**US-China Semiconductor Rivalry and Its Economic Consequences**

**These measures are designed to hinder the rise of a formidable challenger on the global stage.**

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In the rapidly evolving landscape of global technology and international trade, the rivalry between the Unit­ed States and China in semiconductors has emerged as a critical and far-reaching contest. Historically, the United States is a leader in semiconductor technolo­gy, and innovation boasts a vi­brant ecosystem of companies like Intel, AMD, and Qualcomm that have driven the industry’s progress. However, China, recogniz­ing the strategic significance of semi­conductors, has embarked on an am­bitious mission to build its domestic semiconductor capabilities. Under ini­tiatives like “Made in China 2025,” Chi­na has poured substantial resources into semiconductor research, manufac­turing, and talent development.

Last month, President Joe Biden of the United States enacted an executive order that imposed significant limita­tions on the capacity of American enter­prises to engage in investments with­in the sectors of “semiconductors and microelectronics, quantum informa­tion technologies, and artificial intelli­gence.” These restrictions specifically target countries deemed “countries of concern.” Although not directly stated within the executive order’s main text, the intended recipients of the imposed limitations are identified in the concise appendix, which specifies the countries of concern as China, along with its par­ticular administrative areas of Hong Kong and Macau.

[Zardari or Achakzai? Polling underway for presidential election](https://www.nation.com.pk/09-Mar-2024/zardari-or-achakzai-polling-underway-for-presidential-election)

This recent action by the Biden ad­ministration represents its ongoing efforts to restrict China’s acquisition of advanced technologies crucial for achieving dominance in the 21st cen­tury. Since August of last year, the ad­ministration has implemented mea­sures to limit China’s importation of computer chip manufacturing machin­ery. In December, a prohibition was implemented on using communication equipment manufactured by Chinese companies Huawei and ZTE in new­ly established infrastructure ventures. However, the endeavor is not confined solely to technological advancements. President Biden has chosen to uphold the extensive tariffs implemented on China by his predecessor, former Pres­ident Donald Trump. These policies possess the capacity to bring about the cessation of economic globalization in its current form, posing a fundamental question: What is the rationale behind the United States’ implementation of trade limitations on China under Pres­ident Trump’s and President Biden’s leadership? There exist three poten­tial explanations.

[TransPeshawar marks World Women Day, awards women workers](https://www.nation.com.pk/09-Mar-2024/transpeshawar-marks-world-women-day-awards-women-workers)

One objective is to safeguard Ameri­can employees who have experienced job losses due to Chinese imports and the relocation of manufacturing by U.S. companies to China. Indeed, numerous sectors, particularly those in the manu­facturing industry, saw adverse effects due to the significant impact of the “China shock” during the early 2000s. This phenomenon emerged when the United States witnessed a substantial increase in trade with China, accompa­nied by a surge in outsourcing activi­ties to the country.

Moreover, from a global perspective, the United States has long championed the rules-based international order, a fundamental tenet of its foreign poli­cy since the end of World War II. This commitment revolves around foster­ing a framework for open and liberal­ized economic interactions. It has en­tailed advocating for expansive global trade agreements and establishing a transparent and inclusive trade sys­tem. However, the U.S. has consistent­ly accused China of flouting the prin­ciples underpinning this international economic order. In a 2022 report by the U.S.-China Economic and Security Review Commission, which represents U.S. concerns, China’s actions, includ­ing subsidies, overcapacity, intellectual property theft, and protectionist non­market policies, contribute to global economic distortions. The United States is implementing countermeasures to address these infractions, aligning with its commitment to preserving the rules-based international order.

[Loss of lives in Gaza due to aid airdrop malfunction shows urgent need for cease-fire: UN](https://www.nation.com.pk/09-Mar-2024/loss-of-lives-in-gaza-due-to-aid-airdrop-malfunction-shows-urgent-need-for-cease-fire-un)

The third perspective underscores in­ternational power dynamics as a key driver of U.S.-China trade restrictions. These measures are designed to hinder the rise of a formidable challenger on the global stage. Numerous great pow­ers coexist in today’s multipolar world, yet they don’t possess equal influence or capabilities. The United States, still the preeminent global player by vari­ous metrics such as economic and mil­itary strength, faces questions about the sustainability of this position, par­ticularly in the face of China’s projected growth. The core issue concerns wheth­er the U.S. is willing to cede global pre­eminence. While the U.S. and China can pursue their interests and collab­orate where they align, Washington’s primary concern centers on the poten­tial transformation of China’s econom­ic might into military power. This con­cern is reflected in trade restrictions, especially targeting China’s high-tech sectors with dual-use capabilities, sig­nifying their potential for civilian and military purposes.

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In light of enduring conflicts between China and significant U.S. allies, such as Japan and Taiwan, a prevailing appre­hension arises regarding the inevitabil­ity of potential confrontations between an expanding China and an established United States. This concept delves into the core of what is commonly referred to as the “Thucydides trap” by Graham Allison, a renowned scholar in the field of international affairs. The trap sug­gests that a conflict leading to war be­comes inevitable when a rising power emerges alongside an established one.

However, during the past decade, the United States government has been un­dertaking ongoing endeavors to coun­ter and address Beijing’s increasing global influence. The Obama admin­istration endeavored to implement a strategic shift towards Asia to safe­guard the United States’ regional dom­inance from being overtaken by China. Similarly, both the Trump and Biden administrations have undertaken mea­sures specifically designed to prevent a global power transition of this nature. The rationale for the policies of Biden’s administration and those of Trump and Obama can be best understood through the lens of power politics.

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These measures concerning China will probably persist, independently or as a component of a more compre­hensive “de-risking” approach that the United States is pursuing alongside its G-7 counterparts. Ultimately, the pri­mary contenders for the upcoming United States presidential election the following year are the two men, Biden and Trump, who bear the greatest re­sponsibility for the present policies. If neither Biden nor Trump assumes the presidency in 2025 due to unanticipat­ed circumstances, the American popu­lace widely perceives China as a formi­dable contender and even a potential menace to the interests of the United States. Any future president is likely to align with this prevailing sentiment. Consequently, an increase in presiden­tial directives and trade restrictions can be expected. Beyond its econom­ic dimensions, trade will remain a sig­nificant battleground in the ongoing conflict between the United States and China, two major global powers.

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