Virtual Event | What to Expect from the Indo-Pacific Economic Framework

TRANSCRIPT

Discussion........................................................................................................................................2

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- John Lee, Senior Fellow, Hudson Institute
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Hello, and welcome to Hudson Institute. My name is Riley Walters. I’m deputy director here in our Japan Chair, and thank you for joining us for our event, what to expect from the Indo-Pacific economic framework. China and the Indo-Pacific have been a point of focus in Washington these past few years and rightly so. The U.S. is working with its allies and partners to modernize our defense capabilities in the Indo-Pacific. And the Biden administration has been all in on restoring America’s diplomatic relationships. But one element that’s really been missing from our strategy is an economic element. For years, our closest allies have been asking for the U.S. to be more economically engaged in the region. An annual survey from those in Southeast Asia regularly express not just the worry about China’s economic influence in the region, but the desire for more U.S. economic engagement as well.

This is where this framework comes in, at least in part, but the framework is still very much in the editing stages of its coming together. And so we’re expecting it to actually come out any week now, hopefully. The Quad Leader Summit in Tokyo is scheduled at the end of next month. And so maybe that’ll be a strong target for this new framework to be rolled out. But really we don’t know everything that’s included in this framework just yet, but we do know quite a bit. And so what we do know of the Indo-Pacific economic framework is that it’s co-led by the Commerce Department and the Office of the U.S. Trade Representative. It includes four pillars. One, supply chain resilience. A second one is infrastructure, clean energy and decarbonisation. A third is tax and anti-corruption and the fourth pillar is a fair and resilient trade.

Commerce Department is in charge of the supply chain infrastructure and clean energy and tax and anti-corruption while USTR is in charge of the trade pillar. These are broken down into smaller elements within each pillar. There’s questions about digital and emerging technologies, labor, agriculture, transparency and good regulatory practices, competition related matters, customs and trade facilitation issues, any other practices or measures that undermine market opportunities and generally the commerce department and USTR as they think about this have been generally interested in some of the general negotiating objectives. That’s what we know so far about the framework itself. To become an actual member though, of this framework, as far as we know, country only really needs to commit to at least one of these four pillars, but I also suspect there might be some wiggle room there.

There are probably about a dozen or so countries in Asia that have already expressed an interest in joining. Japan, South Korea, Taiwan, Singapore, are more generally good candidates for this framework. What we also know, and to get around some of the misinformation out there about what we know, the framework is not a trade agreement, despite what you might hear at some congressional hearings, it is exclusively negotiated through the executive, which means Congress really doesn’t have a role to play in these efforts. And there won’t be any tariff negotiations, which limits the market access that the White House can give to potential members. Any market access that would be included will most likely be limited to the regulatory changes. Personally, I’m a bit skeptical about how far this new framework will go given the lack of ambition so far, I suspect that the framework won’t gain much traction and could potentially be forgotten by the end of the year as other initiatives that the White House is doing takes precedent.

But I do want to be optimistic because, an American presence in Asia is important. Let’s hear from some actual experts besides myself on this. First, we have to my left, Lotta Danielsson. She is the Vice President of the U.S.-Taiwan Business Council. And to her left, we have Dr. John Lee, who is a senior
fellow here at Hudson Institute. He is also a senior fellow at the U.S. Studies Center and an adjunct professor at the University of Sydney. I'd love to hear from you both for just maybe five to ten minutes, and then we'll go into some questions and answers. So up first, Dr. Lee, if you'd like to [crosstalk 00:04:59]

**John Lee:**

Sure, sure. Thanks Riley and thanks for having me on these panel. I come from this question as obviously not an American, as you can tell by my accent, I'm based in Sydney, but as an Australian, as someone in that Indo-Pacific region or the Asia part of Indo-Pacific region. And you're absolutely right to say that the region has been calling out for United States to demonstrate not strategic leadership, but economic leadership, which many people believe have been lacking, frankly, since the Trump administration and entering into the Biden administration. The simple answer to the question of what many of us would like to see is we would love to see a pathway for the U.S. to get back in the TPP, but we know that's not going to happen. So let's accept that and use that as the beginning point in terms of looking at this framework.

