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FACT SHEET: President Biden Takes Action to Protect American Workers and Businesses from China's Unfair Trade Practices

President Biden's economic plan is supporting investments and creating good jobs in key sectors that are vital for America's economic future and national security. China's unfair trade practices concerning technology transfer, intellectual property, and innovation are threatening American businesses and workers. China is also flooding global markets with artificially low-priced exports. In response to China's unfair trade practices and to counteract the resulting harms, today, President Biden is directing his Trade Representative to increase tariffs under Section 301 of the Trade Act of 1974 on \$18 billion of imports from China to protect American workers and businesses.

The Biden-Harris Administration's Investing in America agenda has already catalyzed more than \$860 billion in business investments through smart, public incentives in industries of the future like electric vehicles (EVs), clean energy, and semiconductors. With support from the Bipartisan Infrastructure Law, CHIPS and Science Act, and Inflation Reduction Act, these investments are creating new American jobs in manufacturing and clean energy and helping communities that have been left behind make a comeback.

As President Biden says, American workers and businesses can outcompete anyone—as long as they have fair competition. But for too long, China's government has used unfair, non-market practices. China's forced technology transfers and intellectual property theft have contributed to its control of 70, 80, and even 90 percent of global production for the critical inputs necessary for our technologies, infrastructure, energy, and health care—creating unacceptable risks to America's supply chains and economic security. Furthermore, these same non-market policies and practices contribute to

China's growing overcapacity and export surges that threaten to significantly harm American workers, businesses, and communities.

Today's actions to counter China's unfair trade practices are carefully targeted at strategic sectors—the same sectors where the United States is making historic investments under President Biden to create and sustain good-paying jobs—unlike recent proposals by Congressional Republicans that would threaten jobs and raise costs across the board. The previous administration's trade deal with China failed to increase American exports or boost American manufacturing as it had promised. Under President Biden's Investing in America agenda, nearly 800,000 manufacturing jobs have been created and new factory construction has doubled after both fell under the previous administration, and the trade deficit with China is the lowest in a decade—lower than any year under the last administration.

We will continue to work with our partners around the world to strengthen cooperation to address shared concerns about China's unfair practices—rather than undermining our alliances or applying indiscriminate 10 percent tariffs that raise prices on all imports from all countries, regardless whether they are engaged in unfair trade. The Biden-Harris Administration recognizes the benefits for our workers and businesses from strong alliances and a rules-based international trade system based on fair competition.

Following an in-depth review by the United States Trade Representative, President Biden is taking action to protect American workers and American companies from China's unfair trade practices. To encourage China to eliminate its unfair trade practices regarding technology transfer, intellectual property, and innovation, the President is directing increases in tariffs across strategic sectors such as steel and aluminum, semiconductors, electric vehicles, batteries, critical minerals, solar cells, ship-to-shore cranes, and medical products.

Steel and Aluminum

The tariff rate on certain steel and aluminum products under Section 301 will increase from 0–7.5% to 25% in 2024.

Steel is a vital sector for the American economy, and American companies

are leading the future of clean steel. Recently, the Biden-Harris Administration announced \$6 billion for 33 clean manufacturing projects including for steel and aluminum, including the first new primary aluminum smelter in four decades, made possible by the Bipartisan Infrastructure Law and the Inflation Reduction Act. These investments will make the United States one of the first nations in the world to convert clean hydrogen into clean steel, bolstering the U.S. steel industry's competitiveness as the world's cleanest major steel producer.

American workers continue to face unfair competition from China's non-market overcapacity in steel and aluminum, which are among the world's most carbon intensive. China's policies and subsidies for their domestic steel and aluminum industries mean high-quality, low-emissions U.S. products are undercut by artificially low-priced Chinese alternatives produced with higher emissions. Today's actions will shield the U.S. steel and aluminum industries from China's unfair trade practices.

Semiconductors

The tariff rate on semiconductors will increase from 25% to 50% by 2025.

China's policies in the legacy semiconductor sector have led to growing market share and rapid capacity expansion that risks driving out investment by market-driven firms. Over the next three to five years, China is expected to account for almost half of all new capacity coming online to manufacture certain legacy semiconductor wafers. During the pandemic, disruptions to the supply chain, including legacy chips, led to price spikes in a wide variety of products, including automobiles, consumer appliances, and medical devices, underscoring the risks of overreliance on a few markets.

Through the CHIPS and Science Act, President Biden is making a nearly \$53 billion investment in American semiconductor manufacturing capacity, research, innovation, and workforce. This will help counteract decades of disinvestment and offshoring that has reduced the United States' capacity to manufacture semiconductors domestically. The CHIPS and Science Act includes \$39 billion in direct incentives to build, modernize, and expand semiconductor manufacturing fabrication facilities as well as a 25% investment tax credit for semiconductor companies. Raising the tariff rate on

semiconductors is an important initial step to promote the sustainability of these investments.

Electric Vehicles (EVs)

The tariff rate on electric vehicles under Section 301 will increase from 25% to 100% in 2024.

