

U.S.-China Economic and Security Review Commission

Economics and Trade Bulletin



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Highlights of This Month's Edition

- **Bilateral trade:** The U.S. goods trade deficit with China totaled \$31.6 billion in July 2020; the goods deficit year-to-date was \$163.3 billion, down 18.3 percent from last year.
- **Trade and investment:** U.S. and Chinese officials reviewed the Phase One Agreement's implementation on August 24 amid a backdrop of low U.S. exports, with both sides reaffirming their commitment to the deal's success; U.S.-Taiwan trade ties warm as Taipei eases restrictions on U.S. meat imports and Washington announces new platform for economic dialogue.
- **Industrial policy and technology:** White House moves to limit TikTok's and WeChat's operations in the United States over data security and disinformation concerns; U.S. Bureau of Industry and Security adds 24 Chinese companies to Entity List for involvement in South China Sea island building and issues final rule completely restricting sale of semiconductors made with U.S. equipment to Huawei.
- **Financial markets:** Beijing continues to upgrade Chinese exchanges as prospects of narrowed access to U.S. markets add urgency to domestic stock market reform.
- **In focus – Tencent:** Recent U.S. administrative action against WeChat highlights the ubiquitous nature of Tencent's apps in China and its widespread investments abroad.

Contents

Trade and Investment	2
U.S. Trade Deficit with China Falls in July, but Exports Remain below 2019 Levels	2
Phase One Deal Biannual Review	2
U.S.-Taiwan Trade Ties Warm as Taipei Lifts Restrictions on U.S. Meat Imports	3
Industrial Policy and Technology	5
White House Bans U.S. Transactions with TikTok and WeChat	5
TikTok's Potential Sale and China's Retaliatory Response	5
U.S. Adds 24 Chinese Companies to Entity List for Militarizing South China Sea	6
BIS Closes Loophole on Huawei Chip Sales	8
Financial Markets	8
U.S.-China Stock Market Conflict and Competition Intensifies	8
Trump Administration Moves to Tighten U.S. Listing Standards	9
China's Stock Market Reforms Continue Apace as Access to U.S. Exchanges Comes under Threat	10
U.S. Exchanges Remain Top Choice for Chinese Firms, but Mainland Exchanges Catching Up	10
In Focus: Tencent	11
WeChat: Jewel in Tencent's App Ecosystem	11
Mobile Gaming Dominates Tencent's Revenue	13
Tencent's International Holdings and Expansion	13

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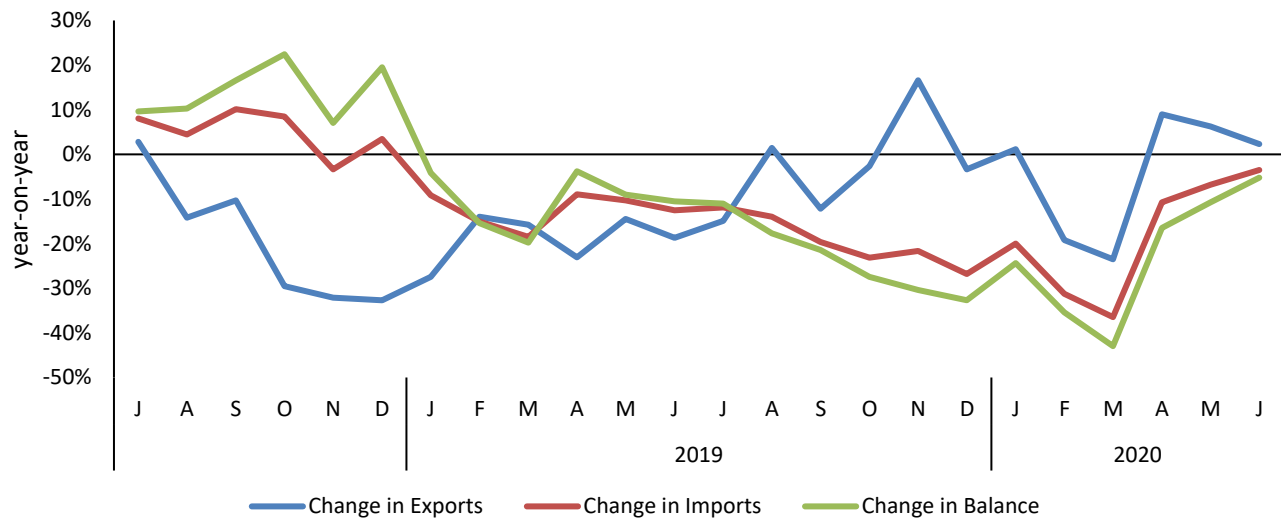
Trade and Investment

U.S. Trade Deficit with China Falls in July, but Exports Remain below 2019 Levels

The U.S. trade deficit in goods with China totaled \$31.6 billion in July 2020, down 3.5 percent year-on-year (see Figure 1) as imports declined and exports grew.¹ U.S. exports to China increased 3.5 percent year-on-year to \$9 billion. U.S. imports from China fell to \$40.7 billion, down 2.1 percent year-on-year.² U.S. imports of Chinese goods in July were the highest of any month so far in 2020 as China’s factory activity and U.S. demand recovered from the economic slowdown earlier this year.³

Year-to-date, the U.S. goods deficit with China stood at \$163.3 billion, down 18.3 percent over the same time period last year.⁴ U.S. exports to China through July totaled \$58.5 billion, a 3.6 percent decline year-on-year. The slower pace of exports has raised concerns over China’s ability to meet its Phase One trade deal obligations.⁵ (For more on the status of the Phase One trade deal, see “Phase One Deal Biannual Review.”)

Figure 1: U.S. Exports to, Imports from, and the Trade Deficit with China, July 2018–July 2020



Source: U.S. Census Bureau, *Trade in Goods with China*, September 3, 2020. <https://www.census.gov/foreign-trade/balance/c5700.html>.

Phase One Deal Biannual Review

On August 24, U.S. Trade Representative Robert Lighthizer and Treasury Secretary Steven Mnuchin held a call with Chinese Vice Premier Liu He to review the implementation of the Phase One Agreement.⁶ The call took place about six months after the agreement went into effect on February 14, 2020.⁷ Following the call, the Office of the U.S. Trade Representative (USTR) released a statement concluding that both sides saw progress and were “committed to taking the steps necessary to ensure the success of the agreement.”⁸ The China Ministry of Commerce released a similar statement, stating the two sides engaged in constructive dialogue and agreed to “create conditions and atmosphere” to implement the agreement.⁹

This positive readout occurred against a backdrop of lowered U.S. exports to China, contrary to agreement purchase targets. Chad Bown, senior fellow at the Peterson Institute for International Economics, found China’s current purchases of U.S. exports to be slightly less than half the amount it needed to reach each month to meet end-of-year agreement targets (currently \$39.3 billion relative to \$83.2 billion had the United States exported a consistent \$11.9 billion each month).¹⁰ U.S. exports to China in the agriculture and energy sectors in particular appeared low relative to approaching end-of-year targets: U.S. agricultural exports reached \$7.6 billion by July relative to target purchases of \$19.5 billion, and U.S. energy exports rose to only \$3.7 billion in July relative to target purchases of \$15.2

billion.¹¹ The Phase One Agreement text does not require China to increase U.S. purchases by the same amount each month; however, low purchase figures thus far indicate Chinese purchases will have to accelerate to meet the total end-of-year goal of \$142.7 billion for the goods covered by the agreement.¹²

