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Katherine Tai The New US Trade Representative



Katherine Tai, Photo Credit: Millionsofcelebs

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Katherine Tai, Nominated to be United States Trade Representative (USTR) Photo Credit: IB News

Katherine Tai is [poised](#) to become the new United States Trade Representative (USTR). She was approved by the Senate Finance Committee and with bipartisan support her nomination will likely be confirmed by the full Senate. Over the course of her [career](#) in Washington, Tai has served in a number of roles, most recently as head lawyer for the House Ways and Means Committee and as General Counsel for China Trade Enforcement. Most who speak of Tai hold her in [high regard](#), Republicans and Democrats alike. If confirmed, which is all but guaranteed at this point, Tai will join the Biden Administration whose trade and foreign policy objectives primarily focus on [two world regions](#): the Asia-Pacific and Western Europe. The following paragraphs detail the top trade issues Tai will face in each of the aforementioned regions.

Asia-Pacific: Trade War with China

Now into its third year, the US-China Trade War [began](#) on January 22, 2018 when President Trump and USTR Lighthizer slapped tariffs on Chinese solar panels and washing machines. Since then the US has [extended tariffs](#) on hundreds of billions of dollars' worth of Chinese goods; China has followed suit, putting [tariffs of its own](#) on US goods. Although negotiations ended [successfully](#)

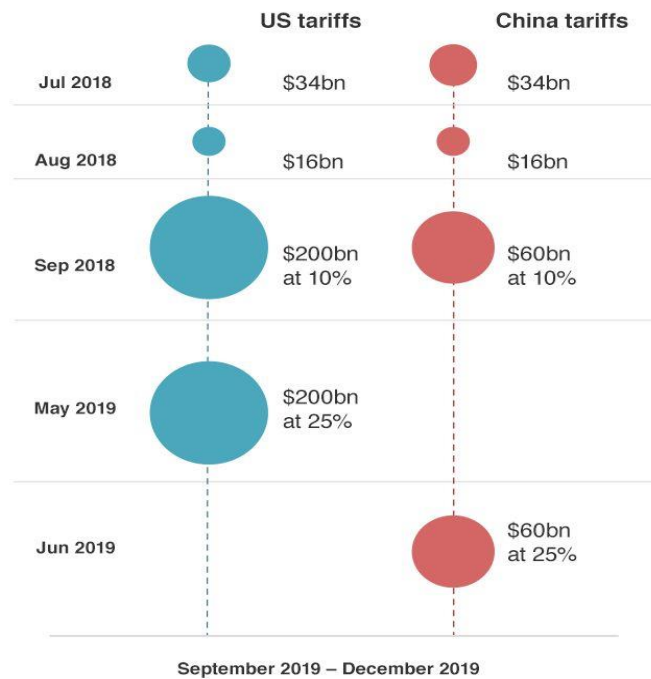
on a 'Phase One' trade deal between the US and China early in 2020, China has not lived up to its end of the [bargain](#), leaving critical issues unresolved.

While Democrats repeatedly [criticized](#) Trump for his heavy handed approach towards China trade policy, it is noteworthy that Tai, the USTR nominee of a *Democrat* president, seems to agree with President Trump's tariff strategy in principle. Tai, a Taiwanese-American who speaks fluent Mandarin, is an outspoken critic of China. She [stated](#) in her confirmation hearing, when asked about Trump's tariffs on Chinese steel and aluminum, that tariffs are a "legitimate tool" for countering unfair Chinese trade practices. "China," she said, "is an extremely formidable competitor where the state is able to

conduct its economy like a conductor with an orchestra." On the matter of China not living up to the 'Phase 1' Trade

Agreement, Tai voiced her displeasure and emphasized that the US should respond by making "strategic investments" creating "resilient supply chains," presumably outside China, and employing intensified "trade enforcement" practices. Finally, Tai singled out China's "crude" practice of using forced labor in Xinjiang. This testimony indicates that while Biden may differ from his predecessor on many political issues, there is fairly substantial overlap on China. If Katherine Tai is confirmed, it seems clear that the US will continue playing hardball with the Chinese and likely prolong the trade war at least until a compromise can be met.

How the US-China trade war has escalated



Source: BBC research

BBC

Figure 1: US-China Trade War statistics

Western Europe: The Boeing-Airbus Dispute

In 2005 the United States filed a [case](#) with the World Trade Organization (WTO) alleging that Airbus, the world's largest airplane manufacturer, owned jointly by France, Germany, Spain and the United Kingdom, received \$22 billion in illegal subsidies from the European Union. In response, the EU filed a [countersuit](#) against alleging that Boeing, an American company and the

world's second largest airplane manufacturer, received billions in illegal subsidies of its own from the United States Government. Over the course of 15 years, the WTO dispute panel [decided](#) that both cases were valid, allowing both the US and EU to place tariffs on one another as compensation for profits lost due to the subsidies. In the last few years, this tit for tat tariff battle has escalated with no clear end in sight.

