

Timothy P. Stratford

Managing Partner, Covington & Burling Beijing
Chairman Emeritus, AmCham China
Former Assistant U.S. Trade Representative



U.S.-China Economic Relations: Entering Uncharted Waters

COVINGTON

U.S.-China Relations Today



“Now, under President Trump’s leadership, the United States is taking action to protect our nation and its partners from an increasingly assertive China.”

Fundamental Challenges



- Diverging paths with respect to:
 - Economic models
 - Ideology
 - Geopolitical objectives
- All three policy areas impact bilateral economic relations – especially in high tech sectors

Dealing with System Differences

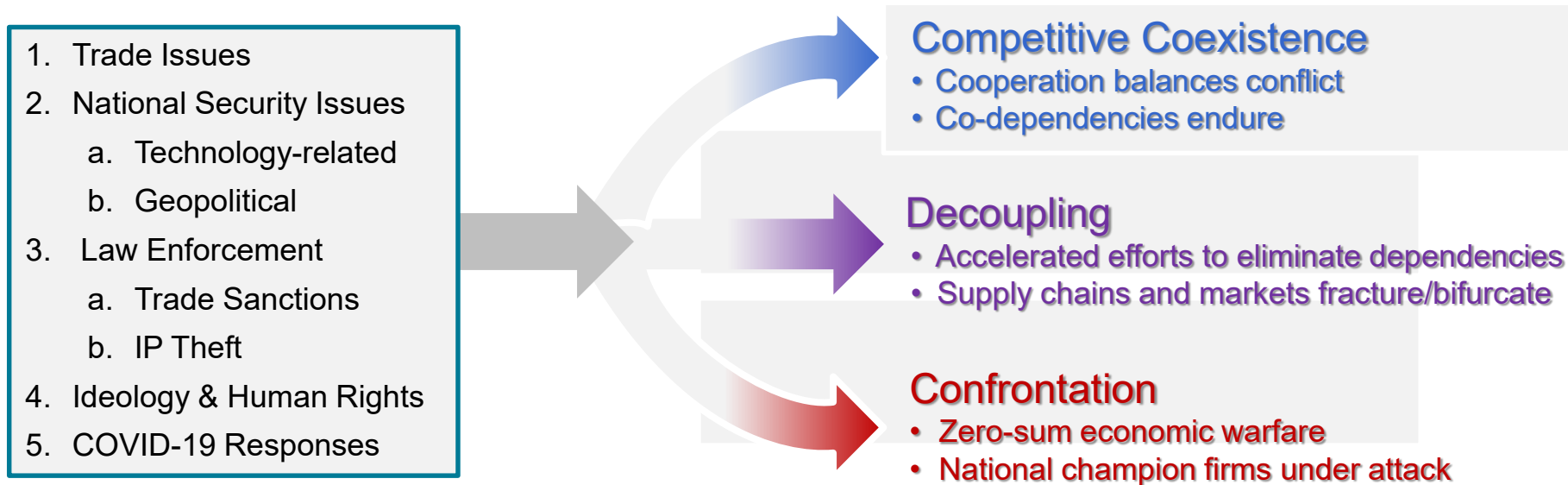
- Problems arise when teams compete with each other on the same field following different rules.

* Economic Model * Ideology * Geopolitical Objectives



Future Trajectory of the US-China Relationship

Specific friction points resulting from systemic differences that impact trade.



Possible Changes in Approach in a Biden Administration



Important to distinguish between:

Divergences
driven by *domestic
political dynamics*

vs

Divergences driven
by *actions of other
country*

More emphasis on
strengthening U.S.
capacity to compete
with China rather
than confrontation

Greater strategic
focus and effort on
working with allies
and to shape global
order

Push to “decouple”
replaced by targeted
efforts at reshoring
and “high walls around
small spaces”

Stronger emphasis on
human rights and
projecting values