Changing Business Environment: Who Will Win the US China Competition

Prof. Peter Fong

3.2025

1

1

Presentation Outline

1. The Cycle of Rise & Fall of World's Great Powers
2. How the US Became a Superpower
3. China's Development Strategies
4. The Rapid Rise of China
5. The US is Trapped in a Downward Spiral
6. The US Strategies to Contain China's Rise
7. What Will Trump Do in Trump 2
8. What Strategies Can China Adopt under Trump 2
9. The US China Relationship Over Time
10. Potential Outcomes of the US China Competition
11. Conclusions

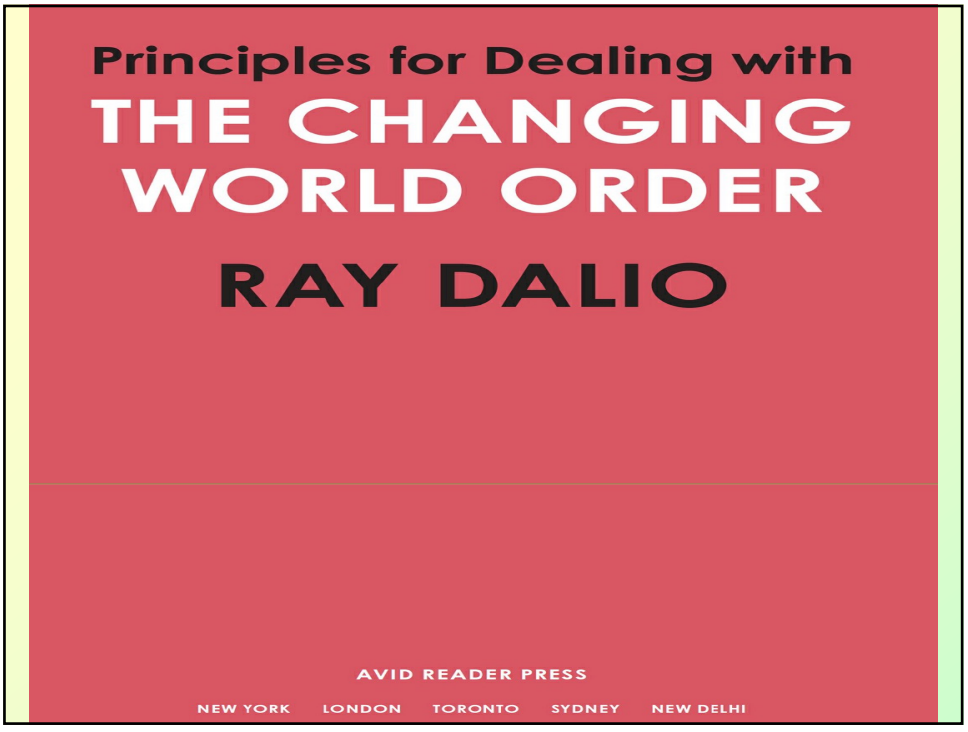
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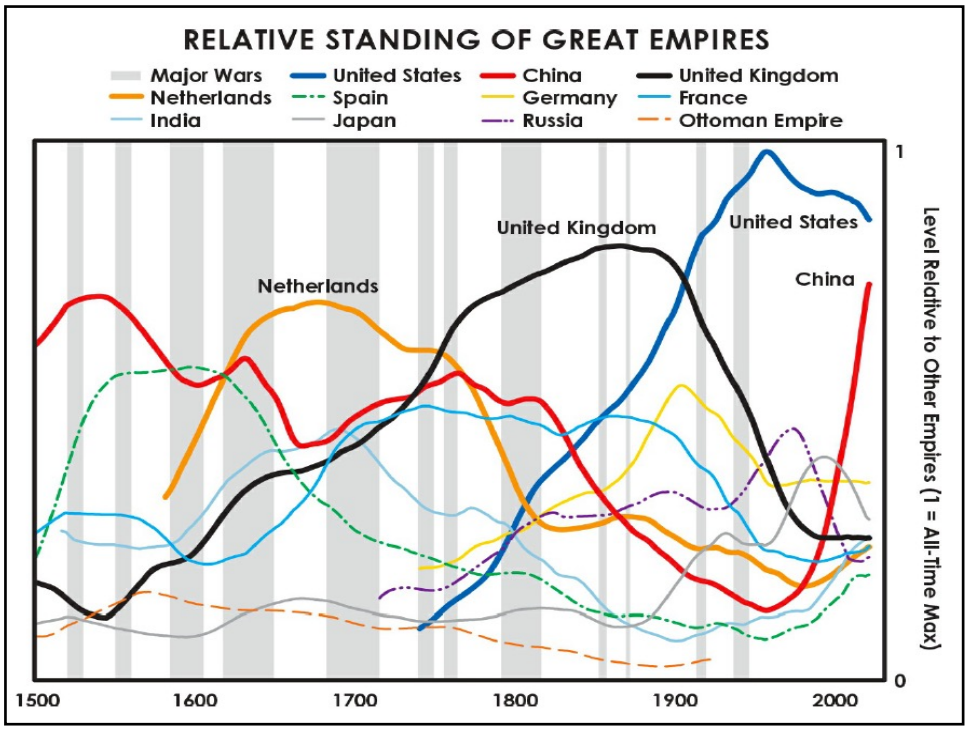
1. The Cycle of the Rise & Fall of World's Great Powers

3

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- China was dominant for centuries (consistently out-competing Europe economically and otherwise), though it entered a steep decline starting in the 1800s.
- The Netherlands, a relatively small country, became the world's reserve currency empire in the 1600s.
- The UK followed a very similar path, peaking in the 1800s.

- Finally, the US rose to become the world's superpower over the last 150 years, though particularly during and after World War II.
- The US is now in relative decline while China is rising again.

6

Determinants of Wealth and power

1. Education
2. Competitiveness
3. Innovation and technology
4. Economic output
5. Share of world trade
6. Military strength
7. Financial centre strength
8. Reserve currency status

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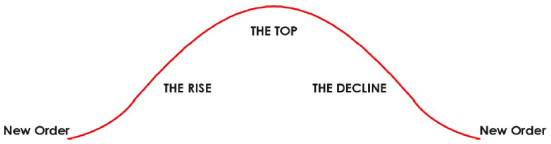
EIGHT DETERMINANTS OF WEALTH AND POWER

The single measure of wealth and power that I showed you for each country in the prior charts is a roughly equal average of 18 measures of **strength.** While we will explore the full list of determinants later, let's begin by focusing on the key eight shown in the next chart: **1) education, 2) competitiveness, 3) innovation and technology, 4) economic output, 5) share of world trade, 6) military strength, 7) financial center strength, and 8) reserve currency status.**

8

THE ARCHETYPICAL BIG CYCLE

Broadly speaking, we can look at these rises and declines as happening in three phases:



The Rise:
The rise is the prosperous period of building that comes after a new order. It is when the country is fundamentally strong because there are a) relatively low levels of indebtedness, b) relatively small wealth, values, and political gaps between people, c) people working effectively together to produce prosperity, d) good education and infrastructure, e) strong and capable leadership, and f) a peaceful world order that is guided by one or more dominant world powers, which leads to...

9

The Top:
This period is characterized by excesses in the form of a) high levels of indebtedness, b) large wealth, values, and political gaps, c) declining education and infrastructure, d) conflicts between different classes of people within countries, and e) struggles between countries as overextended empires are challenged by emerging rivals, which leads to...

The Decline:
This is the painful period of fighting and restructuring that leads to great conflicts and great changes and the establishment of new internal and external orders. It sets the stage for the next new order and a new period of prosperous building.

10

World's No.1 Super Power

- 18th Century: Netherlands
- 19th Century: United Kingdom
- 20th Century: USA
- 21st Century: China (?)

11

11

World's No.1 Super Power

- The UK replaced Netherlands in the 19th Century and US replaced UK and became the No.1 superpower in the early 20th Century.
- US has been challenged by Germany, USSR, and Japan along the way but US managed to fend off these challenges.
- There is little problem for UK to replace Netherlands, and US to replace UK as they share similar Values, political system, culture, and ethnicity.
- US does not like to be overtaken by China which has very different Values, political ideology & system, culture, ethnicity.

12

12

2. How the US became a Superpower

13

13

How the US became a Superpower

- Use military strength to benefit from using other countries' resources.
- Talent grabbing: US gets the best students from other countries such as India, China, Israel to study in its top universities (50% of PhD students are foreign born) and allows them to stay after graduation.
- Use the H1B visa to import special skill and science and technology talents.

14

14

How US became a Superpower

- US protects its domestic market, providing financial subsidies to its companies, stole technologies from UK and Germany.
- With the help of the government, US companies GE passed Siemens, GM passed VW, Exxon/Mobile passed BP & Shell.

15

15

The benefits of being no.1

- Dictate the global rule of the game.
- Extend domestic law beyond its border.
- Influence its allies.
- Protect the US dollar as the dominant international currency.
- Dominate the world media, culture and value system.

16

16

3. China's Development Strategies

17

17

China's development strategies

1840 - 1949 Suffered humiliation by the West
1949 - 2049 Regain its position in the world

1. The cycle of rise & fall of powers also happens in the changes of dynasties in the Chinese history.
2. Mao started the great leap forward with the aim of overtaking Britain & US.

1. 1950-60: Didn't want to be under no. 2 USSR but used USSR to help its development.
2. Benefited from the cold war between US & USSR.
3. 1970-2000: Using US assistance to develop its four modernizations.

18

18

China's development strategies

1. 1971 Nixon's visit to China, started to get US aid on foreign investment, technology, political support and access to US market for its products.
2. The US policy makers believed that the economic reform would be followed by a political reform for a democratic government like the US but China didn't not follow that.
3. President Carter sent all kind of assistance to China, including scientists from MIT, Columbia, Stanford; receiving students to study science & technology in US universities, providing weapons & intelligence to counter the USSR.

19

19

China's Strategies to Regain its Position

- China's think tanks studied how the US became no.1 and then followed all the US's strategies.
- China received advice from the World Bank's Beijing office.
- China did not privatize its SOEs like the USSR did.
- China set up its financial system, central bank, stock market, capital market, currency market, and mortgage systems with the help of experts from Hong Kong and the US.

20

20

4. The Rapid Rise of China

21

21

The Rapid Rise of China

China's GDP
-Grow 34 times in 40 years (1978-2018)
-Rank 2 since 2010, from rank 11 in 2001.

China focus on:
-Peaceful development, won't seek hegemony, prefer co-development to win, create human common destination.
-Use soft power: move with humanity, charm with principles, convince with virtue, values and ethics.

US & the West thinks differently:
-Over-power with authority, buy people with money.
-Weak in human rights, lack freedom & rule of law.

22

22



23

Top Ten Countries in GDP (2024, Trillion US$)

1. United States	$25.46
2. China	$18.32
3. Japan	$4.41
4. Germany	$4.31
5. India	$3.40
6. United Kingdom	$3.39
7. France	$2.94
8. Italy	$2.19
9. Canada	$2.14
10. Brazil	$1.92

24

24

Top Ten Countries by GDP(PPP)

Purchasing Power Parity (IMF 2024, Trillion US$)

1. China	$30.18
2. United States	$25.46
3. India	$11.87
4. Japan	$5.75
5. German	$5.27
6. Russia	$4.65
7. Indonesia	$4.12
8. Brazil	$3.82
9. United Kingdom	$3.65
10. France	$3.58

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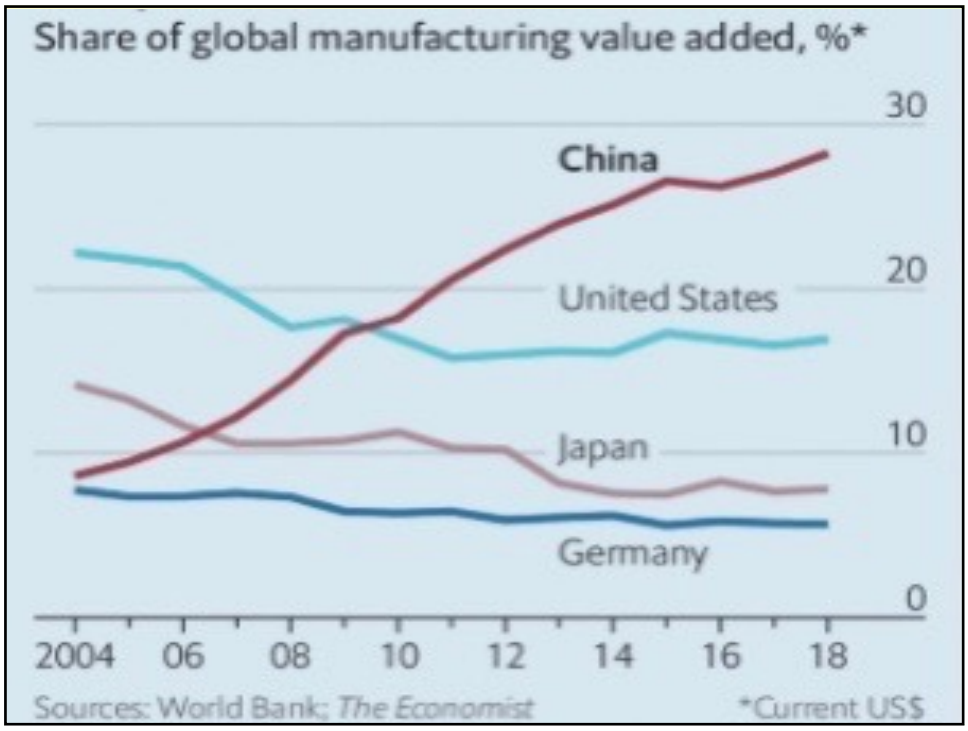
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Top Ten Countries GDP Growth Rate (IMF 2024)

