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Mingwei Chen
790690660@qq.com

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China and the US- The Behemoths Trade War

Mingwei Chen

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Abstract

China and the US are the world's largest economies and the largest mutual trade partners. The US has also held the position of the world's largest economy for most of the current fiscal age. However, China is rising, largely bolstered by a great population, resource repository and government support in its quest to become a leading global powerhouse. As a major trading partner with the US, the rise of China impedes some of the growth potential of the US economy. One of the largest areas is the manufacturing sector where China is an emerging force that seeks to establish its dominance. Recently, the competitive schism between these two countries has degenerated into a full-blown trade war. The two nations would go-ahead to impose tariffs and barriers as a way to express their dominance and equally protect their local markets. Consequently, the impact of these measures is creating an adverse influence on their economic prospectus and fiscal standing. Both nations are on the verge of losing a significant portion of their economic volume due to the effects of trade barriers. The long-term influence of the trade war would inevitably change the economic standing of these nations, their populations and a knock-on effect on the rest of the nations and regions across the globe. There is demonstrable evidence regarding the path and aftermath of this trade war. The study evaluates this background of conflict to understand its causes, course, and aftermath from a wide and exploratory scholarly perspective. The analysis also aims to offer practical insight about this situation and possible solutions that would help to manage and de-escalate conflict by considering local and global influences of this ongoing tussle.

Introduction

The two economic giants, US and China, continue to lock horns on a contentious economic turf. This ongoing conflict has affected the economic bottom line of both nations and has created a widespread global influence. The Chinese government has recently experienced growth in manufacturing and exports, and it seeks to seal its place as one of the premier economies in the world. Similarly, the US is also keen on maintaining its position as a global superpower, particularly through its dominance in the area of trade. The sheer volume of trade between these two countries mutually accounts for a great proportion of the business volume and gross domestic product of both nations. Each nation seeks to achieve the bargain that will most benefit its country and its people. Yet, the potential effect of destabilized trade between the two nations also has a deep influence on their economic status and relationship with other nations and economies across the world. There is a simple verdict to this complex economic tussle: compromise. However, the path towards this solution will require a deep understanding of the current situation, and its precursors along with outcomes that serve the interests of both nations and the rest of the world.

My research helps to understand the intricacies behind this economic conflict and a long trade war between the two leading nations in their respective continents and the world. There is a lack of clarity about the fate of the impending conflict and the impact that this will have on both nations in addition to other regions across the world. This analysis posits the actual causes that are driving the trade war between China and the US. Both nations dominate a major portion of trade and economic activity with interests that spread beyond their local scope and encompass the entire region. The impending fate of this conflict, given its continued influence on the economies of these two countries is bound to create a reverberating effect throughout the Pacific

region. In turn, the study also seeks a viable solution to the long trade war between China and the US. My research will largely rely on existing opinion and critique, in addition to journalistic and scholarly records that document the foundations of the trade war, effects, and the current response in pursuit of solutions and an amicable end to the conflict.

I. Factors Driving the Conflict

There are multiple factors that inform the current course of the conflict. Scholarly discourse evaluates the background of the economic dispute between the US and China. A study by Chong and Li attributes the current stalemate to trade imbalances, political influence, and the rising state of rivalry between the two nations.¹ A background study on the issue shows that the conflict between the two nations is not recent or new. China and the US each operate on a separate and different strategy. China bolsters its economic growth through government support and the flow of investment into corporations that sprawl their presence globally.² Another study indicates that the major concern resides in a chronic surplus that has bolstered China's economic position at the cost of the US.³ Consequently, there are deep seated issues and underlying influences that have contributed towards the inception and escalation of the current economic conflict.

Certain studies indicate that Chinese manufacturing is the major factor that is driving the conflict. According to this research by Kerry Liu, the country is striving to position itself as the global manufacturing powerhouse, and it is already on the way to achieving this feat. However,

¹ Terence Tai Leung Chong and Xiaoyang Li, "Understanding the China-US Trade War: Causes, Economic Impact, and the Worst-Case Scenario," *Economic and Political Studies* 7, no. 2 (April 3, 2019): 185–202, <https://doi.org/10.1080/20954816.2019.1595328>.

² Chad P. Bown, "The 2018 US-China Trade Conflict after 40 Years of Special Protection," *SSRN Electronic Journal*, 2019, <https://doi.org/10.2139/ssrn.3378791>.

³ Tao Liu and Wing Thye Woo, "Understanding the U.S.-China Trade War," *China Economic Journal* 11, no. 3 (September 2, 2018): 319–40, <https://doi.org/10.1080/17538963.2018.1516256>.

this ambition directly affects the US, which dominates this area and others in the economy.⁴ Further study also demonstrates that the economic relationship between China and the US is at a critical juncture.⁵ The two countries imposed heavy economic tariffs on each other, representing a peak in their economic rivalry and a comparative adverse effect on both economies. The two presidents have agreed to slacken their grip on economic sanctions for the interest of both nations and their people. China holds a significant amount in US security bonds and wields its influence through loans to the country and others across the globe.⁶ A series of infrastructural investments across the developing nations in the world christened the modern silk road to demonstrate China's growing global influence. Both nations have a deep and mutual dependence in their economic systems that they would inevitably need to work out for their individual welfare and prosperity.

Other scholarship emphasizes the back and forth competition between the two countries. Some of this is economic—competition especially in manufacturing—which is seen as one of the main influences driving the current conflict.⁷ Some authors illustrate how the strategic competition between the two countries forms a foundation in the quest for wider global dominance and technological leadership.⁸ Both countries are in an inevitable race for technological innovation, standard-setting, and the flow of trade investments from the respective

⁴ Kerry Liu, "Chinese Manufacturing in the Shadow of the China-US Trade War," *Economic Affairs* 38, no. 3 (October 2018): 307–24, <https://doi.org/10.1111/ecaf.12308>.

⁵ Joshua Meltzer and Neena Shenai, "The US-China Economic Relationship A Comprehensive Approach Executive Summary," 2019, https://www.brookings.edu/wp-content/uploads/2019/02/us_china_economic_relationship.pdf.

⁶ Joshua Meltzer and Neena Shenai, "The US-China Economic Relationship A Comprehensive Approach Executive Summary

⁷ Terence Tai Leung Chong and Xiaoyang Li, "Understanding the China–US Trade War: Causes, Economic Impact, and the Worst-Case Scenario

⁸ Marianne Schneider-Petsinger et al., "US-China Strategic Competition: The Quest for Global Technological Leadership," November 2019, <https://www.chathamhouse.org/sites/default/files/publications/research/CHHJ7480-US-China-Competition-RP-WEB.pdf>.

continents to the rest of the world. China is growing as a manufacturing powerhouse with exports to the US and other parts of the world. There is a feeling that nation-backed China creates a state of unfair competition in the market and needs a similarly aggressive government influence behind the US trade operations.

While some sources point to various causes of conflict, others affirm that the impact of this economic tussle is widespread and has multiple implications at both the local and global level. For one, it has created a reverberating influence on other regions and nations across the globe. A study on the issue by Amiti, Redding, and Weinstein indicates that the immediate global impact of this tussle touches to the prices of commodities and the course of welfare.⁹ China has established operations and dominates virtually every area of the industry today. The operations and economic activities in the country include mainstream manufacturing, textile, service industry, and outsourcing of labor to the global market.

The influence also touches on the local economies of these nations as an aftermath of devastating conditions and effect on the population. A study on the issue indicates that recent years have recorded a significant level of growth in the sheer volume of trade between the two nations.¹⁰ The US especially feels that China gets a larger benefit from the higher trade volumes and fewer safeguards within its boundaries. The evidence demonstrates that difference in benefit is part of the reason for the ensuing and ongoing conflict. There is a rise in the price of US goods because of the higher cost of manufacturing and the influence of cheaper imports from China. There local manufacturing and other business in the US are already feeling pressure from these

⁹ Mary Amiti, Oleg Itskhoki, and Jozef Konings, "International Shocks, Variable Markups, and Domestic Prices," *The Review of Economic Studies*, February 2, 2019, <https://doi.org/10.1093/restud/rdz005>.

