

US Trade Policy Agenda

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Outline

1. US-China

- Trade War
- Phase One Agreement, the Purchase Commitments
- Other recent developments on US-China: Export controls, Sanctions for forced labor (Xinjian), Hong Kong

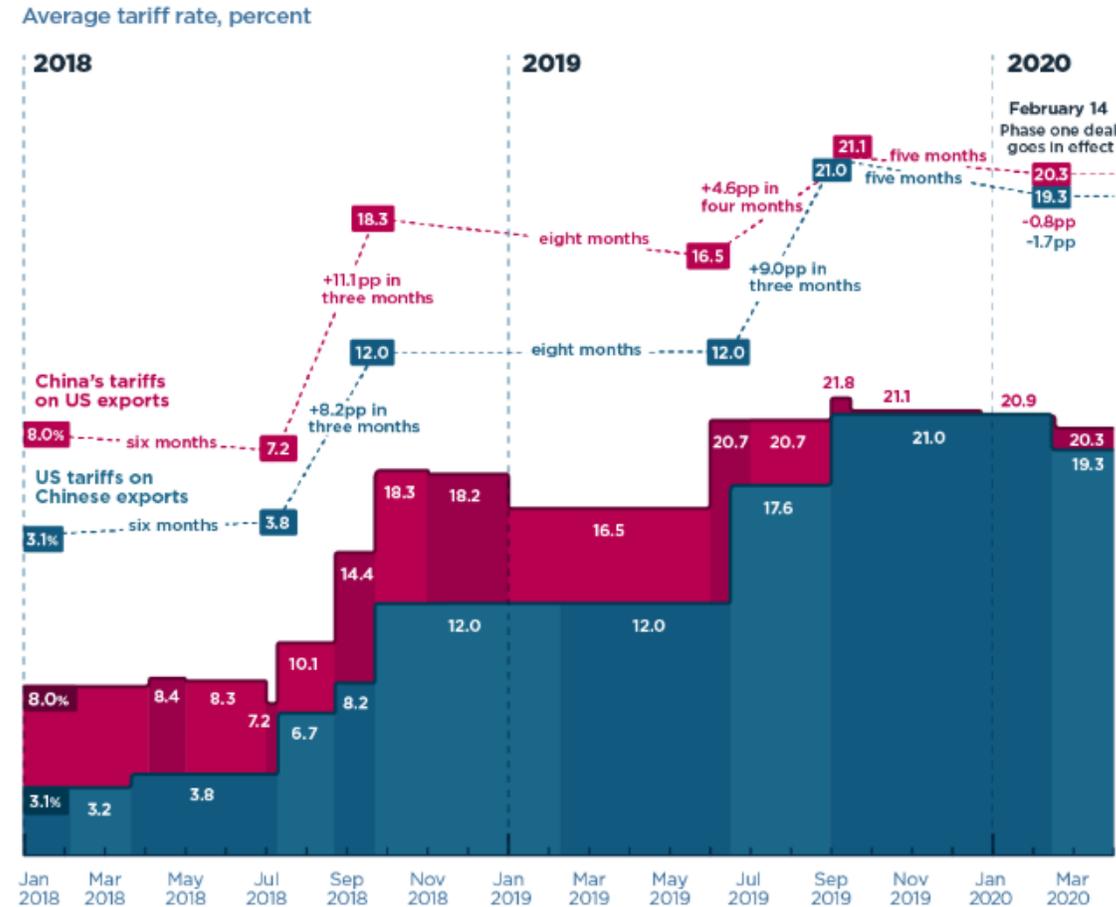
2. Biden administration approach: working with allies

3. Conclusion

US and Chinese tariffs toward each other went up considerably



US-China Trade War Tariffs: An Up-to-Date Chart



Source: Chad P. Bown, **US-China Trade War Tariffs: An Up-to-Date Chart**, PIIE Chart, February 14, 2020.

<https://www.piie.com/research/piie-charts/us-china-trade-war-tariffs-date-chart>



US-China Phase One Agreement

15 January 2020

Chinese commitments

- Intellectual Property: Trade Secrets, Pharmaceuticals, Patents, Piracy/Counterfeiting (E-Commerce), Geographical Indications, Trademarks, Copyrights
- Technology Transfer
- Trade in Food and Agricultural Products: Systemic Issues involving SPS, Domestic Support, TRQs, Agricultural Biotech
- Financial Services market access: Banking, Credit Rating Services, Electronic Payment Services, Financial Asset Management, Insurance, Securities, Fund Management, Futures Services
- Exchange Rates and Transparency

Enforcement

- Bilateral dispute settlement, proportional response, unilaterally decided, China's only response would be withdrawal from deal