I think I'll begin with some more negative or pessimistic sentiments. And then as I would like to do, end on a much more optimistic or potentially positive note. From an Australian and regional perspective, a problem we see is that there has been more divergence now between the American perception of its domestic economic interests and the American perception of its international economic interests or roles and responsibilities. This began in the Trump era as we know, and it's continued into the Biden era, and it seems to be a mainstay of American domestic politics. Now to put in overly simplistic terms, there is a perception in the U.S. that America is losing out from the global economic system and it needs more of the [inaudible 00:06:51] balance. This is very clear to us when we come here and I have some sympathy for this view. It's not based on nothing as the country is doing more to protect and advance the global international system, in some ways it has lost out and often unfairly in my view.

I have some sympathy with the American domestic perception. However, I would say that the main driver of America losing out, if you like in my view is mainly China gaming the system. It's not necessarily international economic system per se. It is China gaming, the international economic system at America's expense and at the expense of other countries. And I know lots of countries do game the system, but it's a nature and size and extent, basically a scale of China gaming the system, which has made the global international national economic system, less tenable and less fair for Americans and other countries in my view. So from this perspective, America, yes has legitimate complaints. And this is precisely why in our view, it's so important for the United States to enter TPP, but let's not go there. A TPP would've been not the fix all, but it would've been like a major part of the solution to offering both carrots and sticks for countries to behave economically in certain ways.

Instead, I think the U.S. is looking more to shield itself in some respects from the international economic system, which obviously makes it more difficult for any administration to exercise global economic leadership when a world's calling out for it. And so this brings me to the topic of this discussion, the Indo-Pacific economic framework. It won't be as comprehensive or as visionary as many of us would like. I think that's clear. It will probably read more like a laundry list of aspirations objectives and regulations. Part of that is due to the fact that, what you mentioned that there are different agencies and entities overseeing it. They have different interests as these things are. The output of any sort of into agency
process is never particularly clean or necessary coherent. So I think there will clearly be elements to it, which will be more about protecting narrow American interests rather than providing common goods, if you like to the Indo-Pacific.

And this is probably going to be the case for a lot of aspects of manufacturing. I also have to sense that the framework maybe of less interest to developing economies in the Pacific than it should be. I hope I'm wrong about this because most economies in the Pacific are developing economies. And as it is, this is where China is making the most advances in these developing economies. Just to draw that out a little bit, Beijing has a very simple but attractive proposition for these developing countries. The proposition is if you support our Chinese centric order and rules, yes, it will be hierarchical. Yes, Chinese firms will get the lion share for opportunity and rewards, but if you support it, we will give you immediate and guaranteed gains. That is a very attractive proposition for a developing country.

And as this Chinese sales pitch continues, contrast what we, the Chinese offer you to what the Americans and the other liberal democracies offer you. They offer you rules based order that's based on merit, but you are probably not going to do that well in this merit based order. So you're better off participating at ours rather than committing yourself to the other one. If you are a developing country or firm, struggling to compete, the Chinese sales pitch is a very attractive one, and this is why it does worry me somewhat that, I hope I'm wrong, but it does worry me somewhat that the framework will probably not speak to developing economies as powerfully as it might. Now, let me offer some reasons for some optimism as to what this framework may deliver. It's pretty obvious that we now live in an age of geopolitical competition and conflict even.

The separation of geo-strategy and economics is just no longer tenable. And this has forced America to think about economic concepts, such as resilience, safe and secure supply chains and economic partnerships, not for the sake of economics, but economic partnerships for strategic reasons. Now, in some circumstances, the notion of American resilience will be conflated with self sufficiency and in some areas such as energy and agriculture, that's actually possible for U.S. So that's not necessarily going to involve or help a lot of all the countries in a region. But I think in other areas, the framework will advance cooperation with allied and partner countries, particularly on critical and strategic sectors and products and technologies, and a list of what is critical strategic is obviously context dependent. But we do know that list will grow wider and wider and wider. From that point of view, there’ll be a lot more cooperation between selective advanced economies than it might otherwise be the case if there were no geo strategic competition.