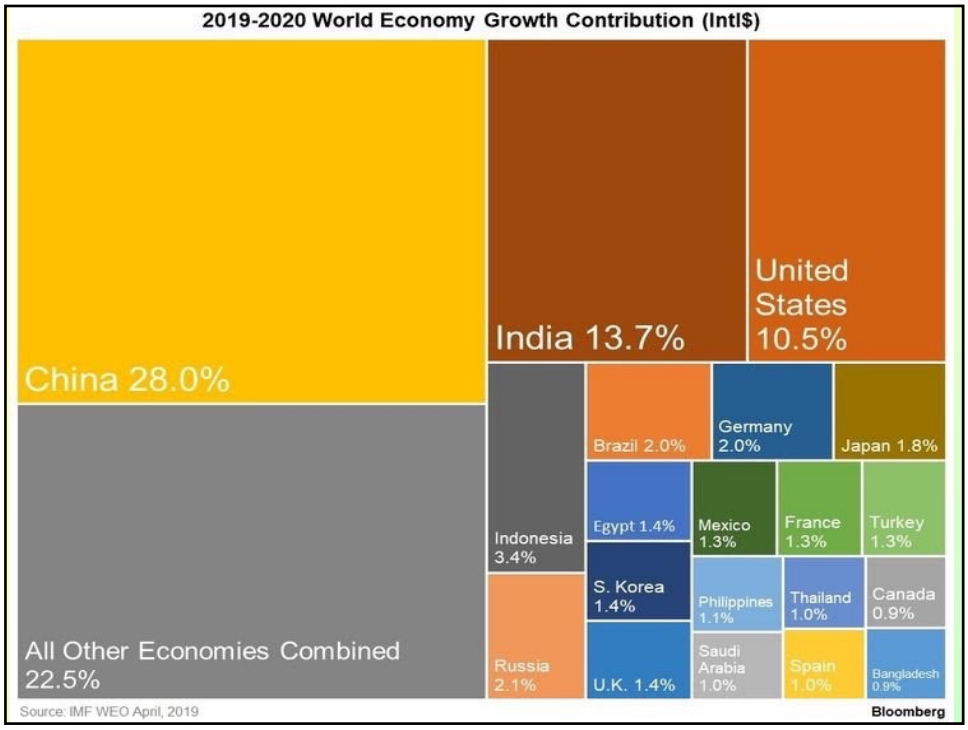
Country	Growth Rate
1.United States	2.8%
2.China	4.8%
3.Germany	0%
4.Japan	0.3%
5.India	7%
6.United Kingdom	1.1%
7.France	1.1%
8.Italy	0.7%
9.Canada	1.2%
10.Brazil	3%

26

26


Share of global manufacturing value added, %*
30
20
10
0
China
United States
Japan
Germany
2004
06
08
10
12
14
16
18
Sources: World Bank; The Economist
*Current US$

27


2019-2020 World Economy Growth Contribution (Intl$)
China 28.0%
India 13.7%
United States 10.5%
All Other Economies Combined 22.5%
Indonesia 3.4%
Brazil 2.0%
Germany 2.0%
Japan 1.8%
Egypt 1.4%
Mexico 1.3%
France 1.3%
Turkey 1.3%
S. Korea 1.4%
Philippines 1.1%
Thailand 1.0%
Canada 0.9%
Russia 2.1%
U.K. 1.4%
Saudi Arabia 1.0%
Spain 1.0%
Bangladesh 0.9%
Source: IMF WEO April, 2019
Bloomberg

28

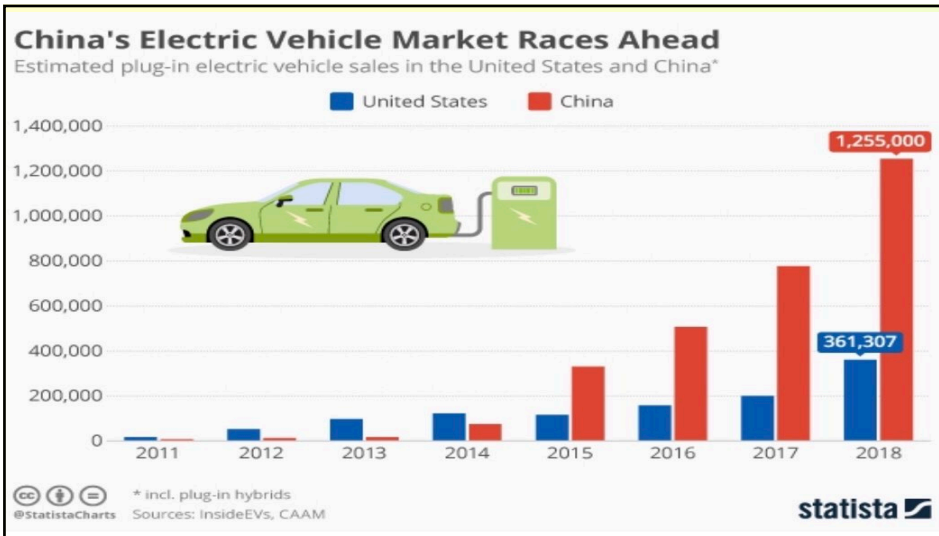
Top 10 countries contributing to global economic growth 2024

Rank	Country/Region	Growth Contribution (%)
1	China	28.0
2	United States	14.0
3	India	12.0
4	EU	7.0
5	Japan	4.0
6	United Kingdom	3.0
7	Brazil	2.5
8	Indonesia	2.0
9	Mexico	1.5
10	Russia	1.2

Sources: International Monetary Fund (IMF) and
United Nations Department of Economic and Social Affairs (UN DESA).

29

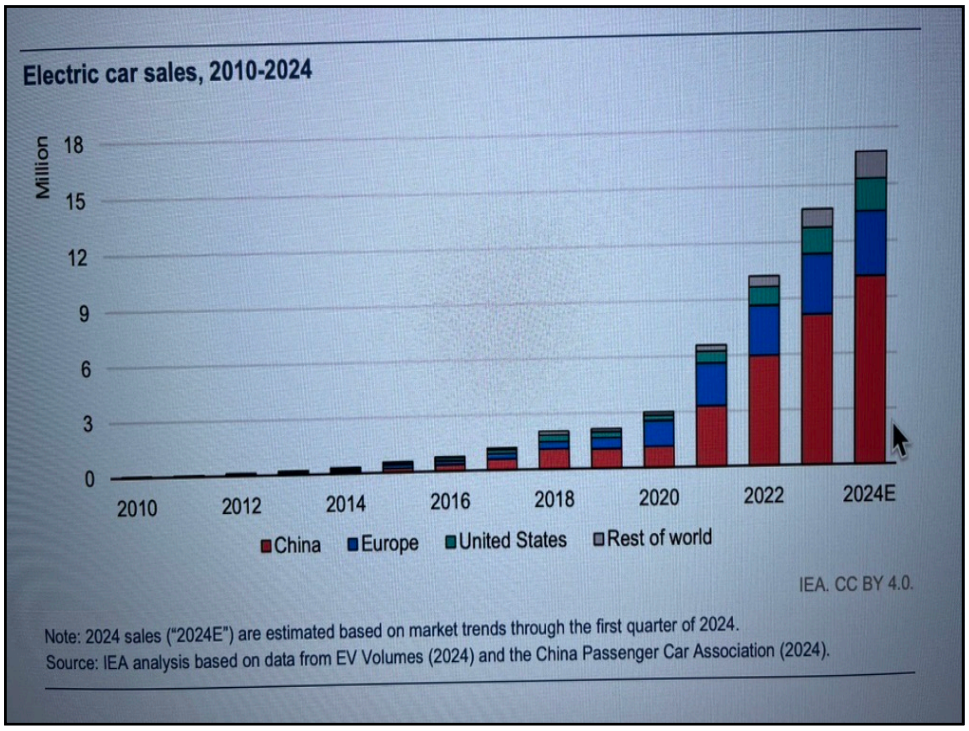
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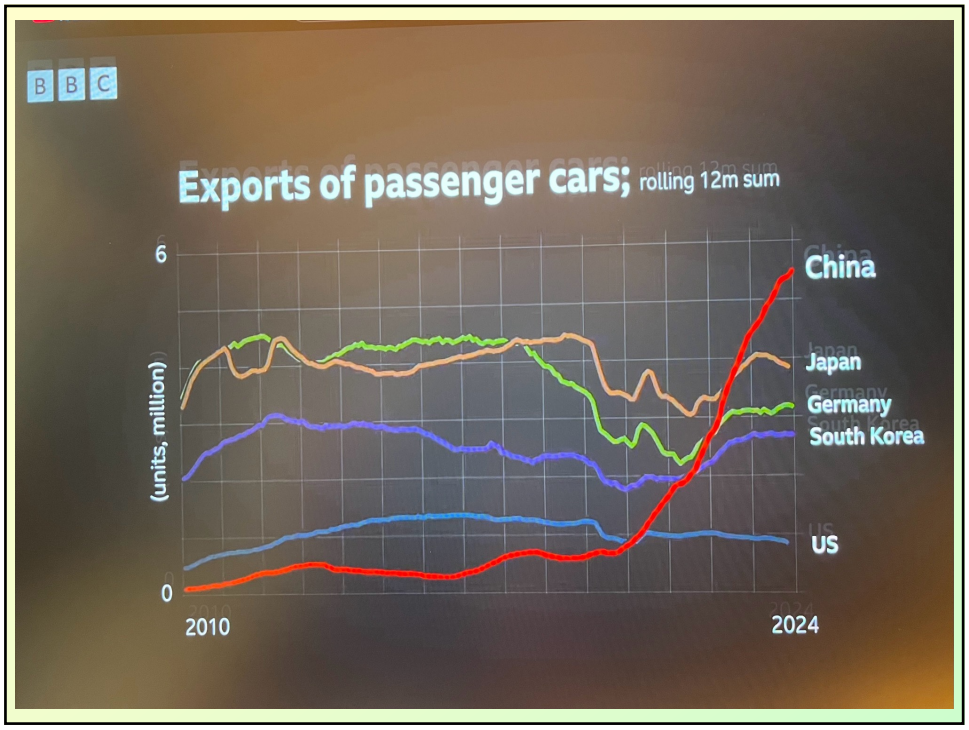
=> #1 in **electric cars – manufacturing and sales**
=> #1 in **consumer drones** (70% of global market)
=> #1 in **supercomputers** (227 out of the 500 supercomputers are Chinese)
=> #1 in **mobile payments** (50x larger than the US)

30

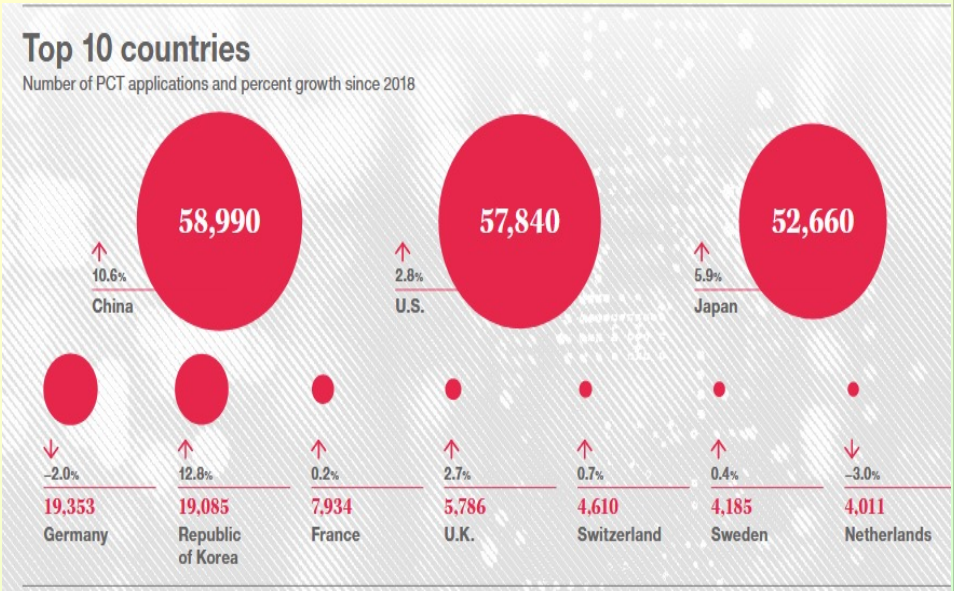
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Electric car sales, 2010-2024
Million
18
15
12
9
6
3
0
2010
2012
2014
2016
2018
2020
2022
2024E
China
Europe
United States
Rest of world
IEA. CC BY 4.0.
Note: 2024 sales ("2024E") are estimated based on market trends through the first quarter of 2024.
Source: IEA analysis based on data from EV Volumes (2024) and the China Passenger Car Association (2024).

31


BBC
Exports of passenger cars; rolling 12m sum
(units, million)
6
0
2010
2024
China
Japan
Germany
South Korea
US

32



=> #1 in **patents** — accounting for almost half of all patents in the world!

=> #1 in **international patents** – according to World Intellectual Property Organization (WIPO). The US had been #1 since 1978 when WIPO/Patent Cooperation Treaty (PCT) was established. China had 58,990 international patents in 2019. 33

33

Patent Cooperation Treaty (PCT) applications (2023)

By World Intellectual Property Organization-PCT Yearly Review 2024

Rank	Country	Number of PCT Applications
1	China	69,610
2	United States	55,678
3	Japan	48,879
4	Republic of Korea	22,288
5	Germany	16,916
6	France	7,916
7	United Kingdom	5,586
8	Switzerland	5,382
9	Sweden	4,323
10	Netherlands	4,258

34

34

Fortune Top 500 companies (2020)



35

Fortune Top Ten Countries (2024)

Breakdown by country

Rank	Country	Companies
1	China	145
2	United States	124
3	Japan	47
4	Germany	27
5	France	26
6	United Kingdom	22
7	South Korea	15
8	Canada	12
9	Switzerland	9
10	Netherlands	9

36

36

Fortune Global 500 Companies of 2024

Rank	Company	Country	Industry	Revenue in USD
1	Walmart	United States	Retail	$611.3 billion
2	Amazon	United States	Internet Services and Retailing	$513.9 billion
3	State Grid	China	Energy	$460.6 billion
4	China National Petroleum	China	Petroleum	$411.7 billion
5	Sinopec Group	China	Petroleum	$401.3 billion
6	Saudi Aramco	Saudi Arabia	Energy	$400.4 billion
7	Apple	United States	Technology	$365.8 billion
8	Volkswagen	Germany	Automobiles	$295.8 billion
9	China State Construction Engineering	China	Construction & Engineering	$293.7 billion
10	CVS Health	United States	Health care	$292.1 billion

37

Fortune Global 500's Top Ten Banks

(2024, Revenue US $ billion)

1. JPMorgan Chase (United States) - 154.8
2. Industrial and Commercial Bank of China (China) - 151.4
3. Bank of America (United States) - 115.1
4. Wells Fargo (United States) - 95.5
5. China Construction Bank (China) - 93.9
6. Agricultural Bank of China (China) - 89.4
7. Citigroup (United States) - 88.8
8. HSBC Holdings (United Kingdom) - 82.6
9. Bank of China (China) - 80.2
10. Mitsubishi UFJ Financial Group (Japan) - 75.8

38

38

Number of Diplomatic Network

- An Australian think tank, the Lowy Institute's **Global Diplomacy Index** **tracks diplomatic networks around the world.**
- Diplomatic posts, including embassies, consulates, and permanent missions to international organizations.
- 2011, China lagged 23 posts behind the US.
- 2019, it moved into first place.
- In 2024, China has 274 diplomatic posts.
- United States' network stands at 271.