U.S.-Taiwan Trade Ties Warm as Taipei Lifts Restrictions on U.S. Meat Imports

On August 28, Taiwan President Tsai Ing-wen announced Taiwan would lift restrictions on U.S. pork and beef imports, removing a longstanding source of friction in U.S.-Taiwan economic relations.¹³ At a televised news briefing, President Tsai said she would direct relevant authorities to ease regulations to allow imports of U.S. pork containing trace amounts of ractopamine, a feed additive that produces leaner meat products, as well as beef products from cattle aged 30 months and older.¹⁴ Taiwan has imposed various restrictions on these U.S. meat products since 2003 due to U.S. farmers' use of ractopamine and other health and food safety concerns.* President Tsai described the decision as "consistent with [Taiwan's] overall national interests and future strategic development goals" and one that "promotes Taiwan-U.S. relations" as Taiwan's economy reaches a "historical turning point."¹⁵ Trump Administration officials and several U.S. senators lauded the announcement, with Vice President Mike Pence and U.S. Secretary of State Mike Pompeo noting the decision "opens the door" for further economic and trade cooperation.¹⁶

U.S.-Taiwan Trade Relations at a Glance

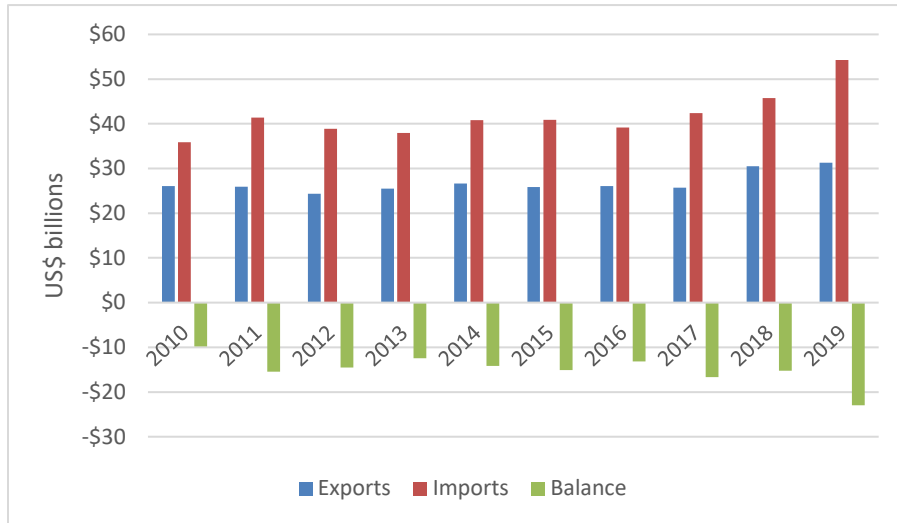
The United States and Taiwan share deepening economic and trade ties. In 2019, goods trade between the two countries totaled \$85.5 billion, up 12.2 percent year-on-year from \$76.2 billion in 2018. U.S. imports from Taiwan surged 18.6 percent in 2019 as U.S. tariffs on Chinese imports diverted trade to the island (see Figure 2).¹⁷ As a result, Taiwan became the United States' tenth-largest trading partner that year, moving up from the 11th spot in 2018 and reversing a slide in the rankings over the previous five years.¹⁸ U.S. goods exports to Taiwan rose 2.7 percent year-on-year to \$31.3 billion in 2019.¹⁹

Trade in information and communication technology (ICT) products, electronic components, and equipment used to manufacture them dominates U.S.-Taiwan trade and highlights Taiwan's central role in U.S. technology supply chains. In 2019, leading U.S. exports to Taiwan were semiconductor machinery (\$3.7 billion), crude petroleum (\$3.6 billion), and semiconductors (\$3.5 billion).²⁰ Top U.S. imports from Taiwan in 2019 were semiconductors (\$9.3 billion), computer equipment (\$6.3 billion), and fabricated metal products (\$5.2 billion).²¹

Trade data may understate the depth of U.S.-Taiwan commercial ties due to complex global supply chain configurations, with many Taiwan firms manufacturing in China for export to the United States (these exports, in turn, count as Chinese rather than Taiwan exports to the United States). In 2019, U.S. firms placed export orders with Taiwan manufacturers worth \$140.3 billion, nearly three times the value of U.S. imports from Taiwan that same year.²² The United States also served as the largest source of Taiwan's export orders that year, accounting for 29 percent of the total.²³

* In 2012, Taiwan's legislature changed regulations to allow U.S. beef imports with trace amounts of ractopamine, but it continued to limit other U.S. beef imports to cattle younger than 30 months, citing risks of mad cow disease. Proposals to similarly ease restrictions on imports of ractopamine-treated pork have faced stiff opposition from civic groups and Taiwan's local pig farming industry. President Tsai's August 2020 announcement resolves these outstanding issues. Chun Han Wong, "Taiwan to Ease Limits on American Pork and Beef, Smoothing Path for Trade Talks," *Wall Street Journal*, August 28, 2020. <https://www.wsj.com/articles/taiwan-to-ease-limits-on-american-pork-and-beef-smoothing-path-for-trade-talks-11598606451>; Miaojung Lin and Chris Horton, "Taiwan Eases U.S. Meat Limits in Step Toward Trade Talks," *Bloomberg*, August 28, 2020. <https://www.bloomberg.com/news/articles/2020-08-28/taiwan-lifts-u-s-pork-beef-limits-in-step-toward-trade-talks?sref=FIHD1WjR>.

Figure 2: U.S.-Taiwan Balance of Trade, 2011–2019



Source: U.S. Census Bureau, *USA Trade Online*, August 5, 2020. <https://usatrade.census.gov/>.

U.S.-Taiwan trade in agriculture and food products is weaker than in technology, and U.S. trade officials have long sought to open Taiwan as an export market for U.S. farmers. In 2019, the United States exported \$1.8 billion worth of agricultural products and \$634.7 million worth of meat products (excluding poultry) to Taiwan, serving as the eighth- and 14th-largest export categories, respectively.²⁴

Following President Tsai’s announcement, David R. Stilwell, Assistant Secretary of State for East Asian and Pacific Affairs, announced the United States and Taiwan would launch an Economic and Commercial Dialogue.²⁵ Assistant Secretary Stilwell said the new platform will “explore the full spectrum of [the U.S.-Taiwan] economic relationship—semiconductors, healthcare, energy, and beyond—with technology at the core.”²⁶ A statement from the American Institute in Taiwan further detailing the dialogue added it will serve as an important platform to discuss the reorientation of technology supply chains and opportunity “to forge new areas of economic cooperation.”²⁷ Beijing, which views Taiwan as a breakaway province, decried the announcement.²⁸

The warming of U.S.-Taiwan economic relations reflects heightened concerns shared by both Washington and Taipei about the risks of economic dependence on China. For the United States, these concerns increasingly center around the security and integrity of U.S. telecommunications and technology supply chains. For Taiwan, its reliance on trade with China* animates its pursuit of diversified trade ties, including with the United States.²⁹

Though President Tsai’s announcement marks a meaningful step toward strengthened U.S.-Taiwan trade ties, several challenges remain. Other trade and investment issues important to U.S. stakeholders remain unresolved, including Taipei’s maintenance of tariff-rate quotas on 16 agricultural products and issues related to transparency and predictability in pharmaceutical and medical device pricing and reimbursement.³⁰ President Tsai may also encounter domestic political pushback against eased restrictions on U.S. meat imports,[†] creating the risk that progress may backtrack. Finally, any movement toward a U.S.-Taiwan trade agreement would trigger Beijing’s ire

* China remained Taiwan’s largest trading partner for the sixth consecutive year in 2019, with cross-Strait goods trade accounting for nearly a quarter (\$140.8 billion) of Taiwan’s total trade in 2019 (\$589.6 billion), a share that has held steady since 2015. Taiwan’s Bureau of Foreign Trade, *Trade Statistics*. <https://cuswebo.trade.gov.tw/FSCE000F/FSCE000F>.