In terms of what that list might look like, I have a feeling, and it may not all be brought out in the framework, but over time, I think it will reflect me of the sectors basically identified in the maiden China 2025 blueprint, which by the way, is a very helpful list for all of us to guide ourselves as to which sectors are actually important, or at least some of the sectors that are important to cooperate in. I would expect some progress and not necessarily with the framework itself, but I would expect the framework to provide the foundations for some progress on mini lateral agreements with particularly advanced economies. The obvious, low hanging fruit ones are things like digital agreements.

But my broader point is, this will largely be driven by geopolitics and competition with China in particular. My opening remarks is there are reasons to be negative, but there are reasons to be optimistic. And the reality of geopolitics means United States actually can’t withdraw into itself as much
as some people in government Congress or the administration would like. That's my note of optimism to end my opening remarks.

Riley Walters:

As much as I'm pessimistic about this agreement, it's hard to give it a policy in DC, it's never really just pass fail. Degree is of passing, degrees of failing. And there's a fair amount of both, I think, in this one. I think you definitely laid out a really good broad base analysis on the geo-strategic. Let me turn to Lotta, now. I think one of the interesting things about this is that in DC, we often talk about the government perspective, but we don't really hear so much about the business industry, the ones who are actually making a lot of these investments and engaged more in these regions. And so Lotta, I'd love to hear your thoughts on this.

Lotta Danielsson:

Thanks so much, Riley, and John, it's great to be here. I'm not an economist, but I do think a lot about trade and economic development in Asia. It's always a pleasure to be here and talk about it. As we said, the framework seems to be kind of a replacement for rejoining the CPTPP. And so you've already laid out some of the issues, trade and supply chains, infrastructure, climate, energy, all those things, tax and anti-corruption issues as well to be covered under this agreement. I share your slight skepticism about where this agreement will take the U.S. and where we're going with it. Yes, absolutely there is appetite in the Indo-Pacific for U.S. economic engagement, there's no question about that, but I do think the timeline in particular is such an ambitious framework, and we're looking at a very comprehensive agreement with potentially many partners.

And the timeline that they've identified, which I think is 18 months seems quite ambitious. I do think also there's quite a lot of lack of clarity on what it is that they're... Maybe we've seen some discussion on what they're trying to accomplish, but there's a lot of unanswered questions. What form will this take exactly? Which function will it serve exactly as well? USTR had public comment period that ended earlier this week. And I think that gave us a little bit of an understanding of what USTR is looking at. But in general, I think clarity on that is not that great. In particular, what are the partners that we're looking for? Which partners are we going to do? How many are we going to do? That's a lot of that. And what will it mean for the partners beyond the political dimension? As you mentioned, market access it's not part and parcel of this.

What does it actually mean for the partners that we're looking at? The rhetoric that we've seen so far seems really focused on what the U.S. benefits are and not what the benefits are for our potential partners. I also have a question about how it will fit with other bilateral and multilateral initiatives that we are already doing or that we're considering doing. For example, there have been talks about an agreement between Taiwan, the U.S. and South Korea on semiconductor that would cover some of the same issues that we're seeing for this. And so how will that fit together? It's is I think a question. As you mentioned, the inter-agency structure is up in the air. We've got USTR, we got commerce, but some of the issues are really the purview of other departments.