¹⁰ Dan Steinbock, "U.S.-China Trade War and Its Global Impacts," *China Quarterly of International Strategic Studies* 04, no. 04 (January 2018): 515–42, <https://doi.org/10.1142/s2377740018500318>.

changes. The differences and their influence on the local economy are some of the drivers that are now escalating the local conflict.

Most scholars are now at crossroads about the impending and ultimate fate of this conflict. Felbermayr and Steininger speculate as to the parties that would ultimately have the last laugh in this conflict.¹¹ The US is already well-positioned as a global economic player and a major influence in the ongoing tussle. Carvalho and others show how the conflict and its impact is also spreading out to other nations, and creating an impact on the emerging economies in the world.¹² Other researchers and scholars indicate that the future and potential of this conflict are especially significant and important for the US under Trump's presidency.¹³ Lau also suggests that there is a better alternative than the current trade tariffs, which hurt the economy and affect the welfare of both states.¹⁴ Lau winds up with another study the potential future of economic relations that would help to work out solutions and chart a significant future for both nations.¹⁵ In any case, the research points out that the impacts are complex and the solutions will be challenging but possible.

There is a large body of discourse and substantial evidence regarding the current course of conflict. This literature forms a strong foundation for this research which assesses the causes,

¹¹ Gabriel Felbermayr and Marina Steininger, "Trump's Trade Attack on China – Who Will Have the Last Laugh?" March 2019, <https://www.cesifo.org/DocDL/CEsifo-Forum-2019-1-felbermayr-et-al-us-china-trade-war-march.pdf>.

¹² Monique Carvalho, André Azevedo, and Angélica Massuquetti, "Emerging Countries and the Effects of the Trade War between US and China," *Economies* 7, no. 2 (May 13, 2019): 45, <https://doi.org/10.3390/economies7020045>.

¹³ Meixin Guo et al., "The Day After Tomorrow: Evaluating the Burden of Trump's Trade War," *Asian Economic Papers* 17, no. 1 (February 2018): 101–20, https://doi.org/10.1162/asep_a_00592.

¹⁴ Lawrence J. Lau, "A Better Alternative to a Trade War," *China and the World* 01, no. 02 (June 2018): 1850014, <https://doi.org/10.1142/s2591729318500141>.

¹⁵ Lawrence J. Lau, "The China–US Trade War and Future Economic Relations," *China and the World*, May 15, 2019, 1–32, <https://doi.org/10.1142/s2591729319500123>.

course and aftermath of the ongoing conflict between the two nations and effects across the region and the globe.

II. Historical Foundation of the Trade War

In order to understand the current situation, we must first look at the historical context. China joined the General Agreement on Tariffs and Trade in 1986. Before that, the country was mostly a centrally planned and largely obscure economy that operated on the baseline of high tariffs and non-tariff barriers. The country traded with the other socialist neighbors of the USSR and Yugoslavia. Later in 1992, the country revamped its economic structure to assume the baseline of a socialist market economy. The process which followed involved a series of tariff cuts and other changes that sought to align its market with the global economy. When China joined the world trade organization in 2001, it was by far the most open developing economies in the world and had dropped the average tariff rate from a high of over 40 percent to below 10 percent.¹⁶ According to Liu, the changes led to a dramatic rise in the country's exports and the enormous growth of its trade volume. Subsequently, this also resulted in a cumulative rise of the country's competitive traction against the other major players in the global market.

Intellectual property protection

The entry of China into the global trade market liberalized its manufacturing practices and opened then to the global consumer space. However, despite the influence of the agreements and changes, the country remained largely conservative in adopting fair manufacturing practices. Many US firms contend that the level of piracy in China has worsened in recent years. A study

¹⁶ Kerry Liu, "Chinese Manufacturing in the Shadow of the China-US Trade War," *Economic Affairs* 38, no. 3 (October 2018): 307–24, <https://doi.org/10.1111/ecaf.12308>.

on the technology and institutional regime in China demonstrates that most firms in China are less likely to impose and apply patents to safeguard innovations in the same way as western firms.¹⁷ Instead, the firms in the country demonstrate an application of forced technology transfer, especially in the areas of digital manufacturing.¹⁸ Despite the position of tough penalties and a promise from the Chinese government that they would respond and deal with these issues, the country has done little in the protection of intellectual property. The lack of intellectual property protection in China has meant that the level of counterfeits has risen from 15 to 20 percent. Counterfeit products also comprise a major part of the country's GDP.¹⁹ The country replicates most of the patented products such as electronics and other appliances that make it to the global market.²⁰

A study among consumers in the country and parts of Europe also demonstrates the presence and infiltration of counterfeit luxury brands from the country.²¹ Such brands include fashion products, apparel and jewelry among others. Today, these products comprise almost 10 percent of the annual GDP in the country. China joins with many other developing countries that fail to enforce the restrictions on intellectual property because such measures would hurt their economy. The deficiency and utter disregard within the country's leak system means that China

¹⁷ Kenneth Guang-Lih Huang, Xuesong Geng, and Heli Wang, "Institutional Regime Shift in Intellectual Property Rights and Innovation Strategies of Firms in China," *Organization Science* 28, no. 2 (April 2017): 355–77, <https://doi.org/10.1287/orsc.2017.1117>.

¹⁸ Dan Prud'homme et al., "'Forced Technology Transfer' Policies: Workings in China and Strategic Implications," *Technological Forecasting and Social Change* 134 (September 2018): 150–68, <https://doi.org/10.1016/j.techfore.2018.05.022>.

¹⁹ Kerry Liu, "Chinese Manufacturing in the Shadow of the China-US Trade War

²⁰ Qing Liu and Larry D. Qiu, "Intermediate Input Imports and Innovations: Evidence from Chinese Firms' Patent Filings," *Journal of International Economics* 103 (November 2016): 166–83, <https://doi.org/10.1016/j.jinteco.2016.09.009>.

²¹ Xuemei Bian and Cleopatra Veloutsou, "Consumers' Attitudes Regarding Non-Deceptive Counterfeit Brands in the UK and China," *Advances in Chinese Brand Management*, 2017, 331–50, https://doi.org/10.1057/978-1-352-00011-5_15.

affects most of the manufacturing practices in the US. The US contends that this disregard over intellectual property has led to a decline in the trading power and value of its products. A cheaper influx of products from China continue to flood the US local market. GE sold off its Haier brand that has now infiltrated the local market with cheaper electronic products due to the comparatively lower labour costs in China.²² The firm and others are now more competitive than local manufacturers in the country. The United States has remained the major trading partner and the main casualty of these changes in tariffs, trade volume, and economic level. A series of issues arose following the schism between these two countries, which cumulatively account for the causes and drivers of the existing conflict.

III. Current course and causes of Trade War

The issue of intellectual property and the development of products in China continues to pose a major risk to the global market. Along with this, the current course of the trade war and sources of ongoing tension center around a number of important issues. These include health and safety issues related to products along with protection of workers through labor standards.

Health and Safety Issues

Health and safety issues emerge on both sides. The US contends that most of the products from China fail to follow the standard safety and health guidelines in the manufacturing process. For instance, China leads in the production of pharmaceutical copy products that risk as inferior, sub-standard, or dangerous to the health of the consumer. Since China joined the world trade organization, its volume of trade with the US expanded on an exponential scale. However, the

²² Farok J. Contractor, "What Is at Stake in China-US Relations? An Estimate of Jobs and Money Involved in the Bilateral Economic Tie," papers.ssrn.com (Rochester, NY, April 1, 2017), https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3012213.

country has simultaneously faced a similar rise in reports of unsafe consumer products. Various cases from the African market where China has also established its base with consumer products demonstrates that its cheap prices do not reflect similar value in the quality of the commodities and products.²³ An influx of low-quality fabric recently caused a stir in Accra and the local Ghanaian market. The safety, health, and quality of imports from China is a major concern in the US market.²⁴ The issues escalated into a trade conflict when numerous recalls and warnings on imports from China into the United States emerged on a great scale. The issues also led to widespread international attention and a series of warnings regarding many of the products that are manufactured in China. A major portion of toys in the US come from China, and their risk of safety and health pose a major concern in the local market.²⁵ An assessment by the FDA established the presence of high portions of a volatile compound and other components that made the toys harmful. The two countries are in a continuous tussle about the issues of quality and subsequent influence on the vitality of their economies.

