



**Asia
Business
Trade
Association**

A Changed Economic Landscape: US-China Relations

**Dr Deborah Elms
President, ABTA**

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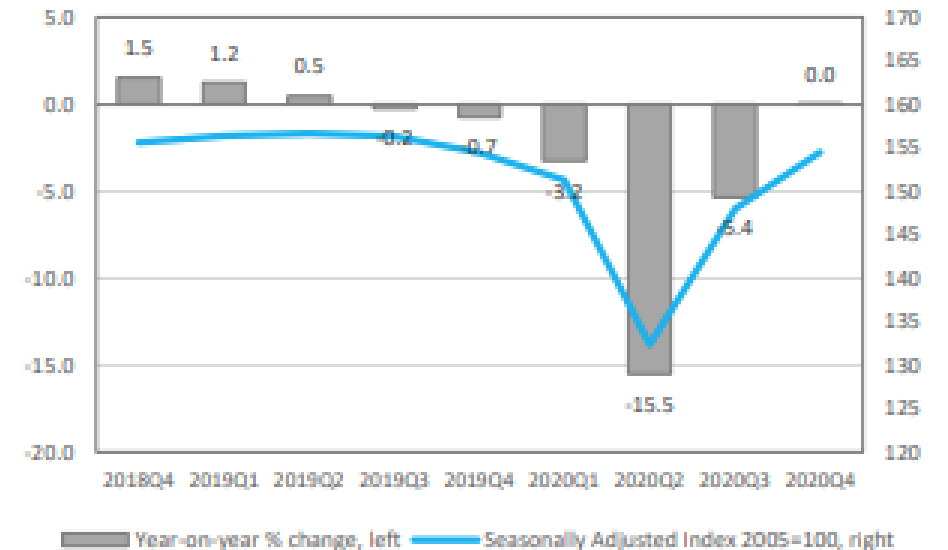


Significant Global Disruption

- Biggest global “reset” to trade since WWII happening right now
- Multilateral system not working
- Creaking global system allows actions previously unthinkable
- Enter COVID-19..
 - Sudden, sharp shifts in both supply and demand
 - Global impact
 - Rapid reset for businesses
- Governments must protect local jobs (and still collect revenue) while keeping markets open



World merchandise trade volume



https://www.wto.org/english/news_e/news21_e/wtoi_28may21_e.pdf

US Trade Policies under Trump

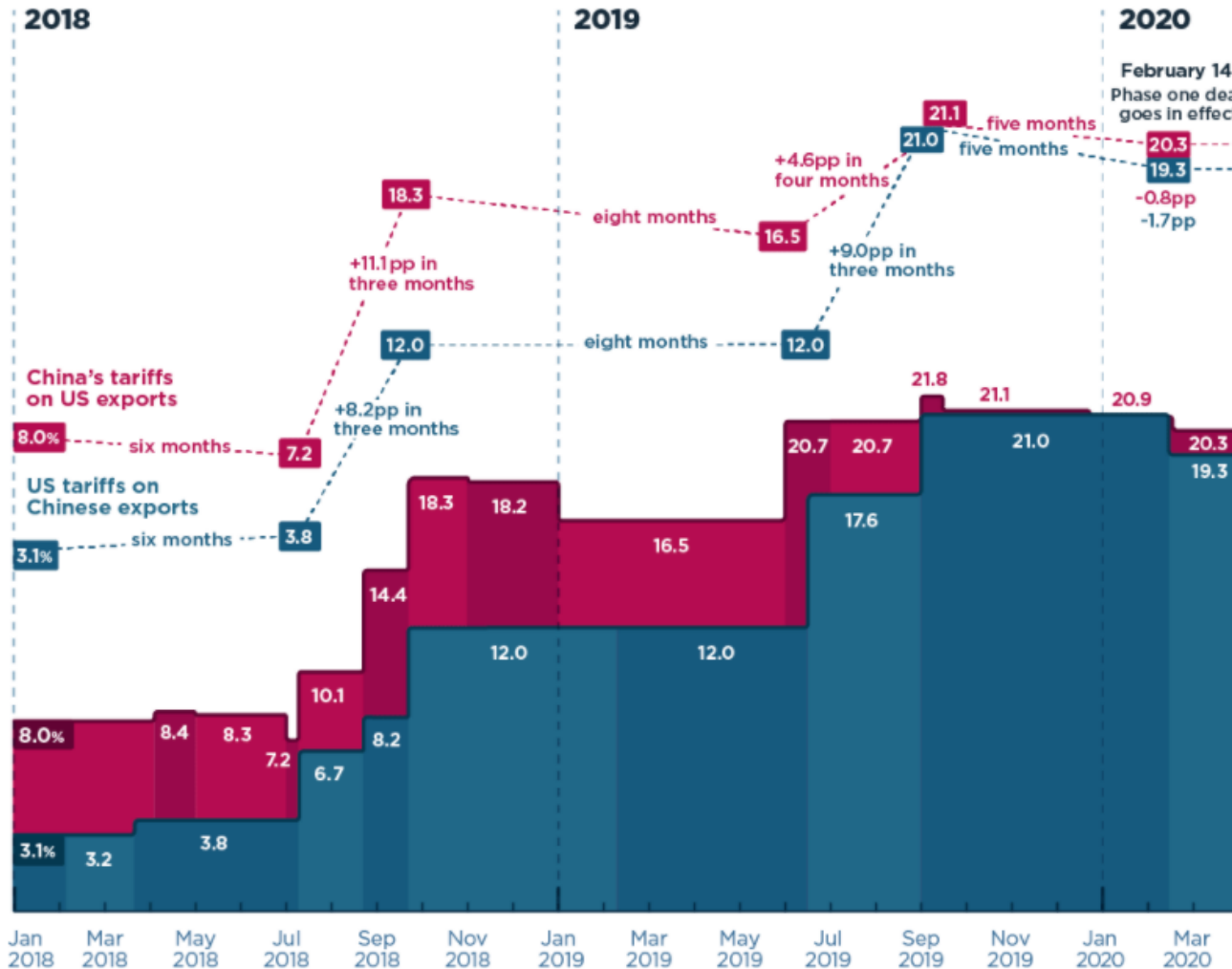
- Donald Trump pursued unusual US trade policies
 - Unilateral actions
 - Executive Orders
 - Tariffs up to 25%
 - Some proposed tariffs remain in suspension
 - Some (Section 232 on steel and aluminum) hit both adversaries and allies alike
- Phase 1 agreement in place with China
 - Mostly focused on purchases of farm goods
 - Limited additional commitments
 - Meant to be followed by Phase 2 tackling much harder topics