So the State Department does some parts, Agriculture, does some parts. And how does that all fit together? I think it's going to be very interesting to see. Another thing that I personally have a concern about is bandwidth. Is there bandwidth within the U.S. bureaucracy on this particular agreement? USTR
has said that they will not do a bilateral trade agreement with Taiwan, because there's no bandwidth for that. They have bandwidth for this, how does that work? And is there appetite in the United States government for this really broad based sustained effort in Asia? I think that's an outstanding question as well. And like you mentioned, how do you keep it going? Is this going to be a Biden administration thing that gets pushed away later in the U.S., or is it something that we can sustain and keep going and have a resilience for? I think that's a question too.

Now, obviously there are two pieces to this discussion that I think is really jumps out to me as potentially achievable. And that's, as you mentioned, the digital economy agreement, most of the countries around the world have a digital economy issues that they're trying to solve. Everybody has data privacy and cybersecurity and those types of issues. Of course, there are some that are more vulnerable than others and some that have more money to spend on these kinds of things than others. But it is definitely something that everybody around the world is looking into. And the second thing would be supply chains. We have seen during the pandemic so much talk about supply chains, food, pharmacy, cars, and of course semiconductors. And so I think that, that is something that is also a general thing that the countries around the world would be very interested in solving.

I think it's going to be very interesting to see where we end up with this once we get a little bit more clarity. Now I would be remiss if I didn’t talk a little bit about Taiwan as well. We believe that Taiwan should be a first round negotiation partner for this framework. It could really help United States achieve their goals in the region. Others do not agree with that obviously, but USTR has been quite coy about and what it might mean, or if they would even consider Taiwan to be part of this. But I do think there are so many reasons for having Taiwans being part of it. One of them, the main one being that Taiwan is a huge trading partner for the U.S. It’s our eighth largest trading partner. If you look at other Indo-Pacific countries, who are likely to be in the conversation, as you mentioned, some of the usual suspects, if you look at Japan, Australia, New Zealand, Singapore, and so on. Japan and South Korea are the top, but Taiwan ranks right up there, right after them and before Vietnam. So it's really important I think, to include Taiwan.

Secondly, Taiwan is a huge part of the global technology supply chain. And this is something that this framework is trying to address. And so I think it's important to have Taiwan be part of the conversation. Taiwan is an important, a critical partner for U.S. technology companies like Apple, like Qualcomm, and a slew of other countries around the world as well. Taiwan companies like Foxconn and Pegatron and some of the ones that you never heard of, but they're playing an important part of the technology that enables us to increase our productivity in the U.S. and so I think that's a really important point. And of course, then you add in that, the semiconductor industry where companies like TSMC are global behemoths when it comes to cutting edge semiconductors. And so to have Taiwan being part of this part and parcel framework, I think is really important. They bring a lot to the table.

Finally, I do think that Taiwan is a reliable and important partner already. They’re part of the WTO, they’re part of apex. They’re a long term partner with the United States on a variety of different things. And so it’s really makes sense to have them be part and parcel of the framework in Asia. They've been really supportive of Russian sanctions. They've been working on digital economy already with the U.S. They're standing up a digital economy ministry later this year. And that I think is really important. They've been working on things like transparency, trade secrets, protection, IPR protection, and where there are lingering issues such as the... There was a recent report on migrant workers in Taiwan and
some of their labor issues. And this might be something that this framework could help address as opposed to not addressing it at all.

And also think, there is a national security implication, a global strategy implication for the United States where a strong Taiwan is in the United States best interest. So including Taiwan makes sense. It's a representation of the US commitment to Taiwan, as well as the commitment to existing partners in the region. Excluding Taiwan, I think there's no doubt that it's a consideration, what will China do? How will China react? Not maybe just for the US, but for other partners in the region, what will that mean for those partners? And I do think that... Working on Taiwan, I'm quite tired of Chinese tantrums over Taiwan. And I think that the United States should look at our national interests as opposed to what the sovereignty reasons are for China to oppose it. And we really think that this is an important part. Taiwan should play an important role in this agreement.