Labor and Environmental Standards

Safety is an important consideration for both countries, their workers and economies. Western nations, including the US, have created a raffle of labour regulations that seek to protect the welfare of their employees. Some of these regulations include a minimum hourly wage and the nature of working conditions for employees. Other programs include tax measures and incentives that seek to protect and safeguard the welfare of employees in the country. Similar

²³ Alena Thiel, "Cheat Me in the Price, but Not in the Goods: Negotiating Imaginaries of Authenticity in Accra's China Trade," *Chinese and African Entrepreneurs*, January 1, 2019, https://doi.org/10.1163/9789004387423_013.

²⁴ Cadieux, Danielle. & Conklin, David. *China's Trade Disputes*. Richard Ivey School of Business. The University of Western Ontario. (2009).

²⁵ Terence Tai Leung Chong and Xiaoyang Li, "Understanding the China-US Trade War: Causes, Economic Impact, and the Worst-Case Scenario

regulations also apply to the effect of manufacturing practices on the environment. However, China does not have similar regulations that guide its manufacturing practices or environmental safeguards. Consequently, the country has a cheaper and less restrictive manufacturing and operating environment than the other western nations. The rise of China largely demonstrates the influence of its operational environment and labour standards. The US contends that most of its manufacturing jobs are transported overseas to China, which costs its economy and has also paralyzed its labour provision.²⁶ The country has experienced a recent rise in levels of unemployment as most of its jobs go overseas to China. China focuses on increasing its economic growth, which creates a competitive imbalance with other countries in the region that also have similar efforts and incentives. The US remains the main casualty of these influences on labor and manufacturing guidelines. Study demonstrates that the current move of manufacturing jobs to China accounts for a quarter of all the unemployment rise in the United States.²⁷

IV. Current Issues of Contention and Complications

The government regime in China holds control over trade and the operational activities with both US and the rest of the globe. The section tracks some of the most critical components from the country that have contributed towards escalation of the present conflict.

US Perception of China's Current Policies

US has remained critical about the currency regime in China for more than a decade now. When Obama assumed the seat of president in the country, the two countries faced off on the

²⁶ Cadieux, Danielle. & Conklin, David. China's Trade Disputes. Richard Ivey School of Business. The University of Western Ontario. (2009).

²⁷ Robert C. Feenstra and Akira Sasahara, "The 'China Shock,' Exports and U.S. Employment: A Global Input–Output Analysis," *Review of International Economics* 26, no. 5 (October 5, 2018): 1053–83, <https://doi.org/10.1111/roie.12370>.

foreign exchange policy. The United States government contends that China operates a manipulated and highly protectionist currency policy. The aftermath of these measures means that China creates more jobs, an influx of exports to other countries, and a relatively stable economic environment. The US indicates that China has progressively understated the value of its currency so that it operates under a system of higher international competitiveness and less fluctuation against any of the other major global currencies. The government of China also maintains close control over its foreign exchange transactions so that there is a lower impact on the currency regime and system in the country.²⁸ Consequently, the United States indicates that the system of control in China has progressively hurt its local economy while benefitting its local growth.

Government Involvement in Price and Cost of Specific Products

There are specific influences in manufacturing and commodities that are also a critical part of the ongoing conflict. The government of China is highly involved in the areas of textile, footwear, car parts, and steel products.²⁹ The state-owned enterprises in the country hold a major grip over the business paradigm. Conversely, the system of operations in the US is largely a product of private enterprise. Subsequently, the US system feels that the role of government control gives China some level of unfair advantage in its role within the broader economic system.³⁰ China operates a system of strict control that takes charge of its business operations and trade at the cost of free exchange and commercial activity with other nations. Other countries

²⁸ Christopher J. Neely, "Chinese Foreign Exchange Reserves, Policy Choices, and the U.S. Economy," papers.ssrn.com (Rochester, NY, 2017), https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2952262.

²⁹ Terence Tai Leung Chong and Xiaoyang Li, "Understanding the China-US Trade War: Causes, Economic Impact, and the Worst-Case Scenario

³⁰ Robert C. Feenstra and Akira Sasahara, "The 'China Shock,' Exports and U.S. Employment: A Global Input-Output Analysis

across Europe are also hurting due to the impact of these changes and their influence on the local market. The US and European Commission have established and raised anti-dumping practices as a way of keeping out the influx of cheaper products from China. These measures also aim at reducing the impact on local markets.³¹ Today, there is virtually no footwear market in the US as the country depends on the imports from China. The country has also created and maintained a substantial level of control on the steel industry, which makes it critical in manufacturing and other controls in the country.³² The government remains the largest owner of business, especially in manufacturing. Consequently, its presence defines the flow of both raw material and finished products.

Investment Restriction and Unfair Competition

The causes of the current conflict largely emanate from the perceived rise of China in the global market. All of the influences also affect the United States as the largest trading partner and others within the European market. The factors all tie together and mean that China defines a dominant level of control over the global economy. At the same time, China claim adverse influence and unfair competition on the global market. The two main players, China and the US, are both striving to aggregate their positions so that they do not face adversity and continue to benefit from economic growth. However, the existing connection of trade between the two nations is bound to create issues.³³ China and the US have separate and different systems that define their operations and relationships. The aftermath of these differences is the reason for the

³¹ Cadieux, Danielle. & Conklin, David. China's Trade Disputes. Richard Ivey School of Business. The University of Western Ontario. (2009).

³² Minghao Li, Edward Balistreri, and Wendong Zhang, "The U.S.- China Trade War: Tariff Data and General Equilibrium Analysis," 2020, http://www2.econ.iastate.edu/faculty/balistreri/Papers/crts_trade_war.pdf.

³³ Cadieux, Danielle. & Conklin, David. China's Trade Disputes. Richard Ivey School of Business. The University of Western Ontario. (2009).

existing economic conflict between the two nations. The US particularly feels that China is rising as a threat that would usurp its position as it seeks to equally dominate the global market.

V. Methodology

The study will employ quantitative analysis in evaluating existing evidence on the china and US trade war. Currently, there is data on the trade volume between the two countries, its impact on their manufacturing sectors, and economic influence on employment and other sectors. Similarly, data on the impact of the conflict, especially the forecasted drop in GDP for both nations, would also offer critical insight into this part of the study.³⁴ There is expansive research on the looming trade war, its advent, motivations, and possible projections about its long-term aftermath. Each of the two nations is also positioning themselves politically to occupy a leading role and a more advantageous position in the ongoing economic tussle. The main hindrance to this evaluation is the fact that each of these nations is not making its position explicit on the conflict, perhaps as a way of aggregating greater advantage in the ultimate confrontation. A qualitative perspective from the US would also help to add towards the wider debate and the long-term impact that is projected from this ideological confrontation. There is so much ongoing rhetoric, posturing, and responses that have emerged from the ongoing conflict. This research will ultimately add a new dimension of understanding to the wider ideological question behind the China and US trade conflict.