Expanding Trade

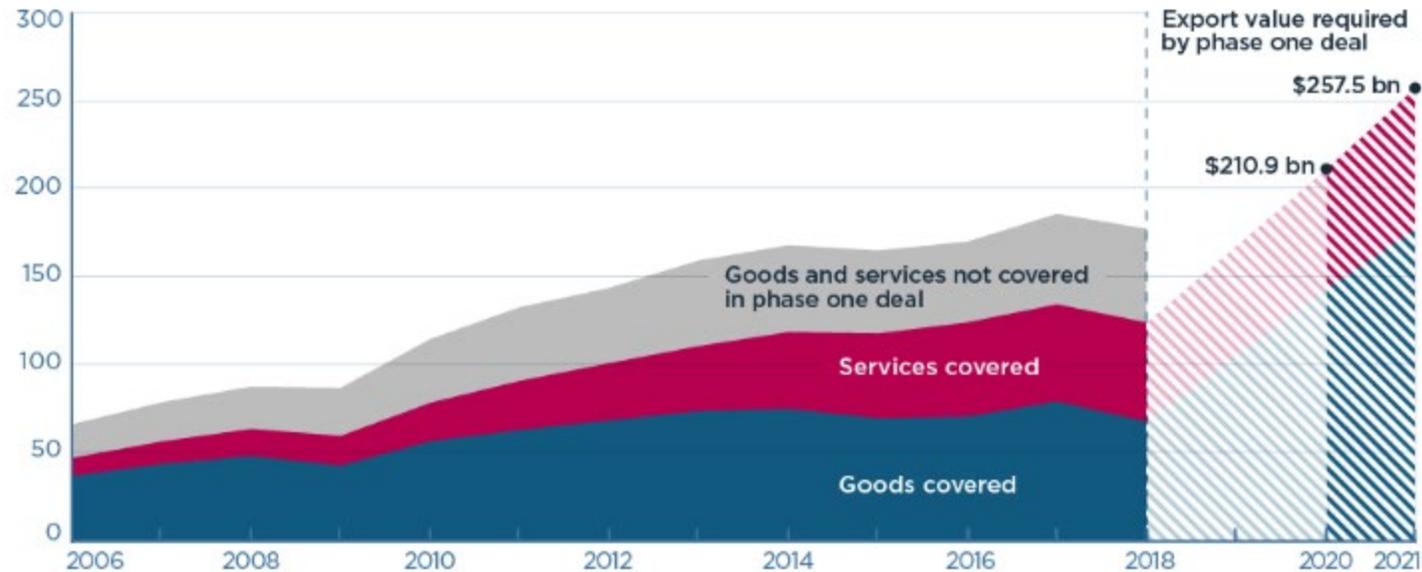
- \$200 billion of additional Chinese purchases over 2020-2021



What the agreement committed China to buy seemed unrealistic...

The phase one deal does not cover all US exports to China, yet still sets incredibly ambitious targets

Total US goods and services exports to China, billions USD



Sources: Constructed by the author with US export data from US Census Bureau, US Bureau of Economic Analysis, and Annex 6.1 of "Economic and Trade Agreement Between the United States of America and The People's Republic Of China: Phase One."

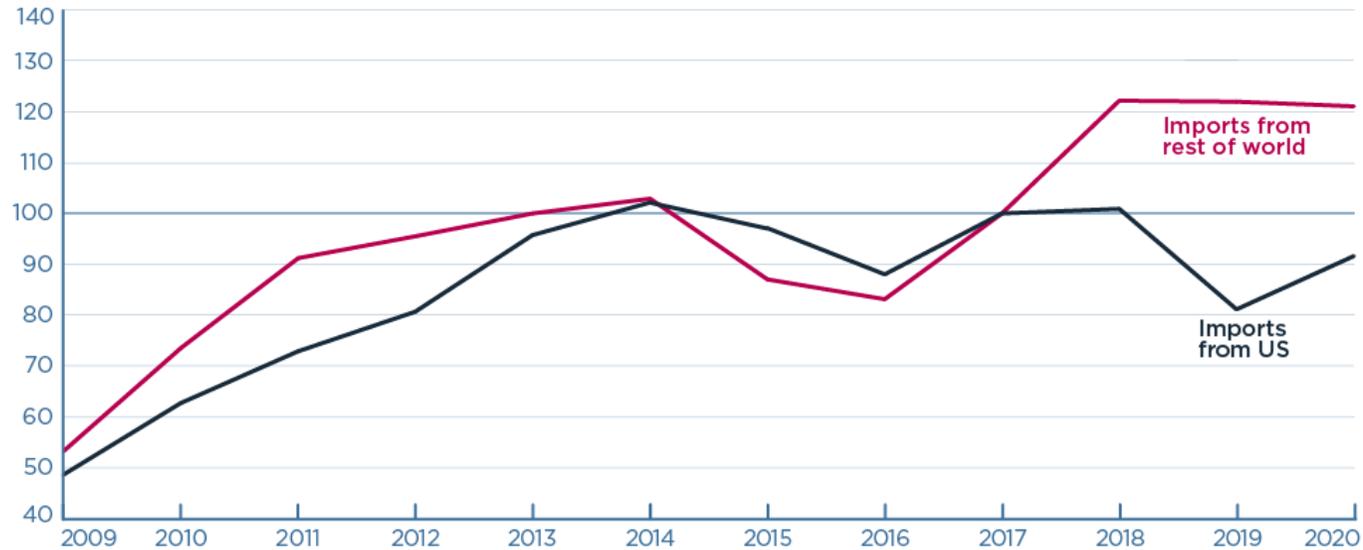
Source: Chad P. Bown, **Unappreciated hazards of the US-China phase one deal**. PIIE Trade and Investment Policy Watch Blog, January 21, 2020.



