

Apple at heart of US-China selective decoupling, says lawmaker

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Apple Inc. and Walt-Disney Co. are among U.S. businesses that will face the steepest challenges in a "selective decoupling" from China, a key lawmaker said after a series of meetings with executives and experts in

Hollywood and Silicon Valley this week.

Rep. Mike Gallagher, the chairman of a House committee focused on U.S.-China competition, met with Apple Chief Executive Officer Tim Cook and Disney CEO Bob Iger as part of a three-day trip through California to learn more about how companies are navigating the tensions between the world's two largest economies.

"Apple's at the heart of what is the most complex aspect of this competition, which is companies that have a massive presence in China are going to have to deal with the fact that some form of selective economic decoupling is inevitable," Gallagher said in a phone interview. "It's going to continue."

Gallagher, a Republican from Wisconsin, and his Democratic counterpart, Raja Krishnamoorthi, led a group of about a half dozen lawmakers through a jam-packed program filled with meetings with tech and entertainment executives. The agenda included a lunch with Cook and executives from Alphabet Inc.'s Google, Microsoft Corp. and Palantir Technologies Inc., and dinner with about a dozen prominent venture capitalists, including Marc Andreessen and Vinod Khosla.

Lawmakers also met with Iger and other Hollywood executives to discuss concerns over U.S. entertainment companies censoring their content for the Chinese market. The trip was part of an effort by lawmakers on the newly created committee to get outside of Washington, D.C., and to hear from the [private sector](#).

Gallagher said that despite the recent tensions—including military maneuvers by China in response to Taiwan President Tsai Ing-Wen's visit to New York and California—he doesn't see a total break from China in the near future. Instead, there will be "selective decoupling" that would see some supply chains of sensitive materials gradually

moved out of China, a process he acknowledges is complicated and costly for companies.

He said that in his conversations with industry executives, most want "bright clear lines from the government" around which areas of the Chinese economy they should stay away from.

There was "near unanimous" support for outbound investment restrictions on investments in Chinese-developed artificial intelligence, Gallagher said, as well as curbs on investments in other key areas such as [quantum computing](#), bioengineering, advanced semiconductors and other technologies that could be used for military purposes.

The Biden administration has been working on a program that would restrict investments in some sectors of China's economy and require reporting on other areas, but those plans have yet to be finalized. Gallagher said he doesn't see Congress acting on legislation on outbound investments until lawmakers see what the administration has planned.

The one exception to the selective decoupling scenario is if China does decide to take [military action](#) against Taiwan, in which case all bets are off, Gallagher said.

"I think there's still a tendency for people to discount the likelihood of a kinetic confrontation with China over Taiwan," he said. "We still have questions we want to ask these companies and this was the beginning of a much broader and longer line of effort for the Select Committee."

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