



## Research

# Biden's Protectionist Agenda

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### Executive Summary

- President Biden and former President Trump, while different in tone, echo one another's stances on protecting U.S. industries and workers through the implementation of costly tariffs and industrial incentives.
- President Biden has introduced roughly \$3.8 billion in new tariffs and maintained nearly all the tariffs imposed on China during the Trump Administration, bringing the annual impact to \$79 billion, or \$600 per U.S. household.
- The Biden Administration's tariff policies, combined with increased spending and credits for protectionist Inflation Reduction Act and CHIPS and Science Act initiatives, amount to \$412 billion, or \$3,100 per U.S. household.

### Introduction

While there may be wide variations in the policy positions of the two leading presidential candidates, one area in which it appears the two can agree is using costly tariffs and industrial incentives to shield U.S. industries and workers from foreign competition. Although President Biden's industrial policy tends to favor tax incentives, while former President Trump prefers creating trade barriers such as tariffs, both candidates rely on protectionism to boost domestic industries. Biden has taken a page out of Trump's playbook, essentially keeping most tariffs previously put in place, adding additional tariffs on Chinese goods, and infusing well over \$300 billion in spending and tax credits to prop up domestic industries.

Trump's 10 percent tariff proposal has been analyzed in depth by multiple sources and criticized for the negative impacts it would have on the U.S. economy, trade partners, and consumers.<sup>[1]</sup> Yet rarely discussed or analyzed is Biden's similar stance on protecting U.S. industries through trade-distorting means. This may be due to each candidate using different rationales, with Trump focusing on negative trade balances and Biden touting a "worker-centered" trade policy.<sup>[2]</sup> It may also be that President Biden's preference for tariffs is little discussed because Trump initially began a greater shift toward protectionism during his presidency, so he receives both the blame and credit for such policies. Whatever the reason, Biden is clearly imitating Trump's desire to prioritize "Made in America" products, with subsidies and tariffs in place to prove it.<sup>[3]</sup>

While few on either side of the political aisle are quick to acknowledge it, protectionism has become a bipartisan priority when it comes to federal policy on international trade, supply chains, and industrial policy. No matter who wins the White House in 2025, old sentiments of promoting free trade are no longer in style and have been replaced with more isolationist stances.

### What's New Under the Biden Administration

The Biden approach to trade policy comes in a somewhat different flavor than Trump's, valuing not only "onshoring" and "re-shoring" factories but "friend-shoring" and "near-shoring" supply chains.<sup>[4]</sup> Ultimately,

this means that the Biden approach features a small degree of coordination with allies through trade initiatives, one example being the Indo-Pacific Economic Framework (IPEF), which allows for collaboration on securing supply chains.[5] IPEF has provided for increased dialogue among nations that has resulted in some progress on trade disagreements, as seen with India and the United States dropping World Trade Organization disputes.[6] While agreements like IPEF can create a forum for multilateralism, they are not free trade agreements, which means tariffs may remain in place among signatories and nations continue to prioritize their own domestic industry.

Biden has not shied away from instituting new trade barriers, raising tariffs in May 2024 on \$18 billion worth of Chinese goods.[7] This was advertised as a strategic move to protect U.S. interests and promote fair competition in key sectors such as clean technology, semiconductors, and critical minerals.[8] The total tariff value on these Chinese goods is approximately \$5.2 billion with the tariff hikes, of which roughly \$3.8 billion is a result of recently introduced tariffs. This represents a 280 percent increase in tariff revenue on these key goods with a weighted average tariff rate of 29 percent.

Table 1: Increases to Tariffs on Chinese Imports (Using 2023 Import Data)

Product	New Tariff	Original Tariff	Implementation Year	Tariff Value Estimate (\$ millions)
Lithium-ion Batteries	25%	7.50%	2026	\$2,697
Batteries for EVs	25%	7.50%	2024	\$575
Syringes and Needles	50%	0%	2024	\$561
Electric Vehicles	100%	25%	2024	\$368
Semiconductors	50%	25%	2025	\$356
Steel and Aluminum	25%	7.50%	2024	\$250
Permanent Magnets	25%	0%	2026	\$144
Rubber Medical Gloves	25%	7.50%	2026	\$100
Critical Minerals	25%	0%	2024	\$81
Ship to Shore Cranes	25%	0%	2024	\$31
Natural Graphite	25%	0%	2026	\$28
Solar Cells	25%	50%	2024	\$5
Certain PPE Materials	7.50%	0%	2024	\$3

The Biden Administration has temporarily suspended certain trade barriers on the European Union (EU), most notably a 25 percent tariff on steel and a 10 percent tariff on aluminum.[9] These tariffs have only been paused as resolution negotiations continue and, in the meantime, they have been replaced with a tariff rate quota system that only exempts a certain portion of EU imports from tariffs. The total tariff value put on hold annually is between \$950 million and \$2 billion with some reciprocal EU tariff reductions.[10]

## A Continuation of Trump-era Policy

Examining the new provisions under the Biden Administration, one might come to the conclusion that there is a wide gap between Biden and Trump; after all, \$3 billion in new tariffs is a lot less than \$300 billion in proposed tariffs. Yet Biden has left in place virtually all of Trump's tariffs on China,<sup>[11]</sup> costing consumers an additional \$144 billion compared to Trump's \$89 billion while he was in office.<sup>[12]</sup> On an annual basis, this decision represents \$79 billion in higher tariffs maintained under the Biden Administration, which is an additional annual cost of \$600 for U.S. households on top of the nearly \$1,100 in added costs over the previous three years of tariffs.