Riley Walters:

Wonderful. You made a lot of good points. I'm just going to jump piggyback off of real quick before I go into questions and answer. I think you make a really good case for Taiwan being a member of this. Honestly, if we look at the framework as it is now, the rhetoric that's been said about it, it's talking about higher standards and really it's the advanced economies that should. It's not really a big problem for them to address these issues and therefore shouldn't be really that much of a barrier for them to be a part of this. And so Taiwan, I think makes an [crosstalk 00:24:21]

John Lee:

Riley, can I quickly jump in just a second, the Taiwan issue in case it goes away? I completely agree, because there are a host of countries in a region, Japan, Australia, just to name two who want and need to make economic agreements with Taiwan and Taiwan wants to make them with them, but they won't, or can't do it until the United States does it. If the United States can get over the line, I completely agree for you. It's in interest for U.S. and a Taiwanese to do that. But if the U.S. and Taiwan can do that, I can almost guarantee it'll be a host of other countries that will do similar, and that will lead to a far better situation than were in now. I just thought that should be emphasized.

Riley Walters:

I appreciate that. I would encourage that as much as possible, but I would also say at least for the U.S. case, I hope that this framework does not become a substitute to a bilateral trade agreement with the United States and Taiwan. I think that is 40 years overdue and it's time to happen, but of course, USTR I think tends to put these things around. The national security side of it, I think they make a better argument for why this should happen.

Lotta Danielsson:

Couldn't agree with you more.
Riley Walters:

Okay. You mentioned another thing about overlapping initiatives, and I want to list off a few of these that have just been announced either this year or past two years. We have a new strategic commercial dialogue with Australia, we have U.S.-Japan, economic two plus two, partnership on trade, competitiveness and reliance partnership with Taiwan, we have the new Trade and Technology Council. There's a slew of new initiatives that you would think could feed into this. You could also make the argument that they will compete with the bandwidth of the commerce department and other agencies to actually be able to provide to this. I think that's one of the... I share that skepticism as well about the bandwidth. Another thing that's worried me is we heard Katherine Tai testify not too long ago in front of Congress about the bio administration's shared agenda.

And of course the framework was brought up and Taiwan was brought up as well. And she made this note that, the framework isn't going to substitute for TIFA, which means, sorry, the trade in investment framework negotiations with Taiwan that we've had for several decades now, this will not be a substitute for that. It does again, bring in this question of, will we be able to have the bandwidth to not just bring in the partners that we should be a part of this, but also new partners? That's awkward way to segue into my first question partners in this agreement.

And from my point of view, it seems like the Biden administration's goal being so diplomatically minded as they are, is to get as many partners in this as possible. But I think there's a tug of war going on between the high standards that someone want to see in this versus the lower standards, which they need to get more partners. And so where's this balance you think going to fall out? John, maybe because you've... What do you think about the scope of the number of partners they act? We can maybe even get into this thing to begin with?

John Lee:

Rather than begin with, which country should we focus on because every country will say, "Should focus on us first." It's probably more useful to begin with, why is U.S. doing this? I know there are a number of reasons, but there's basically two in my mind. One is the U.S. strategic reason, and the second reason is to try get a better outcome for U.S. And then, when you have those two reasons in mind, I would separate then potential partners into screwed separation, but it's useful advanced economies with similar institutions and developing economies which don't have similar institutions. Advanced economies are obvious a far better partners when it comes to doing the high end institutional standards type deals. To be blunt about it, Australia, Japan, or South Korea is going to have far more similar views on standards than a developing country like Indonesia.

So you need advanced economy strategy if you like, to target things that advanced economies would want, and that America could get something out of. And then the developing economy aspect, which has a very strong strategic undercurrent to it. You basically don't want China to dominate these developing economies. And you want these developing economies to have an alternative to just Chinese finance and Chinese governance. So I think you can separate it that way. And when you do that, then you can focus on the high end agreements and not waste your time with high end agreements with countries that just aren't good fits. And then you can focus on the developing economies aspect. So that's one way of at least trying to separate issues, such that there is maximum achievement for minimum effort, if you like.
Riley Walters:
This is probably one of a few things that we've mentioned that could be... Something that comes out of this is the digital trade agreement. I know we had representative from Singapore and Washington recently, Katherine Tai also went to Singapore. There is a lot of legwork sorry, ground has been covered on this issue. Do you feel that it might fall in between those two categories of the developing perspective versus the developed country perspective? And then I'm sure companies in Taiwan and U.S. companies as well have an interest in this as economies advanced too more into the digital side and services side. That's a weird question, but where do you think this digital agreement falls in the priorities of this deal framework?

