando in 2014.

Xugong is still planning another assembly factory in Las Vegas. Other companies such as Zoomlion and Sunward have all declared their intentions to seize this opportunity and capitalize on the Trump infrastructure development plan to strengthen their competitiveness in the US market.

A rising tide lifts all boats, as the saying goes. An infrastructure boom would present business opportunities not only for Chinese companies but American multinationals such as Caterpillar as well.

5. Cutting-edge US mass transport experiments, such as Hyperloop, will have more Chinese high-tech companies as partners.

Elon Musk, founder of Tesla Motors and SpaceX, was once invited by Mr. Trump to serve on the infrastructure committee. Musk's another futuristic project -Hyperloop, a super high-speed transit system has received seed money from several high-profile Chinese venture capitalists in angel around. The co-founder of Hyperloop One has visited China and talked about potential of building Hyperloop projects in

Chinese cities. Winsun, a Shanghai-based 3D printing startup is due to participate in the Hyperloop project with its technology. The company is also working with its American partners to develop 3D printing for architecture and construction in the US.

6. Infrastructure cooperation aligns with an ongoing trend for large institutional investors to take an interest in US infrastructure from asset management perspective.

A study conducted by the China Investment Corporation concludes that infrastructure investment, as a special kind of asset, can increase returns and diversify investment portfolio. Infrastructure projects are usually government-backed with stable cash flow. In addition to providing high rate of ROI, infrastructure investments can also minimize inflation risk. Between 2008 and 2016, the annual composite rate of return on investment in the global open market for infrastructure stocks has reached 9%, much higher than the return rate of global stock investment at 5.7% during the same period. The current dividend yield ratio of infrastructure stocks worldwide is 3.4%, higher than that of average stocks at 2.47%. In private equity markets, the capital pool available for investment reaches US\$115 billion. The number is expected to increase in the future, according to Preqin. 155 PE funds are currently raising US\$96 billion globally. The total market value of infrastructure shares worldwide is estimated to exceed US\$ 2 trillion.

In the recent years, an increasing number of international financial institutions have acknowledged infrastructure investment as an effective means of asset allocation, according to a PWC poll. An S&P research estimates that there remains an annual US\$500 billion funding gap between the demand for infrastructure investment and the available public funds. Nearly half of the capital shortage (US\$200 billion) can be filled by eager institutional investors.

Trump's infrastructure development plan requires a vast amount of capital. And China has accumulated a strong foreign exchange reserve, which gives the

Chinese companies an competitive edge. Investing in US infrastructure is also a sound strategy to maintain and enhance the value of China's foreign exchange reserve.

7. There is large room for growth in the development of Public-Private Partnerships (PPP) in the US.

Although the US is a relatively newcomer to the PPP model of financing, many well-known financial institutions such as Blackrock see PPP as gaining traction at state level. In more economically developed states such as California, Virginia, Texas, Florida, and New York, there are PPP projects successfully implemented, covering a wide range of infrastructure facilities such as road, railway, bridge and water treatment system. Due to budget constraint, local governments are motivated to advance PPP as a model of financing. Even in states that yet passed PPP-enabling legislation, the state legislatures have received an increasing number of PPP bills to be reviewed. According to a 2015 poll, over half of the respondents from lower levels of US government say they are currently handling PPP projects and believe more PPP programs will be implemented through their agencies.

The American Recovery and Reinvestment Act of 2014 is the most important factor contributing to the growth of PPP financing in the US. Based on US infrastructure needs and the role of infrastructure investment in American economic growth, it is widely believed that the popularity of PPP model is likely to grow in the future. Moody, a risk assessment consultancy argues in a study on the development of PPP worldwide that the US is poised to become the world's largest PPP market, citing the scale of US infrastructure and expanding urban population.

Challenges for Chinese Companies to Participate in Trump's Infrastructure Plan

Donald Trump has repeatedly emphasized the principle of "Buy America, Hire Americans" while mobilizing support for his infrastructure plan. 25 million jobs will be created, according to the president. In an interview, Elaine Chao reminded Chinese companies that this administration is oriented toward employment. There are foreign investments in the US that have not created jobs. "That's gonna have to change." China's conventional model of exporting capital, technology, and labor in overseas infrastructure projects is not likely to succeed in the US, given the political climate. Local politics, in particular, mitigates against Chinese participation in US infrastructure.

1. "America First"

In line with the Trump administration's "American First" principle, it is expected that American companies will be prioritized in the infrastructure plan. Homegrown companies such as engineering consulting firms, bond issuers, financial institutions, contractors and suppliers will all consider Chinese companies their primary competitors. These regional stakeholders are savvy about local politics and capable of leveraging public opinion against "foreigners taking over Americans' public assets." Ant-Financial, a subsidiary of the e-commerce giant Alibaba, encountered a setback in acquiring MoneyGram when a rival bidder requested CFIUS review of the deal. Chinese-funded infrastructure projects are particularly vulnerable to public objection mobilized by local interests.

