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### U.S.-China Economic Relations: Entering Unchartered Waters

# **U.S.-China Relations Today**

TRUMP ON CHINA PUTTING AMERICA FIRST

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A collection of speeches laying out the most significant United States foreign policy shift in a generation

Edited by Robert C. O'Brien

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

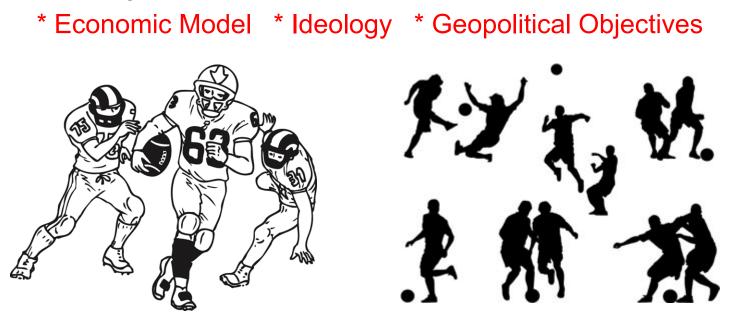
# **Fundamental Challenges**



- 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.



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## Future Trajectory of the US-China Relationship

Specific friction points resulting from systemic differences that impact trade.

- 1. Trade Issues
- 2. National Security Issues
  - a. Technology-related
  - b. Geopolitical
- 3. Law Enforcement
  - a. Trade Sanctions
  - b. IP Theft
- 4. Ideology & Human Rights
- 5. COVID-19 Responses



- Cooperation balances conflict
- Co-dependencies endure

### Decoupling

- Accelerated efforts to eliminate dependencies
- Supply chains and markets fracture/bifurcate



### Confrontation

- Zero-sum economic warfare
- National champion firms under attack

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## Possible Changes in Approach in a Biden Administration



Important to distinguish between:

VS

Divergences driven by *domestic political dynamics*  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

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