Figure 1

In 2020, China's imports of phase one goods grew faster from the United States than from the rest of the world

China's imports of phase one products from the US and rest of world, 2009-2020 (index, 2017=100)



Note: Product categories covered by the “2020 legal commitment” are set out in Annex 6.1 of Economic and Trade Agreement between the United States of America and the People’s Republic of China. The US-China trade war began in July 2018 and the phase one deal was signed in January 2020.

Source: Constructed by the author with data from Chinese customs.

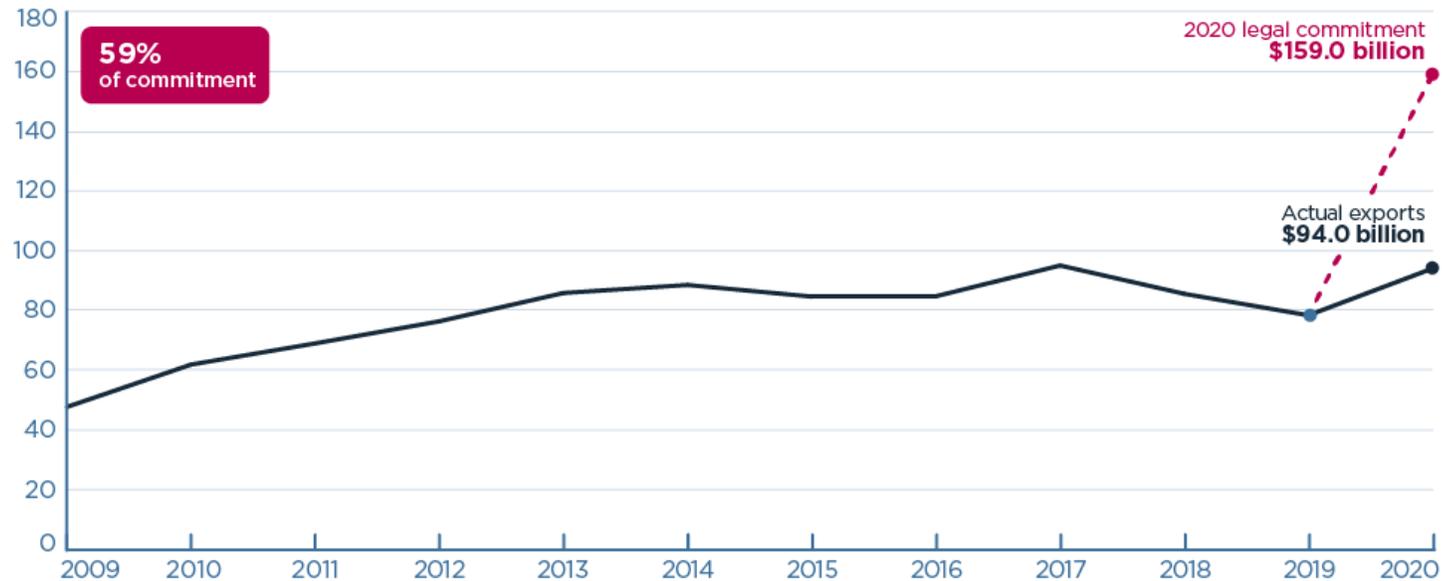
Source: Chad P. Bown, **Anatomy of a flop: Why Trump's US-China phase one trade deal fell short.** February 8, 2021.



Figure 2

The trade war hurt US goods exports to China, which fell considerably short of 2020 phase one targets

US exports to China of products covered by the phase one deal, 2009–2020, billions USD



Note: Product categories covered by the “2020 legal commitment” are set out in Annex 6.1 of Economic and Trade Agreement between the United States of America and the People’s Republic of China. The US-China trade war began in July 2018 and the phase one deal was signed in January 2020.