2. Local Negotiation of PPPs

Compared to many other developed countries, the United States lags behind in adopting PPP mode to fund infrastructure projects, for three reasons: First, local infrastructure projects are traditionally financed through taxes and tax-free bonds. As a result, as long as those options remain available, local governments lack the incentive to seek alternative resources.

Second, PPP projects often involve complex financial and regulatory structures that require advanced level of expertise. Many less sophisticated local governments are not equipped to handle such projects.

Lastly, the majority of PPP programs are negotiated at local level. Local politicians are more constituents-oriented, especially during election cycle. Infrastructure projects are often politicized and thus fall prey to toxic campaigns. Driven by self-preservation, politicians tend to shy away from publicly endorsing foreign-funded infrastructure projects.

3. Insufficient interest in US local politics on the part of Chinese investors

When it comes to investing in the US, Chinese companies pay a lot of attention on American politics at the federal level. There have been plenty of studies done on Sino-US relations in general, but very few on investment climate at the local level. In fact, the American system of governance is vastly different from the Chinese one. In the US, state, county and municipal governments have their own separation of powers independent from the federal government. These lower level governments are responsible for attracting foreign investment and implementing PPP projects. Most Chinese companies lack the ability to interact in a sophisticated manner with local stakeholders such as trade unions, environmental protection agencies, advocacy groups, media outlets, etc. Some Chinese investors failed to take welfare of the local community into consideration, which contributed to the difficulty of enlisting local leadership for Chinese projects.

China - US Infrastructure Cooperation - 7 Recommendations

1. Chinese companies can win local support if they orient their US operations towards helping local governments create jobs and develop local economies.

Green field investment is the most favored type of investment by the Trump administration and local governments. Setting up factories, hiring locals and enlisting local suppliers are the surest way to win local support. According to the provision of the 2009 American Recovery and Reinvestment Act, the construction materials and operating equipment used in the US transportation projects such as aviation, railways and highways must be manufactured domestically in the United States.

The report suggests that Chinese companies in the United States comply with local market regulations and increase local procurement and employment. When it comes to selecting suppliers, consider those who hire more women, disabled and minority workers. Chinese companies are also encouraged to involve in local community affairs through building relationships with charity organizations and other nonprofits.

2. The CIC can work with private PE funds both at home and abroad to form an infrastructure consortium in which they can tap into their overseas networks to facilitate the kind of M&A deals that help circumvent protectionism in Trump's infrastructure plan.

Since direct investment may encounter stronger political resistance, the CIC suggested that Chinese companies could participate in US infrastructure projects as minor stakeholders through equity investment. Stephen Orlins, President of National Committee on US-China Relations, also advised China to establish a special infrastructure fund as a way to ease national security concern.

China has a large number of investment bankers and

fund managers with extensive overseas experience and access to US private equity partners and investment banks. The CIC proposed a sovereign-wealth-fund-led FOF or consortium, which is capable of pooling the human and capital resources of the financial industry to focus on investment in US infrastructure.

Chinese companies are also advised to work closely with the US companies they bought in M&A deals and convert them into their local partners who are in the position to help them navigate local conditions. In this way, Chinese companies can acquire more international experience in transnational business operation and grow into world-class multinationals.

3. Beijing's efforts at stepping up economic diplomacy can include an invitation to the US to participate in Third-Party infrastructure cooperation promoted by the One Belt One Road initiative.

Former National Security Adviser to the Trump administration James Woolsey once pointed out it is a strategic mistake that the Obama administration passed up the membership in the Asian Infrastructure Investment Bank. He expected that President Trump would show enthusiasm for the "Belt and Road" initiative.

In fact, AIIB President Jin Liqun extended the invitation to Donald Trump for the US to join the AIIB after he was elected president. In addition, infrastructure cooperation is also conducive to the next rounds of the bilateral investment agreement (BIT) negotiations.

Through the China-US Strategic and Economic Dialogues and other high-level diplomatic channels, the Chinese government can better communicate with the Trump administration on the benefits of being an AIIB member and the opportunities for American companies in third-party infrastructure cooperation in the "Belt and Road" initiative.

4. International PR initiatives focused on the benefits of Chinese outbound investment on foreign economies is needed, so is an institutionalized communication mechanism

at the government-to-government level to promote Sino-US infrastructure cooperation.

Trump criticized the trade deficit with China and threatened to launch a trade war against China, primarily because he needed to rally his core constituents along the Rust Belt in the process of consolidating power. Beijing needs to shift focus of China-US economic diplomacy away from trade toward investment by placing more emphasis on the positive impact of Chinese investment on the US local economy and job creation through media engagement and outreach initiatives.