39

39

Number of Diplomatic Network (2024)

Rank	Country	Diplomatic Post
1	China	274
2	USA	271
3	Turkiye	252
4	Japan	251
5	France	249
6	Russia	230
7	UK	225
8	Germany	217
9	Italy	206
10	Brazil	205

40

40

Factors for China's rapid rise (By Martin Jacques)

1. A mix of socialism and capitalism with strong party leadership under party supervision.
2. The hybrid model: public-owned and market economy, is quite effective.
3. Many people are patriotic to the country. They may quarrel on internal issues, but when they face an external enemy, they are united to fight for national interest. The THAAD incident caused South Korea to lose two-fifths of its market.

41

41

Factors for China's rapid rise

4. Most high-level officials are dedicated to serve the people. They perform well in agricultural taxation reduction, poverty alleviation, and disaster relief.
5. China's leadership selection mechanism focusing on meritocracy produces good leaders.
6. China's strong government can mobilise national financial, human and material resources to do important projects without too many obstacles.

42

42

Factors for China's rapid rise

7. The new generation of young talents is becoming the pillars of the national development. In the fields of China's aerospace, nuclear energy, electronics, chips, and high-speed rail, the average age of those in charge is 40 years old, and 40% are overseas returnees.
8. China has a very complete industrial system covering all sectors.
9. China has huge financial reserves of 4 trillion U.S. dollars and has fiscal surplus. Bank deposits and other reserves are about 8 trillion yuan in total.

43

43

Factors for China's rapid rise

10. The West refers to individual excellent products as brands, while China takes new business model as a brand. The business models created by e-commerce, Alipay, Wechat pay in a short period with high value.
11. China has stable macro-control capabilities. Neither the Asian financial turmoil nor the subprime mortgage crisis created by the US had negative impacts on China's financial market.

44

44

Factors for China's rapid rise

12. China has a huge domestic market & can rely on consumption to drive the economic growth.
13. China has long term five-year & ten-year plans. The Belt and Road Initiative is for several decades.
14. Good policies & plans are passed on for generations of leaders. "Serving the people", "reform & opening up" last for many decades.
15. China's huge infrastructure investment in the past 40 years is a good comprehensive national development strategy.

45

45

5. The US is trapped in a downward spiral

46

46

US is trapped in a downward spiral

- US is trapped in the unchecked militarism.
- The monopolization of capital by the military drives US debt to $35 trillion, more than its GDP of $24 trillion. Servicing this debt costs over $300 billion a year.
- US military spending-$ 813 billion for 2023, more than the next 9 countries, including China and Russia, combined.
- US pays heavy social, political, and economic costs for militarism and watches passively the deterioration of the social and physical environments.
- U.S. may need to reduce its nearly 800 overseas military installations.

47

47

US is trapped in a downward spiral

- U.S. dollar is in decline as world's reserve currency and the alternative to SWIFT is emerging.
- Washington's democracy and supposed respect for human rights and civil liberties is badly tarnished and irrecoverable.
- Its economic decline, with China's manufacturing 70 percent higher than that of the U.S. is irreversible.
- War is a desperate Hail Mary used by dying empires throughout history with catastrophic consequences.
- All US proposed solutions are military. This military adventurism accelerates the decline.
- US believes war and sanctions will cripple Russia and curb the growing economic of China.

48

48

Why the US is in decline

The National Interest
June 8, 2023 *Topic:* Multipolar World *Region:* Global

Tags: United States

Cold War Multipolarity Development
The West Global South

The West Must Prepare for a Long Overdue Reckoning
by Chandran Nair

The West must grapple with the reality that it can no longer impose its "leadership" on the world as it once did.

49

49

Why the US is in decline

The Washington Post.
Opinion:
Is the sun slowly setting on U.S. power?
That depends on us.



By David Ignatius Columnist April 26, 2024

The United States is stumbling toward a decline from which few great powers have ever recovered.

50

50

Why the US is in decline

It's a summary of a study by **Rand Corporation** commissioned by the Pentagon's Office of Net Assessment in 2024.

What causes national decline?

- Addiction to luxury and indulgence,
- Failure to keep pace with technological demands,
- "Ossified"(conservative and rigid) bureaucracy,
- Loss of civic virtue,
- Military overstretch,
- Self-interested and warring elites,
- Unsustainable environmental practices.

51

51

Why the US is in decline

Historical facts

- "Recovery from significant long-term national decline is rare and difficult to detect in the historical record". Think of Rome, or Habsburg Spain, or the Ottoman and Austro-Hungarian empires, or the Soviet Union.
- "When great powers have slid from a position of pre-eminence or leadership because of domestic factors, they seldom reversed this trend."

Solutions

"Fix it" checklist, the **Rand** authors rate U.S. performance in 2024 as "weak," "threatened" or, at best, "mixed."

What's the way out?

- Urgent reforms broke through the corruption and disarray.
- A broad commitment with elites, to work for the common good and national revival. We have the tools, but we aren't using them.
- Difficult to find new leaders and agree on solutions that work for everyone.
- **Can Trump do it this time in Trump 2?**

52

52

Why the US is in decline

1. Lack of real great leaders, limit in system of choosing leaders;
1. Can't reverse historical trend - destined for decline, like the Netherland and Great Britain;
2. Internal conflicts - 50/50 on two parties and votes;
3. Bases of hegemony getting loose - military power, dollar reserve currency, huge government debts;
4. Loss of credibility and moral high ground - double standards, bias media lead to declining influence;
5. Loose control on the US lead international order;
6. Bad friend, Israel helps China to capture the US market in the middle East - explosives in pagers;
7. Under-estimate & ignorance of the new very different opponent, China.
8. **Strategic mistakes:**
   a. 1991- Refused to accept Russia after collapse of USSR,
   b. 2001- Wars on terrorism, gave China a decade to develop,
   c. 2016- Trump did not team up with Russia against China,
   d. 2022- Biden initiated the Ukraine war & pushed Russia into China's arm.

53

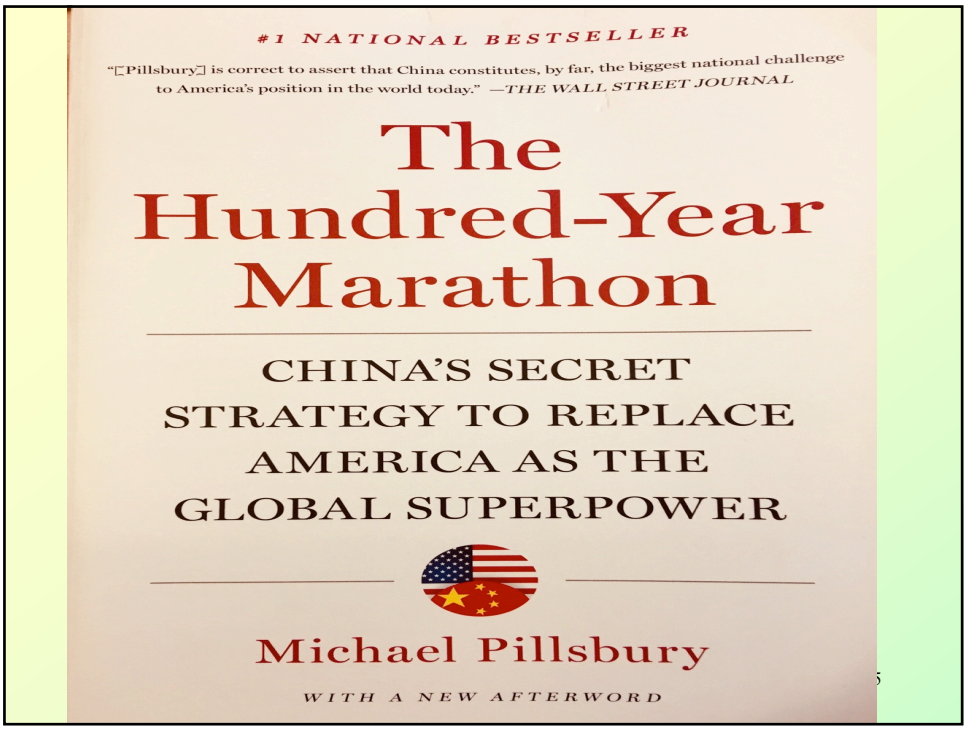
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6. The US strategies to contain China's rise

(a). The US China Trade War Under Trump 1

54

54



55



DIPLOMACY

TRUMP WAS URGED TO HOLD BACK ON TAIWAN

White House adviser told president-elect to have no more phone calls with Tsai Ing-wen only to see the US leader break protocol and infuriate Beijing

Wendy Wu
wendy.wu@scmp.com

White House adviser Michael Pillsbury says even before Donald Trump took office, he told the US president-elect to show restraint in managing America's relations with China – including no more phone calls with Taiwanese leader Tsai Ing-wen. And Trump took his advice to build constructive ties with the country and a personal relationship with President Xi Jinping, Pillsbury said.

But Trump abandoned decades of protocol on December 2016 – about a month before he took office – by taking a phone call from Tsai congratulating him on winning the presidency.

It was the first such conversation between a US president or president-elect and a Taiwanese leader since 1979, when Washington switched formal diplomatic recognition from Taipei to Beijing.

After the call, Trump tweeted: "Interesting how the US sells China billions of dollars of military equipment but I should not accept a congratulatory call."

The call infuriated Beijing, which warned the foundation of China-US relations would be jeopardised if the one-China policy was not respected.

Pillsbury called it a "mistake" to accept the call, saying at the time he was the only China expert in the Trump transition team advising against further phone conversations with Tsai.

"One of my suggestions was no more phone talks with Tsai," Pillsbury said. "At that time, I received a lot of criticism from the hawkish camp in the US – they said you should talk to Tsai once a month, and invite Tsai to the US."

Two months later, the White House said Trump had agreed, at Xi's request, to honour the US' one-China policy, under which the US "acknowledges" Beijing's stance but takes no position on Taiwan's sovereignty.

Pillsbury said Trump had taken a different approach to China relations than his predecessors, who "all repeat, like robots, the exact words of the three communiques". He was referring to three joint statements made by the US and China in 1972, 1979 and 1982, which have served as the basis of bilateral ties.

Under the US' one-China policy, first stated in the Shanghai communique of 1972, "The United States acknowledges that Chinese on either side of the Taiwan Strait maintain there is but one China and that Taiwan is a part of China. The United States does not challenge that position."

According to Pillsbury, Trump said he would abide by the one-China policy not because previous presidents had done so, but because "it was a request from his friend, President Xi".

"In other words, he's negotiating with President Xi," Pillsbury said. "He probably has closer relations with a Chinese leader than any other [US] president.

"There is some kind of admiration Trump has for Xi," he said, drawing "a little bit of parallel" between the two leaders who were both pushing "patriotic" movements – Trump's "Make America Great Again" and Xi's Chinese dream of national rejuvenation.

Although there have been more phone calls between Trump and Tsai, Washington has taken steps to elevate US relations with Taiwan, including encouraging more exchanges between senior officials from the two sides.

Last month, Brent Christensen, director of the American Institute in Taiwan, the de facto US embassy in Taipei, announced the US and Taiwan had agreed to set up an annual dialogue on Indo-Pacific Democratic Governance Consultations.

"It's understood in China provocation and underm the one-China principle call it. But from the Am point of view, it is consiste what President Trump c one-China policy," he sai

White House adviser Michael Pillsbury. Photo: Wendy Wu

56

Changes of US strategies on China

1. US helped China's development to counter the influence of the USSR.
2. Since the breakup of USSR in the early 1991 and the rise of China, US's relationship with China has also changed.
3. When China was not that strong, US treated it as a partner and market for the US companies.
4. Now China is the no.2 economy trying to overtake the US, US regards it as a competitor to be contained.

57

57

US strategies to keep its no.1 position

- Using similar strategies to stop the challenge of USSR and Japan in the 1980s and 1990s. For Japan, forced the Yen to rise, weakened the competitiveness of Japanese products, targeted and attacked the top technology companies like Toshiba. For USSR, political breakdown of the Union's states.

US's Strategies: Facing Challenge from China

- Slowdown China's rising speed,
- Target China's top technology companies, like Huawei.
- Team up with its allies to put pressure on China
- Engage China in a trade war
- Engage China in a cold war

58

58

US China Trade War - Under Trump 1

- **More than just on trade**
- **All out competition for No. 1 in the world**

The competition areas:

1. Trade
2. Finance, currency, monetary
3. Technology - 5G
4. Military - South China Sea
5. Geopolitics – Hong Kong, Taiwan, Tibet, Xinjiang
6. International organization rules - World bank, IMF, WTO, UN
7. Media - 7 of top 10 English media groups are from US

59

59

US China Trade War - Under Trump 1

- **The Made in China 2025 plan alerted the US.**
- Trump's goal is to disrupt the plan & slowdown China's development.
- Trade war is only part of a wide competition between US and China. Other areas including currency war, technology war, political ideology, culture and value systems.
- Both US political parties view China as a major competitor and policy towards China won't change regardless which party is in power.
- Biden keeps most of the policies from Trump.
- The China market is too big for any US companies to give up.

60

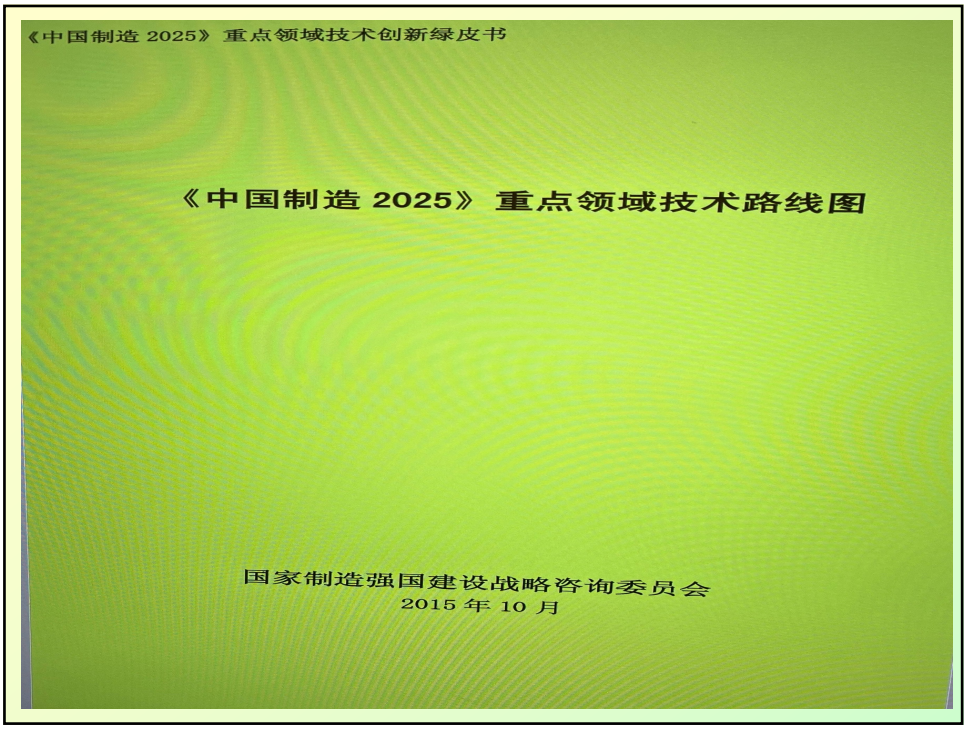
60

US China Trade War - Under Trump 1

- The costs of the trade war reflect the structural realities that underpin the relationship between the U.S. and Chinese economies.
- The two great powers should try to find a new equilibrium.
- The logic of nuclear mutual destruction made a full-scale war between the two sides unlikely.

