

Q

Describe US-Sino trade war.
Causes of prevailing trade war and its implications on geo-political economy.

Answer

Introduction

"The world must accept the direction towards the multipolarity of the world."

(- Xi Jinping, 2022)

US-Sino trade war is an evidence of multipolar world.

In fact, several reasons are behind the US-Sino trade war.

Resultantly, negative impacts are not only on the both countries' economies, but also the geo-political economies.

2- US-Sino trade war - an overview

"China is the largest economy of the

world and will soon be the first largest economy of the world by 2030."

(- Fitch, F.S. Moody)

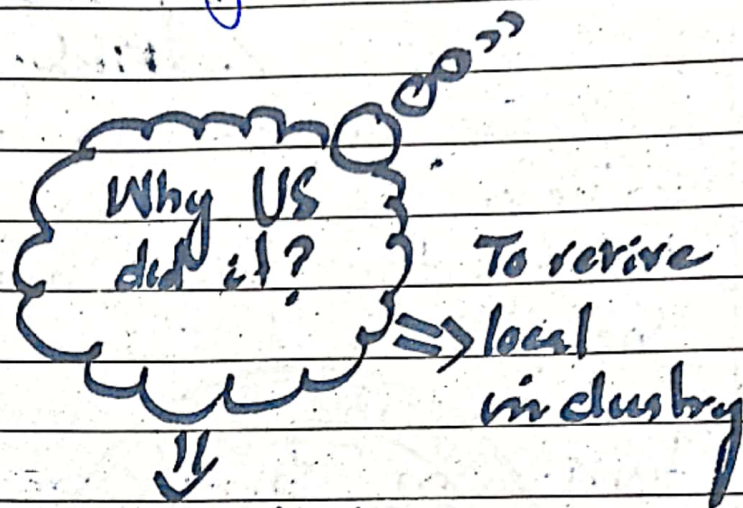
The growing economic influence of China has led to the trade war between the US and China. As a result, the US imposed tariffs on Chinese products in order to make its economy survive. In retaliation, China also imposed tariffs on the US products. Thus, trade war resulted between two economic powers.

3- Reasons behind the trade war between the US and China

Following are reasons behind the trade war:

a) The US - footstep towards the trade war.

The US imposed taxes on Chinese products due to following concerns:



i) To revive local industry of the US

To revive local industry the US imposed heavier tariffs on Chinese products. As a result Chinese products became more expensive. According to CNN,

"the US revived its local industry at rate of 35pc by 2019."

(- CNN, revival of

US industry, 2019)

Hence, the US did it in order to revive local industry.

ii) To reduce trade deficit

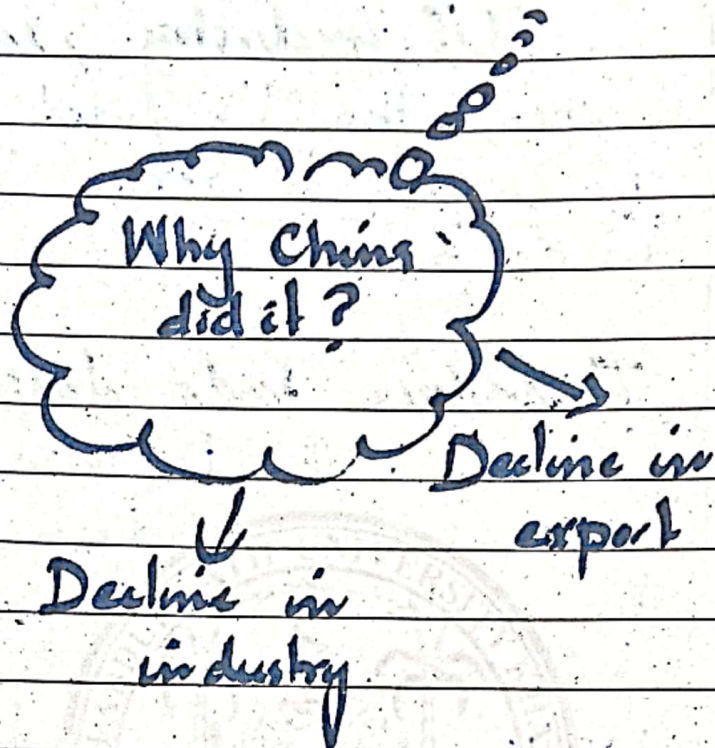
The US imposed taxes on Chinese products in order to reduce trade deficit. Due to cheaper cost of Chinese products, the US had trade deficit. In Fiscal year 2017-18, "the US trade deficit was of \$535 billion from China side."

