

MOTIVES AND IMPLICATIONS OF THE UNITED STATES V. CHINA TRADE WAR

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Summary: Sino-US trade war is a very significant problem that both countries, and therefore the world, have been facing for five years. This conflict is an extremely important topic for International Relations, and thus for social science because it can lead to the establishment of a new world order in which China becomes the dominant state that rules the world according to its worldviews. The aim of this article is to inform the readers about the importance of the Sino-US conflict, with a special emphasis on the fact that this conflict is not only of an economic nature, i.e. it is not based only on the deficit that the United States has when it comes to goods/money exchange with China (although this is an important dimension), it also has an ideological and political dimension, which is probably far more significant. Using the method of empirical, critical analysis of available information from relevant sources, this paper analyzes some of the key reasons why the economic conflict itself started when Trump was at the head of the US. Furthermore, this paper offers some of the possible outcomes of the conflict between the US and China itself, offering a critical consideration of how likely each outcome is, and after analyzing direct armed conflict and reconciliation as possible outcomes, settles on a Cold War between the US and China as the most likely scenario which may follow from the tensions between the two states. In addition, the paper shows which country is winning in the conflict. The paper is a good starting point to initially introduce readers to the problem of economic conflict between the US and China, however, a basic understanding of the problem before reading this paper is recommended in order to understand the paper to its full capacity.

Keywords: *United States, China, Trade war, Cold war, Tariffs*

INTRODUCTION

Trade War between the United States and China is a very current dispute between the two leading world economies that still has not been resolved. There are different scenarios that can happen as a result of the trade war that started during Trump's time in office. In order to understand these scenarios, one has to understand the general background of the United States-China relationship and understand why the US was unsatisfied with the relationship they had with the Chinese. Article doesn't focus on the specific industries where the imbalance of trade between the US and China is and which industries have received the greatest blows as a result of the tariffs imposed by either side. Rather, the article focuses on the political aspect of the war, and the political position of US/Chinese leadership throughout the trade war.

Methodology

This paper starts with the question/problem: what is the most likely outcome of the Sino-US Trade War? After explaining how a trade war was initiated, presenting relevant background based on a critical examination of the available records, this paper hypothesizes that the Sino-US Trade War is going to transfer into a Sino-US Cold War. This hypothesis is presented and confirmed after explaining why other possible outcomes are unlikely, including a hot war (unlikely because both sides understand that the other is in possession of a nuclear weapon capable of destroying them) and one side backing down (unlikely because it would ultimately mean that the side that backed down got scared before the other). Because any side backing down or sides starting a hot war is unlikely, cold war becomes more likely. Furthermore, as Sino-US tensions grow, it is most likely that sides are going to try to decouple from each other, cutting down on interdependence, in hopes of spreading their influence to ultimately take the victory over the other side. This article makes it clear that the US is in a far superior position when it comes to spreading the influence as it has far more allies.

General background

The 20th century is generally considered to be “the American century”; the time during which the US was a clearly dominant force in most fields. Starting at the end of the Second World War, the United States rose to become the world’s superpower. Even though the second part of the 20th century was a period of Cold War during which the US competed with the Soviet Union across different fields such as military, economy, social system (communism vs capitalism), sports, space exploration, etc., it is clear that during most of the 20th century, the US was the dominant world force when it comes to culture, politics, economy. Naturally, the US world dominance spilled over to the 21st century and this dominance played an important role in how the United States foreign policy was shaped.

On the other hand, China was not seen as an important player in international economy/politics during the period of US dominance. With the fact that the Soviet Union was the second economy of the world during the period of the Cold War, one might argue that China was to a degree shadowed by the Soviet Union. It is important to understand that China’s growth that allowed it to become the second-largest economy of the world today, started at the end of the 1970s. During this time, China started to open itself towards the world economically giving large companies cheap labor and low taxes which motivated these companies to open their factories in China. Quickly after opening itself up to the world, China became “the World Factory”. Large companies and businesses opened their factories in China allowing the country to spend more money on supporting its domestic companies. Fast forward to more recent times, and China has grown dramatically and is a country that can realistically rival the United States economically. While we still live in a world of United States dominance, it is clear that many countries and regions have closed the gap between them and the United States, thus it is accurate to claim that the United States is not as powerful economically/politically as it was 30/50/70 years ago. The United States achieving dominance was helped by the effects of the Second World War. While the United States eventually got involved in the War, the Second World War was mostly taking place in Europe. As a result, European countries were left destroyed and were heavily weakened by the War, while the United States came out of the war with only “minor bruises”. This allowed the United States to take the throne of being a clear dominant force of

