

THE U.S.-CHINA TRADE WAR DURING THE JOE BIDEN PRESIDENCY: STANDSTILL OR CONTINUATION?

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Abstract: *The author's objective is to briefly outline and discuss the Joe Biden administration's trade moves towards China and attempt to answer the question to what extent the Biden administration is continuing the Trump administration's policy on this issue. The text briefly and succinctly outlines the similarities and differences between the approaches and policies of these two U.S. presidents, who fiercely compete in a presidential election year.*

Keywords: *China; U.S.; trade war; Joe Biden; Donald Trump; U.S. trade policy; U.S. economic policy; U.S.-China relations.*

Introduction

Long-standing issues in American politics – both security and economic – China have been the subject of lively debates and polemics. US political leaders and strategists continue to consider on what policies to pursue to prevent the decline of US comprehensive power and to prevent China from replacing the US as the global hegemon. Unquestionably, the U.S.-China economic relations, in particular bilateral trade, have become the subject of vehement debates, polemics and disputes in the United States of America since 2017, both in expert circles and in Congress. Moreover, since Donald Trump became president, the issue of US bilateral trade with China has become a pivotal point of contention between the two great powers. Subsequent presidents and their administrations must take some positions on this issue. This is often what American society expects.

The purpose of the paper is to very shortly present and describe the Joe Biden administration's trade actions vis-à-vis the People's Republic of China and try to answer the question to what degree the Biden administration is proceeding the Trump administration's policy on this matter. The paper concisely and shortly outlines the similarities and differences between the stances and policies of these two U.S. presidents, who viciously compete in a presidential election year. It does not discuss and describe in depth all the moves of the two presidential administrations and all the diverse complexities and dimensions of US trade policy as well as US-China trade war. It is such an immense subject that a meticulous description of it would require an extensive book, not a short article. Nevertheless, the focus has been put exclusively on the author's most important findings and reflections regarding this complex subject-matter. The main research method used by the author is a content analysis of different texts and public statements of presidents Donald Trump, Joe Biden, representatives of their administrations, experts and commentators. The research relied exclusively on publicly available sources.

U.S. trade wars with China during Donald Trump and Joe Biden presidencies

In 2024 Biden administration decided to raise tariffs against import of, among others, electric vehicles, solar panels, photovoltaic cells, advanced batteries, chips, dockside cranes, and some metals. In addition, President Biden announced that the duties already introduced by Trump on steel and aluminium products imported from China would be increased. The heightened duties will have the highest impact on imports of lithium ion non-electric cars batteries¹. However, there is a grace period, so any impact will be felt not sooner than in 2026. The announcement of raising tariffs in the midst of May 2024 is quite an important change relative to the previous approach of Biden administration. During presidential campaign of 2020 Biden often criticized Trump for trade

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¹ Matthew Bey, "Essential Geopolitics: The U.S. Tariff Strategy Against China," interview by Emma Comey (?), *Stratfor*; May 22, 2024, audio, 4:40-4:54, <https://worldview.stratfor.com/article/essential-geopolitics-us-tariff-strategy-against-china>.

wars with other countries (especially allied ones, less critical was Biden towards China). Biden verbally preferred so-called multilateral approach. When Biden became president his administration basically froze the trade war, by refraining from further tariff increases but not reducing the existing, which were heightened by Trump. Biden administration seemed to prefer more targeted, narrow approach as to the China's trade challenge, than more broad, indiscriminate approach adopted by Trump.

Biden administration increased import duties for lithium ion electric vehicles batteries by 25%. The US heightened tariffs on electric vehicles shipped from China from 25% to 100%, so it was a significant rise. Also tariffs on Chinese semiconductors were increase to 50%. The U.S. is attempting to focus its tariffs against China primarily on strategically relevant goods – green energy vehicles, green technology (permanent magnets, solar cells), medical equipment, semiconductors². During the current campaign president Trump proposes quite high flat across-the-board tariff on all imported Chinese goods equaling 60%³. Moreover, Trump wants to introduce new tariffs on electric vehicles produced by different Chinese companies in Mexico, primarily to avoid already increased U.S. customs for imports from China. Biden administration adopted „more surgical approach”⁴. Biden administration wants to prevent China's EVs from „ever getting a foothold in the United States”⁵. It must be stressed that, in reality, the prevailing majority of these goods are not exported to the U.S. presently in considerable quantities⁶. For instance, the People's Republic of China accounts for roughly 1% of U.S. solar cell imports – a modest percentage⁷. Therefore, we may put some hypothetical explanations why Biden administration made such a decision:

