

US-China Conflict and Export Restrictions on Advanced Semiconductors Summary

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The economic conflict between the United States and China is sometimes understood to have been caused under the Trump administration, as shown by the tariff hike competition, but in fact it began at an earlier stage.

The promotion of the TPP by the United States since the Bush administration can be said to have manifested this conflict in the form of the formation of an FTA in the Asia-Pacific region led by the United States. In that context, the achievement of the TPP agreement under the Obama administration was an intermediate achievement of the United States' China strategy. President Obama's statement on the signing of the TPP in February 2016 clearly indicated the United States' intention to exclude China and take the lead in creating new economic rules in the Asia-Pacific region.

However, the subsequent Trump administration abandoned the TPP, which had finally been signed by the negotiating countries, and in bilateral negotiations with China, using tariff hikes as a weapon, demanded a change in China's industrial policy as shown in "Made in China 2025," thereby seeking to reduce the bilateral trade deficit. This policy provoked a backlash from China, and the two countries entered into a retaliatory battle of raising tariffs. This included semiconductors imported by the United States from China.

The Trump administration also passed the Export Control Reform Act (ECRA), which strengthened security export control, and implemented sanctions against individual Chinese companies related to semiconductors, such as Huawei.

Even under the Democratic Biden administration, the United States did not return to the TPP, and the tariffs on China raised by the Trump administration were largely left as they were. On the other hand, in the semiconductor field, the CHIPS Act, proposed during the Trump administration to improve the vulnerability of the country's supply chain, was passed by agreement between the Democratic and Republican parties in the federal parliament. A system of industrial policy, including huge subsidies, was put in place to expand domestic production of semiconductors.

Then, on October 7, 2022, the United States announced measures to prohibit the export of advanced semiconductors and equipment related to their production and the transfer of technology to China for security reasons. It can be said that the conflict between the United States and China over semiconductors has clearly reached a new stage.

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