† For example, after President Tsai’s announcement, Taiwan health experts called for a risk assessment on the health impacts of the long-term consumption of ractopamine, arguing food safety risks should not be shouldered by consumers. Separately, Taiwan pig farmers raised concerns that opening the Taiwan market to U.S. imports will increase competition and damage their economic livelihoods, despite President Tsai promising a \$340 million fund to support the industry. Nick Aspinwall, “Tsai Takes a Political Risk to Pursue a Taiwan-U.S. Trade Agreement,” *Diplomat*, August 31, 2020. <https://thediplomat.com/2020/08/tsai-takes-a-political-risk-to-pursue-a-taiwan-us-trade-agreement/>; *Taipei Times*, “Pork Import Plan Sparks Call for Risk Assessment,” August 30, 2020. <https://www.taipeitimes.com/News/taiwan/archives/2020/08/30/2003742526>; Chun Han Wong, “Taiwan to Ease Limits on American Pork and Beef, Smoothing Path for Trade Talks,” *Wall Street Journal*, August 28, 2020. <https://www.wsj.com/articles/taiwan-to-ease-limits-on-american-pork-and-beef-smoothing-path-for-trade-talks-11598606451>.

and risk inflaming the regional security environment. For example, following U.S. Health and Human Services Secretary Alex Azar’s visit to Taiwan, where discussions with Taiwan officials touched on prospects for a trade agreement, Chinese fighter jets crossed the Taiwan Strait median line, a provocative incursion.³¹

Industrial Policy and Technology

White House Bans U.S. Transactions with TikTok and WeChat

The Trump Administration issued two executive orders on August 6 that would prohibit transactions* by U.S. persons and property with Chinese-owned social media platforms TikTok† and WeChat, respectively, after September 20, 2020.³² Both documents expressed concern that the Chinese apps could pose a national security risk by gathering large volumes of data on U.S. citizens for transfer to the Chinese government.³³ The executive orders also noted the apps reportedly censor content and could be used to conduct disinformation campaigns in line with the CCP’s political narrative.³⁴ (For a detailed overview of WeChat and its parent company, the social media and gaming giant Tencent, see “*In Focus: Tencent.*”)

TikTok ranks among the most downloaded apps for iOS and in Google Play for Android, with 175 million downloads in the United States and over two billion globally.³⁵ WeChat is less popular in the United States, though the app’s default settings grant it permission to collect and modify more data from users than TikToks’ permissions,‡ for example access to location data and the ability to find accounts for other apps on a mobile device.³⁶

China’s National Intelligence Law compels Chinese companies to share any information requested by the Chinese government, which complicates the plight of both TikTok and WeChat.³⁷ In 2017, Chinese multinational internet technology company ByteDance, the parent company of TikTok, acquired the social media platform Musical.ly and merged it with TikTok the following year.³⁸ In February 2019, the Federal Trade Commission fined TikTok \$5.7 million because Musical.ly illegally collected contact information, pictures, and location data for children under 13, a violation of the Children’s Online Privacy Protection Act.³⁹ The University of Toronto’s Citizen Lab, a digital rights research organization, found WeChat was surveilling the activities of foreign users and using content to train censorship algorithms deployed in China, even though they were not used on accounts registered outside China.⁴⁰

ByteDance has attempted to separate TikTok’s U.S. and Chinese operations, reportedly retaining U.S. user data in the United States and Singapore.⁴¹ Despite political pressure and claims of independence from Chinese laws, multiple sources indicate TikTok has censored content in line with Beijing’s policy. In August 2019, the *Guardian* reported that leaked content guidelines instructed TikTok moderators to censor videos mentioning the Tiananmen Square Massacre, Tibetan independence, and the persecuted religious group Falun Gong.⁴² The same month, the *Washington Post* noted that TikTok included scant content of protests in Hong Kong, while other popular social media platforms were flooded with content related to the protests.⁴³

TikTok’s Potential Sale and China’s Retaliatory Response

The Administration followed the August 6 executive order with a second order on August 14 that forces ByteDance to divest from TikTok’s U.S. operations by November 12, with a possible 30-day extension.⁴⁴ ByteDance filed a

* “Transaction” was not defined by either executive order. In an interview, President Donald Trump indicated the deadline was September 15, but the documents provide 45 days from the issue date of August 6. Rachel Lerman, “‘45 Days of Ambiguity’: What a U.S. TikTok Ban Could Mean for Users and Employees,” *Washington Post*, August 17, 2020. <https://www.washingtonpost.com/technology/2020/08/17/tiktok-ban-us-faq/>.

† TikTok is a mobile app for short videos that are often set to music. The primary interface of the app provides users a continuous stream of recommended videos. It is based on Douyin, a similar app developed by parent company ByteDance for the Chinese market. Masha Borak, “ByteDance Says TikTok and Douyin are Different, but They Face Similar Criticisms,” *South China Morning Post*, December 2, 2019. <https://www.scmp.com/abacus/tech/article/3040147/bytedance-says-tiktok-and-douyin-are-different-they-face-similar>.

‡ All iOS applications must request specific permission to access different types of user data, such as location data, data from the camera or microphone, access to a user’s contacts, etc. iOS apps are only available through the App Store and undergo a security review before being released to ensure code for the app is not requesting permission to data unrelated to the app’s function. Android employs a similar mechanism, though cybersecurity experts report it is less secure. Even with compartmented access to data, both iOS apps and Android devices are vulnerable to exploitation through malware and security weaknesses on handset hardware itself. Fahmida Y. Rashid, “How Android and iOS Devices Really Get Hacked,” *Infoworld Tech Watch*, March 13, 2017. <https://www.infoworld.com/article/3179642/how-android-and-ios-devices-really-get-hacked.html>.

lawsuit against the federal government on August 24, claiming the executive order violates the firm's Fifth Amendment right to due process.⁴⁵ At the same time, ByteDance courted potential buyers for TikTok, asking for a \$30 billion to acquire TikTok's U.S., Canadian, Australian, and New Zealand operations.⁴⁶ As of September 3, the company had received a bid from Oracle and a joint bid from Microsoft and Walmart, though neither bid met TikTok's requested valuation.⁴⁷