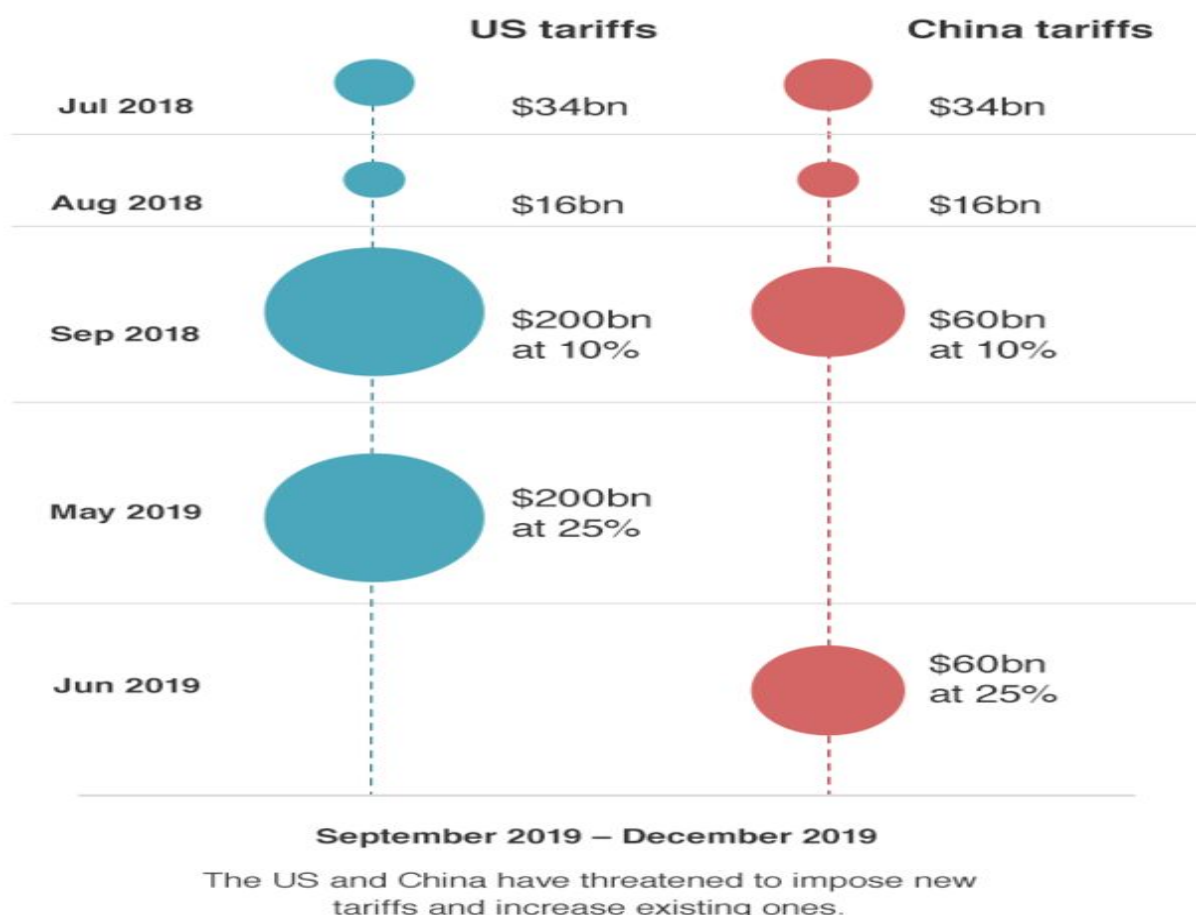
VI. Escalation of the Trade war and Fiscal Impact on Economies

³⁴ Chad P. Bown, "The 2018 US-China Trade Conflict after 40 Years of Special Protection," *SSRN Electronic Journal*, 2019, <https://doi.org/10.2139/ssrn.3378791>

In the last few years, this ongoing war is growing more and more tense and intractable. The conflict started to peak in 2018 when both countries retaliated and proceeded to impose tariff barriers. Previously, rhetoric between the two nations was limited to more indirect measures which did not degenerate into a full-blown ensuing conflict. By the middle of 2019, both countries had imposed immense pressure and the impact of the ensuing conflict was at almost a quarter of each country's total trade volume. The fact that US and China are also the largest global trading partners meant that they felt pressure on major avenues of their economy since the productivity of these two countries sorely depends on the exchange that they create through the ensuing economic activity. China is especially involved in manufacturing, textile and electronics.³⁵ The United States previously benefitted from cheaper costs on part manufacturing, but China is now taking over entire processes and flooding their market with finished products. The previous benefit is no longer mutual and balanced. Today, the escalating conflict is at its peak and there is a danger that its influences would continue to degenerate and create an adverse impact on the populations and their economies. Consequently, US is striving to obtain the previous balance, but China is adamant on retaining its current position and grow its domination as a new player in the global market.

³⁵ Terence Tai Leung Chong and Xiaoyang Li, "Understanding the China-US Trade War: Causes, Economic Impact, and the Worst-Case Scenario

How the US-China trade war has escalated



Source: BBC research

BBC

Figure 1: Summary of areas that are affected by the trade war. Retrived from BBC News Website.³⁶

The table illustrates how both China and the US progressively escalated their levels of tariffs from mid-2018 to January of 2019. Each country retaliated and enhanced their protectionist measures as a way of safeguarding their local economies and responding to the measures from the other nation.

³⁶ BBC News, "Trade War: US Hits China with New Wave of Tariffs," *BBC News*, October 21, 2019, <https://www.bbc.com/news/business-49505781>.

Table 1. Trade-weighted tariff increases (%)

	$E_{cn,us}$	US tariffs on China		$E_{us,cn}$	China's tariffs on US	
		Sep. 2019	Dec. 2019		Sep. 2019	Dec. 2019
Other Machinery & Equipment	21.5	33.7	42.0	19.0	14.5	18.0
Chemical Rubber Products	8.6	18.7	25.7	16.9	12.5	13.3
Motor vehicles and parts	2.7	24.0	28.8	14.3	34.2	43.3
Oil Seeds	0.0	25.0	30.0	12.3	33.1	33.2
Electronic Equipment	30.1	18.8	30.4	9.1	11.8	14.2
Forestry	0.0	24.3	27.8	4.5	6.5	9.0
Paper & Paper Products	1.2	20.9	26.8	3.7	15.3	19.7
Non-Ferrous Metals	0.5	25.0	26.8	3.1	29.8	34.3
Lumber	6.0	21.6	28.1	2.3	20.0	23.0
Other Food	1.3	26.3	30.8	1.8	27.8	30.0
Petroleum & Coke	0.2	46.7	55.5	1.7	25.9	28.4
Other Animal Products	0.1	31.8	36.3	1.0	22.7	26.1
Other Mining	0.1	24.9	29.8	1.0	20.2	20.5
Other Grains	0.0	25.0	30.0	1.0	24.9	34.9
Iron & Steel	0.4	32.6	35.0	0.9	23.4	23.8
Fabricated Metal Products	3.8	22.3	29.7	0.8	16.8	20.9
Beverages and Tobacco products	0.0	12.9	18.6	0.8	29.9	34.3
Textiles	4.3	15.6	24.5	0.7	12.2	14.7
Non-Metallic Minerals	1.6	19.4	26.3	0.6	14.9	17.7
Other Crops	0.1	23.6	26.6	0.6	22.2	29.1
Other Manufacturing	7.2	7.1	18.9	0.6	16.5	22.2
Other Meat	0.0	35.6	40.6	0.6	54.5	54.9
Plant Fibres	0.0	25.0	30.0	0.5	25.0	30.0
Veritable & Fruit	0.2	29.5	39.1	0.4	48.6	48.6
Leather	4.6	18.1	28.2	0.4	20.4	24.3

Figure 2: Individual items affected by trade tariffs. Retrieved from

http://www2.econ.iastate.edu/faculty/balistreri/Papers/crts_trade_war.pdf

The table indicates that there are core areas of dependence between the two nations. China depends on the US for manufacturing and machinery equipment while the US depends on China as a core source of agricultural and food products. Consequently, the table illustrates that as a means of retaliation, each nation imposed the highest tariffs on the components where there is core dependence. Each nation also sought to use these tariffs as a way of protecting its local markets against the adverse influence from the competitive global market and the other nation. Additionally, each nation also established these barriers as a means of retaliation to coerce the other into toeing the line.