Table 2: Annual Biden Tariff Revenues (Billions of Dollars)

New Tariff Revenue	Paused Tariff Revenue	Maintained Tariff Revenue	Total
\$3.8	\$1.7	\$77	\$79.1

The maintenance of these trade policies has also had retaliatory consequences for the United States, as China has left in place many of its protectionist policies and has introduced new export restrictions on critical minerals.<sup>[13]</sup> The estimated retaliatory tariffs are worth at least \$13 billion, but the true cost of no longer having access to vital resources, as well as the cost of restructuring supply chains, is likely far greater.<sup>[14]</sup>

## The Industrial Policy on Top

The Biden Administration has not only maintained most of Trump's tariff policies and crafted a series of its own but has also sprinkled a substantial amount of cash on top to bolster domestic manufacturing. Whether justified through a national security, environmental, or "Made in America" lens, the two major industrial programs crafted under the Biden Administration have been the CHIPS and Science Act and the Inflation Reduction Act (IRA). The total expected cost of these programs adds up to nearly \$800 billion in new spending and tax credits, with a safe estimate of \$333 billion aimed at bolstering domestic industries.<sup>[15]</sup> The funding for these programs likely takes the form of higher taxes (or inflation).

The IRA has provisions that raise revenues to pay for credits and spending increases, including a minimum corporate tax rate, Internal Revenue Service enforcement, a stock buyback tax, drug pricing reform, and various additional fees. Setting this aside to focus solely on paying for the \$333 billion figure, there is a cost of roughly \$2,500 per U.S. household, which is close to the estimated cost of around \$2,350 per household for a 10 percent tariff on all U.S. imports, as proposed by Trump.

Table 3: Total Spending and Tax Credits for Industrial Policy Under Biden

<b>Direct Industrial Policy Estimate</b>	<b>\$333 billion</b>
<b>Total for Inflation Reduction Act</b>	<b>\$259 billion</b>
Corporate Tax Credits	\$216 billion
Consumer Tax Credits	\$43 billion

<b>Total for CHIPS and Science Act</b>	<b>\$74 billion</b>
Semiconductor Manufacturing	\$39 billion
Chip Production Tax Credits	\$24 billion
Research and Development	\$11 billion

When factoring in the annual cost of tariffs with the needed revenue increases to pay for the IRA and CHIPS industrial incentives, the total cost to U.S. households is about \$3,100. This is rather close to the estimate that record inflation in the past few years requires U.S. households to make \$3,500 more than they did in 2019 or 2020.[16] It is also worth mentioning that these initiatives may provoke other countries to subsidize their own industries in response, creating a race to the bottom of domestic protection rather than efficient international trade.

## Conclusion

The era of broad support for free trade seems to have ended, both for the executive and legislative branches. Whether justified through a left-leaning or right-leaning lens, the result has been increasing protectionism for U.S. industries. Trump prefers the use of wide-ranging tariffs as the backbone of his drive to bring back manufacturing to the United States. Biden has maintained these tariffs and used additional targeted tariffs to strengthen his broader industrial policy agenda that provides hundreds of billions of dollars in subsidies and tax credits to U.S. manufacturers. In either case, these policies come at significant cost to U.S. consumers and taxpayers.

[1] [Trump's 10 Percent Tariffs: Projected Impacts on U.S. Households and Allies – AAF \(americanactionforum.org\)](#)

[2] [Ambassador Tai Outlined Biden's Goal of Worker-Focused Trade Policy – The New York Times \(nytimes.com\)](#); [Trump Eyes Bigger Trade War in Second Term – The New York Times \(nytimes.com\)](#)

[3] [Why Biden is betting big on bringing factories back to America : NPR](#)

[4] [Strengthening U.S. Supply Chains Through Trade: The Case of Taiwan – AAF \(americanactionforum.org\)](#)

[5] [IF12373 \(congress.gov\)](#)

[6] [United States Announces Major Resolution on Key Trade Issues with India | United States Trade Representative \(ustr.gov\)](#)

[7] [FACT SHEET: President Biden Takes Action to Protect American Workers and Businesses from China's Unfair Trade Practices | The White House](#)

- [8] [Biden to increase tariffs on \\$18 billion in Chinese imports in a new warning to Beijing | CNN Politics](#)
- [9] [Biden extends EU steel, aluminum tariff exemption for 2 years | Reuters](#)
- [10] [Tariff agreement reached between the United States and the European Union | Access2Markets \(europa.eu\)](#)
- [11] [Americans Are Still Paying for the Trump-Biden Tariffs \(taxfoundation.org\)](#)
- [12] [Trump Tariffs & Biden Tariffs: Economic Impact of the Trade War \(taxfoundation.org\)](#)
- [13] [China issues rare earth regulations to further protect domestic supply \(msn.com\)](#); [China hits back in the chip war, imposing export curbs on crucial raw materials | CNN Business](#)
- [14] [Trump Tariffs & Biden Tariffs: Economic Impact of the Trade War \(taxfoundation.org\)](#)
- [15] [What's in the Inflation Reduction Act \(IRA\) of 2022 | McKinsey](#); [The CHIPS and Science Act: What is it and what is in it? | McKinsey](#)
- [16] [Impact of Inflation by Household Income — Penn Wharton Budget Model \(upenn.edu\)](#)