the world, as there were no realistic rivals. “Increasing economic power of China during the recent decades alongside with declining share of the United States in the global production and international trade in the beginning of the 21st century has led to a change in the geopolitical landscape of the world” (Kapustina, Lipková, Silin, & Drevalov, 2020) As time passed by, the gap between the United States and others was getting smaller. With the emergence and growth of globalization, the United States were able to grow rapidly, but so did the others. After opening up to the world China realized that it can offer a lot in the growing globalized world when it comes to products and it can easily import what it is lacking. As a result, China started to rapidly grow and today is considered the largest growing economy of the world. Furthermore, the growth that China has experienced is seen as one of the fastest, if not the fastest, economic growths in recorded history. Because of it, China has passed everyone else, becoming the second-largest economy of the world, and gunning for the number one spot.

The breaking point for the United States

The US and China are trading partners and this has been the case for years. Not only do United States companies have hundreds of factories located in China, but China exports its raw materials and products to the United States. That said, one might ask why the trade dispute with China even started. Why would any country, and especially the most powerful country in the world, the United States, do anything that can in the slightest undermine the relationship with its biggest trading partner?

United States goods and services trade with China totaled an estimated \$615.2 billion in 2020. Exports were \$164.9 billion; imports were \$450.4 billion. The United States trade deficit with China was \$285.5 billion in 2020. China is currently United States’ largest trading partner with \$559.2 billion in total trade during 2020. Exports totaled \$124.5 billion; imports totaled \$434.7 billion. The U.S. trade deficit with China was \$310.3 billion in 2020. (Office of the United States Trade Representative, 2020)

Based on this data it is clear that the United States is losing money to China when it comes to trade. This has been a general rule rather than one-year exception.

Where does Donald Trump fit in?

While China and US had a strong trading relationship, the problem for the United States, was debated for a very long time, probably during most of the 21st century, however, this debate was never brought to the government level. During 2016 presidential elections, Trump was very vocal on different issues that he felt had a negative impact on the United States. As part of his 2016 presidential campaign, Trump gave a lot of attention to China talking about how the United States was losing money on trade with China in an unfair game. During his speech, Trump stated “We can’t continue to allow China to rape our country, and that is what they are doing.” (Diamond, 2016), to illustrate how he felt about China.

Researchers point out that Trump’s idea of “making America great again” led the US to directly violate international law and multilateral agreements, guided exceedingly only by national interests. (Kapustina, Lipková, Silin, & Drevalev, 2020) Starting in 2017, President Donald Trump embarked on a protectionist campaign in an attempt to bring manufacturing jobs back to the US from countries such as China where such jobs have been outsourced (Evans, 2019)

After being elected, Trump’s team started to investigate the relationship with China, thus Trump started imposing sanctions and tariffs on products imported from China. While Trump’s ideal case scenario was to raise tariffs on Chinese products for a short period of time and then make China comply with certain US demands, that was not possible as China is a powerful country that can afford to enter a dispute even with the United States. What actually happened: China struck back, imposing sanctions on US products. Trumponomics, which includes economic policies of President Trump, takes an “America-first” approach; by doing so, it risks creating a more polarized global economy. In fact, it has triggered the biggest global trade war by imposing a new import duty on 818 goods from China totaling \$34 billion. (Evans, 2019) Pushed by Trumponomics, US and China entered a trade war in a tit for tat battle, where each side reciprocated, lifting its tariffs towards the other. (Itakura, 2019) Both sides were looking at industries in which the other is most vulnerable. “A trade war is an economic conflict that results from extreme protectionism where countries raise or create tariffs (or other trade barriers) against each other in retaliation to trade barriers created by the other party.” (Evans, 2019)

What is the United States' angle?

Citizens of the United States are generally uninterested in politics and are labeled as apolitical. Most do not even participate in elections, however, those that do vote in elections, believe that politicians are going to act in the National Interest. National interest can be defined as a rational outcome that a state is going to favor and is going to act in the direction that is going to allow for that outcome to happen.

