

US vs China Trade War

Background

In recent history tension has arisen between The US and China. The US claim that China's rapid growth is unfair as they have cheated and exploited workers. However, China argues that it's only making use of its most abundant resource (labour). A trade war can be defined as a situation in which countries try to damage each other's trade, typically by the imposition of tariffs or quota restrictions.



Significant events of the trade war so far

The first event of the trade war can be seen as the imposition of a tariff of 25% on 818 categories of goods imported from China leading China to warn the US of a trade war.

Comments from Trump such as 'China's entry into the WTO enabled the greatest jobs theft in history' added fuel to the fire. China has either proposed or imposed tariffs on \$110 billion dollars of US goods while the US has a tariff of \$200 billion dollars of Chinese goods.

In May 2019 trump threatened to raise the tariff on goods from 10% to 25% - Reuters (news outlet) reported that China had back tracked on almost every aspect of the deal

It seems that the US has come out the 'winner' of this trade war causing China to go into economic slowdown. Most recently, Beijing has urged New Dehli to join the fight against 'unilateralism' and 'protectionism' India has long been asking China to open their pharmaceutical market so a deal between China and India may be cut. In addition to this, India already has tariffs on many US products such as Apple.

Huawei



Huawei is a Chinese multinational technology company that provides telecommunications equipment and sells electronics. It is currently ranked No.1 in the world for telecommunications sales and No.2 for consumer electronics.

There has been significant conflict between the US and the Chinese tech giant.

The core issue with Huawei has been concerns about its closeness with the Chinese government, the CIA have recently stated that it is funded by Chinese state security.

The US has actively intervened in the launch of Huawei products, warning other countries such as the Philippines about the dangers of using Huawei devices.

Huawei has also been accused of stealing data and spying on other tech companies in order to gain an upper-hand.

The ban on Huawei has now gone so far that it is now illegal to have a Huawei device in a military base.

Global effects

Global economic growth is already slowing with this trade war making matters worse. This is backed up by the evidence that foreign direct investment fell by 13% last year the lowest level since the financial crisis.

The conflict with Huawei has also affected technological advancement slowing the introduction of 5G for many countries.

The tariffs that trump has put on China has led to countries shifting their supply chains away from China.

The US economy has been uplifted by around \$12 trillion whereas China's has sunk by around \$20 million.