On August 28, China's National People's Congress complicated the potential U.S. acquisition of TikTok by revising China's Export Control Law to include artificial intelligence encompassing TikTok's video recommendation algorithm.* The revision would still allow TikTok to sell its brand, interface, and extensive user base, but without the code that has driven its wide adoption.⁴⁸ The algorithm is embedded in many of the application's features, so it would be difficult to surgically modify the product with a non-Chinese algorithm to complete the potential acquisition.⁴⁹ China had not modified its Export Control Law since 2008.⁵⁰

U.S. Adds 24 Chinese Companies to Entity List for Militarizing South China Sea

On August 26, the U.S. Department of Commerce's Bureau of Industry and Security (BIS) issued a final rule adding 24 Chinese companies to the Entity List[†] for involvement in artificial island building efforts in the South China Sea.[‡]⁵¹ The companies include a number of maritime infrastructure construction firms and communications firms that have supported China's aggressive land reclamation program (in place since 2013) on features it occupies in the Spratly and Paracel Islands (see Figure 3).⁵² Construction of runways and other facilities has enabled China to deploy advanced military equipment on the islands since 2015.⁵³ Chinese state-owned enterprises have also used commercial inroads in the South China Sea, including oil exploration, infrastructure construction, and even tourism, as a more indirect approach to asserting sovereignty claims.⁵⁴

According to the final rule, five subsidiaries of Chinese infrastructure conglomerate China Communications Construction Company had contributed to China's efforts to reclaim and militarize land at Mischief Reef off the Philippines' coast.[§]⁵⁵ China Communications Construction Company has been central to providing maritime infrastructure capabilities for building manmade islands, as well as political and financial maneuvering within China's government to secure policy support and financing for multibillion-dollar land reclamation projects.^{**}⁵⁶ Singaporean scholar Xue Gong's 2018 study on the use of commercial activity to advance China's sovereignty claims in the South China Sea found China Communications Construction Company also worked with China's

* Under the revision, the algorithm could still be exported with a license, but preliminary obtaining approval to export the code could take up to 30 days, extending past the deadline set by the executive order. Tom Daly et al., "China's New Tech Export Controls Could Give Beijing a Say in TikTok Sale," *Reuters*, August 30, 2020. <https://www.reuters.com/article/us-usa-tiktok-china/chinas-new-tech-export-controls-could-give-beijing-a-say-in-tiktok-sale-idUSKBN25Q05Q>.

† The Entity List (Supplement No. 4 to part 744) identifies entities reasonably believed to be involved, or that pose a significant risk of being or becoming involved, in activities contrary to the national security or foreign policy interests of the United States. U.S. Department of Commerce, Bureau of Industry and Security, "Addition of Entities to the Entity List," *Federal Register* 84:98 (May 21, 2019).

‡ China claims the 90 percent of the South China Sea as its historic sovereign territory in a demarcation called the nine-dash line (see Figure 3). In July 2016, a tribunal at the Permanent Court of Arbitration in The Hague issued a ruling on the merits of a case brought by the Philippines that overwhelming ruled against multiple claims China had made in the South China Sea, including that the nine-dash line had no legal basis, that none of the land features China claimed were actually islands, and that China had violated the Philippines' sovereign rights by interfering in its exclusive economic zone (within 200 nautical miles of its coast). China's land reclamation projects attempt to establish both that the features are actual islands and that China has a sovereign claim to them. For more on China's excessive maritime claims in the South China Sea, see U.S. China Economic and Security Review Commission, "Year in Review: Security and Foreign Affairs," in *2016 Annual Report to Congress*, November 2016, 193–200. Shannon Tiezzi, "Why is China Building Island in the South China Sea?" *Diplomat*, September 10, 2014. <https://thediplomat.com/2014/09/why-is-china-building-islands-in-the-south-china-sea/>.

§ The July 2016 ruling by the arbitral tribunal convened under the 1982 Law of the Sea Convention determined Mischief Reef to be part of the Philippines' exclusive economic zone and continental shelf.

** Opaque financial disclosures make it difficult to determine the true expenditures in island building projects, but reporting from the international arm of *China Daily* indicated facilities on Fiery Cross Reef, one of seven features China occupies and has reclamation projects on in the Spratly Island archipelago, cost \$11.6 billion. Xue Gong, "The Role of Chinese Corporate Players in China's South China Sea Policy," *Contemporary Southeast Asia* 40:2 (2018), 301–26, 315.

southern Hainan Province to finance and facilitate a budding nationalist tourism industry, which conducts cruises* from the southern beach resort town of Sanya to the Paracels.† 57

Figure 3: China’s Maritime Claims in the South China Sea



Source: Chun Han Wong, “U.S., China Trade Familiar Accusations over South China Sea,” *Wall Street Journal*, February 18, 2016. <http://www.wsj.com/articles/u-s-china-trade-familiar-accusations-over-south-china-seas-1455806108>.

China Communications Construction Company is China’s largest port builder and dredging company and has major railway and bridge construction operations as well.⁵⁸ Given its extensive infrastructure capabilities, it has a large footprint in the Belt and Road Initiative, including as the contractor for Malaysia’s flagship project, the East Coast Rail Link.⁵⁹ Only five of its 34 subsidiaries were included on the Entity List. In a separate statement on Chinese firms’ activities in the South China Sea, Secretary Pompeo noted that the conglomerate “and its subsidiaries have engaged in corruption, predatory financing, environmental destruction, and other abuses across the world.”⁶⁰

Inclusion on the Entity List prohibits the 24 companies from purchasing U.S. exports without a license.⁶¹ According to an official from the Department of Commerce, the firms in question imported about \$5 million in products from the United States over the last five years.⁶² The final rule follows a mid-July speech from Secretary Pompeo reaffirming the United States’ commitment to upholding the July 2016 international tribunal ruling rejecting China’s claims in the South China Sea.⁶³ On the same day BIS added the 24 companies to the Entity List, the U.S.

* Cruise companies provide patriotic education on the cruises in a bid to obtain popular support for the route. The trip includes a flag raising and patriotic vows ceremony and is only available to Chinese citizens. Xue Gong, “The Role of Chinese Corporate Players in China’s South China Sea Policy,” *Contemporary Southeast Asia* 40:2 (2018), 301–26, 310.

† The Paracels are an archipelago in the South China Sea, southeast of Hainan and east of Vietnam. They are claimed by Vietnam, Taiwan, and China, though China has effectively controlled them for the last 45 years, and currently some 1,400 People’s Liberation Army soldiers are garrisoned on the islands. Brad Lendon, “The Tiny Islands That Could Explode the China-Vietnam Relationship,” *CNN*, July 20, 2020. <https://www.cnn.com/2019/08/29/asia/vietnam-china-parcel-islands-intl-hnk/index.html>.