Source: Constructed by the author with data from US Census.

Source: Chad P. Bown, **Anatomy of a flop: Why Trump’s US-China phase one trade deal fell short.** February 8, 2021.

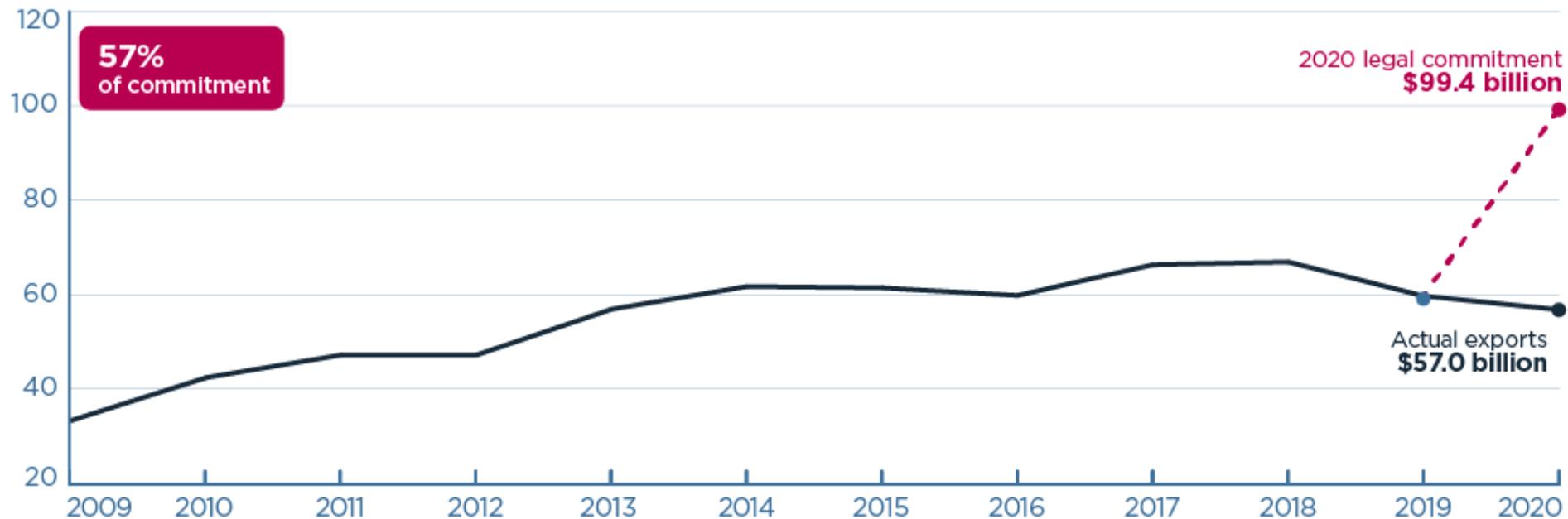


Figure 3

The trade war especially hurt US manufacturing exports to China, which fell considerably short of 2020 phase one targets

US manufacturing exports to China covered by the phase one deal, billions USD

a. All manufactured goods



Source: Chad P. Bown, [Anatomy of a flop: Why Trump's US-China phase one trade deal fell short](#). February 8, 2021.

