

What's Been Happening

1 — Slow-Walking the Build Back of U.S.-China Ties — 1**[In One Sentence]**

- The White House has nominated R. Nicholas Burns, an experienced ex-diplomat and scholar, to be U.S. Ambassador to China.
- The White House has also nominated Matthew Axelrod, a longtime criminal attorney and a Department of Justice veteran, to be the Assistant Secretary for Export Enforcement at the Commerce Department.
- Ambassador Katherine Tai supported the nomination of Christopher Wilson as the U.S. Trade Representative's first-ever Chief Innovation and Intellectual Property (IP) Negotiator, stating that he is "uniquely qualified to fill this important new position."

[Mark the Essentials]

- Although Burns, who had close ties to the President over the years, is not viewed as a China policy expert, his nomination marks a major shift from politician to career diplomat for Washington's top envoy in Beijing.
- Axelrod was on Biden's Department of Justice Agency Review Team and was recently serving as Special Counsel at the White House, working on both domestic and national security matters.
- The Chief IP Negotiator is expected to take on a broad range of responsibilities from strengthening enforcement of IP-related obligations in trade agreements to leading the negotiation of new IP agreements bilaterally and multilaterally, especially in the area of digital trade.

[Keeping an Eye on...]

- The nomination of Nicholas Burns as Ambassador to China has come at a time when the U.S.-China relationship is at a historic low. The veteran diplomat, who notably has close ties to the President, will need to play an essential role in facilitating the return of the diplomatic relationship to a more stable 'new normal'. Meanwhile, Washington also seeks to further address the challenges on the trade and technology front. The nomination of Matthew Axelrod as Assistant Secretary for Export Enforcement signals the administration's consistent view of export control measures as a critical element of its China-centric toolkit to ensure national security. If confirmed as the Chief IP negotiator, Wilson will encounter numerous IP protection-related challenges linked to relations with China. Should Burns be confirmed as Ambassador to China, it would be an equally weighty challenge for him to strike a fine balance between restoring bilateral diplomatic engagement and protecting the U.S.' national security interests on the trade and technology front.

[Expanded Reading]

- [Biden Nominates Burns and Emanuel to Be His Ambassadors to China and Japan](#), *New York Times*, August 20 [Paywall]
- [Biden picks Burns for China ambassador; Emanuel for Japan](#), *AP News*, August 20
- [President Biden Announces His Intent to Nominate Three Individuals to Serve as Ambassadors](#), The White House, August 20
- [Statement from Ambassador Katherine Tai on Pagán and Wilson Nominations](#), Office of the United States Trade Representative, August 10
- [Biden Taps Obama Justice Veteran for Commerce Export-Control Job](#), *Bloomberg*, August 18 [Paywall]

2 — **Build Back Stronger Ties with Southeast Asia** — 2

[In One Sentence]

- U.S. Vice President Kamala Harris visited Singapore and Vietnam during her recent Southeast Asia trip.
- The U.S. Chamber of Commerce had urged Vice President Harris to use this trip to initiate discussions on digital economy standards and deepen trade ties with the region.
- In public remarks, the Vice President placed accusations against China over the South China Sea dispute and reaffirmed U.S. commitment to regional allies and partners and said that the U.S. would not push Asia to pick sides.

[Mark the Essentials]

- During an August 24 speech delivered in Singapore, U.S. Vice President Kamala Harris offered the U.S.' chairpersonship of APEC (Asia-Pacific Economic Cooperation) in 2023 and reaffirmed an “enduring” U.S. commitment to Southeast Asia and the Indo-Pacific.
- Earlier, during her Singapore visit, Vice President Harris and Singapore Prime Minister Lee Hsien Loong said the two countries would launch a U.S.-Singapore partnership for growth and innovation as well as a high-level dialogue on supply chain resilience.
- It was reported that trade and supply chain issues featured heavily in the Vice President’s agenda of discussion with Singapore and Vietnam—both of whom are viewed as “important economic partners.”

[Keeping an Eye on...]

- The Vice President’s trip to Asia, which is also her first visit beyond the American continent, sends a strong signal that the U.S. is committed to the Southeast Asian region, which was relatively “ignored” by the previous administration. The outcome of her trip, especially the cooperative arrangements with Singapore, indicates a consistent desire on the part of this administration to address supply chain and trade policy challenges. That being said, a single vice-presidential trip cannot fully address the dilemmas that Washington faces in the region. On one hand, China’s proximity and its economic power makes it an irresistible trading partner and makes Southeast Asian nations’ alignment with the United States less likely. On the other hand, the Southeast Asian and the broader Indo-Pacific region is also the critical locus of ongoing supply chain competition between China and the U.S. To successfully swing the region towards a more favorable alignment with American economic interests, this administration will have to contribute more than just security commitments and sectoral digital trade deals.