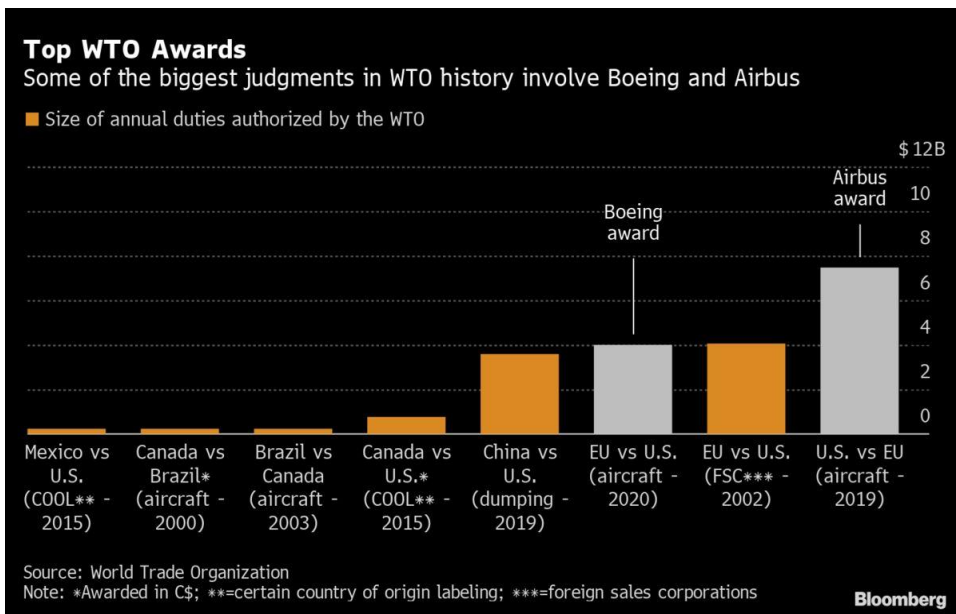


Figure 2: Tariff awards of the Boeing-Airbus dispute

European leadership in Brussels, while generally [welcoming](#) of Biden's presidency, is currently [divided](#) on how to tackle the Boeing-Airbus dispute. Some members, in an effort to appease the new American president, believe the EU should scrap its Airbus subsidies entirely. Others, primarily those from France and Spain, where Airbus has operations, believe that arrangement is too conciliatory. Katherine Tai, herself, has taken particular interest in the Boeing Airbus dispute, [indicating](#) in her hearing that she would like to end the "pain" and "disruption" caused by this spat and that "it is arguably one of the disputes that started to break the WTO settlement system," which Biden is seeking to [repair](#). She appears aligned with President Biden on seeking to re-engage Europe after recent years of relative hostility [saying](#), "at the core of this [the Boeing-Airbus dispute]... is the need for the US and EU to come together to figure out an answer. I would be very much interested in figuring out how to land this particular plane, no pun intended, because it has been going on for a long time." While Tai has yet to dive into specific details on how she means to collaborate with the Europeans on the Boeing-Airbus issue, the fact that resolving it

quickly is top of mind speaks to the importance the Biden administration is putting on improving US relations with Western Europe.

Conclusion

Biden's appointment of Tai is indicative of the administration's overall foreign policy and trade strategy. First and foremost is contending with China. On March 3, 2021, Secretary of State Blinken [stated](#) that China's rise is the "biggest geopolitical test of the century" and that "our relationship with China will be competitive when it should be, cooperative when it can be, and adversarial when it must be." Katherine Tai in her role as USTR will be forced to reckon with China in all three instances laid forth by Secretary Blinken, although at first the relationship will be more competitive and adversarial as it is now. Given her professional background and family heritage it appears clear not only why Biden selected her, but that she has the potential to be an effective force moving the Administration's China agenda forward. On the European front, Tai's role will be much different. Instead of balancing a "cooperative" and "adversarial" relationship as she will with China, Tai's top task with Europe is reviving positive relations through productive trade policy. Hatching an effective solution to the Boeing-Airbus dispute would be both a symbolic and tangible first step in enhancing the US-EU partnership. Given her highlighting of the dispute during her congressional hearing, Tai understands the importance of this issue and will make it a top priority. Katherine Tai has two tall tasks ahead of her in handling China and working with Europe, but given her credentials, track record and seemingly universal favorability in Washington, she may very well achieve some important successes not only for the Biden administration, but also for the American business community.