Some experts and scholars have suggested that China and the United States increase exchange and dialogues to promote the infrastructure cooperation. Either the central government agencies such as the Ministry of Commerce, the National Development Commission, or the Chinese embassy/consulate in America can take the lead. At the G20 summit held in Hangzhou last year, President Xi Jinping and President Obama also pledged to promote PPP knowledge sharing at lower governments in China and the US.

5. Closer ties between provincial-state governments in China and the US will drive sub-level governments to collaborate with one another over infrastructure projects in their jurisdictions.

Under the US federal system, state governments have great autonomy to make their own policies to attract foreign investment and launch infrastructure projects. Local economic development and job creation are important criteria used to evaluate the state government performance. Therefore, local government officials and politicians, especially those from the economically less developed states, have strong incentives to build relations with China in order to woo more Chinese investors, regardless of their party affiliation or personal political conviction. There are multiple ways to leverage US state governments to strengthen the China-US relations, and one of them is to establish an annual dialogue mechanism – a Governors Forum for Chinese and American governors to discuss infrastructure cooperation and other related issues.

6. More exchanges between American and Chinese think tanks will facilitate infrastructure cooperation, since the latter have been tasked with providing foreign policy consulting services and taking an active role in China's public diplomacy.

While it takes time for Trump's presidency to mature, it takes time for Washington to build confidence and trust in Beijing and vice versa. During the transitional period, think tanks, area chambers of commerce, trade associations and other NGOs across the Pacific can all participate in track-two diplomacy and help foster mutual understanding between the two governments.

Think tanks in both countries, for instance, by the "revolving door", boast a constellation of former senior government officials having both academic strength and political influence. These thought leaders serve as a bridge, helping their governments understand each other's policies. The Chinese government is paying more attention on think tanks than ever before. Chinese think tanks are tasked with playing greater role in public diplomacy. They are also in the position to build a network connecting American NGOs such as the associations of governors and mayors, cities and counties leagues. There is no government agency responsible for promoting PPPs in the US. Instead, it is non-profit organizations such as the National Council for PPPs and the Mayors Business Council that take on the mission of advancing American PPPs.

7. Chinese think tanks can also take lead in partnering with US NGOs in the track-two settings to help cultivate international public relations favorable to Chinese investment.

There are 16 categories of infrastructures and most of them do not cause concerns about national security. The key to the success for Chinese investment in US infrastructure projects is the understanding of local politics, especially interest groups and their political representatives.

To create a favorable political and social environment for Chinese investment, it is crucial for Chinese investors to win local government support and

community approval. It is also important for them to build stories and narratives that resonate with the local constituents. Regional NGOs authorized for economic development affairs tend to have the best understanding of stakeholders from across the public and private sector and strong public relations. They can be ideal partners for Chinese investors.

Chinese think tanks, with their capacity to bridge the business and policymaking communities as well as their own experience managing media relations, are poised to take lead in the public relations campaign promoting the image of Chinese investors in the US in track-two settings.

Conclusion

The future of China-US relations is fraught with uncertainties in the context of geopolitics and the rise of de-globalization sentiment in America. However, Trump's trillion-dollar infrastructure plan provides commercial opportunities for Chinese companies and creates new potential for bilateral cooperation.

Previously, some skeptical observers claimed that infrastructure investment plan was not high on the Trump administration's agenda. Nevertheless, Transportation Secretary Elaine Chao recently denied the rumor that the Trump team and Republican lawmakers would wait until 2018 to announce the trillion-dollar plan for infrastructure. She said that the plan may come out before the end of this year.

The early days of Mr. Trump's presidency were full of disappointments - the travel ban met with defiance from the judges; the Republican-controlled Congress failed to repeal the Obamacare, for instance. The president's approval rates dipped. A frustrated Mr. Trump is anxious to prove himself to his supporters and opponents. His promises of accelerating economic growth and boosting American employment are hinged upon the ambitious spending plan on

infrastructure. However, it remains to be seen how far along is his vision from reality, given the complexity of infrastructure financing, the multiple players involved in different branches and levels of American government, and a fragmented GOP establishment.

From the Chinese perspective, Trump's hardline trade rhetoric can be understood as a sign of the president's weak leadership. What defines Trump presidency would probably depend on how the Washington establishment is flexible enough to embrace the eccentric new leader of the free world. An insecure Trump that uses his ability to appeal

directly to the mass as political ammunition would be Beijing's nightmare. China can help Mr. Trump make America great again by participating in his infrastructure plan in a way that benefits his constituents. He is now presented an opportunity – US-China infrastructure cooperation. A pragmatic and sophisticated dealmaker as he claims he is, will seize it. Infrastructure cooperation, if it is to bear fruit in terms of creating jobs and boosting the American economy, can help disperse the trade storm.

