

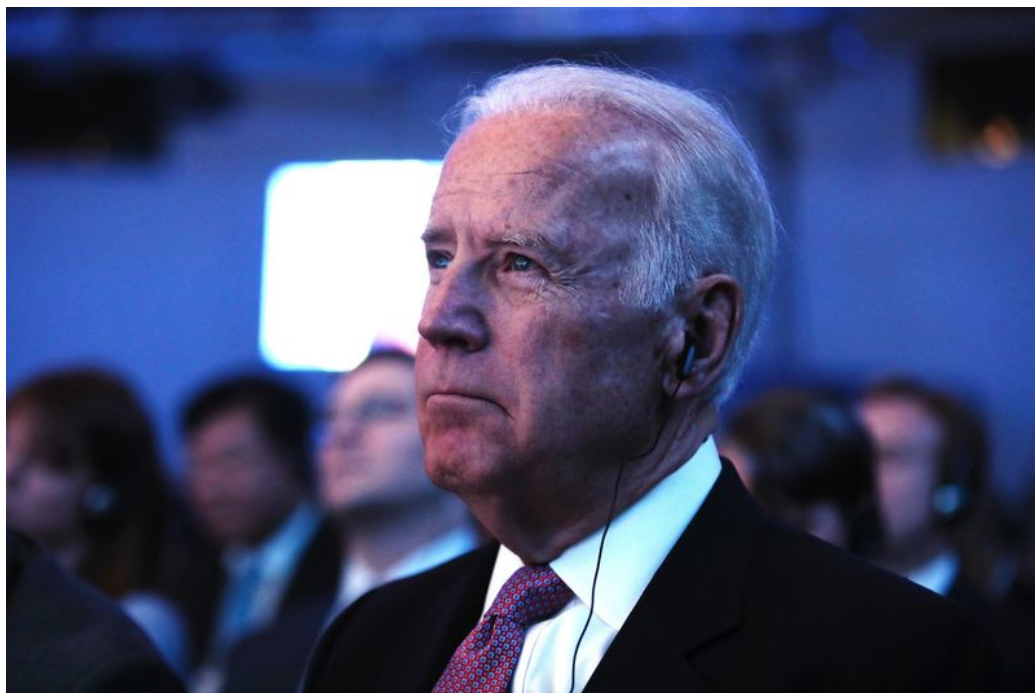
Politics

Biden Will Inherit a Strong Hand Against Xi, Thanks to Trump

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- ▶ Trump’s tariffs and sanctions give Biden items for negotiation
- ▶ Biden has said he wants to get U.S. ‘allies on the same page’



Joe Biden Photographer: Jason Alden/Bloomberg

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Joe Biden will take office next month wielding more leverage over Beijing than he would have ever sought. He can thank Donald Trump and Xi Jinping for that.

Biden will be sworn in as president after Trump’s administration spent years ramping up pressure on China, including levying tariffs on \$370 billion in imports, getting Canada to place a Chinese executive for Huawei Technologies Co. under house arrest, threatening access to U.S. capital markets and blaming the Communist Party for the scale of the Covid-19 outbreak.

President Trump's pressure campaign continued last week, as the administration blacklisted more than 60 Chinese companies, limiting their ability to get U.S. technology, in order "to protect national security," according to a Commerce Department statement.

Beijing's behavior turned some nations that would otherwise have tried to straddle U.S.-China tensions more firmly against President Xi's government by asserting territorial claims in the South China Sea and in strategic areas like its border with India, as well as using economic coercion against countries like South Korea and Australia.



"Trump's broad trade sanctions against China coupled with pushback from other countries against China's aggressive geopolitical diplomacy will give the Biden administration substantial leverage when it commences bilateral negotiations," said Eswar Prasad, who formerly worked on China issues at the International Monetary Fund. "The sanctions already in place and the domestic political dynamics in the U.S. give the Biden administration a strong hand in negotiations."

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While Biden and many Democrats say they oppose the tactics Trump used to pressure China, those tools will remain on the table as his successor seeks to negotiate with leaders of the world's second largest economy.

"I'm not going to make any immediate moves, and the same applies to the tariffs," Biden said in an interview published

Dec. 2 with New York Times columnist Thomas Friedman.

“The best China strategy, I think, is one which gets every one of our -- or at least what used to be our -- allies on the same page,” he said in the interview. “It’s going to be a major priority for me in the opening weeks of my presidency to try to get us back on the same page with our allies.”

Despite public misgivings with Trump’s strategy toward Beijing, countries such as Britain and France have fallen into line behind the U.S. over the threat posed by Huawei to next-generation wireless networks, while Western institutions such as the “Five Eyes” spy alliance and the North Atlantic Treaty Organization have turned their attention to combating threats from China.