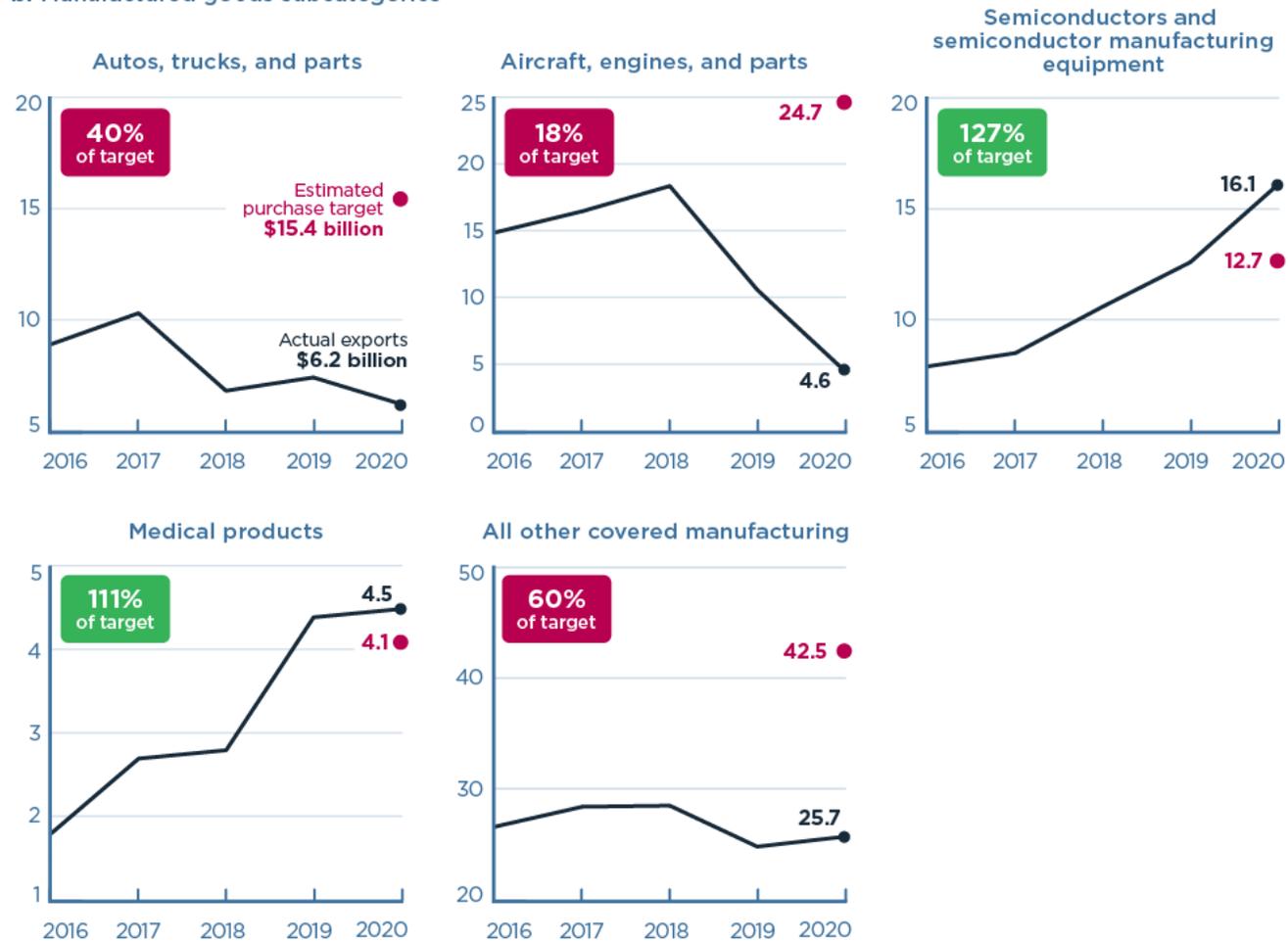


Figure 3

The trade war especially hurt US manufacturing exports to China, which fell considerably short of 2020 phase one targets

US manufacturing exports to China covered by the phase one deal, billions USD

b. Manufactured goods subcategories



Source: Chad P. Bown, **Anatomy of a flop: Why Trump's US-China phase one trade deal fell short.** February 8, 2021.

