

Name

Class Title

Date

Participant Memoir

The US-China trade war is one of if not the biggest trade war ever, between the two largest economies in the world. The trade war has large implications on both sides but especially for China as it is highly dependent economically on the United States and also important for the US as President Trump has touted a tough stance on China as one of his biggest policies rolling into an election year in 2020. Luckily for both sides, we were able to reach a deal that helps to alleviate the pressures caused by the trade war. In this chapter I will detail my role in negotiating such an important historical deal. I will describe my goals for my own domestic interests, speak to early negotiations within my own country, talk about my expectations heading into the final negotiations and provide insight into my thoughts on the final deal.

The Chinese domestic interest group that I represented was the interests of Chinese national security. My interest views the trade war as a new “Cold War” between China and the US as the US sees China as a threat that needs to be contained. We viewed the US as the aggressor in trying to contain China but understands that China has lower overall capabilities than the US and that China is very dependent on the US so that a deal must be reached. Although a deal is necessary my interest group knows that the US-China rivalry will be for the long haul and China needs to protect and grow China’s techno-industrial capabilities and become less reliant on the United States. These steps are all necessary to ensure that China can grow an edge in competition with the US for years to come. Going into the negotiations I had thought that the most important thing was to get the edge in the techno-industrial industry. For this the number one thing that must happen in any deal was to get tariffs to be reduced to 2017 levels. This is the only way to alleviate economic stagnation in the economy and work on industries for future competition. The next big goals I wanted to achieve was to get the US to take a limited approach in banning the export of dual-use technology into China and to get the US to lift bans on high tech exports such as integrated circuits and aircraft to China these both being key to growing this industry and competing with the US in the future. My last set of major goals was to get the US to give equal treatment to Chinese companies in national security review and to concede importing American goods in food and energy to lessen China’s reliance on the US and help grow Chinese companies. I was most concerned about forced technology transfer and strengthening IP protections. For my interest group giving up either one of these would be costly but I thought that they may be a big issue for the US side in negotiations. These were the goals on the top of my agenda heading into negotiations with other Chinese stakeholders.

Bargaining with my domestic team overall was very amicable as I felt we all wanted to get the best deal overall for China but my specific issue stance did find some challenges. My biggest challenge was getting large negatives on concessions of both strengthening IP protections and force technology transfer. Going into negotiations I wanted both of these to be of high importance not to concede. I made an effective pitch to stakeholders that these were two of the most important concessions and they agreed as we ended up giving them both the highest point totals of any concessions. The challenge came as other stakeholders had concessions they did not

want to give up like creating development zones that I did not have as much of a stake in. I realized that I would have to give some points up in my top concessions. I ended up trading off some points for IP protections and getting high points for forced tech transfer which I saw as the most important of the two and getting points for no concessions on Taiwan which I wanted but held less of a priority on. On the asks side we were all in agreement that reducing tariffs to 2017 levels was a top priority. I used a strategy of explaining how crucial high tech capabilities and fair competition would be for the future of China in competition to the US in successfully getting dual-use technologies and fair competition for Chinese companies to the second and third highest ask point totals. The only topic out of my main goals that I had to trade off was lifting bans on circuits and aircrafts to China and this was because the interests of other stakeholders to have respecting Chinese sovereignty and loosening visa restrictions. This was a trade off I was willing to make as I also wanted to get the US to respect Chinese sovereignty for my interests even though it wasn't as large of a goal for me and although I didn't care for the visas to be included I was able to convince them that it should have a small point total. I also succeeded in making a case for increasing American imports to be a very small concession as I explained to the group that this would be good to reduce Chinese reliance on the US. Talks were amicable as I ended up succeeding in getting my top three goals to be the top three asks and getting my top two concessions to have the top two negative point totals. I was feeling confident about the teams overall strategy heading into final negotiations with the other side.

As far as entering the negotiations I expected them to push for strengthening IP protections and forced technology transfer by using our need for the reduction of tariffs as leverage. This was one of the reasons I let IP protections have a lower negative point total in the position paper because I expected to have to give it up. I expected them to ask for both and give us either the dual-use technologies ask or the security review ask along with reducing tariffs and I thought they may ask for steel-subsidies as well. I expected that they would agree to something in which they got IP protections and something like development zones and steel subsidies in return for giving up tariff reduction and either dual-use technology or equal treatment in the national security review for Chinese companies. I think that we needed to get a deal done more than they did because of the economic stagnation that is happening in China because of the trade war so that they may exploit this leverage and take a more hard-line approach. The strategy we used was to not give up forced tech transfer and to use IP protections to try and get either get the dual-use technology ask or the security review ask while also using concessions we deemed as not being harmful to our interests like increasing American imports and honoring the hacking truce. We did consider the long term strategy of future competition with the US that is why we were prepared to refuse concessions on forced technology transfer and ask for dual-use technology and equal treatment for Chinese companies as top priorities going into the negotiations.

Luckily for our side, we were able to reach an agreement with the US in a fairly quick manner. The first contentious issue was IP protection as they asked for this right off the bat which to counter we asked for both a limited approach to dual-use technologies and equal treatment to Chinese companies in the national security review which we ended up getting both rather easily to my great surprise. All of the concessions we gave up besides IP protections we gave up rather easily because we didn't feel any of these were major concessions like increasing American imports, which was a goal of mine anyways, honoring the hacking truce and ceasing steel and aluminum subsidies especially when considering what we got in return. Reduction of tariffs was another thing that they gave up right off the bat which was a great surprise to me and

my team. The stakeholders on our side all seemed to be unified in our counter offers because they were good deals that we were willing to complete for all parties. I was very surprised that the US side agreed to our last counter offer I entirely believed they would counter offer with at least one more ask in which we were prepared to try and get something in the name of respecting Chinese sovereignty in exchange without giving up forced tech transfer. This is where I expected the tough negotiations to be and thought that we may have to give up more in order to reach a deal which was very important to our side. Though they took our second counter offer and I was very satisfied with the deal as we got four of our five asks and only left 10 points on the table while only conceding things with very low point totals except for IP protections which we were willing to give considering what we got. My interest group also got my top three asks while only having to give up IP protections as a major concession making the deal a huge success. The only thing I could have done differently would be to push more for the lifted high tech bans in the early team negotiations but in the end my interest group got a hugely successful deal.

In the end I was proud of the deal that our China team was able to negotiate and felt confident about bringing it home to China and to my interest group. It would have been very costly for China to have gone farther in increasing tariffs and to get such a wide diplomatic victory for our side was historic. The goals of my interest group in reducing tariffs to 2017 levels, getting the US to take a limited approach on its exports of dual-use technology, getting equal treatment for Chinese companies in the national security review and increasing American imports in food and energy were all achieved. The only major goal I had to leave on the table was getting the US to lift high tech exports and giving up IP protections but I was able to keep forced technology transfer off the table. Our team worked well together for the overall goals of China and my interest group as we achieved a surprisingly wide victory over the United States.