Welfare and Impact across Nations

Figure 1. Welfare impacts across regions (% change)

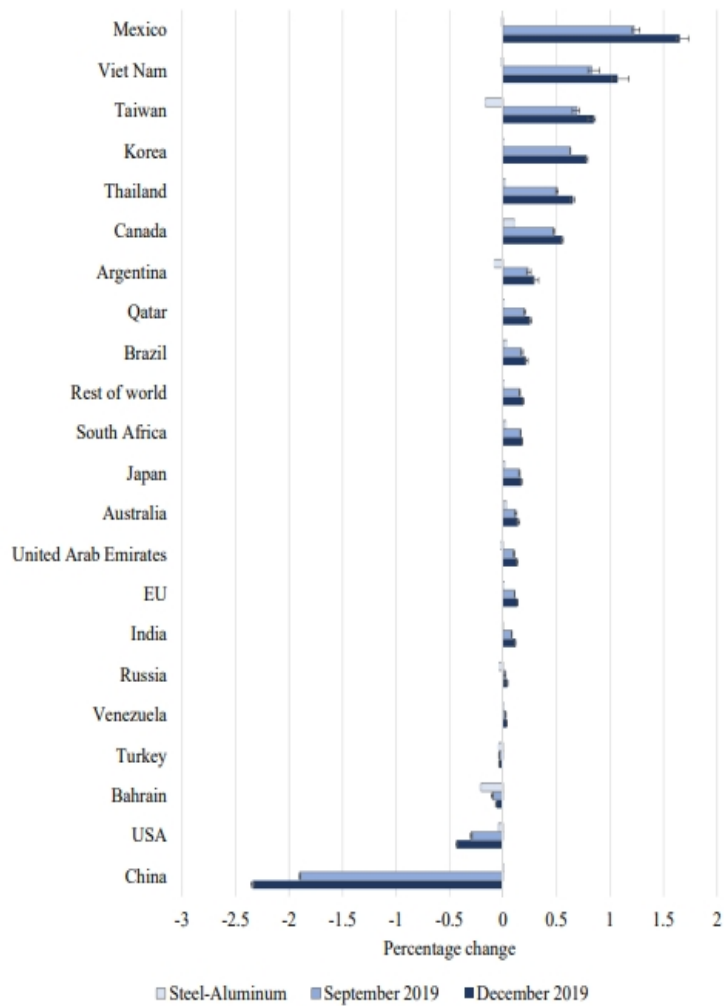


Figure 3: weighted impact of the trade tariffs across industry and various nations. Retrieved from http://www2.econ.iastate.edu/faculty/balistreri/Papers/crts_trade_war.pdf

Each nation would suffer adversely as an aftermath of the ongoing tariff wars. The table illustrates that China and the US recorded the most adverse influence from the ongoing rivalry between their regions. Both nations have recorded a significant drop in their aluminum and steel production, which is also an illustration about the degree of adversity in these nations.³⁷

However, there are other nations across various regions in Europe and America that have recorded tangible growth and positive value or benefit from the ongoing conflict. The product value in china has recorded substantial growth by statistical indications of China Stock Market Index (CSI 300) (2017.7- 2018.6).³⁸ The changes demonstrate that while the nations suffer adversity, there are other regions that continue to benefit from the ensuing conflict.

Consequently, it is the best interest of both nations to handle the ongoing conflict and seek an amicable resolution of the impending issues. Precisely, the nations will have to resolve manufacturing balance and the ratio of employment in their economies.

Effects of Trade War across Various Economic Sectors

Additionally, each nation has also felt a critical influence due to change on specific sectors of their economy with an impact on employment levels. The breakdown illustrates that there are specific sectors of the two countries' economies that would bear the most adverse influence from the ongoing trade war. Currently, both nations continue to experience this tide of adversity in the areas of manufacturing, agriculture and commodities in addition to the other related areas. Additionally, the nations also continue to face significant challenges because the individual areas of industry have continued to suffer. The analysis also demonstrates the heated

³⁷ Minghao Li, Edward Balistreri, and Wendong Zhang, "The U.S.- China Trade War: Tariff Data and General Equilibrium Analysis," 2020, http://www2.econ.iastate.edu/faculty/balistreri/Papers/crts_trade_war.pdf.

³⁸ Keqin Chen, Kun Zhu, and Yixin Meng, "After the Trade War, Where the Path Leads to Sino-US Relations?," *Proceedings of the 2019 2nd International Conference on Information Management and Management Sciences - IMMS 2019*, 2019, <https://doi.org/10.1145/3357292.3357297>.

competition between the two countries in various sectors as one of the major sources of existing conflict. Both China and the US have a large volume of manufacturing capability and production.³⁹ Consequently, imports of the same components into their countries affects their local production and manufacturing base. The ensuing conflict also escalates through tariffs which degenerate and spread out into the other areas of industry and have an effect on both economies. The countries are especially keen to define and dominate their growth in the manufactory economy which accounts for high levels of employment and the course of global growth.

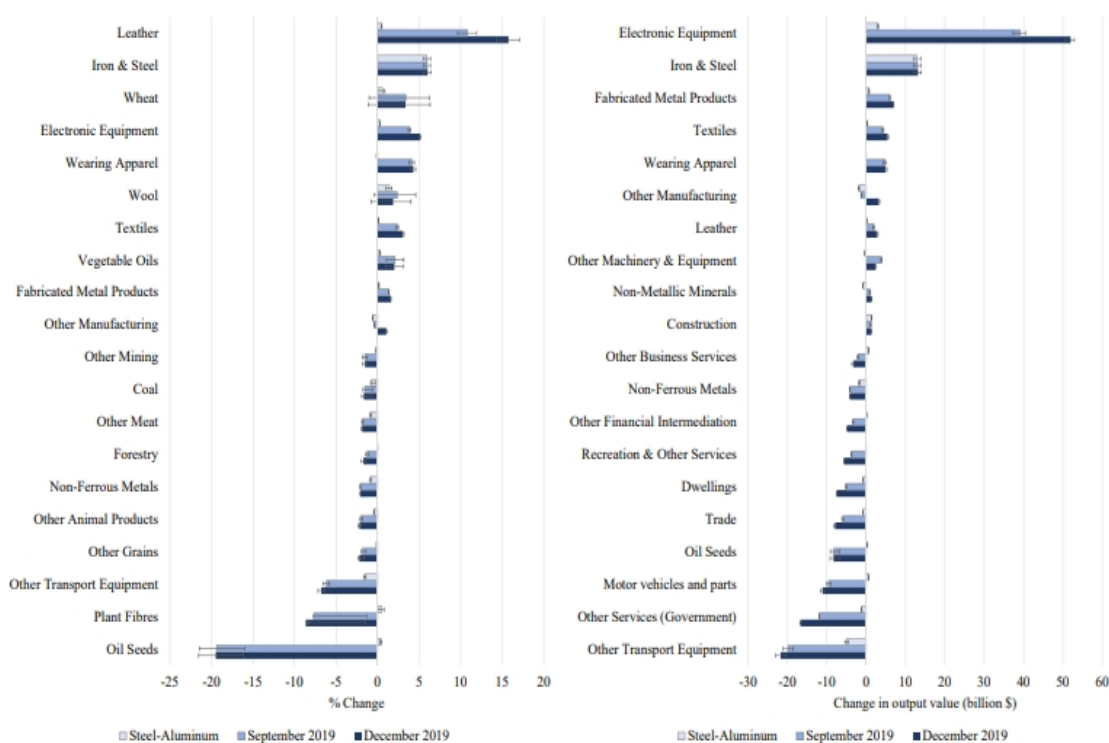


Figure 4: An illustration of revenue changes, winners, and losers in the ongoing conflict.

Retrieved from http://www2.econ.iastate.edu/faculty/balistreri/Papers/crts_trade_war.pdf

³⁹ Minghao Li, Edward Balistreri, and Wendong Zhang.

