

Research Report

Economic and Social Council

2 | Measures to counter the side effects of the trade war
between China and the USA

Table of Contents

Table of Contents	2
Introduction	3
Definition of Key Terms	4
Current State of Affairs	5
Major Countries and Organizations	6
Bibliography	9

Introduction

“The China-United States trade war is an ongoing economic conflict between China and the United States of America. President Donald Trump began the trade war by setting tariffs and other trade barriers on China in 2018. He did so with the goal of forcing China to change its "unfair trade practices" and intellectual property theft. The Trump administration stated that these practices contribute to the increasing U.S.–China **trade deficit**. Donald Trump has spoken about the growing trade deficit throughout his campaign trail, this left him extremely politically motivated to lower the trade deficit between these countries. Critics say that these sanctions were a way of making a political statement.

As a response to US trade measures, the Chinese government has accused the Trump administration of engaging in **protectionism**. On January 15, 2020, the two sides reached a phase one agreement, however, tensions continued to persist. While Trump's presidency ended in January 2021, experts expect the trade war to continue under the Biden administration as President Joe Biden has no plans to end the tariffs in place.

Nearly all economists who responded to surveys conducted by the Associated Press and Reuters said that Trump's tariffs would do more harm than good to the economy of the United States, and some economists advocated for alternate means for the United States to address its trade deficit with China.

The trade war has negatively impacted the economies of both the United States and China. In the United States, it has led to higher prices for consumers and financial difficulties for farmers. In China, the trade war contributed to a slowdown in the rate of economic and industrial output growth, which had already been on a decline. Many American companies have shifted supply chains to elsewhere in Asia, bringing fears that the trade war would lead to a US-China **economic 'decoupling'**. In other countries, the trade war has also caused economic damage, though some countries have benefited from increased manufacturing to fill the gaps. It has also led to stock market instability. Governments around the world have taken steps to address some of the damage caused by economic conflict.

Internationally, there has been a decent amount of support for the end goal of the Trump administration's (better human rights in China, fair labour laws and a unified competition in manufacturing) trade war of trying to change China's trade policies, while there has also been criticism of the use of tariffs and the trade war's negative economic impact. Among American industries, U.S. businesses and agricultural industries have opposed the trade war, though most farmers continued to support

Trump. Among U.S. politicians, some disagreed with the tactics Trump employed, but most agreed with the goal of putting pressure on China.”¹

Definition of Key Terms

Trade deficit- A trade deficit occurs when a country's imports exceed its exports during a given time period. It is also referred to as a negative balance of trade (BOT).

Protectionism- Protectionism is the economic policy of restricting imports from other countries through methods such as tariffs on imported goods, import quotas, and a variety of other government regulations.

Economic decoupling- The separation of previously linked systems so that they may operate independently. In context refers to the separation of US-China trade.

Current State of Affairs

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“Updates in 2021

1. On January 13, 2021, the Trump administration banned cotton and tomato products originating in Xinjiang, including products manufactured outside of China but using cotton and tomatoes from Xinjiang, over forced labor allegations.
2. On January 20, 2021, Trump left office and Joe Biden was inaugurated as president of the United States. Biden said that he did not have immediate plans to remove the tariffs and planned to review the phase one trade deal and discuss the matter with allies first.
3. On February 22, 2021, China's Foreign Minister Wang Yi called for US President Joe Biden to lift the multiple restrictions imposed by Trump. During a Foreign Ministry forum on US-China relations, he urged the Biden administration to lift the sanctions on trade and people-to-people contact, while asking it to stop interfering in China's internal affairs.”¹

Use resources below to study the in depth timeline of the conflict:

[**Peterson Institute for International Economics**](#) (Updated February 8, 2021 12:45 PM)

[**Reuters**](#) (Updated January 15, 2020 4:38 PM)

¹ “China–United States Trade War.” Wikipedia, Wikimedia Foundation, 7 Mar. 2021, en.wikipedia.org/wiki/China%E2%80%93United_States_trade_war#:~:text=The%20trade%20war%20has%20negatively,and%20financial%20difficulties%20for%20farmers.

[China Briefing](#) (Updated August 25, 2020 12:00 AM)

Major Countries and Organizations

United States of America

The U.S. is a country of 50 states covering a vast swath of North America, with Alaska in the northwest and Hawaii extending the nation's presence into the Pacific Ocean. Major Atlantic Coast cities are New York, a global finance and culture center, and capital Washington, DC. Midwestern metropolis Chicago is known for influential architecture and on the west coast, Los Angeles' Hollywood is famed for filmmaking.²

It initiated the conflict in 2018 after President Donald Trump imposed sanctions on China.

People's Republic of China

China, officially the People's Republic of China, is a country in East Asia. It is the world's most populous country, with a population of around 1.4 billion. Covering approximately 9.6 million square kilometers, it is the world's third or fourth-largest country by area.³

It came under economic trade barriers from the USA due to human rights violations etc. in 2018.

The global economy was affected by the trade war. Research on how your country, other countries like yours etc. were affected.

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² https://en.wikipedia.org/wiki/United_States

³ <https://en.wikipedia.org/wiki/China>