[Expanded Reading]

- [US offers to host Apec meeting in 2023: Kamala Harris](#), *The Strait Times*, August 24
- [Remarks by Vice President Harris on the Indo-Pacific Region](#), The White House, August 24
- [Harris Blasts China, Says U.S. Won't Push Asia to Pick Sides](#), *Bloomberg*, August 23
- [Official Visit of Vice President of the United States of America Kamala D. Harris, 22 to 24 August 2021](#), Singapore Ministry of Foreign Affairs, August 23
- [FACT SHEET: Strengthening the U.S.-Singapore Strategic Partnership](#), The White House, August 23
- [Harris touches down in Southeast Asia](#), *Politico Weekly Trade*, August 23
- [VP's Visit to Southeast Asia Affirms Need to Enhance U.S. Trade Ties](#), U.S. Chamber of Commerce, August 18

3 — Slow on China, Swift on Digital Trade — 3

[In One Sentence]

- Ambassador Katherine Tai said that the Biden administration and USTR are conducting a “comprehensive review of U.S.-China trade policy.”
- Earlier, in an August 19 interview, Ambassador Tai said that the U.S. is “actively working” with partners to establish rules for the digital economy.
- U.S. and European Union officials said that they would hold their first Trade and Technology Council (TTC) meeting this September.

[Mark the Essentials]

- The TTC's working groups, concentrating on specific topics and mandates, have been instructed to meet separately ahead of the first U.S.-EU Trade and Technology council meeting in September 2021.
- Studies show that most companies are satisfied with the e-commerce provisions in the Comprehensive and Progressive Trans-Pacific Partnership (CPTPP) agreement, while a few have raised concerns over enforcement quality.

[Keeping an Eye on...]

- Seven months into the Biden administration, the White House has yet to lay out its overall trade policy strategy and approach vis-a-vis China. An overarching approach provides critical guidance to the substantive aspects of policy, including in rapidly evolving areas of rulemaking such as digital trade. The lack of an overall approach does not help either in understanding the next steps forward on the destructive Trump-era tariffs. On the other hand, trade and technology cooperation with its allies and partners in Europe and the Asia-Pacific continues apace, although with some hiccups there too. There will nevertheless come a point—and it will come soon—when Washington needs to establish a clear trade policy-related strategy on China, especially given China's active stance on trade policy liberalization and digital economy regulation. Without a clear trade policy strategy vis-a-vis China, America's pursuit of reengaging regionally and multilaterally will face coordination problems with European and Asian partners.

[Expanded Reading]

- [The U.S. is reviewing its trade policy with China, says USTR Katherine Tai](#), *CNBC*, August 25
- [Readout of Ambassador Katherine Tai's Virtual Meetings with U.S. Chamber China Center Advisory Board and US-China Business Council](#), Office of the United States Trade Representative, August 24

- [U.S. Chamber China Center Advisory Board Welcomes Meeting with USTR Katherine Tai Pledges Cooperation to Support U.S. Workers, Advance Innovation, and Strengthen the U.S. Economy](#), U.S. Chamber of Commerce, August 24
- [Talking trade with Ambassador Tai](#), *Northwest Asian Weekly*, August 19
- [What Do CPTPP Member Country Businesses Think about the CPTPP?](#), Center for Strategic and International Studies, August 24
- [Potential for progress, obstacles as U.S.-EU trade and tech council gets started](#), *Inside U.S. Trade*, August 16
- [POLITICO Digital Bridge: Online extremism — Post-COVID surveillance — Trade and Tech Council](#), *Politico*, July 29

On the Hill



[In One Sentence]

- Senate Democrats introduced the Industrial Finance Corporation Act to finance investments in high-tech and advanced manufacturing.
- Senator Bob Casey has proposed a bill to screen outbound investments that threaten national critical capabilities, which might get bundled into the National Defense Authorization Act.
- The work of establishing funding for the CHIPS Act remains a slow-moving process with minimal forward movement.

[Mark the Essentials]

- Sen. Chris Coons and six other Senate Democrats propose to authorize the creation of an Industrial Finance Corporation of the U.S. to finance projects in sectors of significance to national security, such as semiconductors, quantum computing, artificial intelligence, cybersecurity, and biotechnology.
- Sen. Casey and Sen. Cornyn co-sponsored the proposal as an amendment to the US Innovation and Competition Act (USICA) this May, but which was voted down due to strong lobbying pressure from industry.
- National Security Advisor Jake Sullivan had hinted earlier in the year that the Biden administration was actively studying an outbound investment screening mechanism.

[Keeping an Eye on...]

- Lawmakers continue their push for legislation aimed at competing with China in the high-technology and advanced manufacturing sector. There are two general approaches: 1) invest in U.S. high-tech industry and build up U.S. advanced manufacturing capacity and innovation capabilities, and 2) use regulations to control the flow of building block technologies and critical equipment and instruments to China. Although Congress has been united in principle on competing aggressively with China, the devil has lain in the details, leading to more divergence than convergence across the aisle.

[Expanded Reading]

- [Sen. Coons, colleagues seek to create new domestic manufacturing investment corporation](#), Senator Chris Coons Press Release, August 12
- [The Bill That Could Truly, Actually Bring Back U.S. Manufacturing by Robinson Meyer](#), *The Atlantic*, August 18