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Scoop: Biden leans toward easing some of Trump's China tariffs



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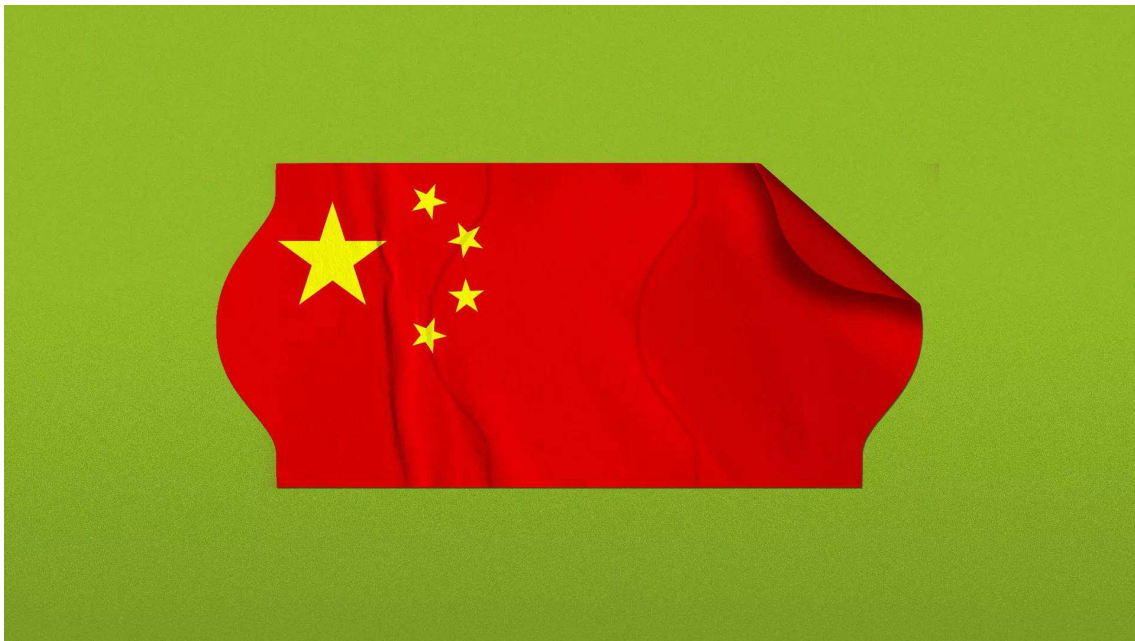


Illustration: Allie Carl/Axios

President Biden, in an Oval Office meeting last week with key members of his Cabinet, indicated he's leaning toward removing some products from the Trump administration's China tariffs list, people familiar with the matter tell Axios.

Why it matters: With inflation at a 40-year high of 8.6%, Biden and his top officials are desperate to show action on bringing down prices, even if it makes

and eroding Democrats' political fortunes ahead of midterm elections. While the Federal Reserve is the nation's primary inflation firefighter, the tariffs that now cover \$350 billion of goods imported from China are one area in which Biden can act unilaterally to relieve American consumers.

- But Biden's plans to exempt some products covered by Trump's Section 301 tariffs risk aggravating the labor movement.
- **Driving the news:** Biden is scheduled to address the AFL-CIO's Constitutional Convention in Philadelphia today, with remarks aimed at celebrating their partnership.
- But in private conversations with administration officials, labor representatives have warned the White House against relaxing any of the tariffs.

What we're hearing: Biden is leaning toward ordering the Office of the U.S. Trade Representative to run a formal "exclusions process" to determine if some consumer items, such as bicycles, should be exempted from the Section 301 tariffs. He is less likely to include big industrial items, like steel and aluminum, in the process.

- Biden gave some indication of that thinking last Tuesday in a meeting with key Cabinet officials, according to people familiar with the discussions.
- A potential announcement is expected as early as this month.
- "No decision has been made," said a White House spokesperson. "The President is discussing with his team on ensuring that tariffs are aligned with our economic and strategic priorities, such as safeguarding the interests of workers and critical industries, advancing our national security, and not unnecessarily raising costs on Americans."

The big picture: Labor movement officials put [Biden on political notice](#) last week that they expect him to keep all of Trump's tariffs in place, writing that "our government must act in the national interest to strengthen our economy for the future."

- For most of his presidency, Biden has been reluctant to let any daylight enter between him and the labor movement, which forms the backbone of his

and the total dollar amount.

- Some labor officials were frustrated by Biden's decision last week to use his [emergency powers](#) to waive any potential trade penalties for solar developers for importing panels from southeast Asia.

Between the lines: The overall impact of removing all of Trump's tariffs on imports from China, according to [one study](#), might lower the Consumer Price Index (CPI) by only 0.26 of a percentage point.

- That's fueled a fierce internal debate, pitting economic officials against other key members of the administration, like U.S. Trade Representative Katherine Tai, who want to maintain leverage on China.

Flashback: For several months, officials have [privately debated](#) the political and economic merits of lifting some of the Trump tariffs, with Biden telling reporters in Japan in late May that he was “considering” rolling some of them back.

- “We did not impose any of those tariffs,” he said. “They were imposed by the previous administration, and they are under consideration.”

The bottom line: White House officials are depressed about and resigned to their prospects of meaningfully lowering prices before November. Biden is deeply frustrated with his team's proposed addresses to sky-high gas prices.

- He recently questioned the value of heading to Iowa to promote biofuels to help lower gas prices, [as the Washington Post reported](#), summoning his chief of staff, Ron Klain, into the Oval Office.