61

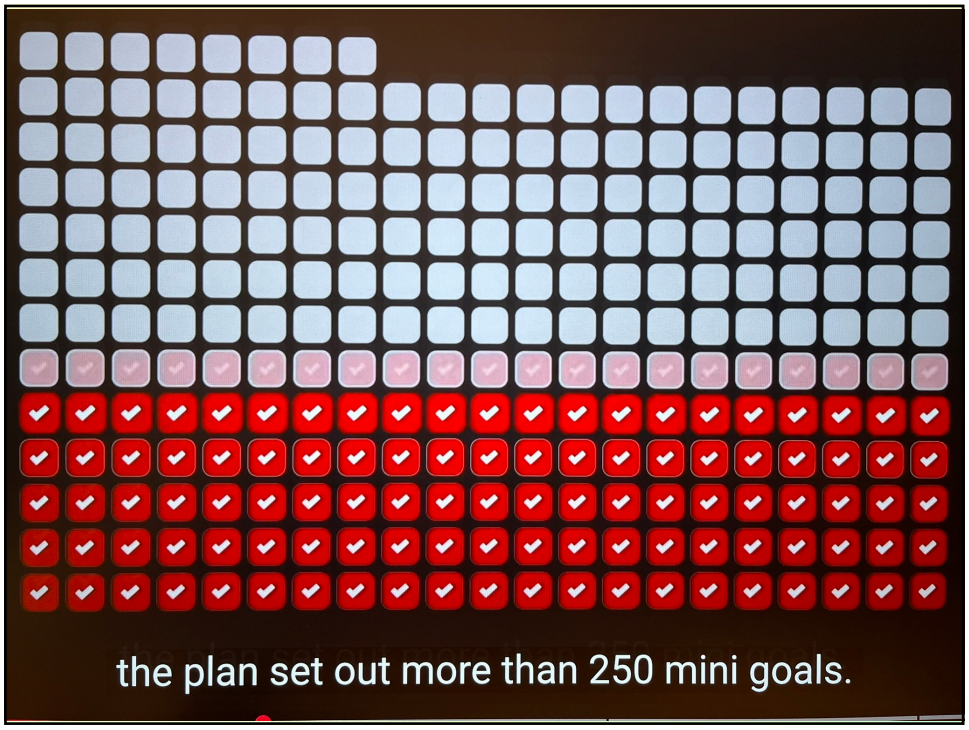
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62


Across ten target technologies

63


the plan set out more than 250 mini goals.

64



65



Marco Rubio Reports

2024 - "Made in China 2025 "Nine Years Later"

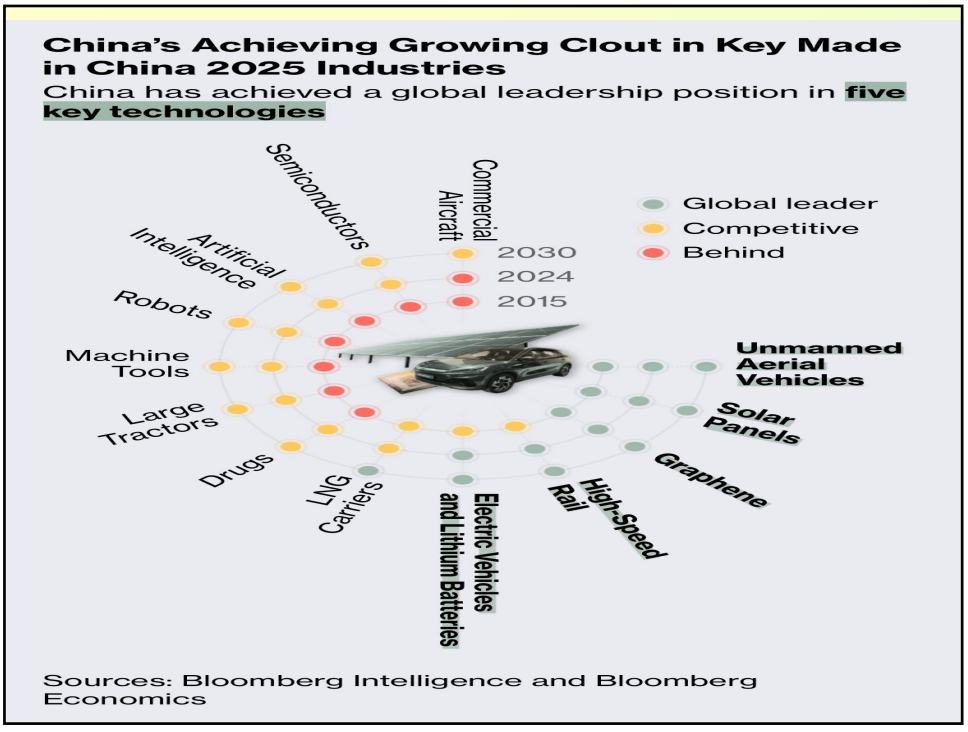
2019 - "Made in China 2025 and the Future of American Industry"

66

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THE WORLD CHINA MADE
"MADE IN CHINA 2025" NINE YEARS LATER
MARCORUBIO

67


China's Achieving Growing Clout in Key Made in China 2025 Industries
China has achieved a global leadership position in five key technologies
Global leader
Competitive
Behind
2030
2024
2015
Semiconductors
Commercial Aircraft
Artificial Intelligence
Robots
Machine Tools
Large Tractors
Drugs
LNG Carriers
Electric Vehicles and Lithium Batteries
High-Speed Rail
Graphene
Solar Panels
Unmanned Aerial Vehicles
Sources: Bloomberg Intelligence and Bloomberg Economics

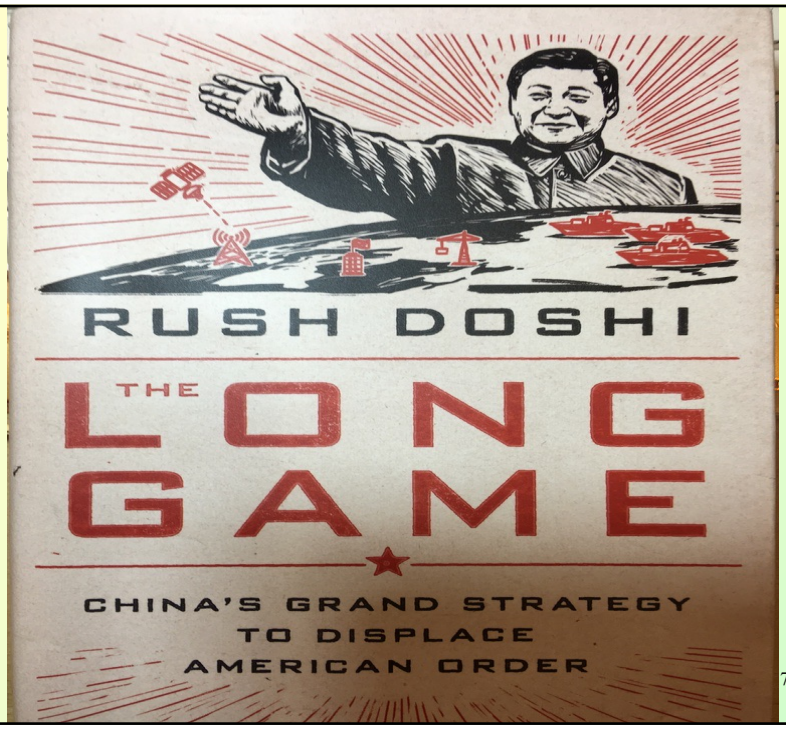
68

6. The US strategies to contain China's rise

(b). US China Trade War - Under Biden

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Rush Doshi is the founding director of the Brookings China Strategy Initiative and a fellow (on leave) at Yale Law School's Paul Tsai China Center. Previously, he was a member of the Asia policy working groups for the Biden and Clinton presidential campaigns and a Fulbright Fellow in China. His research has appeared in *The New York Times*, *The Wall Street Journal*, *The Washington Post*, *Foreign Affairs*, and *International Organization*, among other publications. Proficient in Mandarin, Doshi received his PhD from Harvard University focusing on Chinese foreign policy and his bachelor's from Princeton University. He is currently serving as Director for China on the Biden Administration's National Security Council (NSC), but this work was completed before his government service, is based entirely on open sources, and does not necessarily reflect the views of the US Government or NSC.

71

US China Trade War - Under Biden

The Long Game (By Rush Doshi, OUP, 2021)

- No adversaries- Nazi Germany, Imperial Japan, or the Soviet Union- has ever reached 60% of US GDP. China is the sole exception, and it is fast emerging into a global superpower that could rival, if not eclipse the US.
- What does China want, does it have a grand strategy to achieve it, and what should the US do about it?

72

72

The Long Game

- China's long methodical game to displace US's hegemonic position through 3 sequential strategy of displacement.
- 1. In the beginning of 1980s, China focused for two decades on "hiding capabilities and biding time" (韜光養晦).
- 2. After the 2008 Global Financial Crisis, it became more assertive regionally, following a policy of " actually accomplishing something"(積極有所作為).
- 3. Finally, in the aftermath populist US election of Trump in 2016, China shifted to an even more aggressive strategy for undermining US hegemony, adopting the phase "great changes unseen in a century"(百年大變局).

73

73

The Long Game

- After charting how China's long game has evolved, Doshi offers a comprehensive asymmetric plan for an effective US response.
- His Proposed approach take a page from Beijing's own strategic playbook to undermine China's ambitions and strengthen US order without competing dollar-for-dollar, ship-for-ship. Or loan-for-loan.

74

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The Biden Administration Employs
Asymmetric strategy-
Tactical and operational reassurance at political and military levels:

A Full Court Press Strategy
to Contain China's Development

75

75

I. What is the US worry about?

(1). As China's GDP is getting closer, US is worry about losing its no. 1 position and hegemony.

- China's GDP approaches the US at a rate of about 4% per year. In 2019, it was 66% , 2020 was 70%, and it is predicted to reach 74% in 2021.
- In terms of purchasing power parity terms, China's GDP in 2017 has surpassed the US, and was 1.15 times in 2020.
- The US has successfully dismantled the two approaching challengers of the former Soviet Union (60%) and Japan (70%), but facing a stronger China, it feels uncomfortable to do so.

76

76

I. What is the US worry about?

(2). US worries that the socialist system with Chinese characteristics will impact the Western democratic political system.

- Although China has pursued a strategy of not exporting ideologies and values to other countries but the US still worries. If China becomes the world's top economy, it will show the superiority of the Chinese socialist political system and values.
- This may lead some countries to abandon the Western system and follow the Chinese one.

77

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I. What is the US worry about?

(3). US's inability to face China's initiation of the reunification with Taiwan.

- If the Chinese economy and military continue to grow rapidly and when its strength reaches the level that the US cannot intervene, China will naturally complete the reunification of Taiwan, making US's role valueless.
- In the first island chain in China's coastal waters, US's military force has no confidence in winning the battle.

78

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II. Why Does US Use Full-court Press Strategy?

- Since China's GDP has reached about 66% of that of the US, it begun to adopt a comprehensive containment strategy against China.
- US politicians use China as an external enemy to diffuse the domestic deep-seated problems, such as excessive debt, inflation, racial conflicts, hollowing out of industries, and poor performance in dealing with the COVID-19 pandemic.

79

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III. What tactics does the US use: All out war

(1). Encircle China through forming many alliance groups

- AUKUS.
- Five Eyes.
- G7 warships frequently enter the South China Sea.
- QUAD (Quadrilateral Security Dialogue) between the United States, Australia, Japan, and India.
- Instigate and disintegrate the relationship between ASEAN and China.
- Support India in provoking and confronting China.
- Suppress China's new energy developments in Myanmar and Pakistan.
- Disrupt the construction of Myanmar's Kyaukphyu port and Pakistan's Gwadar port.
- Support Myanmar civil disturbance and Pakistan's terrorist attacks.
- Disrupt the Belt and Road Initiative.

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III. What tactics does the US use: All out war

(2). Technology war

- Blacklist Chinese high-tech companies.
- Disrupt the industrial supply chain.
- Ban Chinese high-tech companies such as Huawei, Tencent, and Tiktok.