Impact of Section 301 Tariff Escalation US-China

US-China Trade War Tariffs: An Up-to-Date Chart

Average tariff rate, percent



Red=China's tariffs on US exports
Blue=America's tariffs on Chinese imports

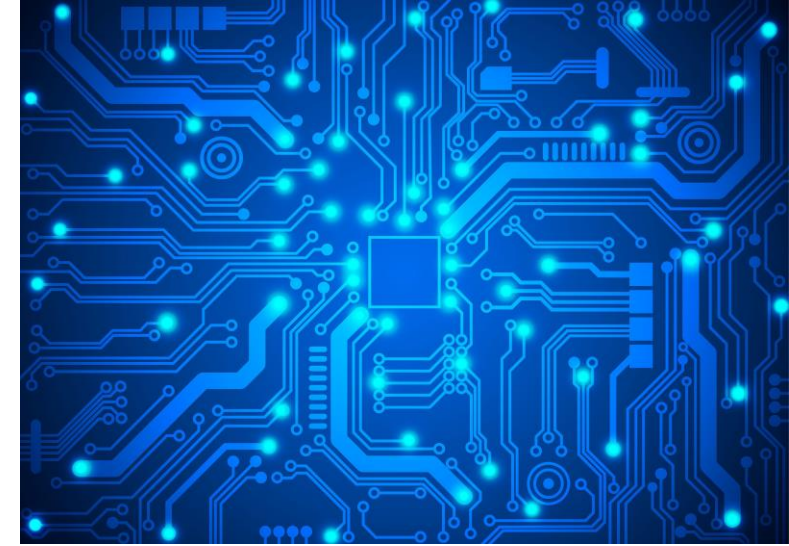
The US Elections

- Election of Joseph Biden gave opportunity for “reset”
- However, many of the same trade policies remain in place, with no clear pathway
 - Tariffs still in place
 - Problematic policies, like intellectual property rights protection, still there
- Add in new items on US domestic agenda
 - Forced labor, especially
 - Environmental concerns
 - Covid recovery plans
 - “Worker centric” trade policies still being decided
- Still waiting for information on what the US might, in practice, do vis-à-vis China and also on trade more generally



Technology: Decoupling or Divergence?

- The hardest issues in US-China today found in technology
- Decoupling: hard “wall” or line between products and services for China vs. items for the American market
 - Could force manufacturers and providers to design dual-use systems
 - Will put significant pressure on supply chains
- Divergence: less clear differences between two sides for technology
 - May still require some systems/platforms/manufacturing to be located in both locations
- One challenge: how to reshuffle supply chains to accommodate unknown future?



Asia Business Trade Association

The Asia Business Trade Association (ABTA) serves as the premier business association dedicated to the promotion of regional trade issues in cooperation with government.

The ABTA represents Asia-based companies and has three pillars of activities:

- 1) Trade and trade agreements;**
- 2) Next generation trade issues like digital trade; and**
- 3) Supporting smaller firms through the AMTC.**

Deborah Elms

President

Asia Business Trade Association

Singapore

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