Revenue Changes, Winners and Losers

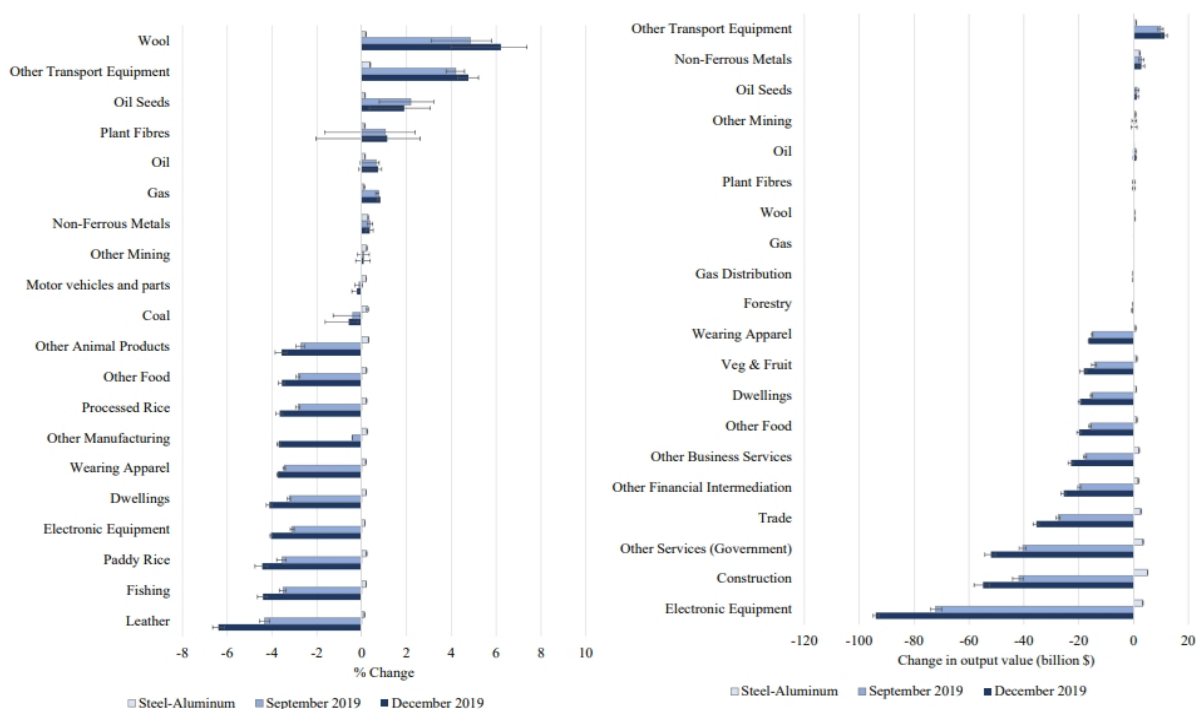


Figure 3. China revenue changes (% and \$B) by sector (top 10 winners and losers)

Figure 5: Summary of revenue changes in China as an aftermath of tariff wars. Retrieved from
Retrieved from http://www2.econ.iastate.edu/faculty/balistreri/Papers/crts_trade_war.pdf

The summary of the table illustrates that each country has borne its fair share of adverse implications from the ongoing conflict. Both countries have experienced areas of decline and growth since the advent of the ensuing conflict between the two nations. Majorly, the countries demonstrate growth in the sectors where they have already established unique value and competence at the local level. For instance, China has recorded positive progress and growth in

the sectors of wool, oil and seeds, in addition to their agricultural material where the United States is not competent and well established. On the other hand, the countries have also demonstrated adversity and a drop in its operating volume on the areas of electronic equipment, government services sector and financial or business ventures. The government is a major player in firm business within china. Subsequently, the influence of these tariffs has affected the aggregate trade volume for the country. The current influences demonstrate how trade schism illustrates the inherent competence of each nation and the influence on the local population when other countries who are trade partners also invest in similar areas.

Summary of change patterns in international trade

Table 2. Change in the pattern of international trade (%)

Exporter	Scenario	Importer						Total Exports
		U.S.	China	EU	Canada	Mexico	Others	
U.S.	Steel-aluminum		-1.6	-2.0	-3.0	0.3	0.4	-0.9
	September 2019		-50.7	-2.7	-3.1	-1.2	-1.1	-6.4
	December 2019		-54.9	-3.1	-3.3	-1.4	-1.8	-7.2
China	Steel-aluminum	-0.5		0.4	1.3	0.1	0.2	0.1
	September 2019	-58.3		9.0	11.7	12.2	7.2	-4.4
	December 2019	-72.5		11.3	14.7	15.6	9.1	-5.4
EU	Steel-aluminum	-0.9	0.3	0.3	1.3	0.0	0.1	0.2
	September 2019	6.9	-0.3	-0.2	2.3	1.8	-0.9	0.2
	December 2019	9.4	-1.1	-0.4	2.5	2.2	-1.2	0.2
Canada	Steel-aluminum	-1.8	0.8	1.0		-0.2	0.7	-0.9
	September 2019	1.1	1.6	-1.7		-0.1	-2.3	0.3
	December 2019	1.9	0.5	-2.4		-0.4	-3.0	0.5
Mexico	Steel-aluminum	0.0	0.5	0.6	1.1		0.4	0.2
	September 2019	6.5	-6.2	-6.4	-6.3		-7.8	2.4
	December 2019	8.5	-8.5	-8.4	-8.4		-10.0	3.1
Others	Steel-aluminum	-0.4	0.3	0.3	1.6	0.1	0.2	0.2
	September 2019	9.5	-0.9	-0.3	1.9	2.0	-0.9	0.5
	December 2019	12.6	-1.7	-0.5	2.0	2.4	-1.2	0.5
Total Import	Steel-aluminum	-0.7	0.1	0.2	-0.8	0.2	0.2	
	September 2019	-4.6	-5.3	0.2	0.2	2.1	0.4	
	December 2019	-5.2	-6.4	0.1	0.3	2.8	0.4	

The overall assessment of the trade war between China and US indicates that the impact will degenerate and escalate into other regions and nations across the region and other parts of the globe. Both countries also trade with other nations and regions across Asia, Europe and Americas. So far, the impact of the escalating conflict has already touched on both nations and spread out as projected to the other regions and nations. Consequently, the impact of current devastation will also touch on the other regions beyond their national borders or boundaries.

VII. Effects of the China-US Trade War

A general assessment from the United Nations Conference on Trade and Development (UNCTAD) demonstrates that the trade war has left both China and the US worse off.⁴⁰ The tariffs that both countries have imposed as measures of mitigation and control on their economies have ended up creating a series of negative effects that are a blow on each of their operations and economies. The preliminary effects of the reduced trade between these two nations are demonstrated in a sharp decline on bilateral trade and diversion of imports to other countries. Part of these studies demonstrates that the US continues to bear the larger portion of the threat and carries the heaviest brunt of associated costs. The studies also demonstrate that a large portion of the adverse impact has fallen on the manufacturing sector.⁴¹ The imports to the country are coming in at higher prices, which comes as a direct cost that is passed on to the final buyer and consumer. The firms that are involved in the import business have also reported adverse effects from the ongoing wars and an altogether negative influence on their businesses.

add

⁴⁰ United Nations Conference on Trade and Development, "Unctad.Org | Trade War Leaves Both US and China Worse Off," Unctad.org, 2019, <https://unctad.org/en/pages/newsdetails.aspx?OriginalVersionID=2226>.

⁴¹ Qin Sheng, "Sino-US Trade War: Conservative Trade Policy in the Grand Economic Strategy of the United States," *Management and Economics Research Journal* 5 (2019): 1, <https://doi.org/10.18639/merj.2019.954639>.