Department of State also announced it would impose visa restrictions on individuals involved in land reclamation projects at disputed outposts in the South China Sea.⁶⁴

In the past two years, the number of Chinese companies on the Entity List has increased as the U.S. government steps up enforcement against select entities, with a total of more than 200 Chinese entries on the list as of August 2020.* The most recent update marks the first time the United States has added firms to the Entity List in response to China's illegal island building.⁶⁵ Aside from limiting transfer of U.S. technology to Huawei, BIS has added 38 companies involved in mass detention and surveillance of Uyghurs, a predominantly Muslim minority from China's northwestern Xinjiang Province, and a number of companies involved in transferring U.S. technology to China's military.⁶⁶ In addition to the 24 companies involved in land reclamation, the recent Entity List update includes two Chinese companies and one firm based in Hong Kong suspected of reexporting or transferring U.S. technology to China for military purposes.⁶⁷

BIS Closes Loophole on Huawei Chip Sales

On August 20, BIS issued a final rule completely restricting the sale of semiconductors made using U.S. technology, including software, to Huawei.⁶⁸ The rule follows action from May 2020 limiting the use of U.S. semiconductor manufacturing equipment in exports to Huawei, but the earlier rule had left open the possibility of a non-U.S. chip designer selling semiconductors it had contracted from another firm to Huawei.[†] ⁶⁹ This loophole allowed Taiwanese fabless semiconductor firm MediaTek to continue selling Huawei chips it had ordered from semiconductor foundry Taiwan Semiconductor Manufacturing Company (TSMC), even though the rule blocked TSMC from fulfilling Huawei orders itself.[‡] ⁷⁰ Prior to the rule, Huawei was TSMC's second-largest customer, accounting for 13 percent of its revenue in 2019.[§] Under the new restrictions, no items that contain components produced from U.S. technology at any point in a supply chain may be sold to Huawei.⁷¹

The August 20 final rule also included an additional 38 affiliates of Huawei on the Entity List, bringing the total to 152.⁷² The new entries are mostly involved in Huawei's cloud computing operations.⁷³ Additionally, the new final rule ended the temporary general license (which had been renewed several times) and allowed certain U.S. firms to continue conducting business with Huawei after Huawei was first added to the Entity List in May 2019.⁷⁴ Allowing the temporary general license to lapse prohibits further transactions covered by the license, including performing routine maintenance on Huawei equipment and installing software patches.⁷⁵

Financial Markets

U.S.-China Stock Market Conflict and Competition Intensifies

As the United States takes more concerted steps to protect U.S. investors from the risks posed by U.S. audit regulators' lack of access to audit work papers for U.S.-listed Chinese companies, Beijing is correspondingly shoring up the Chinese stock market and strengthening its competitiveness as a listing destination. Though U.S. exchanges still outcompete those in China, Chinese companies are increasingly considering listing in the Mainland as tightened U.S. scrutiny coalesces with redoubled efforts in Beijing to develop Chinese stock markets. U.S.-China financial competition is slated to heighten as more overseas foreign investors invest in Chinese companies both in

* The Entity List is arranged by destination country according to U.S. customs territories, so affiliates of the same corporation may be treated as separate entities. For instance, Huawei's subsidiary in Vietnam has its own entry on the Entity List. U.S. Department of Commerce, Bureau of Industry and Security, *Export Administration Regulations Supplement No. 4 § 744 Entity List*.

† For more details on the May 2020 final rule, see U.S.-China Economic and Security Review Commission, *Economics and Trade Bulletin*, June 8, 2020, 5–6. https://www.uscc.gov/sites/default/files/2020-06/June_2020_Trade_Bulletin.pdf.

‡ As independent analyst Ben Thompson observed, the loophole in the prior final rule was apparent. MediaTek's stock nearly doubled in value from the time the final rule was issued on Friday to the time it went into effect the following Monday. Ben Thompson, "New Huawei Rules, What Now for Huawei, Apple's Brand and China Inc.," *Stratechery*, August 19, 2020. <https://stratechery.com/2020/new-huawei-rules-what-now-for-huawei-apples-brand-and-china-inc/>.

§ TSMC drew \$8.2 billion of 23 percent of its revenue from Apple, its largest customer in 2019. Argam Artashyan, "Huawei Contributed \$5.1 Billion in Revenue to TSMC in 2019," *GizChina*, April 28, 2020. <https://www.gizchina.com/2020/04/28/huawei-contributed-5-1-billion-in-revenue-to-tsmc-in-2019/>.

U.S. and mainland exchanges, and as Chinese companies become more prominent players in global financial markets: in the first half of 2020, Chinese firms accounted for a record 49.8 percent of global equity fundraising.⁷⁶

Trump Administration Moves to Tighten U.S. Listing Standards

On August 6, the Presidential Working Group on Financial Markets* released its *Report on Protecting United States Investors from Significant Risks from Chinese Companies*. The report's top recommendation proposes strengthening listing standards for U.S. exchanges to require the Public Company Accounting Oversight Board (PCAOB) to have access to audit work papers as a prerequisite for initial and continued exchange listing.⁷⁷ If this recommendation is adopted, companies would be prohibited from listing on U.S. exchanges after 2022 if their auditors cannot be inspected by the PCAOB, while auditors of new initial public offerings (IPOs) on U.S. exchanges must be inspectable immediately.⁷⁸ Alternatively, U.S.-listed Chinese companies could provide a “co-audit” from an accounting firm whose records can be inspected by the PCAOB.⁷⁹ Under such an approach, a U.S.-based accounting firm could inspect a Chinese company's financial statements alongside the audit performed by its Chinese affiliate.⁸⁰ This would theoretically enable the PCAOB to have access to the work papers of the U.S. accounting firm performing the co-audit.⁸¹

While Treasury Secretary Mnuchin stated on August 10 that this recommendation would be adopted by the U.S. Securities and Exchange Commission (SEC),⁸² the new rulemaking it requires suggests implementation may take time.[†] Questions also remain regarding the circumstances under which China's audit regulators would allow the PCAOB access to audit work papers, something they have historically denied. China's updated Securities Law also expressly forbids Chinese citizens and companies from complying with overseas securities regulations without the permission of Chinese authorities.⁸³ Following the report's release, the China Securities Regulatory Commission (CSRC) called for “dialogue” on the issue of co-audit arrangements and later stated Beijing remains “serious about protecting national security information,”⁸⁴ suggesting a resolution to the PCAOB's inability to access U.S.-listed Chinese companies' audit work papers will remain elusive.

Financial frictions between the United States and China intensified in other areas as the Trump Administration continued to sound the alarm on the risks of investing in Chinese companies and the SEC opened fresh investigations into allegations of accounting fraud at some U.S.-listed Chinese firms. In a letter to the governing boards of U.S. universities and colleges on August 18, Under Secretary of State for Economic Growth, Energy, and the Environment Keith Krach urged U.S. universities to “divest from companies that are on the Entity List or that

* The Presidential Working Group on Financial Markets was originally established by an executive order issued by then President Ronald Reagan with the mandate of investigating the causes of the 1987 stock market crash. It is chaired by the Treasury secretary and includes the chairman of the board of governors of the Federal Reserve System; chairman of the SEC; chairman of the Commodity Futures Trading Commission; or their designees. On June 4, 2020, President Trump directed the group to prepare a report within 60 days detailing recommended approaches to protect U.S. investors from the poor accounting standards of U.S.-listed Chinese companies and other risks. White House, *Memorandum on Protecting United States Investors from Significant Risks from Chinese Companies*, June 4, 2020. <https://www.whitehouse.gov/presidential-actions/memorandum-protecting-united-states-investors-significant-risks-chinese-companies/>. National Archives, *Executive Order 12631—Working Group on Financial Markets*, March 18, 1988. <https://www.archives.gov/federal-register/codification/executive-order/12631.html>.