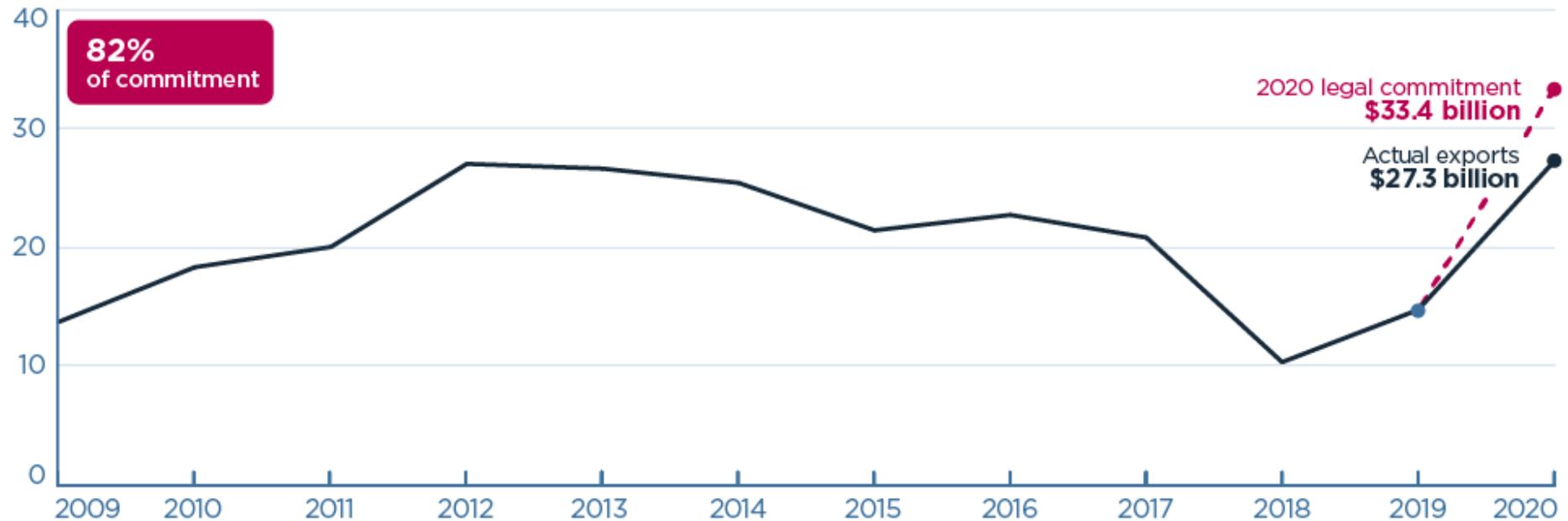


Figure 4

US agricultural exports to China suffered during the trade war, recovered, but did not meet 2020 commitments

US agricultural exports to China covered by the phase one deal, billions USD

a. All agricultural goods



Source: Chad P. Bown, [Anatomy of a flop: Why Trump's US-China phase one trade deal fell short](#). February 8, 2021.



Figure 4

US agricultural exports to China suffered during the trade war, recovered, but did not meet 2020 commitments

US agricultural exports to China covered by the phase one deal, billions USD

b. Agricultural goods subcategories



Source: Chad P. Bown, **Anatomy of a flop: Why Trump's US-China phase one trade deal fell short.** February 8, 2021.

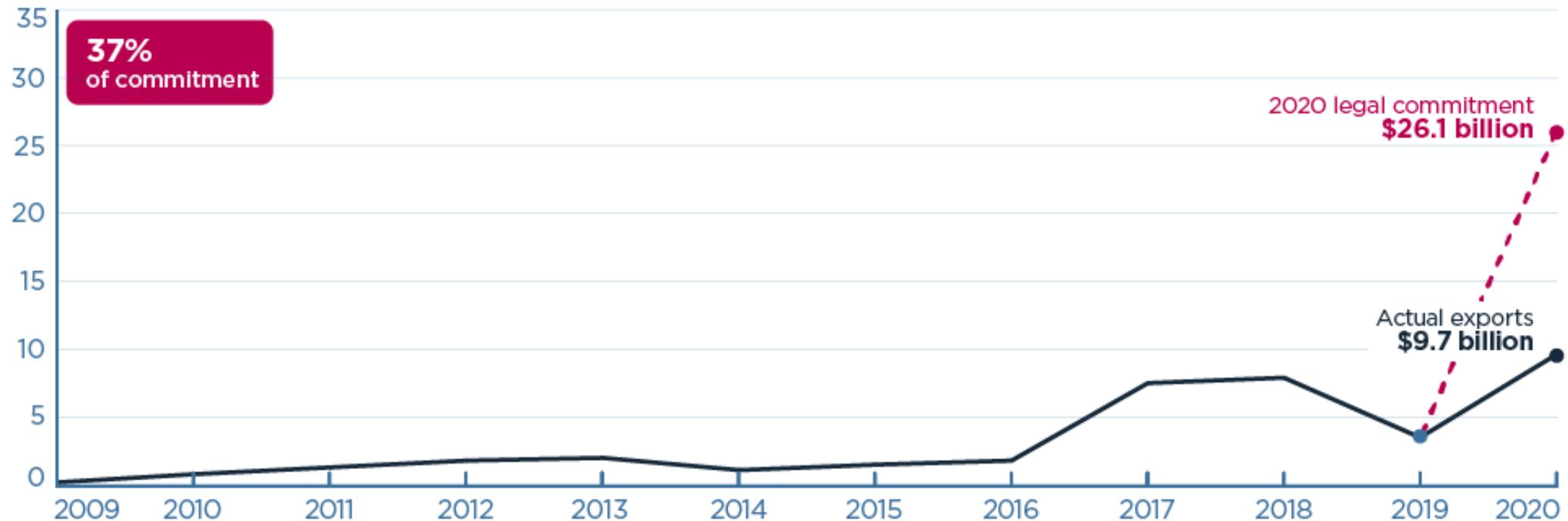


Figure 5

US energy exports to China had unrealistic phase one purchase commitments

US energy exports to China covered by the phase one deal, billions USD

a. All energy



Source: Chad P. Bown, [Anatomy of a flop: Why Trump's US-China phase one trade deal fell short](#). February 8, 2021.