The study has also found out that the commensurate effect on Chinese firms is relatively lower than their US counterparts.⁴² The Chinese firms have proved particularly effective in absorbing the associated costs and dealing with the effects of these tariffs. However, the companies and firms have also lost a considerable portion of their total trade activity with America. Comparatively, the resultant reduction in trade volume has shrunk operations for these firms by a figure of 25 percent.⁴³ The aftermath of this contention is that these influences are also spreading out to other nations and regions across the world. The UN body on trade warns that if the two countries do not embark on a process of deescalating the current state of trade tensions, they may go on to hurt other parts of the economy across the globe. The diversion effect meant that as much as two-thirds of the potential import volume to the US was exported to other regions across the world.⁴⁴

An observatory warning from the United Nations on the course and aftermath of the ongoing trade war indicates that the situation would potentially create massive implications on the local economy. Today, the US has largely responded through a series of protectionist policies that seek to safeguard the vitality of the local economy and the interest of their consumers.⁴⁵ However, the current forecasts from the UN economic body and local economic outlook thinktanks indicate that such influences would only lead to adversity instead of having a positive influence on their economies. Additionally, the forecast also indicates that these same influences may escalate and spread out to other regions and countries across Asia. The unexpected situation of winners and losers in the escalating conflict is one that these two countries and others have

⁴² United Nations Conference on Trade and Development, "Unctad.Org

⁴³ Kimberly Amadeo, "US Trade Deficit with China and Why It's So High," The Balance (The Balance, August 19, 2008), <https://www.thebalance.com/u-s-china-trade-deficit-causes-effects-and-solutions-3306277>.

⁴⁴ United Nations Conference on Trade and Development

⁴⁵ UN News, "US-China Trade War Is a 'Lose-Lose' Situation for Them and the World, Warn UN Economists," UN News, November 5, 2019, <https://news.un.org/en/story/2019/11/1050661>.

failed to recognize and acknowledge. Some of the winners are other countries that would anticipate and experience growth across Europe and Asia. Various regions, including Africa and other parts of America are already experiencing growth due to the entry of China into these locations.⁴⁶ China is keen to spread its mercantilism, which also affects the bargaining power and potential of America in the developing world.

The trade and tariff spat between the two countries have largely resulted in a loss for both nations and the wider global economy. An evaluation within the United States in the first six months demonstrates that the trade tiff has escalated and touched on many of the other countries across the globe. Additionally, the preliminary evaluation on the country also established that much of the incident costs were passed directly to the consumer who bore the pressure in terms of higher prices of various goods and commodities.⁴⁷ Additionally, the Chinese manufacturers who are the main supplier of goods into the local US market have also borne a major portion of the adverse influence by lowering the costs of their exports. The Chinese manufactures that are involved in the production of computer and accessories bear the most immense costs while the other costs have also dropped substantially. Conservative estimates put the financial figure at about 50 billion dollars or a quarter of all imported goods into the country.⁴⁸ Altogether, the trade war and its aftermath in both countries is a warning about the imminent influence that would result when the conflict escalates and creates trade tensions across the region and other parts of the globe.

⁴⁶ Jonathan Holslag, "China's Evolving Behaviour in Africa and the Options of Cooperation with Europe," *Journal of Current Chinese Affairs* 40, no. 4 (December 2011): 3–16, <https://doi.org/10.1177/186810261104000401>.

⁴⁷ Michael Waugh, "The US-China Trade War Is Harming Communities in the US | VOX, CEPR Policy Portal," Voxeu.org, 2019, <https://voxeu.org/article/us-china-trade-war-harming-communities-us>.

⁴⁸ Douglas Meade, "Trade War!" 2019, https://www.iioa.org/conferences/27th/papers/files/3581_20190501041_3581_InforumMeadeIIOA2019.pdf.

The low exchange rate and overall standard of living in China was a major source of competitive value that allowed the country to dominate a large volume of manufacturing and trade with the US. Additionally, China also has a large population that sustains its manufacturing operations and fiscal volume at a global level.⁴⁹ However, the aftermath of the trade war between the US and China has created another set of effects. China had invested heavily on US treasury bonds as a means of leveraging its currency and maintaining a low exchange rate. The US is now wary about the aftermath of any changes that would affect the interest rates and cost of living within the country. An observation from the international center for security notes that “In the long run, the tug-of-war between the two superpowers threatens to bring about the complete marginalization of the World Trade Organization (WTO).⁵⁰” There is an additional fear that if these effects escalate, they may potentially throw the country into a lengthy recession which does not play to the interest of the local market and the desired influence on the economy.

The trade war between these two countries is creating harm for communities. The bilateral FDI flows escalate beyond the multinational companies and touch on local populations at the state level. Leaders at the state level are already calling for bold and active engagement to preserve investment and economies. The need for a solution emerged from the influence on both farmers and workers on the local economy.⁵¹ The burden of a trade war is creating an unequal burden across the local economy in the country. Largely, the burden of consumption in the country has escalated due to the influence of conflict. Evaluation of consumption forecasts paints

⁴⁹ BBC News, “US-China Trade War: UN Warns of ‘massive’ Impact of Tariff Hike,” *BBC News*, February 5, 2019, <https://www.bbc.com/news/business-47126114>.

⁵⁰ Urmas Varblane and Mathias Juust, “Escalation of the China-US Trade War Could Lead to an Economic Crisis,” ICDS, 2019, <https://icds.ee/escalation-of-the-china-us-trade-war-could-lead-to-an-economic-crisis/>.

⁵¹ Kelan Lu, “The Spillover Effect of the Trade War between Adversarial Dyads: Evidence from the Sino-US Investment Relationship,” *Journal of Chinese Political Science*, November 7, 2018, <https://doi.org/10.1007/s11366-018-9577-0>.

a grim picture of the situation in the country. The level of inflation continues to rise and is projected to remain in the same course within the medium to the long term.⁵² The influx of tariffs is already hitting consumers hard and reducing the margin of corporate profits. Similarly, the influence of conflict—and the subsequent barriers that will affect trade deficit, federal revenues, the Gross Domestic Product and other limitations that have resulted—have also created an impact on the economy. The aggregate impact goes beyond goods and touches on the welfare of consumers, corporates and entire economies. The manufacturing and service regime in both countries has experienced changes that are also escalating their influence on the local population while generating similar spread and influence at the global level.

VIII. Solutions

In response to the growing conflict, the countries have taken various steps, but better solutions are needed. The US administration has so far responded through a series of protectionist measures that seek to safeguard the welfare of its local economy. President Trump enacted a recent tariff of 25% on steel imports as a way of protecting the local industry which continues to suffer from the influx of cheaper steel and aluminium imports from China.⁵³ However, the country has also acknowledged that the influence of such overly protectionist measures and policies would only result in more hurt on their local economies.⁵⁴ Subsequently, the two countries went on a negotiating table in December of 2019 on a deal that was signed on the middle of January this year. The deal seeks to relax many of these protectionist policies and

⁵² Eric Norland, "Trade War Costs to Consumers, Companies and Nations," Ft.com, 2019, <https://www.ft.com/brandsuite/cme-group/trade-war-costs-consumers-companies-nations/index.html>.

⁵³ Josh Zumbrun and Anthony DeBarros, "Trade War with China Took Toll on U.S., but Not Big One," WSJ (Wall Street Journal, January 12, 2020), <https://www.wsj.com/articles/trade-war-with-china-took-toll-on-u-s-but-not-big-one-11578832381>.

⁵⁴ Yukon Huang, "Can the US-China Trade War Be Resolved?" thediplomat.com, July 30, 2019, <https://thediplomat.com/2019/07/can-the-us-china-trade-war-be-resolved/>.

establish a more amicable solution for the two countries and others that may also bear the impact globally. Conventional wisdom in the two countries demonstrates that there is a need to deescalate and resolve the complex problems of the trade war. China would also benefit from greater ease in its exports to the US which comprise a major portion of its economy. Despite its expansion and global growth, the firm still depends on US as a major component of its economic stature and growth.