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Appendix:

List of On-going American Infrastructure Projects

Total Investment: \$137.5 billion

1. Gateway Program: \$12 billion
2. The Brent Spence Bridge: \$2.5 billion
3. National Research Lab for Infrastructure: \$2 billion
4. Locks and Dams 52 and 53 on the Ohio River: \$3 billion
5. I-95 Critical Highway Repairs, North Carolina: \$1.5 billion
6. 15 Bridges on I-95, Philadelphia: \$8 billion
7. Mississippi River Shipping Channel Dredging, South Louisiana: \$1 billion
8. NextGen Air Traffic Control System: \$10 billion
9. Plains and Eastern Electric Transmission Lines: \$2.5 billion
10. Project Clean Lake, Cleveland: \$3 billion
11. South Carolina Dams Accelerated Repairs: \$850 million
12. Hydroelectric Plants operated by the U.S. Army Corps of Engineers: \$4 billion
13. Texas Central Railway: \$12 billion
14. Cotton Belt Line Rail Project: \$1.1 billion
15. Cadiz Water Conveyance Project: \$250 million
16. TransWest Express Transmission: \$3 billion
17. Chokecherry and Sierra Madre Wind Energy/Wyoming: \$5 billion
18. Second Avenue Subway - Phases 2 & 3: \$14.2 billion
19. Savannah Harbor Expansion: \$706 million
20. Atlantic Coast Pipeline: \$5 billion
21. Champlain Hudson Power Express: \$2.2 billion
22. DC Union Station Expansion & Repair: \$8.7 billion
23. Maryland Purple Light Rail: \$5.6 billion
24. M-1 Rail, Detroit: \$528 million
25. Gordie Howe International Bridge: \$4.5 billion
26. Kansas City Airport: \$972 million
27. The Peace Bridge: \$700 million
28. MBTA Green Line Extension, Boston: \$3 billion
29. Augustin Water Preservation: \$600 million
30. I-93 Rebuild, New Hampshire: \$800 million
31. Lake Pontchartrain Bridge/Causeway: \$125 million
32. Port Newark Container Terminal Improvements: \$5 billion
33. Howard Street Tunnel: \$425 million
34. Red and Purple Line Modernization, Chicago: \$2.1 billion
35. I-395/I-95 Reconstruction: \$800 million
36. Chicago Union Station Redevelopment: \$1 billion
37. Upper Mississippi Locks 20-25: \$1.8 billion
38. Illinois River Locks - Lagrange and Peoria: \$640 million
39. Colorado I-70 Mountain Corridor: \$1 billion
40. Colorado I-25 Improvements: \$1 billion
41. IHNC Lock Replacement, New Orleans: \$983 million
42. Chickamauga Lock: \$383 million
43. Soo Locks Reconstruction: \$580 million
44. Huntington Beach Desalination Plant: \$1.7 billion
45. Upper Ohio Navigation Improvements: \$900 million
46. Monongahela River Locks-and-Dams: \$2 billion
47. Seattle Airport Expansion: \$250 million
48. Arlington Memorial Bridge:
49. Energy Storage and Grid Modernization: \$1.8 billion
50. St. Louis Airport: \$350 million

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Contributing to China with Global Vision; Serving the World with Chinese Wisdom

Founded in 2008, the Center for China and Globalization (CCG) is a Beijing-based leading Chinese independent think tank dedicated to China and globalization studies.

Boasting a strong research team, it enjoys Impressive records of publications and events with broad public policy impact on topics ranging from China's global migration, China's foreign relations, Chinese international trade and investment, China's homegrown MNCs, as well as global governance issues.

CCG currently has about 100 in-house researchers and staff members with subsidiaries and divisions spanning across Shanghai, Shenzhen, Guangzhou, and Qingdao as well as official representatives stationed overseas.

The CCG is co-chaired by three eminent Chinese: Long Yongtu, former Vice Minister of the Chinese Ministry of Commerce and chief negotiator for China's accession into the WTO; He Yafei, former Vice Minister of the Chinese Ministry of Foreign Affairs; and Ronnie Chen, Hong Kong tycoon and philanthropist.

Co-founded by well-known scholars Dr. Wang Huiyao and Dr. Miao Lu, CCG advisory board represents a constellation of prominent figures from academia, business and policymaking communities from both China and abroad.

According to the 2016 Global Go To Think Tank Index by the University of Pennsylvania Think Tank and Civil Society Program, the CCG ranked the 111th of the top think tanks worldwide and one of the world's top 40 independent think tanks. It is also ranked No. 1 independent think tank in China by TTCSP and several Chinese academic institutions.