

What Will Biden's China Policy Look Like



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The U.S.-China relationship over the past four years can be summarized into actions by the U.S. and reactions by China. Assuming that such nature of the U.S.-China relationship will continue, it seems important to predict the newly launched Biden government's China policy in advance.

Biden Cannot be Free from Trump's China Policy

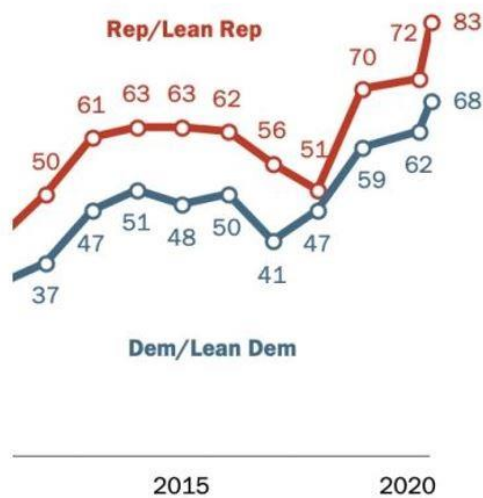
First of all, the biggest legacies left behind by the Trump administration are the chaos surrounding COVID-19, the economic recession, and an impaired relationship with China. Especially, regarding the U.S.-China relations, the Biden administration is unlikely to deviate from the Trump administration's tough approach. The COVID-19 pandemic has unleashed an unprecedented wave of anti-Chinese sentiment, creating an internal and external environment that makes it difficult for the new Biden government to implement an appeasement policy toward China. According to the most recent survey conducted by the Pew Research Center, about 73% of citizens from 14 major countries answered that they have unfavorable feelings of China.

It is also noteworthy that there is not only bipartisan anti-Chinese sentiment in the U.S. but also many U.S.-allied countries show higher than average anti-Chinese sentiment: Japan 86%, Australia 81%, the U.K. 74%, and Korea 75% (see Figures 1 and 2).

Figure 1. Trend of anti-Chinese sentiment in the U.S.

% who say they have an unfavorable opinion of China

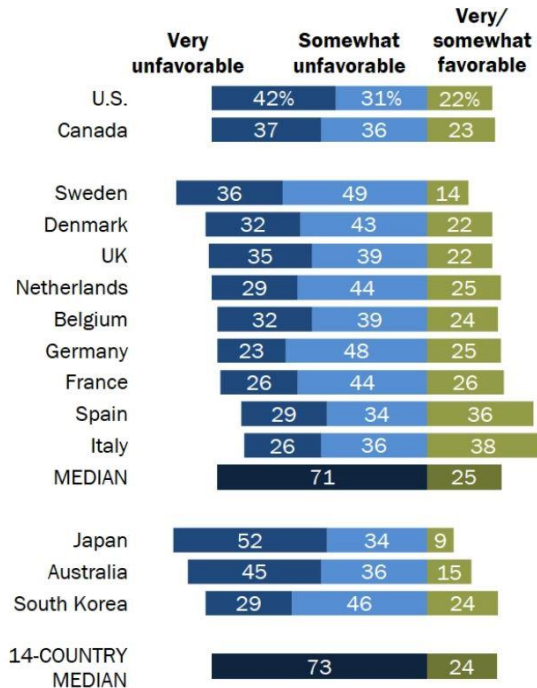
100%



Source: Pew Research Center (2020. 7. 30).

Figure 2. Anti-Chinese sentiment in major countries

% who have a ___ view of China



Source: Pew Research Center (2020. 10. 6).

Backed by these circumstances, President Trump had implemented stronger policies to amp up pressure on China until the last moment of his mandate (Table 1). Now President Biden is facing a more difficult situation to show political flexibility regarding China. At the same time, however, it is also true that Biden had served as vice-president in the Obama administration for eight straight years and frequently interacted with Chinese leaders. Biden recognizes that Trump's China policy so far has been unstrategic and cost-inefficient. Therefore, it is likely that the Biden government will succeed the aggressive stance on China from the Trump administration but partially revise the rhetoric, manner, and process. In brief, the Biden administration's China policy will be most likely to be a "congaement," a balanced combination of the Trump administration's containment approach and the Obama administration's engagement strategy. In the new government, rather than completely resetting the existing China policy, the early tasks will be prioritized on deciding what to keep and what to abandon from the Trump administration's policies.