While China was number one trading partner of the United States, the trade between the United States and China sees a huge imbalance. As stated earlier, the United States is importing much more products from China than it is exporting to China, which puts them in the back seat regarding this relationship. Generally, China is responsible for about two-thirds (2/3) of the total exports between the two countries. The United States does make a lot of money selling products in China, however, presented data shows that the trade United States has with China isn't all that impressive. While the United States makes a lot of money selling products in China, China makes significantly more money selling products in the United States. By launching a trade war with China, Trump was hoping to level out the playing field; to stop China from extracting money from the United States.

Another important reason why Trump initiated trade war is that he believed that China has gained economic wealth by playing unfairly. There are two main ways how China hasn't played fair. One way is that China treats Chinese companies differently. US companies are going to have a hard time entering Chinese market, while its Chinese competitors have a significantly better position as they have better market access, but they are also helped a lot by the Chinese government as they can be freed from taxes, or maybe the land they built their factory on was given by the government for free. This puts foreign companies looking to enter the Chinese market in inferior position from which it is hard to do business. (Isbrucker, 2019) Trump wanted to have the same export numbers towards China as China has towards the US. He believed that this could be achieved through raising tariffs; pushing Chinese government to lower their tariffs on United States products; making China have a fairer approach on its domestic Chinese markets. While it is debatable whether a lot of Trump's decisions were in the US National Interest, the firm approach towards China was indeed the policy US pursued. The

problem was Trump's execution, as he was too vocal for a lot of the problems to be resolved. Regardless, the US cannot allow losing such large amounts of money on a yearly basis to China, therefore, the unfair game that China is playing has to be put to an end.

While not as significant, the escalation of the trade war brought Huawei into the war. The US had reasons to believe that China was using Huawei to spy on United States companies and their secrets. Alongside this, Huawei had legal disputes with different US tech companies on multiple occasions, especially with Apple; Huawei was accused of stealing patents and product ideas.

All this combined was not something that the United States was able to go over, thus, with the push of Donald Trump, the trade war started. It is important to note that this trade war is not only about the economy and money. The United States wants to have a fair playing field when it comes to the relationship with China and alongside this the United States wants China to have a fair approach on its Chinese market. Furthermore, the United States wants to prevent China from spying on its companies and using the data gained from spying for commercial purposes.

All the sanctions imposed by the United States are not imposed without a domestic cost. Since China continued to sell its products in the United States, citizens of the United States ultimately had to pay higher prices for Chinese products which did not help their economic case.

What comes next?

When the US initiated a trade war with China, it did so in order to level out the playing field on the Chinese market so that US companies can compete in the Chinese market on a fair basis. In addition, the US did so in order to reduce the imbalance of trade and Chinese advantage over the United States. Finally, the United States took this stance towards China in order to protect its companies and the products, technology, and information US companies possess which were stolen by Chinese companies. Despite this China had a different view. Not only was China unwilling to correct its unfair approach on the Chinese market, it also countered back, imposing sanctions to the US, making it clear that it does not regret being a "dirty player" in the slightest.

There are different possible outcomes coming from the trade war. China would prefer an outcome where both it and the US go back to the relationship they had before. This would mean that China is going to continue to use the same unfair tactics on domestic market alongside being completely fine with the imbalance of trade with the United States. However, this outcome is next to impossible as the United States isn't going to tolerate unfair gains. "The United States and China signed an historic and enforceable agreement on a Phase One trade deal on January 15, 2020. The agreement requires structural reforms and other changes to China's economic and trade regime." (Office of the United States Trade Representative, 2020) This agreement was to make sure that China buys more products from US companies and also was to make sure new fair cooperation. While this was the original idea, data shows that China has failed to meet what was agreed upon. China purchased only about 60% of the products that it supposed to purchase based on Phase One. While there are many that believe that the Trade War ended, it would be more accurate to claim that its development stopped. After the world entered the COVID-19 crisis, pretty much every other topic was back seated. One could argue that China failed to meet what was agreed upon in the Phase One Agreement as a result of COVID-19.

It is very hard to predict future outcomes, but there are some ideas floating around that fit as likely to happen.

