

## **The United States and China's Trade War: A Search for Global Dominance**

*The Americas*

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**Abstract:** Due to its negative impact on global markets, the ongoing Trade War between the United States and China has caught the eyes of the world. While there is considerable media coverage about what exactly is going on, not much is discussed regarding what is driving the dispute. This paper characterizes it as an issue of power, arguing that it shows that the United States is willing to do everything in its power to preserve its position in the international system. To reach this conclusion, an analysis was made of how these two countries have interacted since Donald Trump took office and how the relationship worsened over time due to the United States' aggressive actions in the region. The aggressive character and sense of urgency of the Trump administration to act reveals that the main

motive driving the Trade War is not what is claimed by the American government, which is reaching a fairer economic relationship, but halting Chinese growth out of fear they will shortly surpass the United States. Chinese recent actions show that they are not the one driving the conflict; they merely retaliate American tariffs with proportional economic measures. Their aggressive approach to retaliation and actions in the South China Sea, however, demonstrate that China is willing to do anything to reach a position of political and economic dominance. It also reveals a country uncertain about its own identity, driven by its willingness to acquire as much power as possible.

The trade war between the United States and China is an issue of power. Since the end of the Second World War, the United States has occupied the position of sole hegemon in the international system and has used its economic and military might to make sure it remains as such. China's rapid rise, its violation of intellectual property, the monopolistic character of its actions in the South China Sea as well as its technological development question that very position. In an increasingly interconnected world, those who possess and control advanced technology will be the ones ruling the world. The United States' actions regarding the trade war with China clearly illustrate how the Trump administration is willing to do everything in its power to preserve its position in the international system and fight against a rising superpower.

The views of the American president regarding China have been crystal-

clear since the start of the presidential campaign of 2016. In an interview with the New York Times in 2016 Trump already expressed concern over China's actions in Asia, arguing that "the best way to halt China's placement of military airfields and anti-aircraft batteries on reclaimed islands in the South China Sea was to threaten its access to American markets" (Sanger & Haberman, 2016). He has also insisted that, as president, he would tariff a staggering 45 percent of all Chinese goods (Rattner, 2016), and "bring jobs back from China" (The New York Times, 2016). Excerpts like these not only reveal Trump's protectionist tendencies and his willingness to use trade as a political weapon, but they also show how Americans perceive Chinese actions in the South China Sea as possibly threatening their interests.

As a consequence of Trump's views being so clear, by the beginning of his presidency countries were already worried about the impacts his foreign policy could

have on the international system. When Trump took office, the Chinese government reportedly “weighed options for how to respond to hostile trade moves by Trump” (Bryan, 2017). By March, the concern reached scholars: writing to the *National Law Review*, Maberry et al. expressed concern over the possibility of Trump’s tariffs causing a trade war. For them, imposing tariffs on China would not only create a situation similar to the one that generated the Great Depression, but it would also violate the most-favored-nation principle, which is signed by all members of the WTO. After a period of uncertainty, the tariffs started coming in March 2018 when President Trump announced he would be imposing approximately \$50 billion worth of tariffs on products coming from China (Heeb, 2019). In June, the administration released a statement saying that it would introduce a new 25% tariff rate on Chinese imports worth \$34 billion, which was then

increased to \$200 billion. The rapid imposition of tariffs decreased in December 2018, when Trump and Xi met at the G20 summit and designed a truce, delaying thus the escalation until the beginning of March. The rapid increase of American tariffs imposed on Chinese goods shows President Trump’s aggressiveness and sense of urgency regarding this issue, which indicates that there is much more underlying the official reasons given by the president of reaching a fairer economic situation.

China’s response to the trade war has been no less aggressive than the United States’. Three months before Trump’s first tariff, China imposed stricter requirements on American soybeans to harm the agriculture sector of the United States (Lee, 2018). By doing this, China demonstrated that it was willing to stand up to threats and would fight back in the eventuality of American economic measures. Soybeans and airplanes are the obvious choice for

China to attack because these are the two American industries whose products are most exported to China (Lee, 2018).

Responding to the first tariffs Trump imposed in March, China released a list on April 4th, 2018, of many American goods which would be subject to retaliatory tariffs (Heeb, 2019). In retaliation to another set of tariffs, China responded with an equivalent amount on August 1st, 2018. These examples show that China does not take the leading role in the issue of the trade war; they merely retaliate what the Trump administration imposes on them, which consequently indicates that the one driving this situation forwards is the United States. Even though the Trump administration would claim that the objective of the trade war is to achieve a fairer trading situation with China, it is actually driving the economic dispute to hurt the Chinese economy. China targeting agriculture and airplanes shows that the Chinese

government is willing to strike back as firmly as they can to avoid tariffs and push for a resolution for the conflict.