With extensive subsidies and non-market practices leading to substantial risks of overcapacity, China's exports of EVs grew by 70% from 2022 to 2023—jeopardizing productive investments elsewhere. A 100% tariff rate on EVs will protect American manufacturers from China's unfair trade practices.

This action advances President Biden's vision of ensuring the future of the auto industry will be made in America by American workers. As part of the President's Investing in America agenda, the Administration is incentivizing the development of a robust EV market through business tax credits for manufacturing of batteries and production of critical minerals, consumer tax credits for EV adoption, smart standards, federal investments in EV charging infrastructure, and grants to supply EV and battery manufacturing. The increase in the tariff rate on electric vehicles will protect these investments and jobs from unfairly priced Chinese imports.

Batteries, Battery Components and Parts, and Critical Minerals

The tariff rate on lithium-ion EV batteries will increase from 7.5% to 25% in 2024, while the tariff rate on lithium-ion non-EV batteries will increase from 7.5% to 25% in 2026. The tariff rate on battery parts will increase from 7.5% to 25% in 2024.

The tariff rate on natural graphite and permanent magnets will increase from zero to 25% in 2026. The tariff rate for certain other critical minerals will increase from zero to 25% in 2024.

Despite rapid and recent progress in U.S. onshoring, China currently controls over 80 percent of certain segments of the EV battery supply chain, particularly upstream nodes such as critical minerals mining, processing, and refining. Concentration of critical minerals mining and refining capacity in

China leaves our supply chains vulnerable and our national security and clean energy goals at risk. In order to improve U.S. and global resiliency in these supply chains, President Biden has invested across the U.S. battery supply chain to build a sufficient domestic industrial base. Through the Bipartisan Infrastructure Law, the Defense Production Act, and the Inflation Reduction Act, the Biden-Harris Administration has invested nearly \$20 billion in grants and loans to expand domestic production capacity of advanced batteries and battery materials. The Inflation Reduction Act also contains manufacturing tax credits to incentivize investment in battery and battery material production in the United States. The President has also established the American Battery Materials Initiative, which will mobilize an all-of-government approach to secure a dependable, robust supply chain for batteries and their inputs.

Solar Cells

The tariff rate on solar cells (whether or not assembled into modules) will increase from 25% to 50% in 2024.

The tariff increase will protect against China's policy-driven overcapacity that depresses prices and inhibits the development of solar capacity outside of China. China has used unfair practices to dominate upwards of 80 to 90% of certain parts of the global solar supply chain, and is trying to maintain that status quo. Chinese policies and nonmarket practices are flooding global markets with artificially cheap solar modules and panels, undermining investment in solar manufacturing outside of China.

The Biden-Harris Administration has made historic investments in the U.S. solar supply chain, building on early U.S. government-enabled research and development that helped create solar cell technologies. The Inflation Reduction Act provides supply-side tax incentives for solar components, including polysilicon, wafers, cells, modules, and backsheets, as well as tax credits and grant and loan programs supporting deployment of utility-scale and residential solar energy projects. As a result of President Biden's Investing in America agenda, solar manufacturers have already announced nearly \$17 billion in planned investment under his Administration—an 8-fold increase in U.S. manufacturing capacity, enough to supply panels for millions of homes each year by 2030.

Ship-to-Shore Cranes

The tariff rate on ship-to-shore cranes will increase from 0% to 25% in 2024.

The Administration continues to deliver for the American people by rebuilding the United States' industrial capacity to produce port cranes with trusted partners. A 25% tariff rate on ship-to-shore cranes will help protect U.S. manufacturers from China's unfair trade practices that have led to excessive concentration in the market. Port cranes are essential pieces of infrastructure that enable the continuous movement and flow of critical goods to, from, and within the United States, and the Administration is taking action to mitigate risks that could disrupt American supply chains. This action also builds off of ongoing work to invest in U.S. port infrastructure through the President's Investing in America Agenda. This port security initiative includes bringing port crane manufacturing capabilities back to the United States to support U.S. supply chain security and encourages ports across the country and around the world to use trusted vendors when sourcing cranes or other heavy equipment.

Medical Products

The tariff rates on syringes and needles will increase from 0% to 50% in 2024. For certain personal protective equipment (PPE), including certain respirators and face masks, the tariff rates will increase from 0–7.5% to 25% in 2024. Tariffs on rubber medical and surgical gloves will increase from 7.5% to 25% in 2026.

These tariff rate increases will help support and sustain a strong domestic industrial base for medical supplies that were essential to the COVID-19 pandemic response, and continue to be used daily in every hospital across the country to deliver essential care. The federal government and the private sector have made substantial investments to build domestic manufacturing for these and other medical products to ensure American health care workers and patients have access to critical medical products when they need them. American businesses are now struggling to compete with underpriced Chinese-made supplies dumped on the market, sometimes of such poor quality that they may raise safety concerns for health care workers

and patients.

Today's announcement reflects President Biden's commitment to always have the back of American workers. When faced with anticompetitive, unfair practices from abroad, the President will deploy any and all tools necessary to protect American workers and industry.

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