a) this move is a preventive measure, because the U.S. can see how fast Chinese companies in some prospective industries is gaining the share in the world market and how cheap and competitive are their products. Furthermore, economic advisors of Biden's administration may see the overcapacity of many China's industries⁸, hence they might fear the excessive inflow of Chinese goods in the U.S. market in the future.

b) this move is primarily a result of fierce domestic competition in presidential election year. According to this alternative explanation, Biden administration wants to convince U.S. citizens that the incumbent president will fight fiercely for their jobs and wages counteracting Chinese imports, whereas in fact these tariffs are less anti-China than it might seem from a cursory glance. This explanation should not be rejected out of hand. The 2024 is an election year. In the opinion poll from March 2024 for CBS News television, Americans rated Donald Trump's economic policy in the previous term far better than Joe Biden's in the current term. Respectively, at present 65% of respondents rated Trump's economic policy from 2017-21 as good, while only 38% of respondents gave the same rating to the economic policies of the current White House host over his presidential term⁹. In other words, for the time being Trump is regarded by Americans as more competent in economic policy than Biden. If Biden political camp wants him to be reelected, his administration has to move to positions which are closer to Trump's economic policy agenda. An additional argument to support this thesis is that in total, the new duties on imports from the Middle Kingdom announced by President Biden in May 2024 will cover goods worth approximately \$18 billion. For comparison, during his presidency Trump imposed tariffs on a much wider range of Chinese goods, on goods whose total import to the U.S. from China amounted annually to roughly \$370-380 billion. To put it differently, Trump anti-China customs hit China's

² *Ibidem*, 1:25-1:35.

³ Andrew Druhren, Andrew Restuccia, “Biden to Quadruple Tariffs on Chinese EVs,” *The Wall Street Journal*, May 10, 2024, https://www.wsj.com/economy/trade/biden-to-quadruple-tariffs-on-chinese-evs-203127bf?mod=economy_feat4_trade_pos4.

⁴ Matthew Bey, *op. cit.*, 2:10-2:20.

⁵ *Ibidem*, 2:35-2:40.

⁶ *Ibidem*, 4:30-4:42.

⁷ *Ibidem*, 6:15-6:22.

⁸ Nathaniel Taplin, “Why China's Overcapacity Problem Is About to Get Even Worse, in Seven Charts,” *The Wall Street Journal*, June 4, 2024, https://www.wsj.com/world/asia/why-chinas-overcapacity-problem-is-about-to-get-even-worse-in-seven-charts-d0e25e38?mod=world_lead_pos1.

⁹ Damian Wnukowski, Mateusz Piotrowski, “Stany wyborcze: Gospodarka w amerykańskiej kampanii,” interview by Natalia Radulska, *The Polish Institute of International Affairs*, June 3, 2024, audio, 10:20-11:05, https://www.pism.pl/pism_w_mediach/podcasty/stany-wyborcze-gospodarka-w-amerykanskiej-kampanii.

economy incomparably more acutely than Biden's May 2024 customs. Therefore, one may wonder whether Biden's anti-China trade move from May 2024 sold to the American public as a sharp and decisive blow to the Chinese economy is not just a simulated tough stance just to raise Biden chances for reelection?

c) this move is a result of both of the above-mentioned motivations.

China claims that the introduced tariffs are not consistent with international law and are harmful for free trade. During the Trump trade war with China Beijing in retaliation, increased tariffs on certain goods imported from the U.S., with the tariffs being raised in such a way as to hit states (so-called red states) and professional groups (ex. farmers) that have traditionally supported the Republican Party for years particularly hard. That was a message we can summarize as: „Don't attack our trade, because if you do your supporters will be economically hurt and your chances for reelection, in contrast to your expectations, will diminish instead of increasing!”