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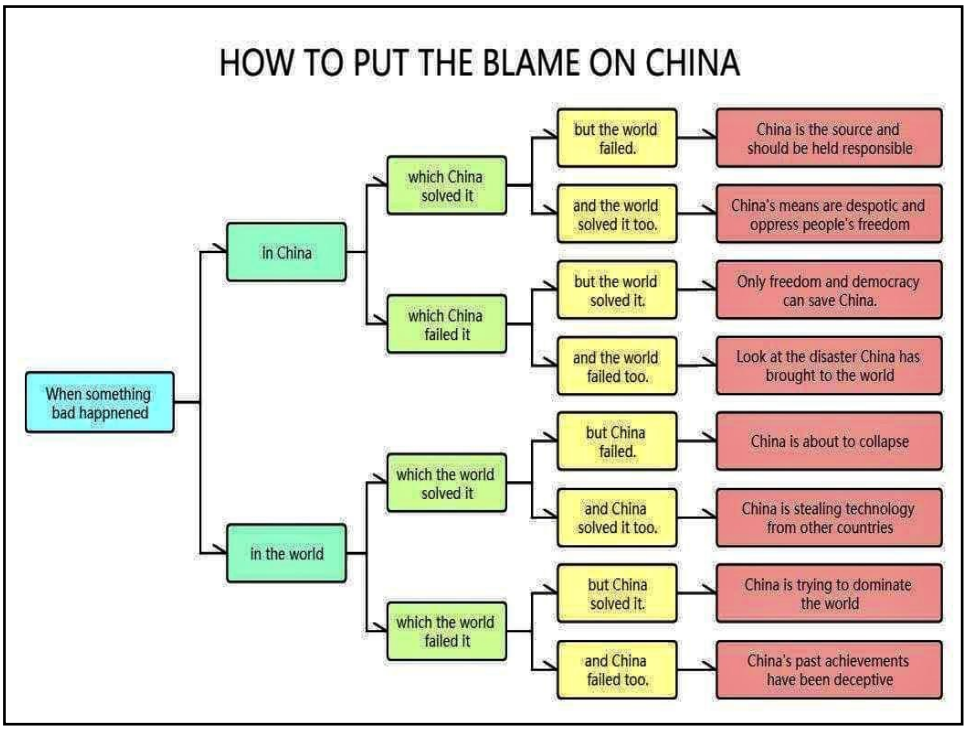
III. What tactics does the US use: All out war

(3). Use bias Western media to demonize China

- Create false human rights issues in Xinjiang, Hong Kong, and Tibet.
- Sanction Mainland and Hong Kong officials.
- Blame China for originating the COVID-19 virus.
- Call for the boycott the Beijing Olympic Winter Games in 2022.
- Pay 5,000 Western media journalists to write bad stories to blacken China/CCP.

82

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83

III. What tactics does the US use: All out war

(4). Military moves in China's door step

- Withdraw troops from Afghanistan and the Middle East to concentrate its strength in the Pacific on East and South China Seas.
- Conduct military exercises in the East and South China Seas to contain and disturb China.
- Play with fire and may risk a hot military war.

84

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III. What tactics does the US use: All out war

(5). Financial war

- Prohibit or restrict Chinese companies from listing in New York Stock Exchange.
- Remove Hong Kong's tariff preferential treatment status.
- Try to weaken HK's status as an international financial center.
- Sanction financial institutions in dealing with Iran.

85

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III. What tactics does the US use: All out war

(6). Create troubles in China's neighbours

- Instigate and support social unrest in Hong Kong.
- Remove East Turkistan terrorist group from the global terrorist organizations.
- Support territorial border disputes against China with India, Vietnam, the Philippines, and Japan.

86

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III. What tactics does the US use: All out war

(7). The Taiwan card

- Send military ships to cross the Taiwan Strait frequently.
- US military aircrafts to land at Taiwan's airport to test the Chinese red line.
- Pass laws to ban printing Taiwan and the South China Sea islands on the map of China.
- Continue arm sales to Taiwan.
- Strengthen the Taiwan independence forces.
- Support and encourage Lithuania to lead the change the name of its office to Taiwan.
- Threaten to invite Taiwan to participate in the World Summit on democracy.

87

87

IV. What does the US really want to achieve?

(1). Suppress China's economic growth so that its GDP cannot surpass the US for a long time.

- Gradually close the market, forcing US companies to shut down or relocate from China.
- Suppress existing high-tech companies by technology blockade.
- Add heavy tariffs on goods imported from China.

88

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IV. What does the US really want to achieve?

(2). Request China to cooperate with the US to divert its economic crisis and reduce inflationary pressure.

- The US has a high debt of 35 trillion US dollars.
- The hollowing out of the manufacturing industries.
- Accumulate huge bubbles in the financial market.
- The pandemic causes heavy blow on consumption.
- The US economy is on the verge of a crisis.
- It can only respond by issuing additional US dollar notes and using the US dollar hegemony to defer the crisis.
- US needs China's support in reducing export tariffs, providing cheap goods, and purchasing US agricultural products.

89

89

IV. What does the US really want to achieve?

(3). By suppressing China, US hope to maintain its leadership position as the sole superpower.

- To defuse the adverse image of the dying manufacturing industries, high debt bubbles, losing military actions around the world, declining national power, especially in the Trump administration who advocated the American first, selfishness, and evasion of the responsibilities.

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IV. What does the US really want to achieve?

(4). Maintaining the dominance of the U.S. dollar in the international settlement and payment system.

- The U.S. dollar's global status has been declining. The share of U.S. dollar foreign exchange reserves has dropped from 85% during the peak period to 58% in 2021.
- The dollar's share of international settlements and payments has been surpassed by the euro. US must suppress the EU and China to maintain the dominance of the US dollar.
- The U.S. dollar is vital for the US to maintain its hegemony. If it continues to decline, it will definitely hit the hegemony status.

91

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IV. What does the US really want to achieve?

(5). Maintain its global dominance in technological innovation and high-end sector, forcing China to continue to complement in the low-end and mid-range sectors.

- For decades, China and the United States have formed complementary cooperation.
- High-end technology and manufacturing are dominated by the US, while low-end technology and manufacturing are dominated by China.
- In this division of labour, both parties have achieved considerable development in a win-win situation.
- Things have changed in recent decades, China's total industrial output value has reached 3 times of the US and leading in the internet, aerospace technology, 5G, and AI.
- China will not compromise its development.

92

92

IV. What does the US really want to achieve?

(6). Stop the momentum of China's rise by creating its internal breakdown, attempting to replicate the Soviet Union's collapse in China.

- US through the Western controlled media, create divisions in public opinion and ideology amongst the Chinese in Hong Kong, Taiwan, and other parts of the world.
- Arouse dissatisfactions against the Chinese government and the CCP.
- Fabricate human rights issues in Xinjiang, supports East Turkistan terrorist organization to create social instabilities.
- Instigate social unrest through the color revolution in Hong Kong.
- Incite Taiwan's mainstream to promote its independence.
- Support the Dalai Lama's exile forces in India.

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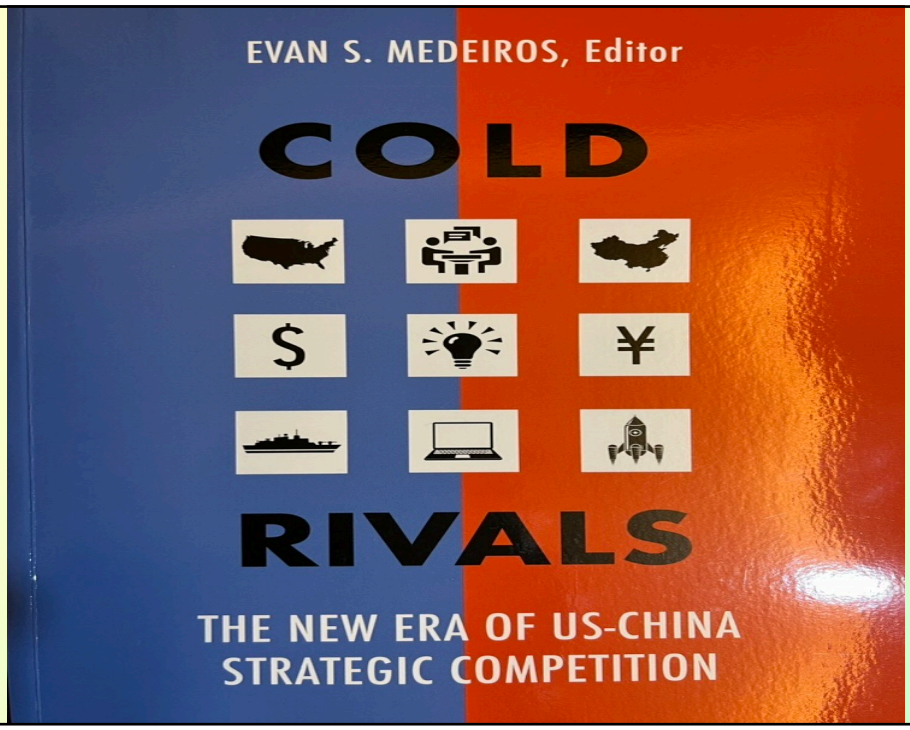
Cold Rivals: The New Area of US-China Strategic Competition

Book Talk with Evan Medeiros

11 Sep 2023 1:05-2:10 pm
Asia Society
Hong Kong

94

94



95

How did US and China get to where they are today?

- At least **four areas of interest diverging** more than converging: security, economics, technology, governance (particularly global governance).
- **Traditional sources of ballast** (including economic relationships and advocacy by business groups before Congress) **no longer exist**.
- **Loss of stabilisers** in bilateral relations **becomes a structural trend rather than a cyclical trend**.
- Domestic politics accentuate differences and shrink space for parties to cooperate. Bureaucratic-wise, the rise of national security entities in both US and China produce policy outcomes that become a hurdle to cooperation.

96

96

What does competition mean? How do the powers co-exist while still compete with each other?

- Competition itself is value-neutral and a natural element of state-to-state relations. The US has competed with other countries in the past, e.g. quite intensively with Japan in the 80s and 90s.
- Competing with China is that it is **more intensive on the security front**, which **makes it harder for leaders to manage.**
- US and China are involved in a conventional arms race in East Asia, centred on the prospect of conflict over Taiwan.
- Nuclear weapons are moving to the forefront and dramatically change the character of the US-China relationship.
- Xi's vision and ambition on global order that differs much from the US makes the competitive dimensions of the relationship much worse.
- Inaccurate for politicians to reminisce current competition with the Cold War era.
- Disinformation campaigns have negative effects on democracy, which makes the competitive dimensions of the relationship so dangerous.

97

97

Is the US-China relationship structurally broken or going through a cyclical down path? How can it get back on track?

- US-China relationship is in a **period of cyclical stability amid a structural downturn**.
- Compared with the Cold War, the Cold War had phases, including a substantial one of détente in the 1970s marked by arms control agreements,
- **What is worrisome today is that neither side appears to be interested in strategic restraint as a mechanism for stabilising the strategic competition**.
- Delicate issues such as Taiwan which tests on leaders' ability to manage in the era of strategic competition.

98

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What are the areas that there can be still be cooperation? Has the rivalry become so intense that there is no form of cooperation even in areas that need global participation?

- **Prospects of cooperation remain very modest**. In the past, China was never a major issue and certainly not a defining issue in elections. This changed in 2020 amid COVID-19 when it became a major issue under Trump's rhetoric. China became a defining issue in the 2022 Midterms and 2024 presidential election.
- Safe prediction that the **China will be a defining issue in the 2024 Presidential Election, where candidates are going to compete with each other to be tougher**.

99

99

Xi Jinping and Biden Met in 2022

In 2022, the heads of state of China and the United States met in Bali and reached five commitments:

The United States promises:

1. Not to seek a new Cold War,
2. Not to seek to change China's system,
3. Not to seek to strengthen alliances against China,
4. Not to support Taiwan's independence,
5. Not to have conflicts with China.

100

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Xi Jinping and Biden meeting

San Francisco 15 November 2023

Xi Jinping proposed five pillars of Sino-US relations:

1. Establish a correct understanding together
2. Jointly manage differences effectively
3. Jointly promote nursing cooperation
4. Jointly shoulder the responsibilities of a major country
5. Jointly promote people-to-people exchanges

- China is committed to building a stable, healthy and sustainable Sino-US relationship. At the same time, it also has interests that must be safeguarded, principles that must be defended, and bottom lines that must be adhered to. Hope that the two countries can be partners, respect each other, and coexist peacefully.
- The United States stops arming Taiwan, lifts sanctions on companies, and treats Chinese companies fairly.

101

101



102



South China Morning Post

FRIDAY, NOVEMBER 17, 2023 | 南華早報 | WWW.SCMP.COM

HONG KONG 'OPEN FOR BUSINESS'

Chan tells US venture capitalists, entrepreneurs of city's strengths

> PAGE A3

ALIBABA POSTS 9% REVENUE GROWTH

E-commerce giant also announces it will not fully spin off cloud computing unit

> PAGE B1

ONLINE SCAMS AT RECORD LEVELS

Police warn of bogus celebrity endorsements as losses hit HK$2.1b

> PAGE A6

XI-BIDEN SUMMIT

CHINA, U.S. AGREE TO WORK TOGETHER

Military-to-military communication to resume as both sides pledge to cooperate on narcotics control and AI in sign of reset after plunge in relations

Mark Magnier, Amber Wang and Robert Delaney

China and the United States agreed to work together on narcotics control and artificial intelligence and resume military-military communication, Beijing said, summing up long-awaited talks between President Xi Jinping and his US counterpart Joe Biden.

In a readout shortly after their two-hour meeting and a follow-on working lunch held at a secluded estate just south of San Francisco, China called for cooperation and mutual respect, appearing to signal a hoped-for reset after a prolonged downward spiral in relations.

But Beijing also underscored that its concerns, especially regarding Taiwan, must be respected.

"China has interests that must be safeguarded, principles that must be defended, and bottom lines that must be adhered to," it said.

Noting the Taiwan issue was

thousands of overdoses in the US each year, and on joint efforts to improve public health.

Moves to resume military-to-military dialogue, which has been suspended for more than a year, were also agreed to, along with agreements to restrict the use of artificial intelligence in autonomous weaponry, such as drones, and in the control and deployment of nuclear warheads.

US National Security Council spokesman John Kirby said a few hours before the meeting that he expected a "productive" discussion between Biden and Xi, and characterised it as a "precursor to much more communication and dialogue between our two teams going forward".

> The critical global challenges we face ... demand our joint efforts
>
> PRESIDENT JOE BIDEN

The two sides would touch on issues including Taiwan, China's human rights record and economic growth, Kirby said just before the summit, adding: "It is a fact that President Xi has domestic economic challenges."

"Clearly, one can imagine that [Xi] wants to encourage more American investment in China."

