

Dear Policy+ Subscribers,

On October 24, Vice President Pence delivered his long-delayed [speech](#) on U.S.-China relations at the Wilson Center one year after his [speech](#) at the Hudson Institute in 2018.

Here are some highlights:

Hopeful deal comes with a harsh stance

- **YES**--the Vice President described U.S.-China trade negotiations in a relatively optimistic tone. Heavily underscoring Trump's outreach to China, personal relationship with Xi, and desire for practical cooperation, Pence stressed repeatedly that the Trump administration **remained hopeful** for the future.
- **BUT**, at the same time he also spent a considerable amount of time underlining Chinese economic policies that the Trump Administration has long argued threaten both the US domestic economy and its standing internationally. From intellectual property concerns, to technology transfers and violations of international trade rules, Pence painted China as **an active danger** to U.S. interests.
- In the Q&A portion of the event, Pence was asked directly about the recent 'Phase 1' deal and the potential for a 'Phase 2.' While expressing gratitude for the small step in

the right direction that Phase 1 symbolized, Pence reiterated that any future comprehensive deal would have to encompass the large **structural** problems.

- The Vice President emphasized on many occasions that the Trump Administration was prepared to continue its **harsh** policies towards China until their trade relationship is wholly redefined.

Not a fan of MNCs in China

- The Vice President said that China was coercing corporate America by appealing to corporate greed and in return, a lot of businesses "**kowtow to Beijing**" on sensitive territorial and social issues related to Tibet, Taiwan, and Hong Kong.
- He called out Nike and the NBA by name, and said some U.S. businesses were "acting like a wholly owned subsidiaries" of China. "It is not just wrong, it's **un-American**. American corporations should stand up for American values here at home and around the world."
- That said, Pence tied future bilateral policy in the region to the US-China trade relationship. At one point, Pence said it would be **harder** to make a trade deal if the authorities used violence to quash protestors in Hong Kong. Pence said he was pleased that the extradition bill was formally withdrawn and that Beijing had shown some constraint.

Room for collaboration

- Pence simultaneously emphasized the Trump administration's desire to cultivate a **mutually beneficial** relationship with China while at the same time, condemning both 'unfair' Chinese policies and the US companies who were enabling Beijing's repression.
- Although the Vice President addressed the topics of human rights, denuclearization of the Korean Peninsula, and military expansionism, Pence primarily discussed



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those topics and the future of the US-China relationship through the lens of potential opportunity and economic **cooperation**.

- On the questions of whether or not this Administration sought to “de-couple” from China, Pence said the answer was a “**resounding ‘no.’**”

That's all for today. We will be sending out more information on the November 19 Policy+ year-end banquet next Monday. Please stay tuned and let us know if you have any questions. Meanwhile, please remember to work with your team on our 2020 China Business Climate Survey before the deadline approaches!

Best,

AmCham China Government Affairs and Policy Team



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