† The proposed measures would require the SEC and U.S. exchanges to engage in lengthy rulemaking processes before taking effect. U.S. exchanges would first need to draft a proposed rule incorporating the SEC's new listing standards. The proposed rule would then need to be reviewed and approved by the SEC before being published in the federal register. U.S. law requires the SEC to act on the proposed change in 45 days following publication in the federal register, or up to 90 days if deemed appropriate. Paul Gillis, “President's Working Group,” *China Accounting Blog*, August 10, 2020. <https://www.chinaaccountingblog.com/weblog/presidents-working-group.html>; Demetri Sevastopulo and Kadim Shubber, “Trump Team Outlines Plan to Crack Down on U.S.-listed Chinese Groups,” *Financial Times*, August 7, 2020. <https://www.ft.com/content/0d05464a-9f56-421b-8be3-cd72eb04c77b>.

contribute to human rights violations.”⁸⁵ Many such firms remain benchmarked to global investment indices* in which some university endowments are invested.⁸⁶ Separately, the SEC opened investigations into GSX Techedu, an online tutoring company, and iQiyi, a video streaming company, following reports of revenue inflation at the two U.S.-listed Chinese firms.⁸⁷

China’s Stock Market Reforms Continue Apace as Access to U.S. Exchanges Comes under Threat

The Chinese government is accelerating the development of China’s exchanges as prospects of reduced access to U.S. markets elevate the urgency of stock market reform. A late August report from the China Finance 40 Forum, a group of current and former Chinese financial regulatory officials,[†] highlighted this urgency, noting prospective delisting of Chinese companies from U.S. exchanges requires China to “not only keep fighting, but also make good preparations by developing [its] own financial markets.”⁸⁸

The development of China’s stock markets entered a new phase in August as the Shenzhen Stock Exchange began allowing companies to list on its ChiNext Board, a trading venue for technology startups, under a revamped registration-based IPO system.[‡] A first batch of 18 technology startups debuted on the board under the new system on August 24. New listings were highly volatile, with stocks surging 200 percent on average in the first day of trading.⁸⁹ Medical device manufacturer Contec Medical Systems gained nearly 3,000 percent amid strong enthusiasm from Chinese investors.⁹⁰

The surge in trading on the upgraded ChiNext Board accompanies a broader uptick in demand for Chinese equities from domestic and foreign investors. For example, the CSI 300 benchmark index of Shanghai and Shenzhen-listed shares reached a five-year high in July as Chinese retail investors grew more confident in China’s economic recovery.⁹¹ Overseas investors have also warmed to China’s stock markets and are eyeing technology stocks in particular, with the average daily value of Chinese A-shares trading via the Shenzhen-Hong Kong Stock Connect program[§] more than doubling in the first half of 2020 from the same period in 2019, reaching \$6.2 billion (RMB 42.7 billion).⁹²

U.S. Exchanges Remain Top Choice for Chinese Firms, but Mainland Exchanges Catching Up

Though Beijing’s efforts to upgrade China’s stock markets are generating fresh capital for Chinese companies and drawing in foreign investors, U.S. financial markets continue to attract Chinese companies given their size and liquidity. Despite heightened financial tensions between the United States and China, Chinese companies’ IPOs on U.S. exchanges continue to rise. According to Dealogic data, more than 20 Chinese companies have issued IPOs

* Several Chinese companies are cross-listed in both the U.S. Department of Commerce’s Entity List and popular global investment indices, such as the MSCI All Country World Index and FTSE Global Equity Index Series. For example, iFlytek, Zhejiang Dahua, and Hikvision Technology, all technology and software firms that supply surveillance technology deployed in Beijing’s repressive campaign of mass detention and surveillance of Muslim minority groups, are included in both indices and were placed on the department’s Entity List in October 2019. Nazak Nikakhtar, testimony for the U.S.-China Economic and Security Review Commission, *Hearing on China’s Quest for Capital: Motivations, Methods, and Implications*, January 23, 2020, 22; U.S. Department of Commerce, Bureau of Industry and Security, “Addition of Entities of Certain Entities to the Entity List,” *Federal Register*, 84:196 (October 9, 2019). <https://www.govinfo.gov/content/pkg/FR-2019-10-09/pdf/2019-22210.pdf>; FTSE Russell, “FTSE Global Equity Index Series June 2019 Quarterly Changes – Amendment,” May 30, 2019. https://research.ftserussell.com/products/index-notices/home/getnotice/?id=2592912&_ga=2.190714219.1134090347.1587010740-252937783.1587010740.

† The group includes Xiao Gang, former chairman of the CSRC; Cai Fang, Vice President of the influential Chinese Academy of Social Sciences; and Wang Xin, head of the People’s Bank of China’s research bureau. Frank Tang, “China Must Reform Financial Markets to Ward Off U.S. Financial Sanctions, Think Tank Urges,” *South China Morning Post*, September 1, 2020. <https://www.scmp.com/economy/china-economy/article/3099611/china-must-reform-financial-markets-ward-any-us-financial>.

‡ The CSRC first announced the registration-based IPO system would be launched on Shenzhen’s ChiNext Board in June 2020. Such a system was first piloted on China’s Science and Technology Innovation Board, known as the STAR Market, in July 2019. Unlike the registration-based IPO system piloted on the STAR Market, however, the changes to the ChiNext Board apply to secondary offerings and merger and acquisition deals involving a far wider array of companies. Sharon Chen, Ken Wang, and Evelyn Yu, “China Accelerates Capital Market Reform to Counter Virus, U.S.,” *Bloomberg*, June 22, 2020. <https://www.bloomberg.com/news/articles/2020-06-22/china-accelerates-capital-market-reform-to-counter-virus-us?sref=FIHDIWjR>; Liu Caiping and Denise Jia, “In Depth: ChiNext Tests Expanding Registration-Based IPOs to Overall Market,” *Caixin*, May 6, 2020. <https://www.caixinglobal.com/2020-05-06/in-depth-chinext-tests-expanding-registration-based-ipos-to-overall-market-101550389.html>.

§ The Stock Connect program launched in 2014 enables overseas investors with accounts in Hong Kong to trade stocks and bonds on the Shanghai and Shenzhen exchanges.

on U.S. exchanges and raised \$4 billion in financing in the first eight months of 2020, surpassing the \$3.5 billion that 25 Chinese firms raised in the United States in all of 2019.⁹³ Other Chinese companies are preparing to go public in the United States in the coming months. KE Holdings, an online property platform backed by Tencent, and Xpeng, an electric vehicle manufacturer with ties to Alibaba, each filed prospectuses to list on the New York Stock Exchange (NYSE) in mid-August.⁹⁴ U.S. financial firms are benefitting from this surge in interest. According to data from Refinitiv, U.S. banks fees from IPOs, follow-on share sales, and convertible bonds issued by Chinese companies rose 24 percent year-on-year in the first eight months of 2020 to \$414 million.⁹⁵

Beijing's efforts to upgrade Chinese stock markets and encourage more technology and startup firms to list in the Mainland may be beginning to pay dividends. In late July, Dongfeng Motor Group, listed in Hong Kong, announced it will seek an IPO on Shenzhen's ChiNext Board in light of the board's shift to a registration-based IPO system.⁹⁶ Dongfeng's announcement accompanies a retreat of Chinese companies from U.S. exchanges as U.S. scrutiny of Chinese firms intensifies, with Ctrip and Sina considering voluntary delistings from Nasdaq and the NYSE, respectively.⁹⁷ Chinese fintech giant Ant Financial Group plans a dual listing in Hong Kong and Shanghai that could see the firm raise more than \$20 billion.⁹⁸ Analysts note that prospects of tightened listing restrictions in the United States may have deterred Ant Financial from listing there, as its parent Alibaba did in 2014.⁹⁹