Figure 5

US energy exports to China had unrealistic phase one purchase commitments

US energy exports to China covered by the phase one deal, billions USD

b. Energy subcategories

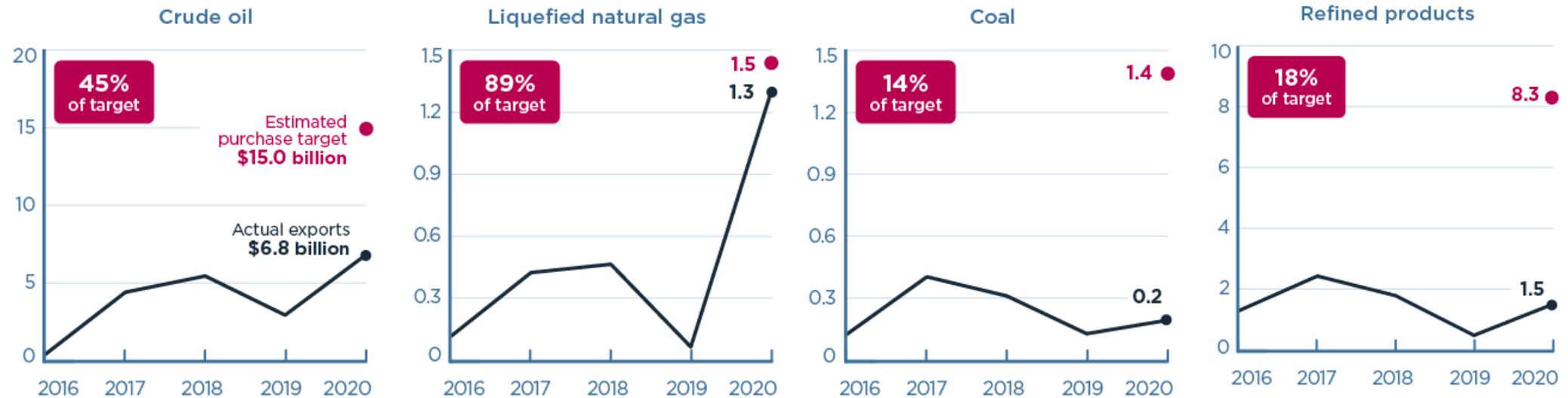


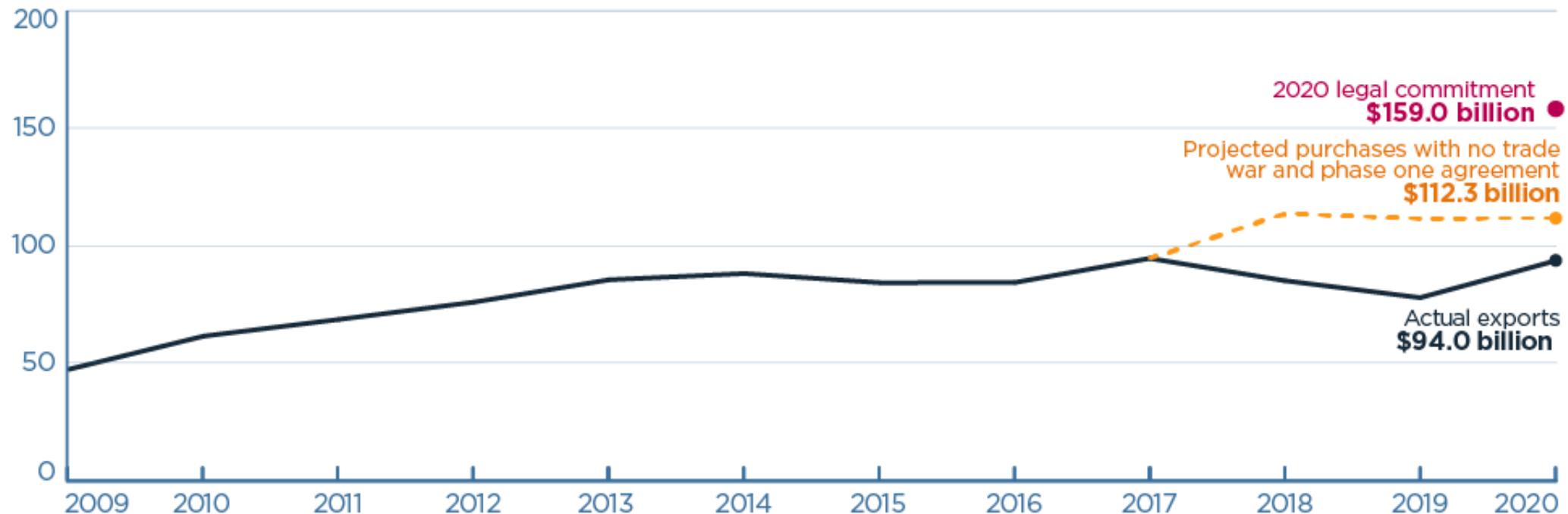


Figure 6

What if there had been no trade war and phase one agreement?