New president, same story, different tactic

It is already mentioned that Donald Trump played a major role in the US taking a firmer approach towards China, however, it is accurate to claim that he was a satellite over which general US agenda towards China was transmitted. Despite the fact that Donald Trump wasn't elected president during the 2020 elections, their stance towards China did not change. That is not to say that there are no differences when it comes to the approach United States is taking toward China and global politics in general. Trump is often characterized as a very aggressive and sometimes narcissist leader that looks to achieve the goals he has for the United States by all means. Trump was ready to act unilaterally if he felt as though that is the quickest and least resource-consuming way to achieve the goal. On the other hand, Joe Biden who took office after the 2020 elections has a different

approach to dealing with problems. Joe Biden is all about a multilateral approach to dealing with problems, although essentially every United States President at some point chooses to act unilaterally. What Biden favors compared to Trump is “alliance of democracies”, however, the US firm approach towards China is not changing because of the change of leadership. A parallel can be made with a football game. In football, teams that are playing each other are going to try to win the game. The difference might be that one team has a more defensive style of play, whereas the other team might only focus on attack. Ultimately, both are trying to win. In that same way, it is clear that the United States took a very firm stance towards China and that started with Donald Trump. Trump was very vocal about it and played a “flashy” approach card. On the other hand, Joe Biden is much subtler, playing behind the scenes, yet the firm stance of the United States towards China remains. Tactic changed; goal remained.

Is anyone going to back down?

While it is possible that one side, backs down it is very unlikely to expect that. As it is later going to be explained, while the Trade War is manifested in economy and trade, it goes much deeper into ideology, organization, and world views.

Because both China and the United States are ready to use all resources at their disposal to preserve their view it is very unlikely that any side is going to back down. Hypothetically if China was to back down one might ask a question, where would that lead? Would the tensions between China and the United States relax?

While the United States would welcome China to cut down tariffs, they would not be satisfied until the trading imbalance they have with China is levelled again. An argument can be made that the United States is playing a very selfish game, not allowing China to compete freely. This argument implies that if one side is able to win significantly more than the other side, because of the free market and free competition that the United States is proudly promoting, it should not be stopped through the use of hard or soft power of the other state, but rather through market competition. The argument would be legitimate if China did not have an unfair approach to the market and if Chinese companies did not gain the advantage based on the dishonest approach of Chinese government. As it was

already mentioned, China has been playing unfairly, especially on its domestic Chinese market. The treatment Chinese government has towards its domestic companies makes it significantly harder for US companies to take part in fair competition on the Chinese market. Furthermore, what makes this argument flawed is another already mentioned fact that China and Chinese companies have spied on a lot of United States companies, stealing their ideas and products. While the United States is guilty of espionage, it never uses that espionage for commercial purposes, unlike China. Having said that, while the United States would favor China to remove taxes on products coming from the United States, the United States would not be satisfied until it has a level playing field when it comes to trade with China. That would mean that China would have to play a fair on its domestic market and would have to play fair in general. As it is mentioned and will later be better explained, the conflict between China and the United States goes far beyond trade and enters a realm of politics and ideologies. As a result, the US would be ready to loosen its stance towards China if it was to become more cooperative on different global issues and if it was to stop being a hard-headed actor. Despite everything said, a scenario of China or the United States backing down is very unlikely as it would to a certain degree mean that the side that backed down first was the one that ultimately got scared, hesitated, and didn't believe in itself. Perhaps there are some other possible scenarios that might be better fitting for the situation.

Can a trade war escalate into a full-on hot war?

A scenario that might happen is tensions growing so much that a trade war turns into a full-on hot war. Currently, the trade war between China and the United States is associated with a race for global economic power and domination. The US is clearly the leading global economic force and China is looking to take the driver's seat. Hot war between China and the United States is a very undesirable scenario as that would most likely lead to a complete shift in global power. Because both countries are in possession of nuclear weapons, there is no doubt that nuclear resources would be used at a certain point. That would most likely lead to both Chinese and the US infrastructure being destroyed which could open a void for another country to take the leading role and becoming the number one dominant

superpower. It is certain that neither of the two are going to be able to claim/keep the number one spot if they start a hot war as they (their infrastructure, influence) are probably going to be destroyed and will have to rebuild much of the things they currently possess. Because of the fact that both are aware that they are going to lose the number one spot (currently in possession of the United States) as well as the number two spot (currently in possession of China), the scenario where the two sides start a hot war is unlikely. That is why a cold war between the two sides is a better option.

Is the Cold War on the horizon?

Because there is so much “bad blood” between the United States and China, especially from recent events that happened as part of the trade war, it is very likely that decoupling of the two economies is going to start. Both China and the United States recognize each other as the primary rival for spreading their influence, thus it is very likely that both will try to separate their systems from one another. This decoupling can lead to Cold War between the two sides; where direct military conflict is not likely to happen, but high tensions between the United States and China as well as them supporting different sides within other conflicts is very likely.