In Focus: Tencent

On August 6, 2020, the Trump Administration issued an executive order prohibiting transactions with WeChat 45 days after the order's issuance, citing the national security threats posed by the app's collection of data from its users.¹⁰⁰ Since WeChat's parent company, Tencent, is a major investor in more than 300 non-Chinese gaming companies, including U.S.-based Epic Games and Riot Games, the White House further clarified that the order would not apply to these companies.¹⁰¹ However, it remains unclear whether the order will impact U.S. companies that use WeChat Pay, Tencent's digital wallet system, to accept payment from Chinese customers. The uncertainty surrounding the application of the order highlights the extent of Tencent's investments within the U.S. technology industry and the ubiquitous nature of Tencent's app ecosystem in China.

WeChat: Jewel in Tencent's App Ecosystem

Tencent was founded in 1998, just four years after China established its first permanent internet connection. The company's original flagship app was QQ, a social media and messaging app based heavily on the Israeli ICQ, and the company now boasts three of the ten largest social media networks globally: WeChat/Weixin, QQ, and QZone.* No other Chinese messaging apps rank in the top ten. Tencent released WeChat in 2011, and it went on to supersede QQ as the company's primary product. WeChat, which also began as a messaging app, evolved into a "super app" that hosts hundreds of services including payment and e-commerce to ordering food, hailing a cab, and online dating.† According to WeChat founder Allen Zhang, the app is now the world's fifth-largest social media platform, with 1.2 billion total users in 2020, and is a critical part of daily life for most Chinese people, with 1 billion daily users‡ (see Figure 4).¹⁰² Even as WeChat has become indispensable for most people in China (and those who maintain contact with them from abroad), China's government is increasingly collecting information from WeChat's users for surveillance and censorship.¹⁰³ According to a September 2020 report by the Australian Strategic Policy Institute, users both within and outside of China are subject to surveillance, censorship, and propaganda.¹⁰⁴

* QQ, Tencent's first social messaging product, is the world's eighth-largest social network, with 550 million active users, although active users have declined since 2018. QZone, a social networking website for gaming, blogging, and media, is the world's tenth-largest social network, with 517 million active users as of July 2020. J. Clement, "Global Social Networks Ranked by Number of Users 2020," *Statista*, August 21, 2020, <https://www.statista.com/statistics/272014/global-social-networks-ranked-by-number-of-users/>; Lai Lin Thomala, "Number of Monthly Active Smart Devices of Tencent QQ in China 2014-2019," *Statista*, April 7, 2020, <https://www.statista.com/statistics/227352/number-of-active-tencent-im-user-accounts-in-china/>.

† For a snapshot of services offered by WeChat, see "How China Is Changing Your Internet." *New York Times*, August 9, 2016. <https://www.nytimes.com/video/technology/100000004574648/china-internet-wechat.html>.

‡ While WeChat's primary user base is in mainland China, the app has 100 million installations overseas. Fergus Ryan, Audrey Fritz, and Daria Impiombata, "TikTok and WeChat," *Australian Strategic Policy Institute*, September 8, 2020. <https://www.aspi.org.au/report/tiktok-wechat>.

WeChat’s broad functionality is enabled through mini-apps, programs smaller than 10 megabytes that run on the WeChat platform rather than requiring a separate download. The widespread use of WeChat in China for social interaction and payments incentivizes companies to partner with WeChat to create mini-apps drawing on Tencent’s user data and hosted on its platform rather than publishing independent apps. As a result, Tencent controls a vast app ecosystem that allows the company to aggregate data from a variety of user behaviors. The number of mini-apps available for the platform has doubled from 1.8 million in November 2018 to 3 million in August 2020.¹⁰⁵ WeChat now offers more mini-apps than the 2.56 million apps on Google Play or the 1.85 million apps available on Apple App Store.¹⁰⁶ According to Tencent, users spent \$115 billion on mini-programs in 2019; by comparison, users spent \$54.2 billion in the Apple App Store and \$29.3 billion in Google Play in 2019.¹⁰⁷

Figure 4: Tencent’s App Ecosystem



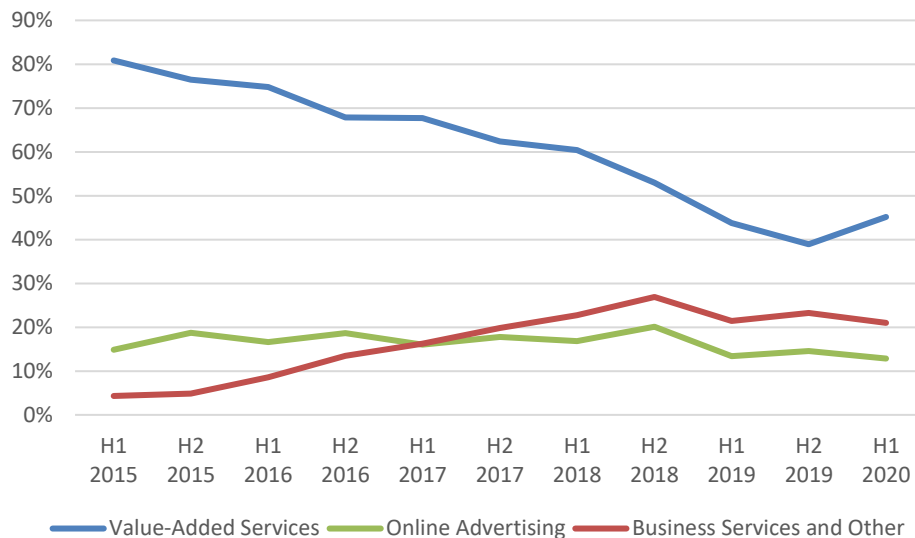
Source: Adapted from Annie Zhou, “What Would be Next Challenge of the Chinese Giant: Tencent?” Medium, November 21, 2017. <https://medium.com/@annezhou618/what-would-be-next-challenge-of-the-chinese-internet-giant-tencent-bb3d3d69b096>.

Tencent is also a major player in mobile payments and business services, including cloud computing. Its main competitor in these market segments is the e-commerce giant Alibaba, which has a net worth of \$764.3 billion (more than ten times Tencent’s estimated net worth of \$69 billion).¹⁰⁸ Tencent’s WeChat Pay, which enables payments throughout the WeChat app ecosystem, currently holds 38.8 percent of the \$49.5 trillion in China’s mobile payments market, second to Alibaba’s 55.4 percent market share.¹⁰⁹ Tencent Cloud, Tencent’s cloud computing service, held 18 percent (\$594 million) of China’s \$3.3 billion cloud infrastructure market, second to Alibaba’s 46.6 percent (\$1.53 billion) market share and double Baidu’s 8.8 percent (\$290 million) market share.¹¹⁰

Mobile Gaming Dominates Tencent's Revenue

Where U.S.-based social media companies derive most of their revenue from advertising, the majority of Tencent's revenue comes from value-added services, such as gaming and subscriptions to music and video services. In the first half of 2020, 45 percent of Tencent's revenue came from value-added services, with advertising contributing 13 percent of revenue (see Figure 5).¹¹¹ Tencent accounted for 51.9 percent (\$13.6 billion) of China's \$26.2 billion mobile gaming market in 2019, three times the 15.8 percent (\$4.2 billion) market share of NetEase, its nearest competitor, according to analytics firm Analysys.¹¹² Tencent currently operates more than 480 mobile games.¹¹³

Figure 5: Tencent Revenue Sources, H1 2015–H1 2020



Source: Tencent, "Financial Reports." <https://www.tencent.com/en-us/investors/financial-reports.html>.

