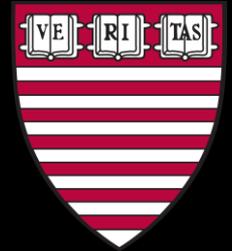


FEPOR Sixth Annual Stakeholders' Conference

Europe's place in a Sino-American world



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Overview

1. **COVID-19 Impact**
 - a. **US-China Trade War**
 - b. **Implications for US-China relations**

1. **US Ports**
 - a. **Vulnerabilities/Dependencies**
 - b. **Biden action on supply chains**
 - c. **US, China, EU economic recovery**

1. **COP26**
 - a. **Trade implications**
 - b. **EU, China, US relations**

1. **November 16 Virtual Summit with Biden and Xi**
 - a. **Outcomes, expectations**

1. **EU Global Gateways and OBOR/BRI**

1. **Future Chinese investment in EU?**

Did the COVID-19 crisis impact the US/China trade war and the relationship between the two countries?

Covid-19 and trade war:

- Trade war began during Trump administration
 - Motivated by US push for energy independence, manufacturing concerns
 - Inflammatory rhetoric by Trump administration
 - China's desire to assert economic power as key player in global economy
 - Tensions intensify during pandemic
 - Higher consumer prices, lower corporate profits, unstable markets, slow economic growth

● US-China Relations:

- Covid-19 along with nationalism and tense trade war have strained relations
- Pandemic significantly damaged Asian and US economies
- Slow progress and unfulfilled promises on trade agreements
- Biden admin. continuing to enforce Trump's "phase one agreement"
 - What happened to China's commitment to purchases of US goods?

US Ports: Vulnerabilities and Dependencies

The current disruption in US ports has revealed the vulnerability of the US and their dependency on foreign carriers regarding supply chains.

Vulnerabilities and dependencies:

- Exacerbated by COVID-19 pandemic
- Surging consumer demand
- Labor shortages
- Overseas manufacturing delays
- Outdated infrastructure
- Limited data-sharing between private sector and goods movement chain

-Biden aiming to rectify some trade tensions

-Canceling trade tariff on European steel/aluminum /
Transatlantic cooperation

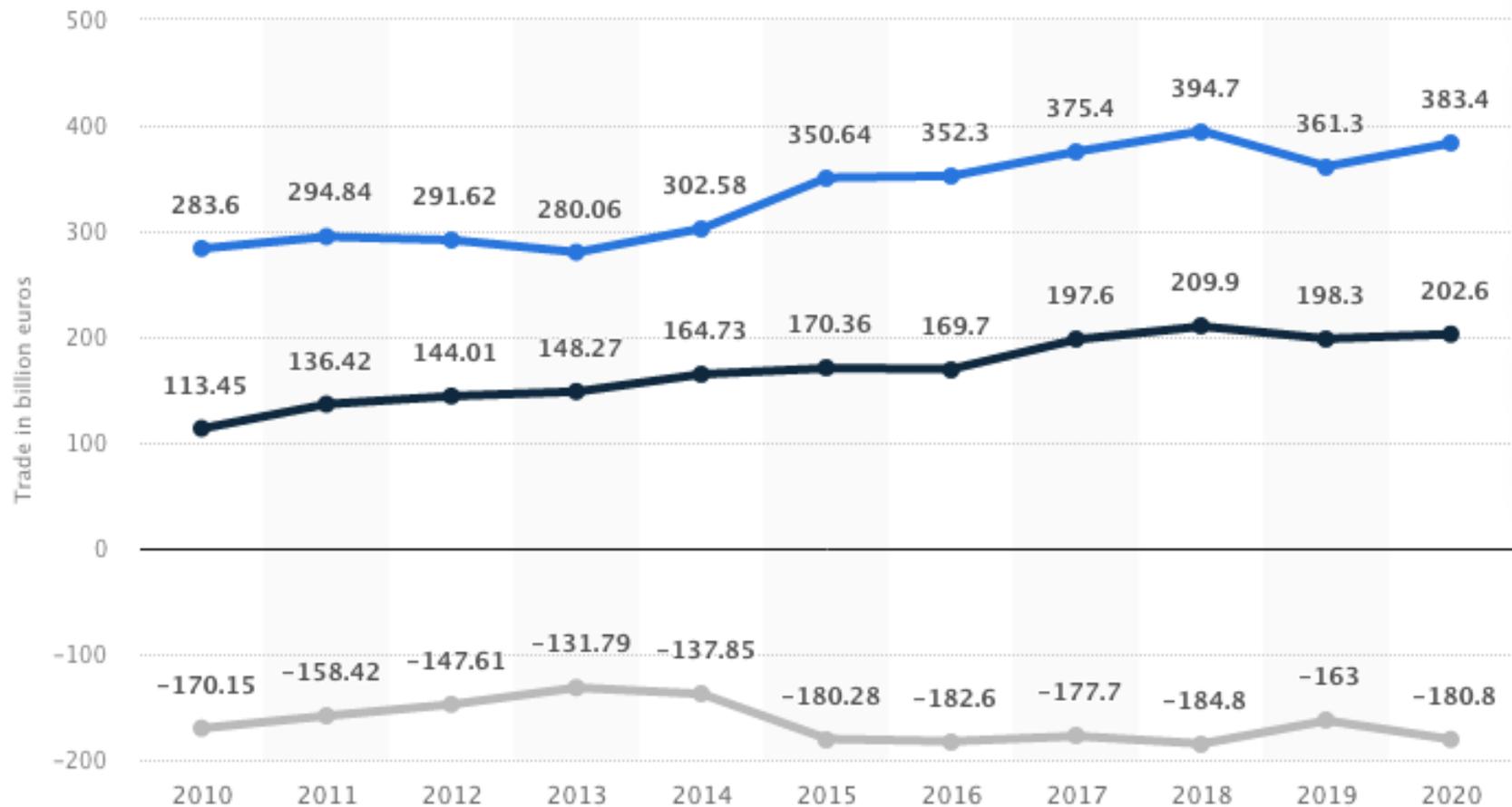
● The Biden-Harris Action Plan for America's Ports and Waterways