John Lee:
I'll go quickly and certainly hand it over. On digital, I called it low hanging fruit because, particularly with advanced economies, there's a clear need for it. They've got the institutions and a radio standards last year worked out. You could use as a model, for example, the Australia-Singapore digital agreements, just one example, but you could use that as a model. And it's also consistent with the geo strategic objectives that United States has, which is to create a safe and secure ecosystem if you like. When it comes to developing countries, you can't have the same digital agreement, not at this stage anyway, with developing countries, it's more about giving them options and preventing them from jumping irretrievably into the Chinese digital ecosystem, basically that's what you want to achieve. But with advanced economies, it's more than that. It's about building an actual, safe, secure, digital ecosystem.

Riley Walters:
Interesting.

Lotta Danielsson:
Yeah, I completely agree. I do think that there's a lot of difference between advanced economies and developing economies when it comes to the digital. It's interesting to see that, that seems to be the grouping that we're going to probably see, as they're trying to develop this. And I do think that the digital economy has a lot of things that they can do on both sides, like you said, on high standards for more advanced economies and working with them to build the ecosystem. You got a lot of digital economy infrastructure, those types of things that you have to consider. But again, they've been talking to countries like Taiwan and Australia and other places about the digital economy. This is not a new thing. And just to start there, I think is useful.

One thing that I think maybe not people talking that much about is India, what's going to happen with India? Because they have been a little bit more reluctant and just talk about how they see this potential agreement. And there's a lot of things that go, and if you take India out, it's not Indo-Pacific anymore. That's going to be really interesting to see. I don't know enough about India to say whether the digital economy agreement might be something that they would be willing to step into. But I do think that's going to be a really important piece of both sides, both who's going to join in and the digital economy piece.
Riley Walters:

I think we see this similar concern when we talk about the quad generally and expanding that out into more economic opportunities and things like that. I don't know if you looked for [crosstalk 00:33:39]

John Lee:

Just on India, I'm glad you raised India because it doesn't really fall into either category because India, like China, has elements of developing country and elements of advanced economy. For the sake of my crude classification, even though India doesn't fit naturally or seamlessly into the advanced economy group, I would almost pretend to treat them that way because I have certain capabilities and aspects to the economy that do fit. And from a geo-strategic point of view, they're just far too important to effectively exclude when you're talking about high end agreements. India is going to be hard work for many reasons, but I think there's an exception that you've got to try to bring them along when it comes to high end agreements.

Riley Walters:

Let's talk about the elephant in the room again. I know we've talked about China a little bit already, but as far as I can tell this agreement is not... Again, the Biden administration doesn't have a China strategy. They were explicit in the end of Pacific strategy when they rolled that out, that was not their China strategy. And so we haven't seen it. We don't know where it is or when it's going to come out, and this is coming out first, but again this, just like it's not a trade agreement, is not a China strategy. And I would not be surprised if the word China doesn't appear even once in this document. There's an argument to be made of why that is. It's again to get some of the developing countries who don't want to be caught up in the U.S.-China competition.

Maybe it's a strategy to include more countries in this as possible, but it really is. I think the major concern for a lot of these countries, again, like we were talking about at the beginning, China has basically taken a share from the United States and other developing countries across Southeast Asia and has become a concern. So what do we think about China not being in this? Do you think that's the right approach? Do you think China should be more explicitly in this, at the risk of losing some potential members or should they continue as it is? And again, shirk the China problem, kick the can down the road a little bit further and hope that this new economic framework will ultimately answer that question. Anyway, I don't know.