Even though it will take years, and perhaps even decades, for the two economies to decouple as they are very interdependent, there is no doubt that their destroyed relationship can be healed without one side backing down. Because both sides are unlikely to back down, as that would mean that they are consciously putting themselves in the back seat, it is more likely that they are going to try to find alternatives to each other (alternative markets, places for production etc.) in order to try to ultimately come out as a winner. When the trade war between the United States and China is talked about, even though it has a general economic note, it goes much deeper than money as it includes a lot of political questions. In order for a country to be the number one superpower of the world, it needs to be able to check very specific boxes.

That country needs to be very capable militarily. The most powerful country of the world needs to have various forms of financial resources, and lots of it, that it can use to buy various forms of influence and invest in different important things. That

country needs to have the ability to win over allies. (Beckley, 2021) United States is a country that checks all the mentioned boxes. It has a very capable military and is pretty much the only state in the world that has the ability to successfully fight wars far beyond its borders. The US is undoubtedly a country with far more resources at its disposal compared to China and is able to use it to get what it desires. Finally, the United States takes pride in alliances it has established over the last 50 to 100 years. It is true that the United States has on some occasions taken different path, bypassing the alliances, acting unilaterally, however, generally the United States cherishes the relationship it has with its allies. On the other hand, China does not necessarily check all of the boxes, at least not at the moment. It is true that China has a very powerful military and that its military resources are far beyond what most countries have, especially when we talk about the number of men, however, in a world where military technology is much more important than soldier count, China most certainly is far behind the United States. While China might be capable of successfully fighting wars close to its borders, it still doesn't have military resources that would allow it to successfully fight wars that far exceed its borders. China is a very powerful country; however, the financial resources China has at its disposal are far fewer than what the United States has. While China earns a lot of money and is pretty much winning trade with every major entity in the world, it is a country that has great debt. Furthermore, because of such a high population count, China is nowhere near a wealthy country. Essentially, China has much less capabilities of burning as much money as the United States on getting the outcome it desires. When it comes to allies, China is not able to check that box either, as it has far fewer allies compared to the United States. Lack of allies means that it is much harder for China to spread its influence to other parts of the world. All of the mentioned factors suggest that China cannot rival the United States when it comes to a lot of different fields, however, that does not mean that things are going to stay the same way in the future. Even though China cannot grow at a rate it has grown for the last few decades, further economic growth of China is inevitable and that is the primary reason for why the world might enter a period of another cold war, only this time it is going to be between China and the United States.

United States and China have a very different view of how a world should be shaped, hence the reason why the conflict between China and the United States is

not only about the economy. It is also about power trajectory and world politics. China is a country that has a very interesting internal organization. It combines certain elements of capitalism with communism. It is accurate to claim that China is an autocracy and that the regime that rules China is very autocratic yet the market is open and free (to a degree). Chinese leader, as well as the Party, is the main source of power.

Because of the regime, China has a very clear way of how the world should run. The firm rule of the ruling party, a high degree of censorship, and some other autocratic ideas are what is being promoted in China. On the other side, the United States is a democracy, a country that is very clearly committed to the spreading of democracy and liberal ideas to other parts of the world. The regime and idea promoted is enough for the two sides to have a conflict of views. A good example of how China and the United States have different, conflicting views is regarding the spread of information and news. In today's day and age, the internet is the main source of information for most people worldwide, or at least those that have access to the internet. Chinese autocratic regime promotes a high degree of censorship and believes that a state should have the ability to censor certain content to ensure the protection of the ruling group. For this task, Chinese government employs a large number of people. They are employed specifically to monitor content on the internet that is consumed by many people and then censor that content if it is not in the interest of the Party. In contrast, this idea is unthinkable in the United States and deserves huge condemnation. While the US is going to heavily oppose this and has a different view of what is right and how a world should run, China believes its view is the only right way of acting. As a result, conflict of world views between the two sides is in play. This example illustrates how a conflict of views between the United States and China goes very deep into ideology and that the economic trade war that is in play currently is a manifestation of far deeper issues. It is very hard to predict the future especially in international relations, hence the reason why a cold war between the United States and China is not 100% certain, however, it is still very likely option. Hypothetically, if the cold war were about to start, or if the cold war between the United States and China was in play today a question might come up: who is going to win? While it is a hard prediction, realistically, the United States is far more likely to come out as the winner of the cold war with China. As it

