

PRESS RELEASE

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**NBR Taskforce Releases Report on
Mapping New U.S. Economic Strategy toward China**

The report examines the evolution of China's "mercantilist Leninist" economic policies; considers how the U.S. should refine objectives; explores prospects for a satisfactory U.S.-China trade deal.

WASHINGTON, D.C. | Today, the National Bureau of Asian Research's (NBR) Taskforce on Transforming the Economic Dimension of U.S. China Strategy released a new report, [Answering China's Economic Challenge: Preserving Power, Enhancing Prosperity](#) ([link](#)).

This report examines the origins, evolution, and implications of China's "mercantilist Leninist" economic policies. It considers how the United States should define its objectives in light of China's policies. Finally, it explores the prospects for negotiating a satisfactory deal in the current trade standoff.

"We need to rethink our entire approach to economic relations with China," said Dr. Aaron Friedberg, co-chair of the taskforce and professor at Princeton University. "Even if a temporary trade settlement can be achieved, the United States and China appear headed for a period of intensifying friction over trade and technology issues, and perhaps towards a significant decoupling of their national economies and innovation systems."

The report is the first of two publications, drawing on deliberations of the taskforce launched in May 2018 to examine the economic dimensions of U.S. strategy towards China anew. The taskforce is a nonpartisan effort, co-chaired by Dr. Friedberg and former member of Congress Dr. Charles Boustany Jr. of Louisiana, that includes over a dozen specialists from across business, think tank, and government sectors.

"The current controversies over trade, investment, and technology are merely part of a deeper rivalry between competing systems with vastly differing world views," said Dr. Boustany. "The challenge to the international order posed by China is complex and will be a protracted one."

The report makes the following policy recommendations for managing the current trade stand-off:

- **Keep up the pressure** and resist demands to lift tariffs in return for anything less than significant, verifiable progress in rolling back China's aggressive and market-distorting trade, industrial, and technology promotion policies. The United States should not settle for a deal that simply reduces the trade deficit but otherwise codifies the status quo ante.
- **Extend time horizons and mobilize public support** by raising awareness that failure to address challenges now will likely lead to even greater costs in the future.
- **Build maximum aggregate leverage** by assembling a coalition of states that share concerns about China's predatory policies and unfair trading practices and working with those states to establish trade and investment agreements that adhere to high standards.
- **Intensify defensive measures** by coordinating with allies and like-minded partners to protect against Chinese economic penetration and exploitation of their national economies.

The second and final report—which will outline the costs, risks, and potential benefits of a partial “disengagement” of the U.S. and Chinese economies—is planned for mid-2019.

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