Lotta Danielsson:

China is, like you said, the giant elephant in the room. I think reading the statements that have been made about this agreement and talking to people who are much more knowledgeable about it than I am, it really does seem that China is put to the side and we're just not going to even go there because it is such a power competition. They want to try to be inclusive, I think that's very clear, but that does not extend to China, I don't think. And it makes sense. You don't want to include a big competitor in something like this.
Riley Walters:
Oh, I wasn't implying that the agreement would include China. The sentiment around why this framework is important, which is competing with China and offering up market opportunities that won't necessarily be highlighted as much in this. And so is that-

Lotta Danielsson:
I think that's a fair assessment.

John Lee:
I have no idea whether China will be mentioned in the document or not. But what I would say is that we wouldn't even be talking about the need for a new framework if it wasn't for China. From a credibility point of view, the framework doesn't need to be about, this is how we take on China. But if the framework doesn't take into account how the United States is going to cope in pushing back and offering a more credible alternative to what China is offering, then a framework itself won't have credibility. If you look around a region, countries in their own region, they're not naive. They realize China is the big issue. If United States comes up with overarching frameworks without reference to China, either implicitly or explicitly, that framework will therefore lack credibility and there'll be less faith that the United States actually is able to provide a credible alternative. The way it's presented it doesn't have to be presented as a China strategy, but it's got to be at least linked implicitly to a broader China strategy.

Riley Walters:
Maybe we can have another panel on this other topic, but I want to talk maybe politics for a second. The United States, Taiwan, Australia, all three countries have elections this year at different times. U.S. and Taiwan, a little bit closer together, Australia very soon. Do you think that these play any influence in what either is going into the framework or what might come out of the framework?

John Lee:
From the Australian point of view, we have an election on the 21st of May. We're in a fortunate position as a country that there's broad agreement on the challenge China poses and a need for an economic strategy in addition to a security strategy to deal with this. And both parties have bought into that. I'm not here as a spokesperson for my country, but if you spend any time in Australia, you'll realize that there is a genuine bipartisan consensus that a robust economic framework led by the United States is a necessity. So I don't see any problems coming from the Australian side of [inaudible 00:39:50]

Lotta Danielsson:
I think from the Taiwan side, it's more of a general... Do you tilt towards the U.S., which is what the current power administration is doing? Do you tilt towards China, which is what some people would prefer to see? I don't think that the framework itself will be part of discussion and it's not a presidential election, it's local elections. I don't think that, that will be... China will be a focus obviously, but this more
broad strategic issue is probably not going to be as important as what's happening with COVID, and supply chain and things like that.

Riley Walters:

Of course. This has been wonderful. I don't know if you want to offer up any closing remarks? If not, we can close it out.

John Lee:

As a closing comment, I don't expect the world of this framework, but the framework has to give us an indication as to how the administration's going to marry economics and security, that's the first thing. The second thing is the world is watching to see whether from an economic point of view, the Biden administration is, economically isolationist or more isolationists, or actually the globalist elements of it will come out. I think this framework hopefully it may not provide answers or solutions, but hopefully gives us indicators as to those two questions.

Riley Walters:

That's a good point.

Lotta Danielsson:

I completely agree. I do think that when we actually have more information, I think it will give us... Just moving forward on, like you said, on the economic framework, in the Indo-Pacific, I think is an important step forward, engaging with as many countries in Asia as possible, and continuing to have discussions on how can we improve things? This is supposed to be a worker centric and economic development type of agreement. And I think everybody who watches it agrees that this is an important piece, but again, we just don't know enough quite yet. Maybe in a year we can have this conversation again.

Riley Walters:

Yeah. We can do a follow up, takeaways from the actual document, whether it will be successful in changing the attitude in the region. Thanks again to you both for joining us today and thank you all for joining us online. See you all in the future. Take care. Bye.

Lotta Danielsson:

Thank you.

John Lee:

Thank you.