Regulatory challenges in China, most notably a nine-month pause in the release of new games due to a change in the licensing process in 2018, have driven Tencent to diversify revenue streams. In May 2020, Tencent Senior Executive Vice President Dowson Tong announced that the company would spend \$70 billion on "new infrastructure," including cloud computing, blockchain, and 5G, over the next five years.¹¹⁴ The planned investment would allow the company to expand further into the growing information technology business services market, as consumer spending is anticipated to slow.*¹¹⁵ The company is also moving to extend its ecosystem from the digital space to the physical, with additional investments in "smart retail" and payment systems.¹¹⁶

Tencent's International Holdings and Expansion

Tencent is increasingly looking beyond China for new revenue streams, particularly in gaming. Although the Chinese market accounted for 90 percent of Tencent's revenue in 2019, the company is facing significant obstacles to further growth from a restrictive licensing system in China, saturation in the Chinese gaming market, and advertising competition from Baidu and Alibaba.¹¹⁷ In November 2019, Tencent announced its plans to derive half of its game revenue overseas, which would allow it to avoid the Chinese government's content restrictions.¹¹⁸ According to Reuters, overseas users accounted for 23 percent of Tencent's gaming revenue in the fourth quarter of 2019.¹¹⁹ In July 2020, Tencent launched a California-based gaming studio to further expand its overseas presence.¹²⁰ Increased scrutiny of Chinese apps abroad may inhibit Tencent's plans. For example, India's app bans affected popular Tencent games, including PUBG Mobile (a mobile version of the game PlayerUnknown's

* China's cloud services market, in which Tencent currently has an 18 percent share, grew 67 percent year-on-year, from \$2.3 billion in 2019 to \$3.9 billion in the first quarter of 2020, according to analytics firm Canalys. Canalys, "China Cloud Services Market Q1 2020," June 15, 2020. <https://www.canalys.com/newsroom/canalys-china-cloud-services-adoption-Q1-2020>.

Battlegrounds), which had an estimated 50 million active users in India and 600 million downloads globally, as well as flagship apps WeChat and QQ.¹²¹

Tencent’s investments already give it a significant global footprint (see Table 1). According to Tencent President Martin Lau, Tencent is currently invested in over 800 companies, including more than 70 listed firms and 160 unicorns (startups with a market value of \$1 billion).¹²² Tencent Music Entertainment, a NYSE-listed joint venture between Tencent and Spotify, has a market capitalization of \$26.7 billion and controls nearly 80 percent of China’s music streaming market.¹²³ Tencent is heavily invested in gaming both domestically and abroad, including complete ownership of League of Legends parent company Riot Games and 40 percent ownership in Fortnite developer Epic Games.¹²⁴ These two massive multiplayer online games had the two highest PC game revenues in 2019, with Fortnite’s roughly 350 million players generating \$1.8 billion in revenue and League of Legends’ 100 million monthly players generating \$1.5 billion in revenue in 2019.*¹²⁵ Tencent also has significant investments in foreign social media and music services, including Spotify and Snap, allowing the company to diversify its holdings and access intellectual property it can use to improve its own offerings in the Chinese market.¹²⁶

Table 1: Tencent’s Investments in Selected Foreign Companies

Company	Stake
Tesla	5%
Riot Games	100%
Activision Blizzard	5%
Epic Games	40%
Bluehole (PUBG)	12%
Snap	12%
Reddit	5%
Spotify (Sweden)	9%
Universal Music (France)	10%

Note: Companies are U.S.-based unless otherwise indicated.
 Source: Various.¹²⁷

Disclaimer: The U.S.-China Economic and Security Review Commission was created by Congress to report on the national security implications of the bilateral trade and economic relationship between the United States and the People’s Republic of China. For more information, visit www.uscc.gov or join the Commission on Twitter at @USCC_GOV.

This report is the product of professional research performed by the staff of the U.S.-China Economic and Security Review Commission and was prepared at the request of the Commission to support its deliberations. Posting of the report to the Commission’s website is intended to promote greater public understanding of the issues addressed by the Commission in its ongoing assessment of U.S.-China economic relations and their implications for U.S. security, as mandated by Public Law 106-398 and Public Law 113-291. However, it does not necessarily imply an endorsement by the Commission, any individual Commissioner, or the Commission’s other professional staff, of the views or conclusions expressed in this staff research report.

¹ U.S. Census Bureau, *Trade in Goods with China*, September 3, 2020. <https://www.census.gov/foreign-trade/balance/c5700.html>.
² U.S. Census Bureau, *Trade in Goods with China*, September 3, 2020. <https://www.census.gov/foreign-trade/balance/c5700.html>.
³ U.S. Census Bureau, *Trade in Goods with China*, September 3, 2020. <https://www.census.gov/foreign-trade/balance/c5700.html>; Harriet Torry, “U.S. Trade Deficit Widest since 2008 in July as Imports Outpaced Exports,” *Wall Street Journal*, September 3, 2020. <https://www.wsj.com/articles/u-s-trade-deficit-widened-in-july-11599137582>.
⁴ U.S. Census Bureau, *Trade in Goods with China*, September 3, 2020. <https://www.census.gov/foreign-trade/balance/c5700.html>.

* Riot Games, which is wholly owned by Tencent, has not publicly released figures on its user base since 2016, when it claimed the game had 100 million monthly players.

- ⁵ Yen Nee Lee, “3 Charts Show China Is Far from Meeting Its ‘Phase One’ Trade Commitment to the U.S.,” *CNBC*, August 12, 2020. <https://www.cnb.com/2020/08/13/chinas-progress-in-buying-us-goods-under-phase-one-trade-deal-in-charts.html>.
- ⁶ Office of the U.S. Trade Representative, *Statement on Call between the United States and China*, August 24, 2020. <https://ustr.gov/about-us/policy-offices/press-office/press-releases/2020/august/statement-call-between-united-states-and-china>.
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- ¹³ Office of the President of the Republic of China (Taiwan), *President Tsai Issues Remarks Regarding International Trade*, August 28, 2020. <https://english.president.gov.tw/NEWS/6033>; Chun Han Wong, “Taiwan to Ease Limits on American Pork and Beef, Smoothing Path for Trade Talks,” *Wall Street Journal*, August 28, 2020. <https://www.wsj.com/articles/taiwan-to-ease-limits-on-american-pork-and-beef-smoothing-path-for-trade-talks-11598606451>.
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- ¹⁵ Office of the President of the Republic of China (Taiwan), *President Tsai Issues Remarks Regarding International Trade*, August 28, 2020. <https://english.president.gov.tw/NEWS/6033>.
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