(- Economy Survey, 2018)

Thus, in order to reduce trade deficit, the US imposed tariffs on Chinese products.

b) The China's concern towards trade war

China did all in retaliation because of following reasons:



i) China's decline in export
China's decline in export was a reason behind imposing tax on the US products. Due to the US tariffs, China's export to the US declined. According to the Chinese Bureau of Statistics,

"China's export declined by \$200 billion due to the US-tariffs."

(- China's Bureau of Statistics, 2019)

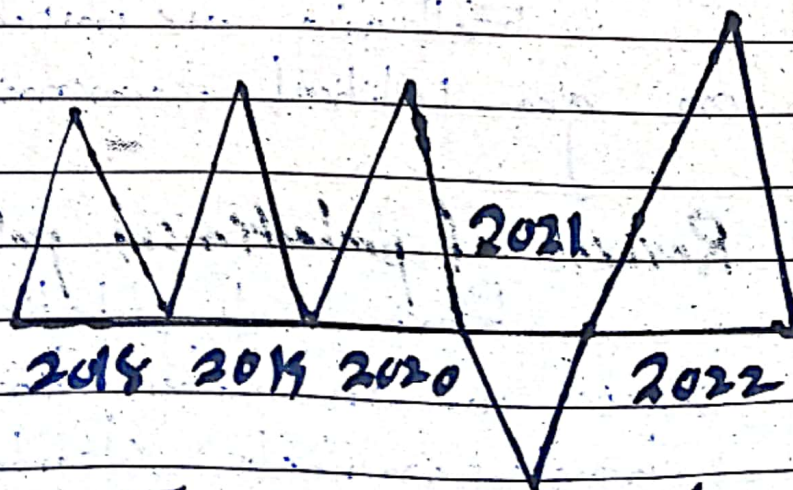
Therefore, in retaliation,
China imposed taxes on
the US products.

ii) China's industrial decline

China's industrial decline is another cause of imposing tariffs. The US tariffs became a cause of industrial decline of China. As per economic statistics,

"China's industrial declined was a huge in 2021."

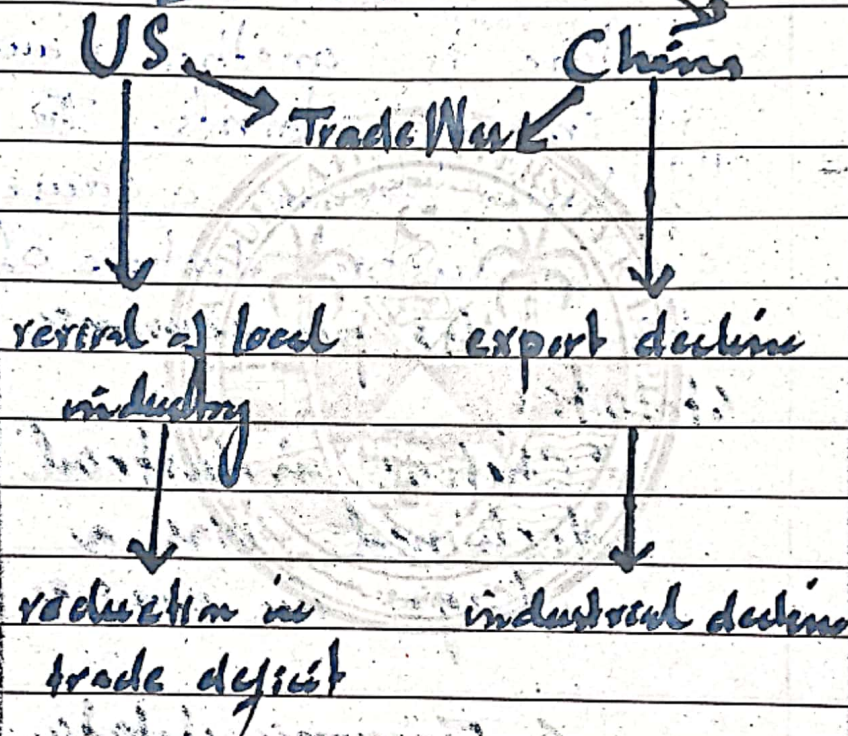
(- Economic statistic, 2022)