Trump initiated a trade war against China in 2017. Chinese companies quickly adapted by relocating a lot of their production to Vietnam¹⁰, Mexico¹¹, and – to a smaller degree – India¹². Especially lines of final assembly were constructed in these states – only to evade U.S. tariffs. In reality, the local contribution to goods produced there is in most cases low or very low. As a matter of fact, these goods are still Chinese-made goods with Vietnamese or Mexican label attached. In principal, Chinese entrepreneurs simply disguise and conceal the true place of origin of the products they sell in huge and lucrative U.S. market. They do it notoriously and deftly.

Critics of the trade policies of Trump administration oftentimes raised this argument that – in fact – derisking and decoupling from China did not materialize, at least, not materialize substantially. Instead, dependencies on parts and components coming from China were skilfully and painstakingly masked. Therefore, these policies turned out to be quite ineffectual, though popular among many voters. What is worse, efforts to lessen the dependence on China inadvertently resulted in emerging new risks in global supply-chains that became even more complex, intricate and hidden. To express it differently, the promised advantages of derisking from China prove actually illusory when someone takes a closer look at the issue¹³. On top of that, U.S. importers tend to underreport how much, in fact, they are purchasing from China. According to certain studies the U.S. statistics may understate imports from China even by 20-25%¹⁴.

The Biden administration wants to curb China's technology development resorting to other than heightened tariffs means (ex. embargos, new and more severe export control restrictions that hit particularly hard the Chinese semiconductor industry, increasing number of scrupulous supply-chain reviews, etc.)¹⁵ Biden wants to inhibit the China's progress in strategically important and prospective technologies chiefly via the non-tariff barriers, for example, by requiring U.S. electric cars makers not to use chips purchased from China. Both Trump and Biden also attacked Chinese Tik-Tok application in an attempt to force the Chinese owner of Tiktok to sell his stake in the firm to some US entity. Biden administration faced quite a lot of internal disagreements about the trade policies and protectionism. Nevertheless, even these prominent members of the administration that once used to be widely regarded as staunch supporters of free trade – like Janet Yelen – during the Biden's term in office began to at least slightly change their stances toward more protectionist approach. To what degree this is the result of a sincere shift in views or reconsideration on a basis of experience and to what extent it is the outcome of mounting grassroots pressure from an increasing number of American voters, often referred to by the

¹⁰ Matthew Bey, *op. cit.*, 8:50-9:23.

¹¹ “Mexico Is China's Backdoor to the US Market,” *Geopolitical Futures*, April 26, 2024, <https://geopoliticalfutures.com/mexico-is-chinas-backdoor-to-the-us-market/>.

¹² Paul Page, “Import Groups Decry Higher U.S. Tariffs on China-Made Goods,” *The Wall Street Journal*, May 14, 2024, https://www.wsj.com/articles/import-groups-decry-higher-u-s-tariffs-on-china-made-goods-4d509623?mod=economy_feat4_trade_pos1.

¹³ Nathaniel Taplin, “‘Derisking’ China-Reliant Supply Chains Is Creating New Risks,” *The Wall Street Journal* January 6, 2024, https://www.wsj.com/economy/trade/derisking-china-reliant-supply-chains-is-creating-new-risks-b5f26440?mod=hp_lead_pos6.

¹⁴ “How Trump and Biden have failed to cut ties with China,” *The Economist*, February 27, 2024, <https://www.economist.com/finance-and-economics/2024/02/27/how-trump-and-biden-have-failed-to-cut-ties-with-china>.

¹⁵ Matthew Bey, *op. cit.*, 7:55-8:30.

somewhat pejorative name of ‘populists’ is debatable. Nonetheless, scholars perceive a real evolution of American society in this respect – voices calling for reversing of globalization and more robust closure of U.S. market to foreign producers and laborers are becoming increasingly frequent¹⁶. Biden or any other Democratic Party politician, or U.S. foreign policy decision makers must take them into account if they want to be elected or reelected. It is necessary if the liberals intend to preserve support amongst a big chunk of their electorate.

