Chilling US-China Economic Relations and Options for Taiwan

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Just in and Setting the Tone

Donald J. Trump
@realDonaldTrump

....My only question is, who is our bigger enemy, Jay Powell or Chairman Xi?

10:57 AM · Aug 23, 2019 · Twitter for iPhone

Donald J. Trump
@realDonaldTrump

For all of the Fake News Reporters that don’t have a clue as to what the law is relative to Presidential powers, China, etc., try looking at the Emergency Economic Powers Act of 1977. Case closed!

11:58 PM · Aug 23, 2019 · Twitter for iPhone

23.3K Retweets   90.6K Likes
Economics-Security Nexus: Interdependence or Dependence
Why to Securitize US-China Economic Relations: Political Mobilization

Economic Security is national security; China’s economic aggression, US’ economic surrender, the reversal of engagement policy
Why to Securitize US-China Economic Relations: Ideological Differentiation

• China as a non-democratic Other; State capitalism v. Capitalism; Non-market economy v. market economy.
Why to Securitize US-China Economic Relations: Authority and Justification

- Authorization for the Measures to be Taken.
- Shield from the WTO challenges as a Justification
Policy Instruments

• International Economic Emergency Power Act
• Section 232 of the Trade Expansion Act of 1962
• Section 301 of the Trade Act of 1974
• Export Control Reform Act 2018.
• Foreign Investment Risk Review Modernization Act (FIRRMA) of 2018.
Key Measures Adopted

Section 232 Steel and Aluminum Investigations

• Section 301 Investigation
• Export Restrictions against ZTE (subsequently lifted)
• Addition of Huawei to Entity List
• Blocked inbound investments from China or China-related entities, including Broadcom’s purchasing attempt of QUALCOMM
• Declared National Emergency on Information and Communications Technology
• Designated China as a Currency Manipulator.
Are these Measures Effective?
Options for Taiwan: Three-Level Analysis

• National Level: From Ma Administration to Tsai Administration
• Party Level: DPP, KMT and TPP (Taiwan People’s Party)
• Firm Level: Shoe-making and Textile; Personal Computer and Electronics; Integrated Circuit (IC) industries
National Level
Party Level
Frim Level: Shoe-making and Textile: Makalot Industrial Co.
Firm Level: PC and Electronics

- Foxconn
- PEGATRON
- ASUS
- Acer
- Quanta Computer
- Inventec
Firm Level: IC Industries
The Impact of US-China Trade War: TW and KR
The Impact of US-China Trade War: TW and KR
Taiwan’s Policy Instruments in the Midst of US-China Trade War

- “New South Bound Policy”
- Action Plan for Welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan
- Outbound/Inbound investment reviews
- Sensitive Technologies
- Government Procurement on Critical Infrastructure
Coming Soon

Wilson Center Policy Analysis under Asia Program
Full text on SSRN (Chien-Huei Wu) and journal article.
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