stands, the United States has far more financial resources than China. That is not to say that China is not capable of striking back, however, the United States would definitely be in the driver's seat regarding finances and how much money it can use in order to win the hypothetical cold war. Lack of resources translates over to military capabilities; China would be in an inferior position compared to the United States. Because the Cold war is something that is discussed one might say that military capabilities are not as important as there is no direct armed conflict between the two sides, however, the role of military capabilities in the cold war would be very important as sides would be able to use their military to gain allies and spread influence to other parts of the world. As a result, the United States would definitely have the upper hand. An argument regarding China growing economically to the point where it can genuinely rival the United States when it comes to the amount of money it can use to win over the influence over other territories can be used. Future Chinese economic growth is going to allow China to acquire more money that it can later spend on winning over allies. However, this argument is flawed because it does not consider the Chinese growth curve. It is generally known that China has seen an amazing uprise in a relatively short timeframe, however, it is unrealistic to think that Chinese economic growth is going to continue at the same rate. Even with the growth of economy, China has seen in the last few decades, it is still far behind the United States in that category. Based on some research (Rajah & Leng, 2022) the US economy in 2020 was still about 40% larger in certain areas than China's. Furthermore, while China is going to economically grow in the future, although not at the rate it has grown over the last few decades, no one is implying that the economy of the United States is going to stagnate. The United States economy is showing no signs of slowing down. Having mentioned that, it is accurate to claim that a cold war between China and the US is very likely, especially because of all the tensions between the two. This implies that the United States and China are going to try to spread their influence as much as possible and are going to conflict each other on different levels across different fields. The outcome of a cold war between the United States and China is something that is very hard to predict, especially at a time when that war is talked about as one possibility and is not actually in play, but based on what has been mentioned, the United States is more likely to come out victorious from that war.

Who is winning the trade war?

A common question asked is: Who won the trade war?

That question in itself is flawed for one particular reason which is that it implies that the trade war is over. While there are some who believe the trade war is over and while it is a topic that is discussed less often, especially since the worldwide COVID-19 pandemic shook the world, it is inaccurate to claim that the trade war ended. Since Biden took office after winning the 2020 elections, the US has taken a much less vocal approach to many of the things it is involved in including the Trade war. That can be attributed to the less vocal (compared to Trump) style of leading a country Biden takes.

This less vocal approach of the US towards China might lead some to believe that the trade war with China is over as there isn't a lot of coverage on it, however, that is not the case. The trade war, while currently not in the spotlight, is still very much in play. That said, a more accurate question to ask is: who is winning the trade war? To answer this one has to understand all the different indicators that can suggest who is winning the war. There is different evidence that can suggest that the United States is leading the trade war, thus making it more likely to come out of the trade war victorious. "Chinese companies facing American tariffs exported less to the U.S., reduced hiring, spent less on research and development and were less likely to start new firms." (Wiesemeyer, 2022) Fewer exports towards the United States that Chinese companies faced would imply that China ultimately loses the war, allowing the United States to be in the driver's seat. The main problem with this argument is that there are indicators that show the US as the losing side.

US pointed out that China and Chinese companies are stealing products and ideas from the US companies and wanted to move towards a future in which China stops using espionage to steal ideas or at least stops using stolen ideas and products commercially. Despite the demands of the United States, little evidence can be found of China complying.

Furthermore, in the Phase one agreement, China agreed to buy additional 200 billion USD of products from the United States to even out the trade imbalance, however, "China fell 40% short of its commitment in a Phase 1 trade deal"

(Wiesemeyer, 2022) An argument contributing to China is the worldwide COVID-19 pandemic that broke out preventing China from meeting what has been agreed upon in Phase one, however, regardless of what the reason is for why China did not buy more products, the trade imbalance remained.

Despite the fact that China and the US are the two countries involved in a trade war, they are not the only ones faced with major losses as China is indirectly targeting countries in which there is a strong United States influence.

“Chinese exporters have stopped importing Australian coal, sugar, barley, lobsters, wine, copper, and log lumber since 2020.... Japan filed a formal complaint with the World Trade Organization over anti-dumping charges imposed by China on the stainless-steel imports since July 2019” (China’s trade war with US resulted in loss of USD 550 billion: Report, 2022)

This shows how other countries, in this case, Japan and Australia, are affected by moves that China makes as part of the Trade war. China is ready to manipulate the free trade deals it has with certain countries and is ready to manipulate both international and domestic markets in order to dampen the negative impact of the trade war. While it is still hard to say who is winning the trade war, and while there are a lot of countries that were negatively affected, there are third parties that have gained a lot as a result. These countries started to export goods to the United States that China used to sell to the US.