Table 1. Trump administration's measures to strengthen sanctions on China after the U.S. presidential election in 2020

Date	Contents
2020. 11.12	President Trump signs Executive Order (E.O. 13959) to prohibit investment in 31 enterprises linked to the People's Liberation Army (PLA).
2020. 11.30	CEIEC added on SDN List for financial sanctions
2020. 12. 3	Four more companies connected with the PLA added, including SMIC and CNOOC
2020. 12. 7	The 14 vice chairs of the 13th NPC Standing Committee, seen as violating Hong Kong's autonomy, listed on the SDN list for financial sanctions
2020. 12. 11	The House and Senate pass the Defense Authorization Act of 2021 (NDAA) that includes a provision (Sec 1058) stating the risks of the presence and operation of U.S. military equipment and military units in countries where Huawei and ZTE's 5G and 6G communication architectures are used.
2020. 12.14	OFAC newly introduces Non-SDN Menu-Based Sanctions List (NS-MBS List)
2020. 12.18	60 Chinese companies, including DJI and SMIC, included on the Entity List
2020. 12.23	BIS newly introduces Military End User List (MEU List) under the EAR and includes 45 Chinese companies.
2021. 1. 11	New Executive Order comes into effect to restrict U.S. persons from trading in securities and derivatives of certain Communist Chinese military companies.
2021. 1. 14	Nine more companies related to the PLA added, including Xiaomi

Source: U.S. Department of Commerce, U.S. Department of the Treasury, U.S. Department of State, and U.S. Department of Defense.

Biden Government's Guiding Principles of Foreign Policy and Trade Policy

The guiding principles of the Biden administration's foreign policy are composed of two elements: alliance coordination and an emphasis on values. This is well manifested in his statements, interviews, and articles such as "Why America Must Lead Again: Rescuing U.S. Foreign Policy after Trump" published in the March/April 2020 issue of Foreign Affairs magazine. In a written interview with the United Steelworkers in July 2020, Biden explained that "the core of the U.S. strategy is together with allies, it is to stop China's unfair practices." Further, in his presidential campaign statement in August 2020, he emphasized that he will put "values" back at the center of the U.S. foreign policy, including how he approaches the U.S.-China relationship. Especially, regarding his China policy, Biden's speech on November 16, 2020 in Wilmington, Delaware provides us some leads to forecast what will happen in his administration.

In his speech, Biden mentioned the three principles of trade in his administration. The first is the revival of the U.S. manufacturing industry through domestic investment, the second is trade negotiations that include and emphasize labor and environmental values, and the third is refraining from utilizing punitive measures such as sanctions and tariffs.

Biden Government's China Policy

Based on his Delaware speech, we can infer more in detail about his China policy. Biden's "Congagement" policy toward China can be decomposed into areas where the U.S can cooperate with China and those where it cannot collaborate with China.

"Congagement"	
Containment (Possible Confrontation)	Engagement (Possible Cooperation)
<ul style="list-style-type: none">• Technology• Values (Human Rights, Democracy)<ul style="list-style-type: none">- Hong Kong, Xinjiang Uyghur, Tibet• Supply Chain ("Make It in America")	<ul style="list-style-type: none">• Climate Change• COVID-19• Tariffs• Taiwan

First, as Biden places greater weight on the revival of the domestic manufacturing industry, there is a high possibility of continuing confrontation with China in restructuring the supply chain and fostering high-tech industries. Biden's core industrial policies are composed of "Make It in America," "Supply American," "Buy American" and "Innovate in America." Biden promised that his government will invest an extra \$300 billion in the U.S. high-tech sector over the next four years to maintain the U.S.' comparative advantage in breakthrough technology. Given this, it is expected that the tech-decoupling with China will remain the trend. A recent White House press conference taking place after Biden's inauguration also reconfirmed that the Biden administration shares the view that China has been stealing intellectual property, engaging in industrial espionage, and forcing technology transfer to gain a technological advantage.

Second, the emphasis on labor and environmental policies is in line with the emphasis on values. Concerning the value of human rights, the Biden administration is expected to more sharply voice its objection to China's human rights issues in Hong Kong, Xinjiang Uighur, and

Tibet. On the other hand, environment and health issues can serve as some basis for cooperative action between the two, which was not conceivable under the Trump administration. Right after Biden entered the White House, the first thing that he did was signing executive orders to rejoin the Paris climate accord and keep the U.S. in the World Health Organization (WHO). When it comes to the Taiwan Strait issue, the Biden government is expected to respect the "One China Policy" and implement policies in a way that does not provoke China. Biden has been criticizing the Trump administration for using the Taiwan issue to sell U.S. weapons.

Third, Biden's unwillingness to adopt punitive measures against trade partners shows that he prefers multilateral approaches rather than unilateral measures. Although they will not be immediately lifted, the Trump administration's additional tariffs on China are likely to be unwound in stages under the Biden government. At the same time, to increase pressure on China and to share its costs and responsibilities, the Biden administration is expected to strengthen multilateral cooperation with its allies.

Implications

So far Biden has disclosed only a few details about his plans for U.S.-China relations. After examining Biden's statements, interviews, and articles which have been released, I expect there will be more competition but less confrontation with China while he is in the Oval Office. The Biden administration is likely to negotiate hard but in a less provocative manner through skillfully and sophisticatedly using both engagement and containment approaches. Since the Trump administration mainly used unpredictable unilateral measures, sometimes Korea found itself capable of seeking Chinese patience while participating in U.S. sanctions, and at times it was able to take an ambiguous position against the U.S. measures. However, given the Biden administration laying much value on a united front with allies rather than taking unilateral measures, now it is time for the Korean government to formulate a more thorough response strategy where the confrontation between the U.S. and China is expected to escalate. **KIEP**