China and the Trump Cabinet 2.0: Between Hawkishness and Interests

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On January 20, 2025, President-elect Donald Trump will be sworn in against the backdrop of inter-power competition shaping American foreign policy. The president has announced his cabinet nominees, including those who have previously taken hawkish stances toward China, alongside individuals with significant commercial interests in the country. It appears that Trump is torn between the desire to "make China pay," given his belief that trade relations between the superpowers are unfair, and his open admiration for Chinese President Xi Jinping. As in previous administrations, Taiwan and economic trade issues are expected to be central to the inter-power relations. However, unlike prior administrations, this time a variety of interests and perspectives regarding China will also be present in the cabinet room.

An analysis of the statements made by President-elect Trump during his **2024** campaign suggests that economic issues are his primary consideration regarding US–China relations. For example, in the televised debate with Kamala Harris, the incumbent vice president and Democratic presidential candidate, Trump mentioned China twice—both in economic contexts—when he proposed imposing high tariffs on goods imported from China. In a three-hour interview on Joe Rogan's popular podcast, he referred to China 11 times, four of which were in economic contexts, including a proposal to impose tariffs of 100–200% on Chinese electric vehicles.

Following this line of thought, Trump declared that he would appoint, upon approval by the Senate, Howard Lutnick, who supported Trump's proposal to impose 60% tariffs on Chinese goods, as secretary of commerce. Like Trump, Lutnick views the loss of American jobs to China as an issue requiring urgent correction. In addition to his hawkish rhetoric and support for very high tariffs, Lutnick has business interests in China. Cantor Fitzgerald—the financial services company he has worked at since the beginning of his career and has managed since 1991—has a branch in Hong Kong, which has been increasingly absorbed into mainland China. Moreover, the company is a partner in a business venture with a firm controlled by the Chinese government and has even helped Chinese companies list on the American stock exchange. The partner company itself has extensive ties to Huawei, the telecommunications giant concerning US intelligence agencies. Lutnick has also accused China on several occasions of introducing fentanyl into the United States and is expected to support Trump's proposal to impose 10% tariffs on Chinese goods from his first day in office until the fentanyl trafficking ceases.

Lutnick's appointment raises concerns among those who believe he will support a return to the "trade war" against China, which Trump led during his first term as president, in response to what the United States perceived as unfair Chinese business practices and intellectual property theft. Among other measures, the first Trump administration imposed tariffs on imports of solar panels, vehicles, metals, and other products from China.

In turn, China imposed its own restrictions and tariffs on trade with the United States. In January 2020, the two superpowers signed a trade agreement under which China committed to importing more American goods—a target that, by the end of the year, had reached only 58% fulfillment. Although the trade war—with its restrictions and agreements—is not considered a major success, the Biden administration kept the tariffs Trump imposed on China. During the 2024 presidential campaign, Trump boasted about the trade war and even stated that if reelected—as indeed happened—he would impose additional tariffs on Chinese goods, a policy his nominee for secretary of commerce is expected to promote.

Lutnick is not the only individual in Trump's circle with economic interests in China. The billionaire Elon Musk has also joined Trump's second administration and is expected to be one of the most influential figures in the president-elect's inner circle. Musk owns Tesla, a company producing electric vehicles—a sector dominated by China, where Musk operates a manufacturing plant. This increases his economic dependence on China. As of January 2022, Tesla manufactured about 155,000 vehicles annually at its Shanghai plant—a facility that recorded an increase of more than 70% in exports between September and November 2024, exporting mainly to European and Asian countries. Policies favoring Musk would include those that avoid pressuring US allies to restrict imports from China, allowing them to continue purchasing Tesla vehicles made in China, and policies that do not harm the financial capacity of Chinese citizens to buy American electric cars.

Since Tesla does not export vehicles from its Chinese plant to the United States, Musk may not oppose imposing tariffs on electric vehicles imported from China to the United States. However, it is likely that China will attempt to persuade him to support its position on this critical issue. Musk's connections within the new administration could be beneficial for those seeking to ease tensions between the superpowers and might influence US policy. Musk's economic dependence on China and the special treatment he has received there—reflected by warm relations with President Xi Jinping and official state praise—could position him as a bridge between the US administration and the Chinese government. Once Musk assumes his role as director of the Department of Government Efficiency, he will be a government figure with a clear interest in maintaining smooth trade relations between China and the United States, as well as with other nations.