As the European Union and China aim to complete negotiations over an investment agreement, lawmakers have raised concerns over allegations of forced labor in China’s far western region of Xinjiang.

The European Parliament backed a proposal that the deal “must include adequate commitments to respect international conventions against forced labour;” Reinhard Buetikofer, a German Green party member of the European Parliament who chairs the delegation for relations with China, tweeted Monday. “European Commission should take that seriously!”

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Although China’s leaders won’t look favorably upon the U.S. rallying other nations to its cause, they have signaled that they’re looking forward to the potential improvement in ties that the change in the Oval Office could bring.

In remarks to business leaders last week, Chinese Foreign Minister Wang Yi called for the two sides to restart dialog and “go back to the right track.” Former vice foreign minister Fu Ying wrote an op-ed calling for “cooperative

competition ” between the two powers.

“China’s expectation for the Biden administration is to re-set China-U.S. relations aimed at re-engagement and mutual benefit,” said Gao Zhikai, a former Chinese diplomat and translator for late Chinese leader Deng Xiaoping. “Poisoned China-U.S. relations need to be disinfected, and both China and America need to be made winners, not losers.”

Still, Biden’s challenges are formidable.

America’s global reputation has suffered under Trump, and U.S. allies are unsure America can be trusted in the longer term. Even if Biden wants to work more with allies and embrace international institutions like the World Health Organization, leaders in other countries, including China, know there’s no guarantee he won’t be replaced by a more Trump-like leader -- or even Trump -- in the 2024 election.

China Vows Countermeasures on U.S. Sanctions Against Its Firms

And as much as Trump’s tactics have exhausted officials in Beijing, they have done little to change their policies.

Xi’s government has accelerated its efforts to rein in independent voices in Hong Kong and to bolster its outposts in the South China Sea and along its frontier. Looking past Biden, it has seen America’s failure to tame the pandemic as evidence that the U.S. is already past its prime.

Even if Biden succeeds in changing such perceptions, negotiations with China will probably be every bit as tortuous and drawn-out as those that took place under Trump, who never got the comprehensive trade deal with China that he promised to achieve when taking office in 2017.

“I don’t get the sense that China’s leaders are under such stress that they’re willing to tolerate significant concessions to remove unilateral U.S. pressure,” said Ryan Hass, who

previously oversaw China affairs at the National Security Council.

Though Biden and Xi have known each other for more than a decade, the U.S.-China relationship has changed markedly since the president-elect was last in the White House in early 2017. China's rapidly growing military prowess has given it more confidence to project power in the Asia Pacific, solidifying its hold on tiny South China Sea outposts despite protests from regional neighbors.

On the economy, Xi has taken a far more aggressive stance on almost every major policy front with the U.S. The Chinese leader has repeatedly called on his nation to strive for "self-reliance" in key sectors, signaling that he intends to double down on the industrial policies that the U.S. has for so long found objectionable.

Building Confidence

Confidence-building opportunities between the two sides would be easy to find. About 100 official dialogs between the the U.S. and China have stalled or been canceled under Trump. Those could be revived to get lower-level officials talking even if the nations' leaders are still sorting out their agendas.

Perhaps more importantly, a Canadian hearing in the case of the detained Huawei executive, Meng Wanzhou, is expected in late spring 2021. Biden's Justice Department could continue Trump administration outreach to Meng's legal team about a negotiated solution that would let her return to China.

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To China's benefit, Biden's administration may also be more cautious about using some of the tools at its disposal than Trump. While current Treasury Secretary Steven Mnuchin eventually succumbed to Trump's pressure to designate China a currency manipulator, Biden's nominee for that post -- former Federal Reserve Chair Janet Yellen -- has indicated reticence about using that lever to win

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“It’s really difficult and treacherous to define” when a country is gaming its currency to gain trade advantages, Yellen said in a 2019 Brookings Institution podcast.

One of the biggest risks is that Biden finds himself distracted on the domestic front, struggling to bolster a faltering economy while confronting a widening coronavirus crisis, even as vaccine distribution expands. Unless Washington can get its house in order after the most polarizing election in more than a generation and rebuild trust with allies abroad, any advantage Washington has over Beijing could remain purely theoretical.

“There’s latent potential for the Biden administration to build leverage, but doing so will depend upon whether they are able to build consensus at home on top priorities, consensus with allies and partners on China,” said former National Security Council staffer Hass, now a fellow at the Brookings Institution.

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(Adds China human rights concerns from EU in 11th paragraph.)

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