“It’s not China or the United States but the likes of Vietnam, Taiwan and Chile that have emerged as the winners of the trade dispute between the world’s biggest economies.” (Deutsche Welle, 2019)

Vietnam has so far been the biggest beneficiary of the trade diversion, increasing its GDP by about 7,9% as a result of increased exports to both China and the United States. (International Finance, 2019)

Growth of third countries as a result of the trade war between China and the US happened as both sides started to look for alternatives. However, as it was mentioned, there are examples of third countries losing as a result of the trade war.

CONCLUSION

The United States and China are countries that represent two different regimes, each with its own view of how a world should be organized and how it should function. The US is a democracy looking to spread the democratic and liberal idea of the free and fair world, whereas China is an authoritarian regime that has a completely different view of how a world should run, which compliments its authoritarian nature.

Because of the huge deficit US has when it comes to trade with China, the fact China is playing the unfair game both on its domestic market and foreign markets, stealing secrets for commercial purposes from US companies, Trump, then the President of the United States, decided to launch a trade war against China. That ultimately resulted in the destruction of the relationship between the two sides.

As a result of the very strong effects of the trade war, the negative effects spilled over to other countries of the world, however, there were states, such as Vietnam or Taiwan that actually benefited from the trade war.

It is very hard to predict what the future might bring but there are some scenarios that are likely to come as a result of the trade war that includes one side backing down and the relationship between China and the US getting restored through an agreement. A hot war is another possibility, though, the likeliness of it is slim as both sides understand that costs of a hot war are too high.

Having said that, a Cold war between China and the US is the most likely option. During this cold war, both sides are going to look for alternative ways they can grow their economies as well as spread their influence, though, the United States has an advantage when it comes to the spread of influence to other parts of the world.

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Motivi i implikacije trgovinskog rata između Sjedinjenih Američkih Država i Kine

Sažetak: Trgovinski rat između Sjedinjenih Američkih Država i Kine je veoma značajan problem sa kojim se obje države, a samim time i svijet, susreću već pet godina. Ovaj sukob je izuzetno važna tema za Međunarodne odnose, a time i za društvene nauke, iz razloga što može dovesti do stvaranja novog svjetskog poretka, poretka u kojem Kina postaje dominantna država koja uređuje svijet prema svojim viđenjima. Cilj ovog rada jeste da upozna čitaoce s važnošću sukoba između Kine i Sjedinjenih Američkih Država, sa posebnim naglaskom na činjenicu da ovaj sukob nije samo ekonomske prirode, odnosno ne zasniva se samo na deficitu koji Sjedinjene Američke Države imaju kada je u pitanju robno-novčana razmjena sa Kinom (iako je to njegova važna dimenzija), već ima i drugu, ideološku, političku dimenziju, koja je vjerovatno daleko značajnija od ekonomske. Metodnom empirijske, kritičke analize dostupnih informacija iz relevantnih izvora, ovaj rad nastoji analizirati neke od ključnih razloga zbog kojih je sam ekonomski sukob i počeo u vrijeme kada je Donald Trump bio na čelu Sjedinjenih Američkih Država. Nadalje, ovaj rad nudi neke od mogućih ishoda samog sukoba između Sjedinjenih Američkih Država i Kine, uz kritičko razmatranje vjerovatnosti svakog ishoda, te se nakon analize izravnog oružanog sukoba i pomirenja kao mogućih ishoda zaustavlja na hladnom ratu između Sjedinjenih Američkih Država i Kine kao najvjerovatnijem scenariju koji može slijediti iz tenzija između dvije države. Također, ovaj rad prikazuje koja država pobjeđuje u dosadašnjem sukobu. Rad je dobra početna tačka za inicijalno upoznavanje čitalaca sa problemom ekonomskog sukoba između Sjedinjenih Američkih Država i Kine, međutim, osnovno razumijevanje problema prije čitanja ovog rada je preporuka kako bi se rad razumio u punom kapacitetu.

Ključne riječi: *Sjedinjene Američke Države, Kina, trgovinski sukob, hladni rat, carine*