The solutions to the ongoing trade war will take more than the current efforts of the state heads and their leading negotiators. There is an indication that most of the demands, especially from the United States are somewhat illogical, incoherent and somewhat contradictory.⁵⁵ The features of these demands make the deal uncertain, which is the reason that the proceedings and negotiations have continued to drag along for a very long time. Both presidents face the influence of populist pressures that define their hardline stance in the negotiation process. Trump is leading a two-decade campaign of populist pressure to curb China's growth and influence.⁵⁶ Similarly, President Xi remains headstrong about getting China to the next level on economic domination and global influence. However, there is plausible evidence that such a stance in the negotiation process only creates more contradiction and incoherence throughout and beyond the negotiation process. Both presidents, especially in the United States should dissuade from an over obsession with bilateral trade deficits. The obsession is the reason is why the trade conflict

⁵⁵ Rana Mitter, "Subscribe to Read | Financial Times," [www.ft.com](https://www.ft.com/content/571603da-8233-11e9-a7f0-77d3101896ec), June 5, 2019, <https://www.ft.com/content/571603da-8233-11e9-a7f0-77d3101896ec>.

⁵⁶ Gregory Barber, "A Tariff for a Tariff: Trump's Crusade Against China, Two Decades in the Making," *University of Florida International Review*, 2018, <http://sites.clas.ufl.edu/polisci/files/UFIR-Total-Edition-Spring-2018-Draft-Final-Version.pdf#page=35>.

existed in the first place and the additional reason why negotiations have continually dragged since China joined the WTO to the present.⁵⁷

China has recently passed a new law on foreign investment that seeks to establish and grow and curb any existing trade deficits. The policies that are developed under OECD regulation would also help to escalate these changes and give way to an equitable solution towards conflict. Additionally, there is support from other countries, especially from the broader west that is also contributing towards de-escalation of conflict.⁵⁸ China is connected to the US and also to other regions within the western world. One of the solutions to the current situation of conflict is the western world's potential contributions that they could make towards handling the issue between these two countries. The centrality of Japan, which also has a relationship with China and other countries in the Western world offers a critical site that can help to resolve this conflict. Japan and US are also involved in the contest for global domination, which pits them along on shared geographical and ideological similarities in the present conflict.⁵⁹ Consequently, the relationship between these two countries and others connect the Asian world to the Western context would form part of the solution to the existing conflict.

Huang, an economist who has a focus on China indicates that there is an unlikely, yet obvious solution to the existing conflict between the two countries. The current evaluation of the conflict indicates that it is both unnecessary and counterproductive. However, in the absence of any measures to counter and help to mitigate the existing conflict, there is a great potential that the problem will continue to escalate. The consumers and manufacturers on both sides within the

⁵⁷ Gregory Barber, "A Tariff for a Tariff: Trump's Crusade Against China, Two Decades in the Making.

⁵⁸ Yukon Huang, "Opinion | The Unlikely, Obvious Solution to the Trade War," *The New York Times*, September 24, 2018, <https://www.nytimes.com/2018/09/24/opinion/us-china-trade-war-tariffs-wto.html>.

⁵⁹ C. Fred Bergsten, "China and the United States: The Contest for Global Economic Leadership," *China & World Economy* 26, no. 5 (September 2018): 12–37, <https://doi.org/10.1111/cwe.12254>.

countries that are now involved in the conflict will bear the continued influence from an ever-escalating situation.⁶⁰ There are better options for both countries that would help to handle and deal with the conflict. The main solution that would remain important in the medium to the long term is turning to the world trade organization for a potential solution.⁶¹ Additionally, it is also possible to enhance a more amicable situation by appealing to both parties and allowing them to deal with the issue in a view to reaching a point of resolution rather than a continued state of conflict. I also share the same sentiments about the need to find an agreeable solution to the current conflict by looking towards effective and appropriate ways of ending the existing stalemate.

Today, both China and the US are embroiled in a situation where neither of these parties is willing to cede their influence and give way for the achievement of an amicable solution. However, there is a progressive need to find a solution that is both agreeable and beneficial for both parties in the ongoing conflict.⁶² Largely, such a solution would not arise if neither of the two parties in the current conflict is unwilling to cede ground and vacate their hardline stands. The legalistic approach has continually not worked, yet it is one of the commonplace approaches that both countries use in their interactions and dealings. A legalistic approach involves holding to the hardline stance by each nation. Today, there is an indication of a slight change of heart and the way that both countries respond and deal with the issue of conflict. If both of these countries

⁶⁰ Jack Perkowski, "U.S.-China Trade War: It's Time for A Change In Strategy," *Forbes*, August 18, 2019, <https://www.forbes.com/sites/jackperkowski/2019/08/18/u-s-china-trade-war-its-time-for-a-change-in-strategy/#fd3da356baf9>.

⁶¹ Chiu-Ti Jansen, "Much Ado about Nothing: Trump's 'Soybean Solution' to US-China Trade War," *South China Morning Post*, December 18, 2019, <https://www.scmp.com/comment/opinion/article/3042432/donald-trumps-soybean-solution-us-china-trade-war-much-ado-about>.

⁶² Emily Stewart, "Can the US-China Trade War Be Stopped? 11 Experts Weigh In.," *Vox*, July 8, 2018, <https://www.vox.com/policy-and-politics/2018/7/8/17544460/trump-china-tariffs-trade-war>.

and others sustain the same solutions and continue to move away from their hardline stands, it is possible to handle the issue and afford an amicable solution to the existing conflict.

Today, the efforts to address the state of conflict and devise a possible solution are ongoing and have already moved from the first and into the second phase. However, there is every indication that despite this move, there are no new solutions that would form part of the impending shift. The same contentions that formed part of the first phase and reactionary measures that both parties have taken in trying to resolve the conflict would escalate into the second phase. Therefore, the development of a new set of solutions is needed to handle the problem and potentially help to resolve the current and existing state of conflict.⁶³ While no clear and amicable solution is at hand, every indication points to an even graver situation if there is no means to prevent further escalation. Therefore, it is necessary to develop and embrace new solutions that would help to handle and deescalate the conflict in the meantime and going into the future. Currently, the best alternative involves establishing agreeable solutions that end the current stalemate, address the conflict and realize economically viable solutions. Such an alternative would help to mitigate economic and fiscal turmoil for the nations and the rest of the globe.

⁶³ Heather Long, "Analysis | There Are Three Ways the U.S.-China Trade War Could End. Two Would Be Bad for America.," Washington Post, March 10, 2019, <https://www.washingtonpost.com/business/2019/05/10/there-are-three-ways-us-china-trade-war-could-end-two-would-be-bad-america/>.

Conclusion

The China and US Trade War may have old origins, yet it has only intensified over the past five years. There is a move towards globalization within the country and the entire Asian region. China now occupies a more global position and this, along with retaliation from the US, have contributed to this modern war. However, most of the underlying issues and the prospects of this tussle going forward remain unknown. Primarily, the rise of China is unprecedented, yet it is already creating ripples globally. The country is now on course to be a global economic superpower. As this project shows, an evaluation of China's foundation, economic, social, and political background, along with current developments—and a parallel examination of these features in America—is important in understanding each country's current position and further prospects. Consequently, this research and evaluation of existing evidence seeks to offer a more plausible conclusion towards answering these long-term questions. The findings here guide future intervention and ideological discussion on the conflict. So far, China and US continue to suffer adversely from the ensuing tussle and ongoing conflict. Each nation seeks to solidify its economic dominance across the Pacific region and the rest of the globe. China has already spread its economic tentacles across the globe, especially the merging regions of Asia and Africa where there is potential. America dominates the established regions in the continents of America, Europe and parts of Asia. The countries need to evaluate, understand and seek to effect the right changes that would safeguard the welfare of their economy and sustain their operations in the country without any significant hitches on its population. Consequently, the aftermath of this conflict and other events that emerge may create a possible tie breaker and redefine global dominance in the coming decades.

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