

Your move, Beijing: U.S.-China trade rivalry intensifies after Biden launches Asian economic pact

Chinese officials contend the U.S.' new trade initiative aims to isolate them from the rest of Asia. And experts say Beijing is likely to respond with an economic play of its own.



"What we're seeing is a hardening of positions," said Scott Kennedy, a senior adviser at the Center for Strategic and International Studies.

"We've got no agreed upon global framework anymore for anything, and so we're seeing a panoply of alternative, overlapping, competing, sometimes complementary, initiatives," he continued.

The U.S. and China have been at odds on trade since former President Donald Trump initiated a tariff war in 2018, and the relationship has been largely unmoved since Biden took office last year. Duties on billions of dollars of goods remain in place, although the administration is now reviewing tariffs on Chinese imports, and [attempts to talk through differences on industrial](#)

[policy and labor rights have not yielded results.](#)

Industry groups and labor unions have pressed for clarity on Biden's trade approach with Beijing, especially as he has indicated in recent months that tariffs on Chinese imports could be rolled back to help tamp down on inflation. A broad swath of companies and many U.S. lawmakers have asked Biden to reinstate expired tariff exemptions, or to simply ditch the Trump-era duties altogether. And many have [implored Biden to ease hostilities](#) that make it harder to do business in both markets.

Even the Indo-Pacific Economic Framework — the administration's signature economic initiative in Asia — has raised more questions than answers. The arrangement is expected to seek voluntary commitments from countries to fortify supply chains, root out corruption, implement digital regulation and invest in clean energy, but details remain elusive, as do the incentives for participating. Countries that ultimately agree to the framework won't get increased access to the U.S. market, but could draw increased investment from the U.S. or streamlined regulations, for example.

The White House has repeatedly insisted the framework is not designed to force trading partners to choose between the U.S. and China, though a senior administration official said it provides "an alternative to the approach that China is taking in the region." Almost all of the framework's negotiating countries are already party to a separate trade pact with China called the Regional Comprehensive Economic Partnership.

The reality is that China remains a critical trading partner for many Indo-Pacific nations that will participate in Biden's economic framework, not to mention a key source of infrastructure funding and business investment. As the U.S. and China remain locked in their economic rivalry, countries in the region have little choice but to appease both.

"The charge that the U.S. is calling on countries in the region to pick sides is misplaced," said Kennedy. "The U.S. isn't asking countries to pick the U.S. or China. They're asking countries to pick what kind of global economic system they want."

Nevertheless, it's clear Beijing sees the Indo-Pacific Economic Framework as an attempt to force a choice between the countries. Wang warned that efforts to decouple economies, restrict technology or shake up supply chains "will only inflict grave consequences on the world, including the U.S. itself." China has fervently opposed the tariffs that Trump installed and Biden has maintained, and argued that the cost of those duties has been borne by American consumers.

"The U.S. should reflect on its mistakes and correct them, instead of repeating them," Wang said.

In addition to its existing trade agreement with regional partners, China has also sought accession to the Comprehensive and Progressive Agreement for Trans-Pacific Partnership, a 11-nation trade pact that the U.S. helped to broker but failed to move through Congress and later abandoned under Trump. Beijing is already a key player in international bodies such as the World Trade Organization, Asia-Pacific Economic Cooperation and the G-20.

Japanese Prime Minister Fumio Kishida told reporters this week in Tokyo that China is "demonstrating significant economic presence" in the region but questioned the "substance" of that engagement if Beijing does not adhere to international norms.

"They have significant responsibility," Kishida said. "Even in the economic field, they have to live up to that responsibility."

Phelim Kine contributed to this report.