Since becoming president, Donald Trump has offered several reasons as to why he would impose tariffs on China. The main one is the trade imbalance of approximately \$375 billion (Charter and Parry, 2018), which means that the Americans are buying much more from the Chinese than vice versa. There is not a consensus, however, on whether that is a positive or negative situation to have. China, contrary to the view of the Trump administration, sees the trade imbalance as beyond their control, arguing that it “depends less on trade policy than on national and international trends in consumption and savings patterns, beyond the short-term control of governments” (Charter and Parry, 2018). Trump has also accused the Chinese government on twitter of being a “currency manipulator, fabricator of climate change, dishonest trader of steel

and automobiles” (The Salt Lake Tribune, 2017). Beneath the official reasons given by the president, there is a much more robust explanation as to why Trump is so willing to impose tariffs on China: to halt Chinese growth out of fear that they will surpass the U.S. in the future. Trump’s actions are motivated by America’s failure to keep China under its sphere of influence. In “US-China trade war: What is really going on,” Harsh V. Pant points out that:

Since the end of the Cold War, the American strategy vis-a-vis China was premised on the assumption that the more the U.S. engages China, the faster China would become more like the U.S. and emerge a responsible stakeholder in managing a global order set by the U.S. and its allies after the end of the Second World War.

The insistence of the Chinese government on maintaining the Communist

Party in power, as well as its questionable economic strategies, such as its forced technological transfers (Lee, 2018) and intellectual property violations, shows that the American dream of a submissive China is not going to happen any time soon. Furthermore, China’s aggressive actions towards acquiring dominance over the South China Sea, as well as its collaboration with controversial states such as North Korea, show China’s willingness to do whatever it takes to reach the top. To the American perspective, these actions are threatening because it questions their position as the sole hegemon and threatens their interests in the region as a significant number of American relations with other states is based on this premise of America’s power in the world.

Beyond the acquisition of global dominance, this trade war is also about the development of new technological superpowers. With China’s economic rise came the increasing need for technological

advances in their production capabilities. China's strategy was to invest in the formation and improvement of its production capabilities so that they would depend less on products made in other countries. Even though this story seems reasonable enough, just a need for technology based on growth does not seem to be the entire reason why China became a technological superpower: it has to do with the country's ambitions of occupying a leading position in the international system. This idea naturally threatens the United States, arguably the leading nation in technology in the last decades with companies possessing an impressive global reach such as Apple and Microsoft. China's technological development and its intellectual property theft allegations introduce a different China, not the world's second-largest economy, but one with a troubled identity, who is fighting to figure out who they ought to be based on an

idealized view of the world in which they will become the next America. Naturally, it will be under their communist tendencies; yet this idea is exemplified in many aspects of the Chinese economy. Examples go from as macro as aiming for global dominance to as micro as technology companies such as Huawei being accused of "trying to steal trade secrets from Apple" (Field, 2019) and the multiple accusations of intellectual property theft on Chinese companies such as Huawei, Xiaomi, and many others.

The question which remains is whether there is an end to the conflict in sight. The harsh consequences the world is facing as a result of the conflict and the possible effects which are still to come pressures both parties to find a resolution as soon as possible. Ahead of a scheduled meeting between the United States and China on the 10<sup>th</sup> and 11<sup>th</sup> of October, the Chinese government has released a statement saying that it has the intention of

solving the conflict in the most “calm, rational and cooperative manner” (Woo & Yao, 2019). One might argue that this is not surprising and that it does not give much hope to the international community since the trade war has been paused again and again, yet recent events show a different story. Despite being able to hurt the Chinese economy (Woo & Yao, 2019), the Trump administration was not able to contain China’s increasing sphere of influence, and only hurt its economy and American foreign relations in the process. Therefore, it seems likely that this time both administrations will have no choice but to find a consensus on this matter which, if continued, will affect not only the parties involved but the entire world as well.

As seen, the trade war is more complicated and has much more underlying consequences and motivations than it seems at first. The statements from the president of the United States showed that he had been

thinking about imposing tariffs on China since before winning the election. The increasing rate with which his administration approached the trade war characterizes its nature: a dispute in which the American government is willing to do everything it can to stop the Chinese rise and maintain its position in the international system as the most powerful state militarily, economically and technologically. China’s response to the tariffs drew a picture of a country that is not afraid to go after a powerful state to achieve their view of their future. It also brought the image of a state uncertain about its own identity, one driven by a worldview in which they will become the next hegemon.

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