- **Bipartisan Infrastructure Deal**
 - **\$17 billion to improve infrastructure**
 - **Near-term assistance**
 - **Long-term investments to strengthen supply chain resiliency**
 - **Standardize data-sharing requirements for shipping lines, terminal operators, railroads, etc.**
 - **Single largest federal investment in American history**

Are the US and China recovering faster than the EU?

- “Eurozone Economy Outpaces U.S., China, but Tougher Times Lie Ahead” (Wall Street Journal, October 29th 2021)
 - Eurozone economy grew rapidly/outpaced US and China during the summer
 - Growth not expected to continue
 - Supply-chain bottlenecks
 - Rising prices
 - Eurozone GDP growth: 9.1% (seasonally adjusted rate)
 - US: 2%
 - China: 1%
 - COVID-19 surge in Europe expected to threaten economy again
 - Expectations for economic output deteriorating in eurozone
 - US and China expected to continue on track of growth/recovery

EU-China Trade



COP 26: Trade and US-China Relations

- Glasgow (COP 26)
- US-China cooperation on climate objectives

Outcome:

- “US-China Joint Glasgow Declaration on Enhancing Climate Action in the 2020s”
 - Accelerating green and low-carbon transition and climate innovation technology
 - Regulatory frameworks and environmental standards relating to reduction of greenhouse gas emissions
 - Focusing on critical aspects of circular economy (green design, renewable resource utilization)
- Latest sign of thaw in US-China relations
- Followed resumption of high-level trade talks

Biden and Xi Virtual Summit

- November 16th
- Virtual summit between Biden and Xi

Outcome:

- Did not result in any significant breakthroughs or deliverables
- Lessening hostility
- An open dialogue focusing on:
 - Human rights
 - Taiwan
- Intended to (re)open channels of communication
- “About developing ways to manage competition responsibly”
- No direct mention of trade/economic ties, so remains to be seen how effective such a summit is for cooperation

EU's Global Gateway Initiative and OBOR/BRI

- Announced on September 15, 2021 by European Commission
- Connectivity grand strategy
 - \$46 billion
 - Digital, transport, energy, and trade projects
- EU's response to the Belt and Road Initiative (BRI)
- Without coordination with G7's "Build Back Better World" plan, unlikely to be a meaningful alternative
- Growing EU disillusionment with China
- No announced dedicated budget or staff
 - Would need specific allocation of agencies, staff, and increased funds for investment to be successfully implemented

Future of Chinese investment in EU

- After a series of investments from China into ports, what does the future look like?
 - In the past decade, China has acquired 13 ports in Europe
 - Greece, Spain, Belgium, Germany-Duisburg
 - Italy: status quo
 - About 10% of Europe's shipping capacity
- In recent months, China's investment in the EU has dropped by nearly 2/3rds
 - Largely due to pandemic
 - Brussel's new regulation on foreigners buying up strategic European assets
- Increasing scrutiny from EU into foreign investments
 - Refining investment screening tools in the EU
- Uncertain future of Chinese investment in EU