• Economic survey of
China's industry

Therefore, China imposed taxes on the US products.

Reasons behind trade war



4- Implications in geo-political economies

Following are impacts on geo-political economies:

- a) Revival of protectionist policies
 Revival of protectionist policies in an international trade markets started.

Due to US-Sino trade war, the US not only imposed tariffs on Chinese products, but also on "the US imposed tariffs on ASEAN, India, Japan, Australia, Canada etc."

(= reversal of protectionist policies will lead to trade conflict, 2021)

Thus, reversal of protectionist policies started in an international trade markets.

b) Chinese influence in an international market increased

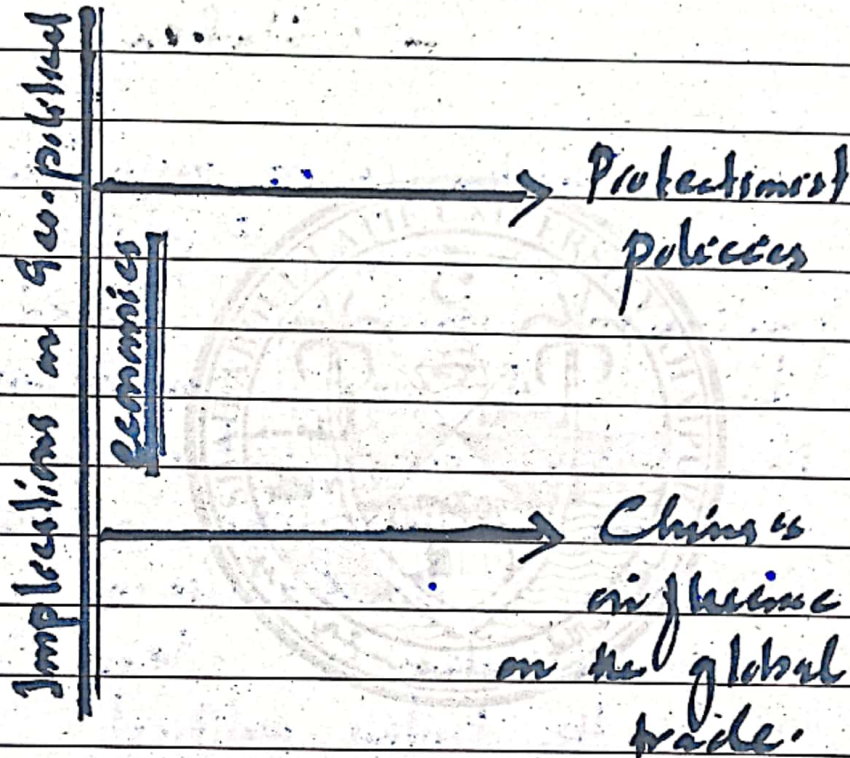
Moreover, Chinese products got access in an international markets due to protectionist policies.

• the US quit of from the trans-pacific partnership (TPP) and this increased

increased its influence?

(- Fitch, F.S. Meedys)

Thus, China made the
U.S. products incompatible in
an international market.



5.

Conclusion

"The West must
end its peace
holidays."

(- the US - secretary)

The US-trade war and
due to several reasons,
China's product got

access in an international trade markets. In fact, the trade war between two super power economies influence the geo-politics economies, too.