

# Biden Administration to Maintain Tough Line on China

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01.26.2021

One of the enduring legacies of the Trump Administration may be the retaliatory tariffs of up to 25% on hundreds of billions of dollars of Chinese imports. The consensus in the trade community is that a Biden Administration will not seek to materially unwind those tariffs in 2021. We agree.

The Biden Administration has announced that it will pursue a more multilateral approach in trade relations – a break from the go-it-alone strategy of the Trump Administration. That will make new Section 301 and other trade actions less likely; and any actions less hasty that we've experienced during the past 4 years.

However, even though the rhetoric may cool, trade experts do not expect any dramatic unwinding of either the Trump Tariffs or the present hardline stance when it comes to China. President Biden has said he will not immediately roll back those tariffs. And, it may be difficult for President Biden even well into his presidency to push back on the aggressive trade stance of the Trump Administration - some of the Trump Tariffs are indeed popular with unions and with members of his own party. Other tariffs are backed by politically influential industries like steel. And, the linking of trade policies to combat alleged forced labor, and other humanitarian concerns, in China currently enjoys bipartisan support in the U.S. Congress.

Biden's pick for the top U.S. trade official, Katherine Tai, reinforces this conclusion. Tai, fluent in Chinese, is an expert on China and will likely continue a tough-on-China approach, although perhaps in more of a coalition-building way. Tai played a key role as chief trade counsel on the House Ways and Means Committee to push for stronger labor and environmental provisions in the USMCA. She has also handled disputes by the United States and its partners at the World Trade Organization against China.

So, we don't expect any short-term trade surprises from a Biden Administration. There may be some relief to certain US industries in the

form of waivers from the China tariffs. And, the US will continue to push for structural reform in China, which will continue to garner some results. However, the US Government will continue to voice concern over the same issues alleged and asserted by the Trump Administration and members of Congress: forced labor in Xinjiang China, aggressive Chinese island building, intellectual property theft, and the growing Chinese profile in certain critical sectors of the world economy, coupled with the overall geopolitical juxtaposition of US and Chinese political and business norms - 2021 will look and sound a lot like 2020 in terms of trade relations. True, the US may seek to build more trade coalitions, but geopolitical coalitions take time. We will be on the lookout for some trimming of the tariffs around the edges in 2021. But, we're predicting a less bumpy, nicer-sounding, but no less contentious US – China trade situation in 2021.