



MEMORANDUM

To: GuidePost Clients
From: GuidePost Strategies
RE: Brookings Discussion of US-China Relations ft. NSC's Tarun Chhabra
Date: October 3, 2022

OVERVIEW

On Friday, September 30, the **Brookings Institute** hosted a discussion between Chris Meserole of the Strobe Talbott Center for Security, Strategy, and Technology and National Security Council (NSC) Senior Director for Technology and National Security **Tarun Chhabra**. The discussion highlighted the Biden administration's approach to US-China relations "through the lens of technology competition."

DISCUSSION SUMMARY

- In response to a question Mr. Meserole about the administration's approach to US-China technology competition and trade relations, Mr. Chhabra discussed the administration's **four strategic pillars**: (1) investment in science and technology infrastructure; (2) attracting and retaining STEM talent from abroad; (3) protecting the US's technological advantage; and (4) deepening alliances with a focus on collaborating on strategic technology issues.
- Mr. Meserole asked Mr. Chhabra to clarify what the Biden administration intended to accomplish in the semiconductor space with the CHIPS Act. Mr. Chhabra discussed that both supply chain security and maintaining the US's technological leadership were key CHIPS objectives. Mr. Chhabra elaborated on CHIPS subsidies and their conditions (i.e., investment in leading edge semiconductor technology and prohibiting further investment into legacy semiconductors in China).
- Mr. Meserole asked how the administration is deciding which technologies to target for **export and capital controls** given that many of these technologies are dual-use. Mr. Chhabra commented that the administration is focused on a few critical areas such as **microelectronics, clean energy technologies, artificial intelligence, component technologies, and biotechnologies**. Such technologies are crucial for maintaining technological superiority. Mr. Chhabra added that these technologies require long-term investment to develop indigenously.
- In clarifying how the administration is determining which technologies are subject to capital controls on inbound and outbound investment to and from China, Mr. Chhabra explained that the administration is making this determination based on **cybersecurity risk, supply chain security, data security, and domestic technological leadership**. He added that the *current capital and export controls are not sufficient to adequately limit the advancement of these emerging technologies* as they do not regulate transfer of technological expertise that

would help scale these industries in an adversarial nation. Mr. Chhabra advocated a **narrow, defined scope** for these controls for compliance purposes.

- Mr. Meserole asked whether there would be a preemptive review of investment flows to and from China prior to the implementation of an investment review regime. Mr. Chhabra spoke about the **importance of a preemptive review** to determine exactly which technologies are out of bounds for firms to invest in.
- Mr. Meserole asked Mr. Chhabra to comment on recent export controls placed on general purpose chips. Mr. Chhabra clarified that the restrictions were placed on foundational advanced AI chips that pose a threat to domestic technological leadership if they were allowed to be exported to China.
- Mr. Meserole asked Mr. Chhabra to comment on how the administration plans to retain top foreign STEM talent to maintain domestic technological competitiveness. Mr. Chhabra cited the expansion of eligibility for research visas and also highlighted the importance of retaining foreign-born bachelors and masters STEM graduates in the US.
- Mr. Meserole asked Mr. Chhabra how the US is collaborating with allies to prevent China from accessing key nodal technologies through capital and export controls. Mr. Chhabra explained that they have been leveraging their alliances and partnerships to ensure that allies are on the same general page for capital and export controls.
- Mr. Meserole asked Mr. Chhabra to comment on how the administration's China-related tech policy is impacting the US relationship with Taiwan. Mr. Chhabra discussed how **Taiwan will remain a central part of the supply chain** even with recent efforts such as the CHIPS Act to build up domestic semiconductor manufacturing capacity.