Biden administration in its China trade policy appears focused mainly on semiconductors. Even from within Democratic Party circles, there were voices from congressmen demanding that the White House take tougher measures to diminish the dangerous overreliance on imports of chips from prime U.S. geopolitical adversary¹⁷. In 2022 the Congress enacted the Chips and Science Act – the law that earmarked almost \$53 billion for boosting output of semiconductors in the U.S. Ultimately, the law promises even \$280 billion for support of development artificial intelligence, quantum computing, integrated circuit manufacturing and other high-tech businesses. The Chips and Science Act’s purpose was to make the U.S. less dependent on import of semiconductors primarily from the Middle Kingdom, but also from Taiwan and South Korea – both of these economies can potentially be conquered or paralysed by China in case of maritime blockade or invasion. Additionally, the fast progress in AI technology made chips adopted to AI requirements essential for attaining dominance in future battlefields and in future global economy. The U.S. share in global semiconductor output is about 12% – far lower percentage than three decades ago. Simultaneously with effort to shore up chip manufacturing in the U.S., the Biden administration went to great lengths to inhibit progress in designing and manufacturing of most advanced chips in China. The U.S. measurably restricted China’s access to U.S.-made semiconductor design software, the high-end U.S.-made semiconductor manufacturing equipment and the very desired unique knowledge how to design and produce such equipment and chips¹⁸. New cutting-edge and costly chip factories are planned to be constructed this decade in Arizona, Oregon, Idaho, Texas, Ohio and New York¹⁹.

In August 2023 president Biden issued an executive order, that either limits or – in certain cases – completely forbids investment in Chinese enterprises that contribute to designing and manufacturing of chips, quantum computing technologies, and artificial intelligence²⁰. In retaliation, the Chinese authorities resolved not to remain indifferent to this act, hostile from their standpoint, and imposed restrictions on the export of gallium and germanium – two elements crucial in manufacturing of chips²¹. Thereby, Beijing demonstrated that the U.S. government must expect retaliatory steps in the event of overly bold anti-China trade steps. Indeed, the Chinese government quite frequently resorts to various trade restrictions in retaliation or punishment for unfriendly economic or political acts of foreign nations. Among the states and economies that in the last decade at some point felt China’s retaliatory or punishing trade restrictions were: Japan, South Korea, the Phillipines, Taiwan, Mongolia, the U.S., Australia, New Zealand, the United Kingdom, Sweden, Norway and Lithuania²².

¹⁶ David H. Bearce, Seungbin Park, “Putting the Trans-Pacific Partnership Back on the Table,” *The Washington Quarterly* 46, no. 4 (Winter 2024): 16-17, <https://doi.org/10.1080/0163660X.2023.2285164>.

¹⁷ Asa Fitch, “Lawmakers Push to Defuse China’s Dominance of Older-Generation Chips,” *The Wall Street Journal*, January 8, 2024, https://www.wsj.com/politics/national-security/lawmakers-push-to-defuse-chinas-dominance-of-older-generation-chips-cbd5adaa?mod=hp_lead_pos4.

¹⁸ Brad Glosserman, “De-Risking Is Not Enough: Tech Denial Toward China Is Needed,” *The Washington Quarterly* 46, no. 4 (Winter 2024): 108, <https://www.tandfonline.com/doi/full/10.1080/0163660X.2023.2286134>.

¹⁹ Asa Fitch, “The U.S. Gave Chip Makers Billions. Now Comes the Hard Part.,” *The Wall Street Journal*, June 2, 2024, https://www.wsj.com/tech/chips-act-funding-semiconductor-investments-us-22cc1ea8?mod=hp_lead_pos7&mod=hp_lead_pos7.

²⁰ Ian Bowers, Øystein Tunsjø, “The Implications of Contemporary US-China “Hypercompetition”,” *The Washington Quarterly* 46, no. 4 (Winter 2024): 91, <https://doi.org/10.1080/0163660X.2023.2286136>.