103



A3 · 宋芝齡現身節目 無綫：9月錄早排期

B1 · 阿里首次派息 雲業務等擱置分拆

A15 · 29年港單車隊總教練 七旬沈金康年底離任

〈JUMP〉隨報附送

D疊12版 開眼 沉默將遺忘

報明 Ming Pao Daily News

A1 要聞 港聞 教育 體育 中國 國際 | 港幣十元正 出紙5疊23張 星期五 2023-11-17 癸卯年十月初五日 | 編輯/谷理揚 美術/陳瑞麟

會拜登20多共識 習否認武統有期

華冀闢「三藩市願景」 拜登：迄今最具成果討論

習拜會 中國國家主席習近平與美國總統拜登的三藩市會晤於當地時間15日如期舉行，雙方達成20多項共識，最受關注的是恢復一系列軍事聯繫機制。拜登形容這次會談是雙方迄今「最具建設性、而且最富有成果的討論」，他也重申了人權、台灣問題等立場。習近平提出中美關係穩定發展「五根支柱」，闡釋「三藩市願景」，並要求美方停止武裝台灣，強調「中國終將統一，也必然統一」，但否認計劃2027年或2035年武力統一台灣。 綜合報道

【相關新聞刊A16】

在費雷德里克斯堡舉行的「習拜會」歷時4個小時，雖然會後沒有發表聯合聲明，但雙方各自發布的新聞稿顯示，兩國元首在政治外交、人文交流、全球治理、軍事安全等領域達成20多項共識（見表）。

習提中美關係五支柱 共識正確認知

央視報道，習近平說，這次三藩市會晤，中美應該有新的願景，共同努力塗築中美關係五根支柱。一是共同樹立正確認知：中國始終致力於構建穩定、健康、可持續的中美關係；同時，中國有必須維護的利益、必須捍衛的原則、必須堅守的底線，希望兩國做伙伴，相互尊重，和平共處，[illegible]

美國西岸時間11月15日中午，習拜會結束後，美國總統拜登為國家主席習近平舉行午宴。午宴過後，拜登（右）與習近平（左）一同在費雷德里克斯堡莊園散步（圖）。（新華社）

拜登手機展習舊照 問「認識這年輕人嗎？」

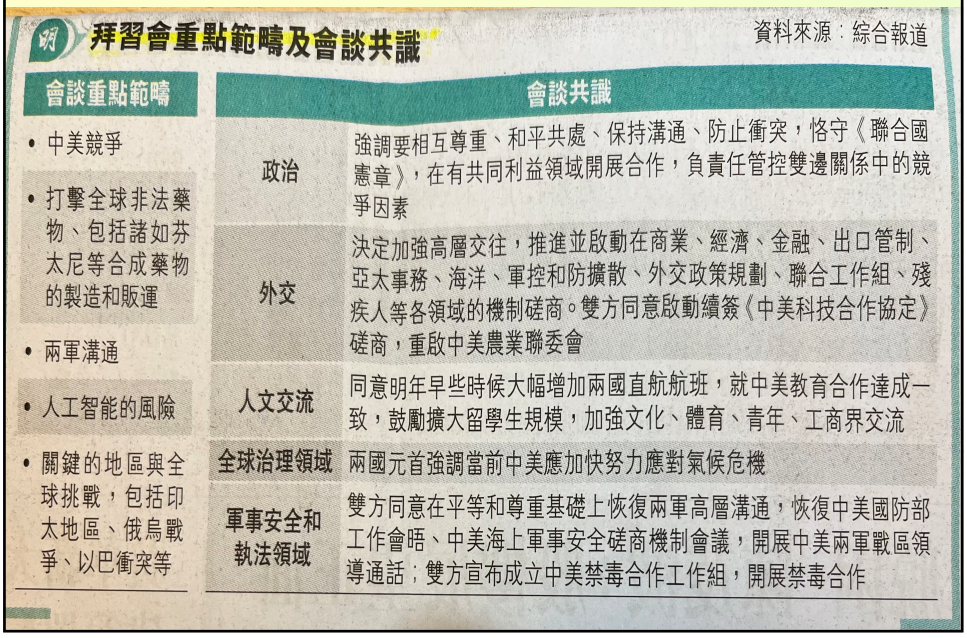
一同在莊園散步後，拜登（前左）親自送習近平（前右）到上車處道別。拜登看到習近平的專車時說：「漂亮的車！」習近平笑着回應：「這是中國的國產車，紅旗車。」（新華社）

外交部長助理、發言人華春瑩昨在社交平台X發文稱，習拜會期間，拜登

104

Xi Jinping and Biden met - Reached more than 20 consensuses

習近平和拜登會面 - 達成20多項共識



拜習會重點範疇及會談共識

資料來源：綜合報道

會談重點範疇	會談共識	
• 中美競爭	政治	強調要相互尊重、和平共處、保持溝通、防止衝突，恪守《聯合國憲章》，在有共同利益領域開展合作，負責任管控雙邊關係中的競爭因素
• 打擊全球非法藥物、包括諸如芬太尼等合成藥物的製造和販運	外交	決定加強高層交往，推進並啟動在商業、經濟、金融、出口管制、亞太事務、海洋、軍控和防擴散、外交政策規劃、聯合工作組、殘疾人等各領域的機制磋商。雙方同意啟動續簽《中美科技合作協定》磋商，重啟中美農業聯委會
• 兩軍溝通	人文交流	同意明年早些時候大幅增加兩國直航航班，就中美教育合作達成一致，鼓勵擴大留學生規模，加強文化、體育、青年、工商界交流
• 人工智能的風險	全球治理領域	兩國元首強調當前中美應加快努力應對氣候危機
• 關鍵的地區與全球挑戰，包括印太地區、俄烏戰爭、以巴衝突等	軍事安全和執法領域	雙方同意在平等和尊重基礎上恢復兩軍高層溝通，恢復中美國防部工作會晤、中美海上軍事安全磋商機制會議，開展中美兩軍戰區領導通話；雙方宣布成立中美禁毒合作工作組，開展禁毒合作

105

Xi Jinping and Biden met - Reached more than 20 consensuses

- Agree to resume military communication, resume the Sino-US Defense Department working meeting, and the maritime military security consultation mechanism meeting,
- The two sides announced the establishment of the China-US Anti-Drug Cooperation Working Group,
- In terms of people-to-people exchanges, increase the number of flights between the two countries,
- Increase Sino-US educational cooperation and expand the number of international students,
- Strengthen cultural, sports, youth and business exchanges.

106

106

Xi Jinping and Biden Meeting: Strategic outcomes

- Meeting in San Francisco to re-stabilize Sino-US relations.
- China and the United States strengthen climate cooperation and pave a straight path for global negotiations on the Framework Convention on Climate Change.
- Xi Jinping invites 50,000 American youths to visit China next year.
- It will have a positive impact on the world.
- May bring Sino-US relations out of the bottom.
- The United States should support China's peaceful reunification.
- Xi Jinping emphasized: "China will eventually be reunified and will inevitably be reunified."

107

107

Xi Jinping and Biden Meeting: Strategic outcomes

- The meeting in San Francisco is unlikely to change the pattern of fierce competition between China and the United States.
- Nor will it change the speed at which the United States suppresses China's development.
- Because the United States will still contain China in terms of trade, technology, and military.
- The meeting can reduce the continued deterioration of relations between the two countries. There are still many uncertain factors in the future.
- Because next year is an election year in the United States, it is impossible for Biden to show weakness towards China.
- Because most American voters still have a negative view of China.

108

108

7. What Does Trump Plan to do in Trump 2.0

109

109

Results of US Elections on 5 November 2024

Presential:	**Trump**	**Harris**
Electoral college (538)	312	212
Popular	50.1%	48.3%

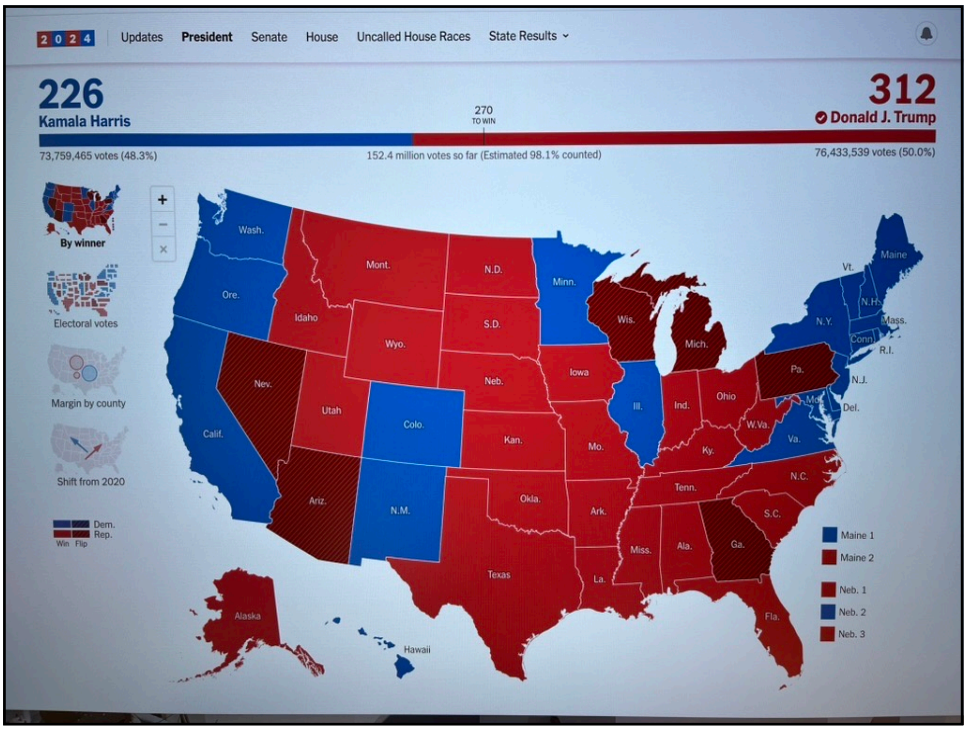
Senate: (50)	**Republican**	**Democrat**
	53	47
House of Representatives: (435)	218	212
State Governors	27	23

Full control of the government branches:

1. The senate
2. The House
3. States
4. The Supreme court

110

110



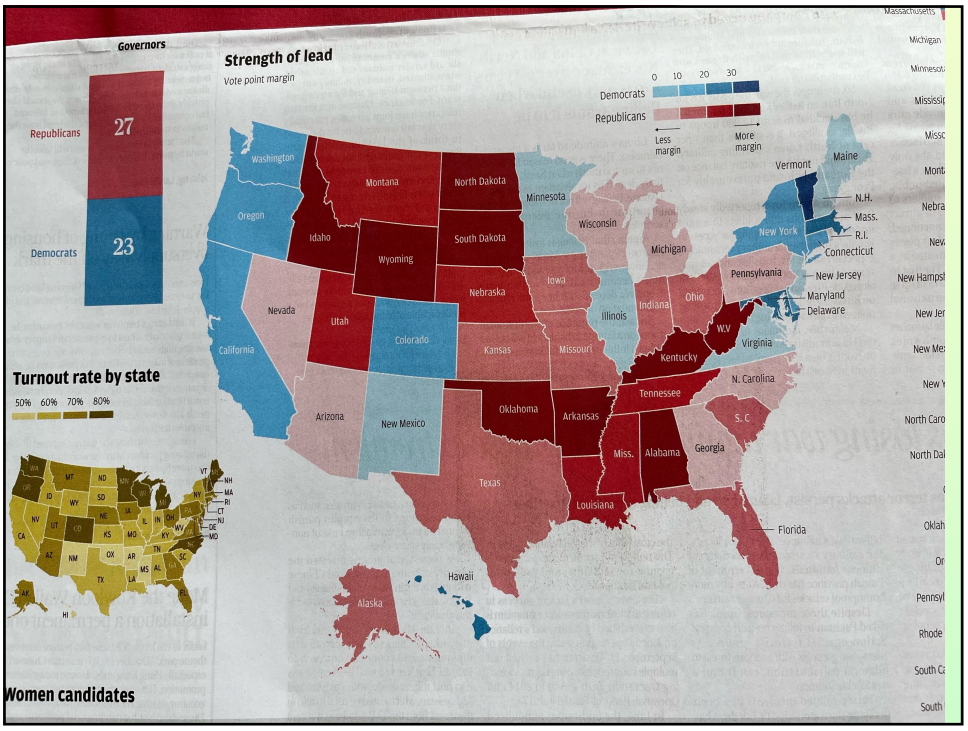
111

Tracking the swing states

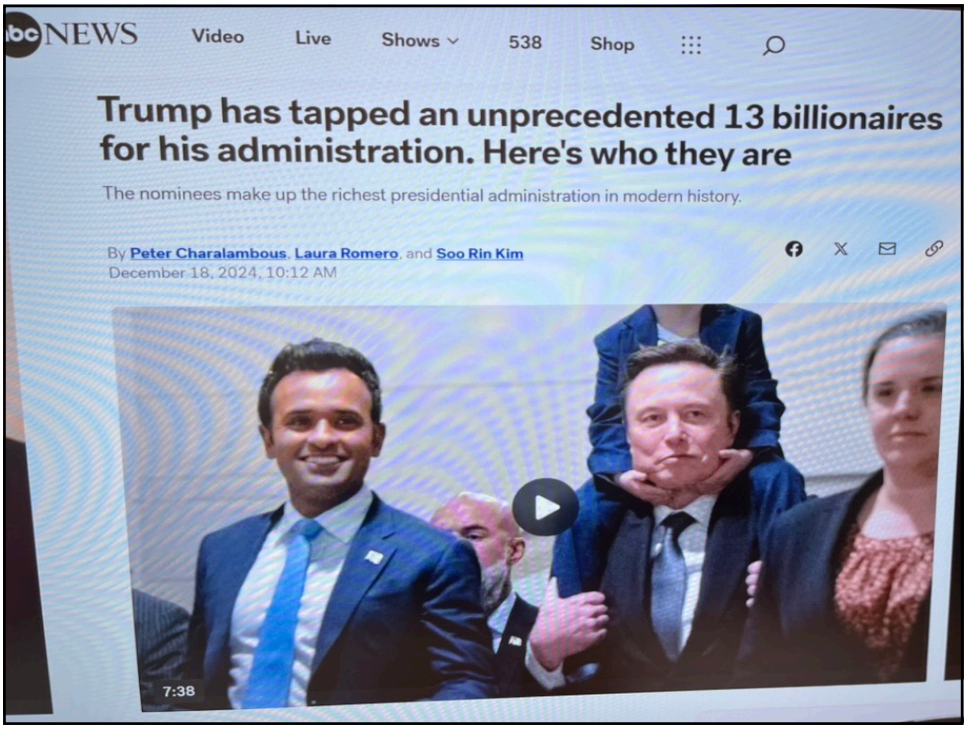
There were 93 electoral votes at stake among the seven swing states. Mr. Trump needed at least 51 electoral votes from these states to secure the presidency.