The relationship between Musk and China, including its leaders, can be characterized as cordial—something that cannot be said about the relationship between China and Trump's nominee for secretary of state in his second administration, Senator Marco Rubio. Even if Rubio wanted to meet and mend relations with his Chinese counterparts, he would find it challenging, as he is currently barred from entering China due to his sharp criticism of the Chinese Communist Party's conduct in Hong Kong and Xinjiang. Furthermore, he was one of the initiators of legislation requiring the United States to impose sanctions on Chinese government officials involved in human rights violations in Hong Kong and banning imports of goods produced through forced labor in Xinjiang. Rubio views China not only as a competitor but also as a nation whose capabilities are approaching those of the United States. Believing that "Communist China is not, and will never be, a friend to democratic nations," Rubio sees China as more dangerous than the Soviet Union ever was.

Mike Waltz, President-elect Trump's national security advisor, also holds a hardline view of China, although his focus differs from Rubio's. While Rubio focuses on human rights issues, Waltz emphasizes US dependence on China for minerals. His main argument, which is at the basis of related legislation, is that China's dominance in mineral exports undermines American interests and that the United States should diversify its sources by increasing imports from South America. Waltz is also concerned about China's growing influence in the Caribbean and South America, and he has supported reviving the "Monroe Doctrine," which advocates defending US interests by intervening in the domestic politics of American nations that are influenced by US rivals. Additionally, Waltz was among the first Americans to call for a boycott of the Beijing Olympics over what he described as the Chinese Communist Party's "genocide" of the Uyghurs.

Another hawkish figure regarding China is Pete Hegseth, who is slated to be secretary of defense in Trump's second administration. Hegseth views China's military buildup as having only one goal—defeating the United States, no less. He has also argued that China seeks to replace the United States economically, culturally, and technologically, leaving little room for compromise.

Beyond trade, the Taiwan issue has long been central to US–China relations. During the campaign, Trump frequently argued that tensions surrounding Taiwan peaked in recent years because President Xi "does not respect Biden at all."

Given Trump's repeated statements about wanting to end wars rather than start new ones, it is expected that he will pursue policies aimed at deterring Beijing from escalating tensions over Taiwan while also discouraging Taiwan from taking actions or making statements that China might perceive as provocative. During his first term, Trump, by his own account, was willing to threaten and deter China from military provocations against Taiwan. However, it is uncertain whether he will take the same approach in his second term. Arms sales to Taiwan will not cease, but it is expected that Trump will demand that Taiwan shoulder the financial burden of American defense of the island. During the campaign, Trump repeatedly stated that Taiwan should bear the cost of US protection. This way, he will not be seen as abandoning Taiwan or the US commitment to the island, but he also will not allow Taiwan to take advantage of the United States. Indeed, there have already been reports that the Taiwanese government is considering significant arms purchases from the United States to appease Trump.

These developments are not out of context. Trump's vice president-elect, J.D. Vance, is a leading proponent of isolationism within the Republican Party. He argues that the United States should focus on domestic affairs rather than acting as the world's policeman, prioritizing investment at home—in short, "Make America Great Again." This stance is troubling for US allies that rely on American protection, including Taiwan, especially as Trump has noted that Taiwan is not bearing the economic burden he expects it to shoulder. In the Indo-Pacific region, several US allies and regional organizations in which the United States participates are likely to be affected by this approach and Trump's anticipated demands for shared financial responsibility for collective security.

In conclusion, as during President Trump's first term from 2016 to 2020, economic competition with China is expected to remain a central focus. In his second term, the president is likely to concentrate on sectors where competition is particularly fierce and American losses or setbacks are most painful, including electric vehicles, renewable energy, semiconductors, artificial intelligence, and other advanced technologies. The Taiwan issue may become secondary, with policies shifting from unequivocal support to demands for reciprocity and financial burden-sharing. Trump, known for his deal-making tendencies, may seek agreements to regulate economic relations with China and reduce tensions in the Taiwan Strait. However, unlike his first administration, where there was relatively broad consensus on the desired policy toward China, this time additional considerations are expected to come into play—pushing for diplomatic isolationism on one hand and economic interests that encourage coordination on the other.

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