US exports to China of products covered by the phase one deal, billions USD

a. All covered goods



Source: Chad P. Bown, [Anatomy of a flop: Why Trump's US-China phase one trade deal fell short](#). February 8, 2021.

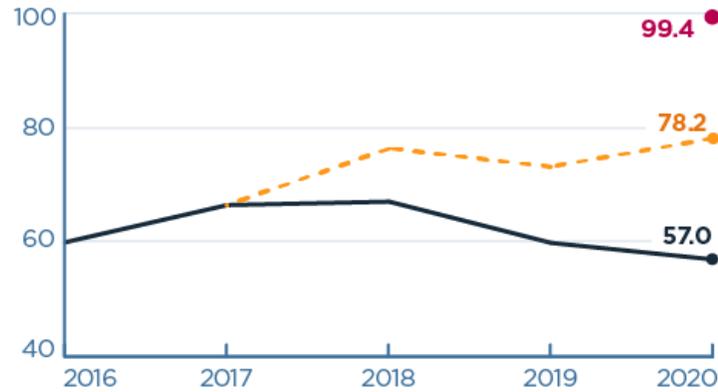


Figure 6

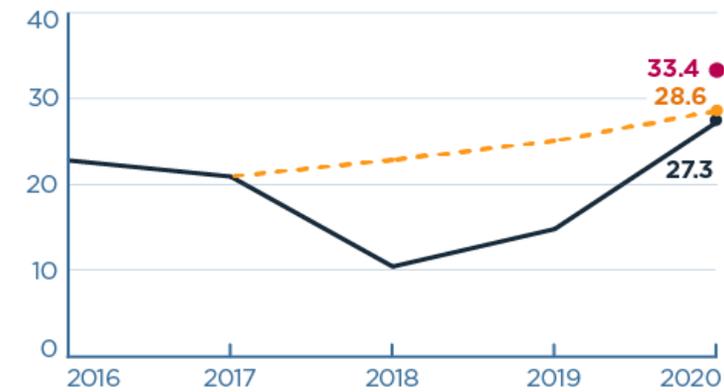
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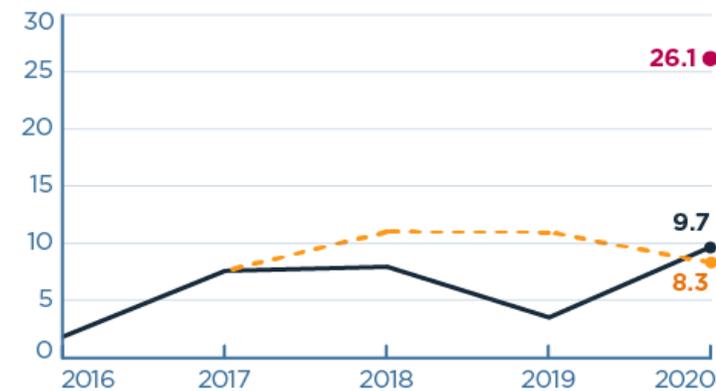
b. Manufacturing



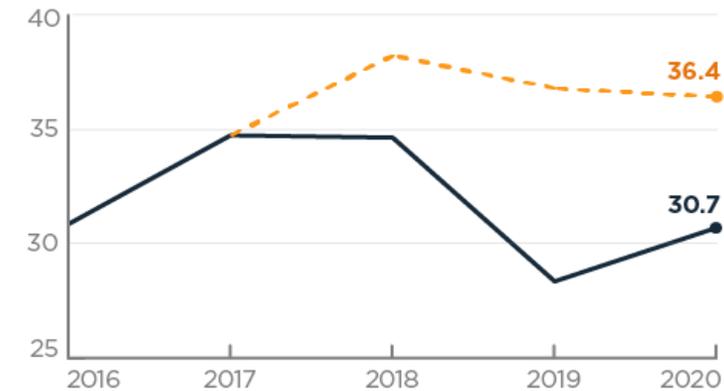
c. Agriculture



d. Energy



e. Uncovered



Source: Chad P. Bown, [Anatomy of a flop: Why Trump's US-China phase one trade deal fell short](#). February 8, 2021.



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Other challenges facing the Biden administration

“Working with allies”

- **Steel and aluminum tariffs**
- **WTO, WTO dispute settlement**
- **Other US-EU challenges**
 - **Boeing/Airbus, Digital Services Taxes**
- **On China...**
 - **Industrial subsidies and state-owned enterprises**
 - **EU-China “Comprehensive Agreement on Investment”**
- **Pandemic – vaccine nationalism**