State	Electoral votes	% In	Reported margin
Arizona	11	>95%	Trump wins ✓
Georgia	16	>95%	Trump wins ✓
Michigan	15	>95%	Trump wins ✓
Nevada	6	>95%	Trump wins ✓
North Carolina	16	>95%	Trump wins ✓
Pennsylvania	19	>95%	Trump wins ✓
Wisconsin	10	>95%	Trump wins ✓

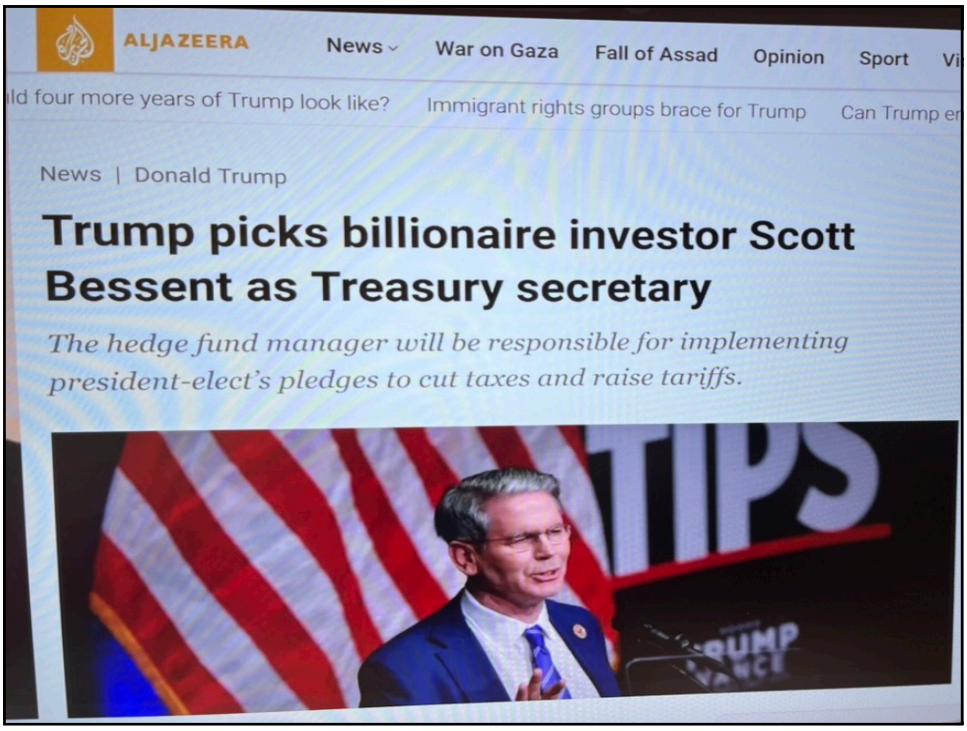
112


Governors
Republicans
27
Democrats
23
Strength of lead
Vote point margin
0 10 20 30
Democrats
Republicans
Less margin
More margin
Turnout rate by state
50% 60% 70% 80%
Women candidates
Washington
Oregon
California
Nevada
Idaho
Montana
Wyoming
Utah
Arizona
Colorado
New Mexico
North Dakota
South Dakota
Nebraska
Kansas
Oklahoma
Texas
Minnesota
Iowa
Missouri
Arkansas
Louisiana
Wisconsin
Illinois
Michigan
Indiana
Ohio
Kentucky
Tennessee
Miss.
Alabama
Georgia
Florida
S. C.
N. Carolina
Virginia
W.V
Pennsylvania
New York
Vermont
Maine
N.H.
Mass.
R.I.
Connecticut
New Jersey
Maryland
Delaware
Hawaii
Alaska

113


abc NEWS
Video
Live
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538
Shop
Trump has tapped an unprecedented 13 billionaires for his administration. Here's who they are
The nominees make up the richest presidential administration in modern history.
By Peter Charalambous, Laura Romero, and Soo Rin Kim
December 18, 2024, 10:12 AM
7:38

114

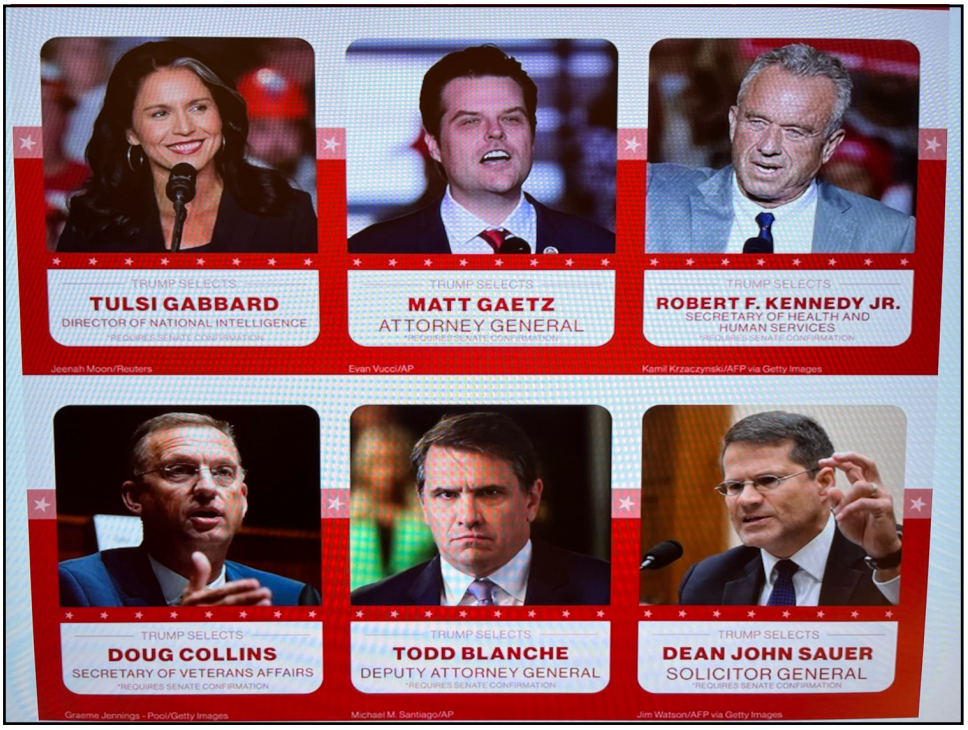

ALJAZEERA
News
War on Gaza
Fall of Assad
Opinion
Sport
ld four more years of Trump look like?
Immigrant rights groups brace for Trump
News | Donald Trump
Trump picks billionaire investor Scott Bessent as Treasury secretary
The hedge fund manager will be responsible for implementing president-elect's pledges to cut taxes and raise tariffs.
TIPS

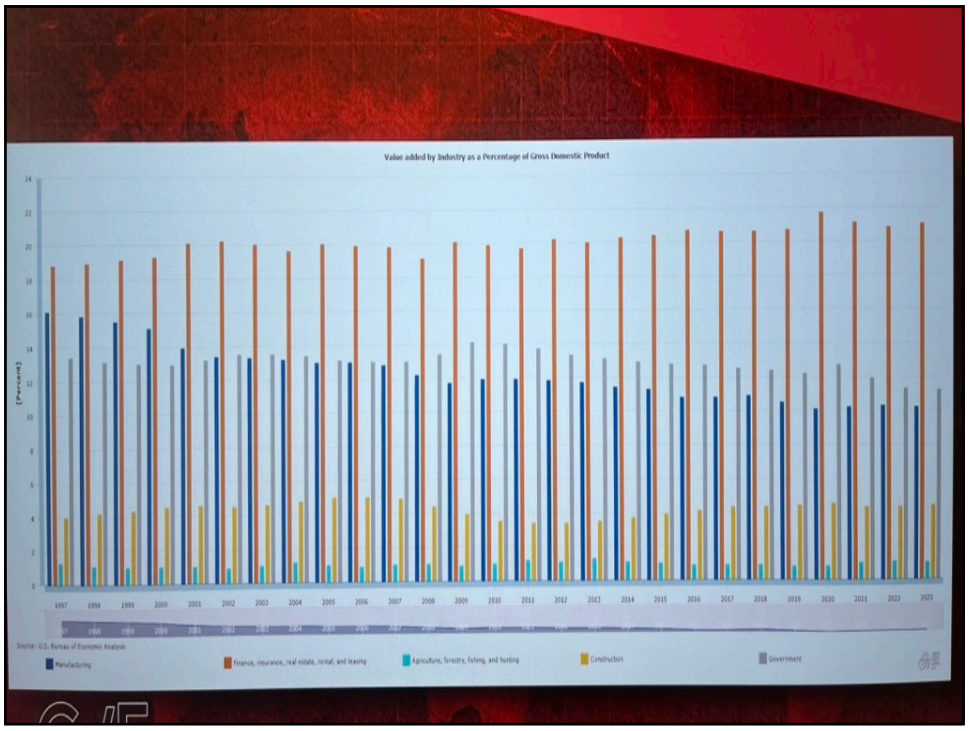
115


Trump's Key nominees
TRUMP SELECTS
REP. ELISE STEFANIK
UN AMBASSADOR
TRUMP SELECTS
GOV. KRISTI NOEM
SECRETARY OF HOMELAND SECURITY
TRUMP SELECTS
LEE ZELDIN
ENVIRONMENTAL PROTECTION AGENCY
TRUMP SELECTS
SEN. MARCO RUBIO
SECRETARY OF STATE
TRUMP SELECTS
MIKE HUCKABEE
AMBASSADOR TO ISRAEL
TRUMP SELECTS
REP. MIKE WALTZ
NATIONAL SECURITY ADVISER

116


TRUMP SELECTS
STEPHEN MILLER
DEPUTY CHIEF OF STAFF
Eloisa Lopez/Reuters
TRUMP SELECTS
SUSIE WILES
CHIEF OF STAFF
Brian Snyder/Reuters
TRUMP SELECTS
TOM HOMAN
"BORDER CZAR"
Bill Clark/CQ-Roll Call, Inc via Getty Images
TRUMP SELECTS
JOHN RATCLIFFE
CIA DIRECTOR
"REQUIRES SENATE CONFIRMATION"
Patrick Semansky/AP Files
TRUMP SELECTS
PETE HEGSETH
DEFENSE SECRETARY
"REQUIRES SENATE CONFIRMATION"
Roy Rochlin/Getty Images
TRUMP SELECTS
ELON MUSK &
VIVEK RAMASWAMY
"DEPARTMENT OF GOVERNMENT EFFICIENCY"
AFP via Getty Images
117


TRUMP SELECTS
TULSI GABBARD
DIRECTOR OF NATIONAL INTELLIGENCE
"REQUIRES SENATE CONFIRMATION"
Jeenah Moon/Reuters
TRUMP SELECTS
MATT GAETZ
ATTORNEY GENERAL
"REQUIRES SENATE CONFIRMATION"
Evan Vucci/AP
TRUMP SELECTS
ROBERT F. KENNEDY JR.
SECRETARY OF HEALTH AND HUMAN SERVICES
"REQUIRES SENATE CONFIRMATION"
Kamil Krzaczynski/AFP via Getty Images
TRUMP SELECTS
DOUG COLLINS
SECRETARY OF VETERANS AFFAIRS
"REQUIRES SENATE CONFIRMATION"
Graeme Jennings - Pool/Getty Images
TRUMP SELECTS
TODD BLANCHE
DEPUTY ATTORNEY GENERAL
"REQUIRES SENATE CONFIRMATION"
Michael M. Santiago/AP
TRUMP SELECTS
DEAN JOHN SAUER
SOLICITOR GENERAL
"REQUIRES SENATE CONFIRMATION"
Jim Watson/AFP via Getty Images
118


Value added by Industry as a Percentage of Gross Domestic Product
Source: U.S. Bureau of Economic Analysis
Manufacturing
Finance, insurance, real estate, rental, and leasing
Agriculture, forestry, fishing, and hunting
Construction
Government

119


Top 25 Companies
BY MARKET CAP
UNITED STATES
1 • World Rank
$3.4T
$2.1T
Alphabet
$1.9T
amazon
$1.3T
Meta
2
$3.2T
NVIDIA
$967B
BERKSHIRE HATHAWAY INC.
$613B
JPMORGAN CHASE & CO.
$593B
Walmart
$534B
UNITEDHEALTH GROUP
$830B
Lilly
$527B
ExxonMobil
$519B
VISA
$431B
3
$3.1T
Microsoft
$781B
BROADCOM
$712B
TESLA
$396B
P&G
$387B
Costco
$384B
Johnson & Johnson
$380B
ORACLE
$1.8T
saudi aramco
SAUDI ARABIA
$910B
TAIWAN
$603B
DENMARK
$444B
Tencent
CHINA
$390B
SAMSUNG
SOUTH KOREA
All figures as of Aug. 19, 2024 | Source: Companiesmarketcap.com

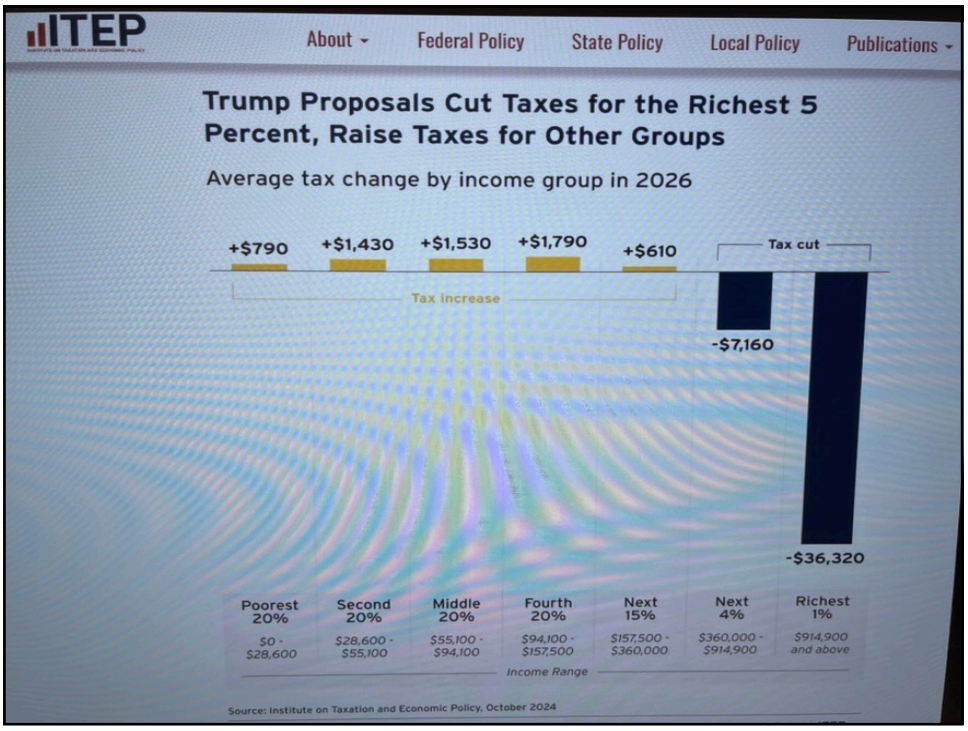
120


BUSINESS INSIDER
The wealthiest 10% of Americans own 93% of stocks even with market participation at a record high
How billionaires saw their net worth increase by half a trillion dollars during the pandemic
BUSINESS INSIDER
+$48.6 Billion
Jeff Bezos, Amazon CEO

121


By Michael Casey, Associated Press
U.S. homelessness rose 18 percent in 2024, continuing multi-year upward trend

122


ITEP
About
Federal Policy
State Policy
Local Policy
Publications
Trump Proposals Cut Taxes for the Richest 5 Percent, Raise Taxes for Other Groups
Average tax change by income group in 2026
+$790
+$1,430
+$1,530
+$1,790
+$610
Tax cut
Tax increase
-$7,160
-$36,320
Poorest 20%
$0 - $28,600
Second 20%
$28,600 - $55,100
Middle 20%
$55,100 - $94,100
Fourth 20%
$94,100 - $157,500
Next 15%
$157,500 - $360,000
Next 4%
$360,000 - $914,900
Richest 1%
$914,900 and above
Income Range
Source: Institute on Taxation and Economic Policy, October 2024

123


NEWS
Fatima Hussein, Associated Press
Trump threatens 100 percent tariff on BRICS nations if they try to undermine U.S. dollar

124

Trump's Key nominees

- Elon Musk
- Vivek Ramaswamy

Department of Government Efficiency (DOGE)

- Not a Federal agency but will provide advice and guidance "outside of government" and partner with the White House and Office of Management & Budget to drive structural government **reform.**

- Tasks: Target massive waste and fraud to dismantle government bureaucracy, slash excess regulations, cut wasteful expenditures, and restructure Federal Agencies.