²¹ Edoardo Campanella, “*Economic Self-Reliance in a Leaderless World*,” *The Washington Quarterly* 46, no. 3 (Fall 2023): 110, <https://doi.org/10.1080/0163660X.2023.2259256>.

²² These are state enumerated by Kristen Hopewell and a few others she did not enumerate in her text: Kristen Hopewell, “The Untold Victims of China’s Trade Policies,” *The Washington Quarterly*, 45, no. 1 (Spring 2022): 160, <https://doi.org/10.1080/0163660X.2022.2059144>.

Importantly, the Biden administration managed to convince governments of the Netherlands, Japan and Taiwan to accede to U.S. – initiated export control, which forbade the export of the deep ultraviolet (DUV) lithography machines necessary for production of the most advanced semiconductors (smaller than 10 nm). Having the Japanese and Dutch governments join this initiative was particularly important, as the Dutch ASML and the Japanese Nikon are the two leading manufacturers of these state-of-the-art devices. Without Tokyo and Amsterdam's unison Washington's aim of impeding Chinese progress in high-end chip manufacturing would definitely not be viable. In this respect Biden's multilateral approach indeed succeeded, though we will be able to assess this completely only in farther future.

CONCLUSION

In many ways, Joe Biden has continued Donald Trump's economic and trade policies vis-a-vis the People's Republic of China. The tariffs that Trump's administration introduced in 2017-2019 have not been lifted by the administration of his successor in the White House. These customs affected goods imported to the U.S. with a total value of approximately \$370-380 billion²³. This can be explained both by the fact that one of the few things the Democratic Party and the Republican Party have in common is their distrust and fear of communist China. Politicians from both parties see the Middle Kingdom as an unquestionable rival in the economic, military and political fields, the only country able to challenge US supremacy in the world and with the potential to undermine U.S. hegemony. From another perspective, this can also be explained by the popularity of targeted economic policy moves against China, especially trade policy moves among the American public.

Until May 2024, however, Biden did not increase duties on other Chinese products, instead focusing on stifling, inhibiting, slowing the growth of China's semiconductor industry. Officially, the May 2024 tariffs were implemented following the completion of the previous White House occupant's trade policy review, which Biden initiated at the dawn of his presidency.

However, one can see some differences in the political rhetoric of Donald Trump and Joe Biden regarding economic steps towards China. Trump has consistently complained about the colossal trade deficits recorded annually by the U.S. economy in bilateral trade with China and imposed duties across the board. Biden instead wants to present himself as tough, hard anti-China leader too, but the leader who economically attacks China in a wise and prudent manner – in a more targeted, so-called „surgical” approach, in contrast to mindless and misguided Trump's trade actions. What the two political rivals have in common is that in political rhetoric both Biden and Trump emphasise that Chinese exports to the U.S. are unfair and heavily subsidised²⁴. Thus, the U.S. must act to restore disturbed and distorted competition. Biden often stresses that he does not desire to provoke another trade war with China in contrast to impulsive and unwise Trump.

Analysing the public statements and trade policy moves of both politicians towards China, we can cautiously deduce that Trump appears to be most troubled with high U.S. trade deficit, while Biden is most worried about U.S. reliance on some critically important goods, and high competitiveness of the Chinese industry in some branches widely regarded as prospective and promising.

According to Polish analyst Damian Wnukowski two other differences between Biden's and Trump's policies vis-a-vis China can be noticed as well. Biden wants to engage in diplomatic talks with Chinese authorities, always maintaining channels of communication and the possibility of some sort of agreement – or at least – temporary rapprochement. Secondly, Biden's administration tries to coordinate its anti-China trade actions with U.S. allies²⁵. Trump, for his part, does not seem to be concerned about these things. Trump does not care for that things so much. He is ready to pursue more unilateral policy and he is not anxious about Beijing's potential retaliation.

²³ Damian Wnukowski, *op. cit.*, 34:30-35:40.

²⁴ *Ibidem*, 37:00-39:00.

²⁵ *Ibidem*, 41:30-43:00.

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