



NEXT

US-Japan NEXT Alliance Initiative

*Recent Trends in
Washington regarding
Economic Security Policy*

Jim Schoff, Sr. Director, Sasakawa USA

7 February 2024

Three Recent Trends to Watch

- 1) Current Econ Security governance/management framework insufficient; looking to develop more coherent strategy, reform infrastructure
- 2) Economic Security Proliferation: expanding definition and topics (e.g., AI, cybersecurity, data, small-scale trade)
- 3) Growing split between China hardliners (Trump faction) and “international order sustainers” (Biden team); i.e., strategic decoupling vs derisking

Notable Recent Reports/Articles on Econ Security

THE SELECT COMMITTEE ON THE
STRATEGIC COMPETITION BETWEEN
THE UNITED STATES AND
THE CHINESE COMMUNIST PARTY

RESET, PREVENT, BUILD:
A Strategy to Win America's
Economic Competition with the
Chinese Communist Party

FOREIGN AFFAIRS The New Economic Security State

The New Economic Security State

How De-risking Will Remake Geopolitics

By [Henry Farrell and Abraham Newman](#) November/December 2023

Published on October 19, 2023

DeLauro, Banks Introduce Bipartisan Legislation to Secure U.S. Supply Chains

September 26, 2023 **Press Release**

**SHIELD Act would secure U.S. supply chains to
outcompete China**

Today, U.S. Representatives Rosa DeLauro (D-CT-03) and Jim Banks (R-IN-03) introduced the bipartisan SHIELD Act. This legislation would establish an Office of Economic and Security Preparedness and Resilience to set priorities to

Recent Economic “Wargame” Examples



THE SELECT COMMITTEE ON THE
CHINESE COMMUNIST PARTY
FREEDOM IS THE VICTOR

The book cover features a blue background with a pile of various coins at the bottom. The title is in white, bold, sans-serif font.

DETECTING CHINESE ECONOMIC COERCION OF TAIWAN:

LESSONS FROM AN ECONOMIC
STATECRAFT SIMULATION

Eric Heginbotham
Jung Jae Kwon

A faint, light-colored map of the Taiwan Strait region is visible in the background of the right side of the slide.

TEN FOR TAIWAN

Policy Recommendations to
Preserve **PEACE** and **STABILITY**
in the Taiwan Strait

Tools for Economic Confrontation

- **Primary Financial Sanctions**

- Prohibit US transactions with target entities, limits financing options; Specially Designated Nationals (SDN) list, via Treasury Dept, Office of Foreign Assets Control (OFAC); less severe variant is Chinese Military-Industrial Complex Companies (CMIC) list

- **Secondary Financial Sanctions**

- Extraterritorial provisions when US corporations, assets, or tech involved; add 3rd-country entities to Foreign Sanctions Evader's (FSE) list

- **SWIFT-related measures**

- **Freeze bank assets and prevent profit repatriation**

Tools for Economic Confrontation (cont)

- **Tariff measures**

- Section 232 tariffs justified by national security
- Section 301 tariffs justified by unfair trade practices
- Paid by importer

- **Non-tariff measures**

- Quotas, inspections, additional Customs procedures

- **Export restrictions**

- Place prohibited items (or those requiring special license) on Commerce's Country Chart or Entity List
- Foreign Direct Product rule requires foreign firms that use US tech to comply with US restrictions

Econ Security Coord Mechanisms w/ Partners

- Europe

- US-EU Trade and Technology Council (fairly comprehensive)
- a 3+3, with USTR; highly structured w/ private sector involvement

- India and South Korea (NSC-led, focused on tech)

- US-India initiative on Critical and Emerging Technology (iCET)
- US-ROK Next Generation Critical & Emerging Technologies (CET) Dialogue

- Israel

- NSC-led but with more significant State Department involvement

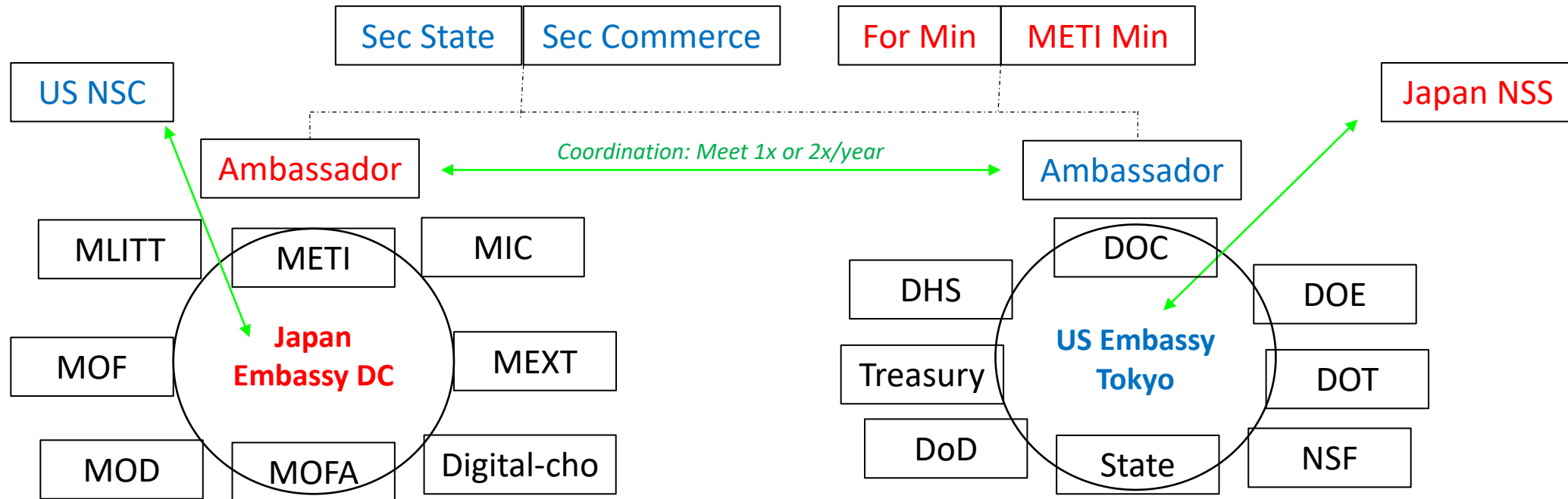
- Japan

- Economic Policy Consultative Committee (EPCC)
- JUCIP and multiple other counterpart initiatives

Partners Supporting NSF's Reg Innovation Engines

- Economic Development Administration
- Department of Labor
- Department of Energy
- Environmental Protection Agency
- Department of Housing and Urban Development
- Advanced Research Projects Agency for Health (ARPA-H)
- Department of Transportation (and ARPA-I)
- National Aeronautics and Space Administration (NASA)
- Center for Biologics Evaluation and Research at FDA
- Small Business Administration
- Department of Agriculture
- Air Force Research Laboratory...and several others...

Economic Policy Consultative Committee (EPCC) Embassy Coordination Teams



- Commercial and Political ministers in each Embassy lead the inter-agency teams
- Cover such issues as: supply chain, export controls, investment rules, countering economic coercion, promoting emerging tech R&D, tech standards, data flows, etc.
- Leverage existing dialogues (e.g., JUCIP; Internet Economy, Space & Cyber dialogues; etc.)