- Target completion date: 4 July 2026

125

125

Trump's Key nominees

- Most of the nominees are China hawk and will be tough on China;
- Musk understands China and benefited from building Tesla in Shanghai;
- He may soften Trump policies on China;
- Trump is a businessman and great negotiator, and he may cut deals to achieve his main goal of MAGA;
- The US goal is to keep its number 1 leading economic position, and it may be achieved by a. faster economic grow, or b. stop or slow China's growth;
- The trade war initiated by Trump and continued by Biden did not work well. Trump may consider alternative way by making a deal with China.

126

126

What Does Trump Plan to do in Trump 2

Missions:

- Make America Great Again (MAGA)
- Stop US from further decline
- Keep US's number 1 and Hegemony position

127

127

What Does Trump Plan to do in Trump 2

MAGA

Expand its territories:

- Take control of the Panama Canal
- Make Canada the US's 51 State
- Purchase Greenland from Denmark
- Change the Gulf of Mexico to Gulf of America

128

128

What Does Trump Plan to do in Trump 2

New policies and actions:

- The new DOGE will make the federal government more efficient.
- Target to reduce the number of federal agencies from 428 to 99.
- Stop work from home and order all federal employees to return to offices.
- Reduce the number of federal employees by offering a buyout option, voluntary retirement/departure, with 8 months' salary until September without going to work.
- Out of the 2 million plus supporting staff, more than 40,000 have accepted the offer.
- Start cutting the personnel and budget of some agencies such as USAID, CIA, USPS, FEMA.

129

129

What Does Trump Plan to do in Trump 2

Other policies:

- Reduce trade deficit - through increase tariffs;
- Economic growth - reshoring of industries;
- Disrupt and stop China's economic growth - sanction on import and export of high technology products;
- American first and MAGA;
- No war – Not part of MIC. If China invades Taiwan, he will add 200% tariffs, not sending troops,

130

130

What Does Trump Plan to do in Trump 2

Other policies:

- Increase import tariffs and reduce corporate tax.
- Relax environmental regulations to support domestic auto industry.
- Stop the Ukraine- Russia war.
- Remove the DEI policy, reduce gender choice to only 2.
- Cut government organizations and budgets.
- Pardon the accused rioters on the Capitol Hill incident.
- Withdraw from international treaties/agreements.
- Reduce overseas military bases and troops and pass the defense cost to the allies.

131

131

8. What Strategies Can China Adopt under Trump 2

132

132

What can China do under Trump 2

1. Employ Sun Zhi military strategies: Win without battle, always be prepared against the enemy to attack;
2. Wait for the opponent to self-destruction;
3. USA may turn into DSA (Divided States of America);
4. In the US, the small group of very rich benefited from the war and finance (MIC), the middle class just do ok on business as usual, while the very poor become homeless, and drug addicts;

133

133

What can China do under Trump 2

5. Continue to innovate in all aspects: technologies, industries, business and culture;
6. Keep strengthen its military defense as a deterrent;
7. Retaliate on sanctions, limit export on rare earth and other supplies;

134

134

What can China do under Trump 2

8. De-dollarization by developing BRICS' digital e-currency;
9. Be patient. Don't fall into the trap of a hot war. The US will take away all China's assets in the US and the bonds;
10. Trump's isolationist policies, MAGA, and America first, may open opportunities for China to expand its markets in the EU, ASEAN,& the global south.

135

135

9. The US China Relationship Over Time

136

136

The US China Relationship

1. Courting : 1971-1979
2. Honeymooning : 1979-1991
3. Arguing : 1919-2001
4. Naive : 2001-2009
5. Suppressing : 2009-2016
6. Fighting : 2017-2021
7. Hostile : 2021-

(Biden did not visit China in his 4-year term)

(From Shi Qiping Phoenix TV)

137

137



US China Relationship

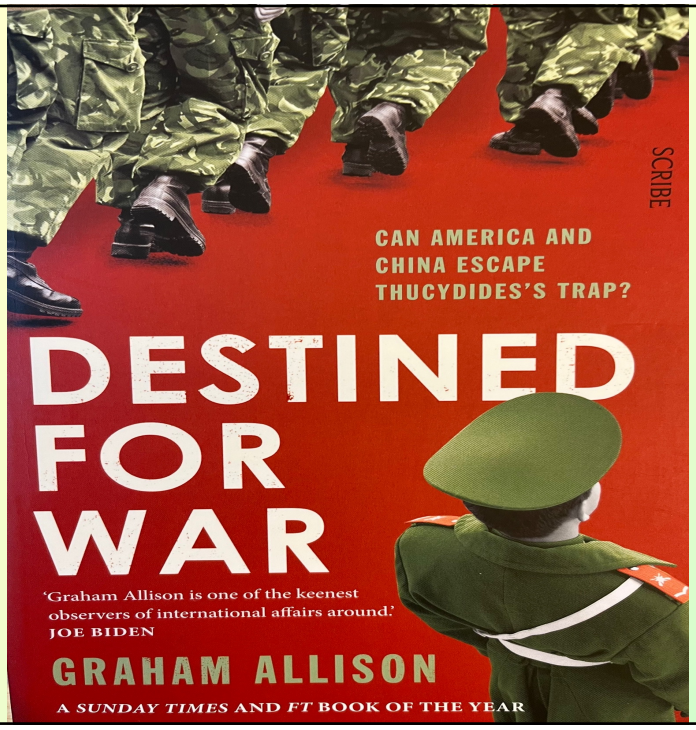
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138

10. Potential Outcomes of the US China Competition

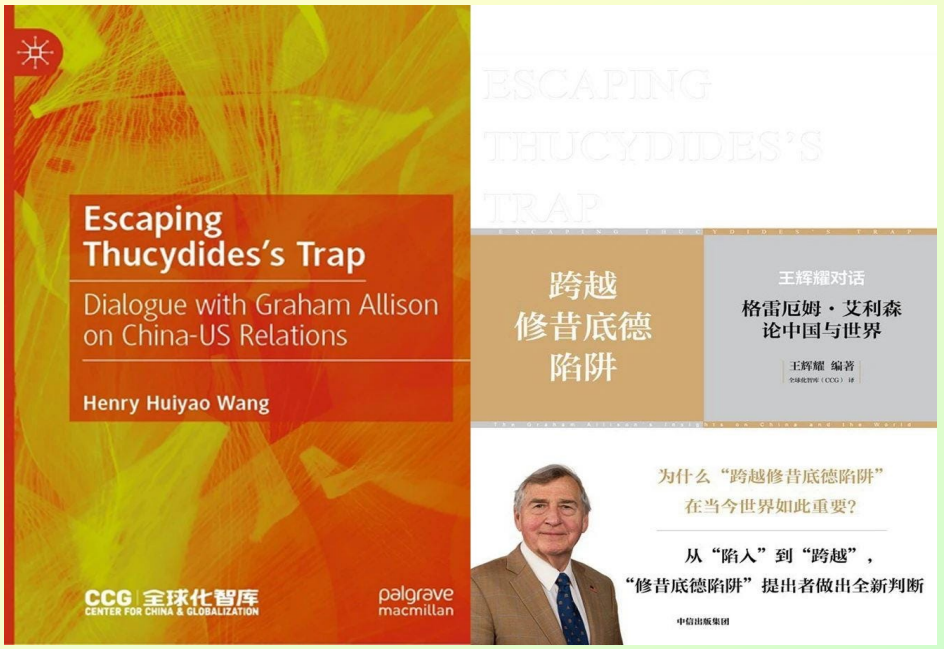
139

139



140

140



March 2024

141

141



22 March 2024 Beijing

142

142

Graham Allison's speech at CCG

Founding Dean of Harvard Kennedy School Founding Dean of Harvard Kennedy Schooland former U.S. Assistant Secretary of Defense, explores a path away from Thucydides' Trap through U.S.-China strategic concept.

143

143

Graham Allison

- *"Escaping Thucydides' Trap: Dialogue with Graham Allison on China-US Relations* presents a comprehensive collection of Allison's views and writings on US-China relations from 2017 to 2022, covering a range of topics including the balance of power between the two sides, where the relationship is headed, and lessons from history on how conflict can be avoided. The book also includes an introduction and afterword by Dr. Henry Huiyao Wang, editor of this volume.
- The event garnered extensive coverage from multiple media outlets, including Beijing Daily, China News Service, Pheonix TV, Bejing News, China Review News Agency, and China's Diplomacy in the New Era (dplomacy.org.cn). It was also promoted through the official WeChat blog of the Chinese Embassy in the U.S.

144

144

Luck is on China's side

Phoenix TV senior commentator Shi Qiping 8.10.2024

"4 Key figures" contributed to China's improvement in its fortunes.

1. Kissinger, who turned China from a major strategic disadvantage into a major strategic advantage;

2. Bin Laden, who plunged the United States into two anti-terrorist wars and allowed China to gain a period of about 10 years of strategic opportunities;

3. Zelensky and Putin triggered the Russia-Ukraine war, making Russia, Ukraine, and the U.S. military losers, but allowing China to gain huge benefits in the market, energy supply, currency, geopolitics, and most importantly, learning not be dragged into a hot war with the US.

4. Netanyahu, Israeli Prime Minister Netanyahu attacks and shakes the hegemonic strength and foundation of the United States both internally and externally.

145

145

US China Competition:

Some factors affecting the outcomes.

1. Mentality – US is too elegant and proud and not respecting other countries.
2. Strategic mistake - US has no long-term plan.
3. Ideology and political system - Not working as two parties fight for its interest, not for the public.
4. China has a stable and long tenure government.
5. Manufacturing - Corporations only care about maximize their profits. Out-sourcing and not reshoring.
6. Talent - Many STEM talented people left the US.

146

146

US China competition: potential outcomes

The confrontation between the no.1 and no.2 powers will most likely end with a lose-lose result.

- China's overall strength is growing but not strong enough to confront the declining US.
- Facing US's all out attack, China is trying to mitigate and defend.
- The US-China competition will be a long-term battle with a full court press strategy used by the US.
- It would be a long competition and whoever makes fewer mistakes will gain the upper position.
- The US-China competition may end up with the following three potential outcomes.

147

147

US China competition: Outcome 1

1. China will become the world's largest economy and enter the developed countries club.

- China continues to grow at an annual growth rate of more than 5%, while the United States still maintains a growth rate of less than 2.8%. China's GDP will surpass that of the US in about 10 years and become the world's largest economy.
- China's GDP per capita will increase from US$12,000 to US$20,000 in 15 years or so, thus entering the clubs of developed countries.
- These have been written into China's mid-term plan for 2035 and long-term strategies for 2050.
- China will become the new world leader, reunite with Taiwan with no one dare to intervene.

148

148

US China competition: Outcome 2

2. Under the US's suppression, China's fast economic growth momentum has been curbed, and it will maintain its status as the second largest economy for a long time.

- Through its military and currency hegemonic power, US successfully stops its decline and overcomes its economic crisis and inflation.
- China's economic growth slows down further. China's GDP will not be able to surpass the United States for a long time.

149

149

US China competition: Outcome 3

3. China and the US compromise and lead the world forward in a healthy competition and cooperation.

- In the past forty years, China and the US have both been the world's biggest beneficiaries of cooperation.
- The two countries' current GDP accounts for around 40% of the world.
- Both countries are aware of cooperation with win-win result while confrontation will result in a lose-lose situation.
- US acknowledges that their heyday is over, unable to act as the world's policeman, can't impose its values on other countries.
- Both countries accept normal competition, abandon the zero-sum game, step out of the Thucydides trap, and achieve win-win results.
- The share of the GDP of the two countries will also continue to grow and may reach 50% of the world in the next decade.
- The result of a healthy competition and cooperation will lead the world forward with a bigger pie for all.

150

150

11. Conclusions

151

151

Conclusions:
Global Superpowers - US & China

- The relation between China and US will remain rocky as China continues to grow rapidly in the coming years.
- US will try to maintain its no.1 position as long as possible and use all means to disrupt and slowdown China's development.
- Hong Kong is very open and the US can use it to create disturbance since it can't do much in other Chinese cities.
- The all-out competition between China and US will continue but a real military war is not likely to happen as both side has the capability of destroying the other.

152

152

Conclusions:
Bi-Polar world lead by US & China

- Business between China and US companies will continue as the two markets are too big and not easy to decouple.
- The bi-polar world leaded by the US and China will continue in the next decade.
- The US is in the decline and is not likely to win the Long Game.
- China's long term strategic goal of winning the hundred-year marathon is likely to be achieved by 2049.

153

153

Conclusions:
Where should Hong Kong be heading?

1. The political issues in HK was tackled by the Central government.
2. Take advantages of the two systems and integrate into the national development of the Greater Bay Area.
3. Strengthen the functions of super connector, test field, and firewall.
4. Move forward towards the Belt and Road Initiative (RCEP and Middle East).
6. Actively promote the development of a sustainable international financial and technology hub.
7. Maintain the linked its exchange rate with the US dollar.
8. Shift government's focus from security to economic development.
9. Reform the government structure: executive and legislative branches to improve effectiveness and efficiency and cut the budget deficit.

154

154

US & China: Who is better in the Determinants of Wealth and power

1. Education
2. Competitiveness
3. Innovation and technology
4. Economic output
5. Share of world trade
6. Military strength
7. Financial centre strength
8. Reserve currency status

155

155