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Biden hikes tariffs on Chinese EVs, solar cells, steel, aluminum — and snipes at Trump

President Joe Biden slapped major new tariffs on Chinese electric vehicles, advanced batteries, steel, aluminum and other goods Tuesday as he embraced a strategy that's increasing friction between the world's two largest economies.

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WASHINGTON (AP) — President Joe Biden [slapped major new tariffs](#) on Chinese electric vehicles, advanced batteries, solar cells, steel, aluminum and medical equipment on Tuesday,

taking potshots at Donald Trump along the way as he embraced a strategy that's increasing friction between the world's two largest economies.

The Democratic president said that Chinese government subsidies ensure the nation's companies don't have to turn a profit, giving them an unfair advantage in global trade.

"American workers can outwork and outcompete anyone as long as the competition is fair," Biden said in the White House Rose Garden. "But for too long, it hasn't been fair. For years, the Chinese government has poured state money into Chinese companies ... it's not competition, it's cheating."

The tariffs come in the middle of [a heated campaign](#) between [Biden](#) and Trump, his Republican predecessor, to show who's tougher on China. In a nod to the presidential campaign, Biden recognized lawmakers from Michigan in his remarks and spoke about workers in Pennsylvania and Wisconsin, all battleground states in November's election.

Asked to respond to Trump's comments that China was eating America's lunch, Biden said of his rival, "He's been feeding them a long time." The Democrat said Trump had failed to crack down on Chinese trade abuses as he had pledged he would do during his presidency.

Karoline Leavitt, the Trump campaign's press secretary, called the new tariffs a "weak and futile attempt" to distract from Biden's own support for EVs in the United States, which Trump says will lead to layoffs at auto factories.

The Chinese government was quick to push back against the tariffs, saying they "will seriously affect the atmosphere of bilateral cooperation." The foreign ministry used the word "bullying."

The tariffs are unlikely to have a broad inflationary impact in the short term because of how they're structured, some not to take effect until 2026, but there could be price increases in the meantime for EV batteries, solar and some other specific items.

Biden administration officials said they think the tariffs won't escalate tensions with China, yet they expect China will explore ways to respond to the new taxes on its products. It's uncertain what the long-term impact on prices could be if the tariffs contribute to a wider trade dispute.

The tariffs are to be phased in over the next three years, with those that take effect in 2024 covering EVs, solar cells, syringes, needles, steel and aluminum and more. There are currently very few EVs from China in the U.S., but officials worry low-priced models made possible by Chinese government subsidies could soon start flooding the U.S. market.



Ford to delay production of new electric pickup and large SUV as US EV sales growth slows

Chinese firms can [sell EVs for as little as \\$12,000](#). China's solar cell plants and steel and aluminum mills have enough capacity to meet much of the world's demand, with Chinese officials arguing their production keeps prices low and would aid a transition to the green economy.

China's commerce ministry said in a statement that the tariffs were "typical political manipulation" as it expressed its "strong dissatisfaction" and pledged to "take resolute measures to defend its rights and interests."

Under the findings of a four-year review on trade with China, the tax rate on imported Chinese EVs will rise to 102.5% this year, up from total levels of 27.5%. The review was undertaken under Section 301 of the Trade Act of 1974, which allows the government to retaliate against trade practices deemed unfair or in violation of global standards.

Under the 301 guidelines, the tariff rate is to double to 50% on solar cell imports this year. Tariffs on certain Chinese steel and aluminum products will climb to 25% this year. Computer chip tariffs will double to 50% by 2025.

For lithium-ion EV batteries, tariffs will rise from 7.5% to 25% this year. But for non-EV batteries of the same type, the tariff increase will be implemented in 2026. There are also higher tariffs on ship-to-shore cranes, critical minerals and medical products.

The new tariffs, at least initially, are largely symbolic since they will apply to only about \$18 billion in imports. A new analysis by Oxford Economics estimates the tariffs will have a barely noticeable impact on inflation by pushing up inflation by just 0.01%.

The Chinese EV maker BYD has explored the possibility of opening factories in Mexico for the Mexican market, possibly creating a way to ship goods into the United States. U.S. Trade Representative Katherine Tai said she was talking with industry and workers about the possibility and to “stay tuned.”

The auto industry is still trying to assess the impact of the tariffs. But at present, it appears they could be assessed on only two Chinese-made vehicles, the Polestar 2 luxury EV and potentially Volvo’s S90 luxury gas-electric hybrid midsize sedan.

“We’re still reviewing the tariffs to understand exactly what’s affected and how,” said Russell Datz, spokesman for Volvo, a Swedish brand now under China’s Geely group. A message was left seeking comment from Polestar, which also falls under Geely.

The Chinese foreign ministry spokesperson, Wang Wenbin, said the U.S. is trampling on the principles of a market economy and international economic and trade rules.

“It’s a naked act of bullying,” Wang said.

The Chinese economy has been slowed by the collapse of the country’s real estate market and past coronavirus pandemic lockdowns, prompting Chinese President Xi Jinping to try to jumpstart growth by ramping up production of EVs and other products, making more than the Chinese market can absorb.

This strategy further exacerbates tensions with a U.S. government that claims it’s determined to strengthen its own manufacturing to compete with China, yet avoid a larger conflict.

“China’s factory-led recovery and weak consumption growth, which are translating into excess capacity and an aggressive search for foreign markets, in tandem with the looming U.S. election season add up to a perfect recipe for escalating U.S. trade frictions with China,” said Eswar Prasad, professor of trade policy at Cornell University.

The Europeans are worried, too. The EU launched an investigation last fall into Chinese subsidies and could impose an import tax on Chinese EVs.

After Xi's visit to France last week, European Commission President Ursula von der Leyen warned that government-subsidized Chinese EVs and steel "are flooding the European market" and said, "The world cannot absorb China's surplus production."

Biden's administration views China, with its subsidies of manufacturing, as trying to globally control the EV and clean-energy sectors, whereas the administration says its own industrial support is geared toward ensuring domestic supplies to help meet U.S. demand.

"We do not seek to have global domination of manufacturing in these sectors, but we believe because these are strategic industries and for the sake of resilience of our supply chains, that we want to make sure that we have healthy and active firms," Treasury Secretary Janet Yellen said.

The tensions go far beyond a trade dispute to deeper questions about who leads the world economy as a seemingly indispensable nation. China's policies could make the world more dependent on its factories, possibly giving it greater leverage in geopolitics. At the same time, the United States says it's seeking for countries to operate by the same standards so competition can be fair.

China maintains the tariffs are in violation of the global trade rules the United States originally helped establish through the World Trade Organization. It accuses the U.S. of continuing to politicize trade issues and on Friday said the new tariffs compound the problems caused by tariffs the Trump administration previously put on Chinese goods, which Biden has kept.

Those issues are at the heart of November's presidential election, with a bitterly divided electorate seemingly united by the idea of getting tough with China. Biden and Trump have overlapping but different strategies.

Biden sees targeted tariffs as needed to defend key industries and workers, while Trump has threatened broad 10% tariffs against all imports from rivals and allies alike.

Biden has staked his presidential legacy on the U.S. pulling ahead of China with its own government investments in factories to make EVs, computer chips and other advanced technologies.

Trump tells his supporters America is falling further behind China by not betting on oil to keep powering the economy, despite its climate change risks. The ex-president may believe tariffs can change Chinese behavior, but he believes the U.S. will be reliant on China for EV components and solar cells.

“Joe Biden’s economic plan is to make China rich and America poor,” he said at a rally this month in Wisconsin.

AP autos writer Tom Krisher contributed to this report from Detroit.



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