

US China have indulged in cold war 2.0, ranging from trade war to military competition, Analyze major contours of cold war 2.0?

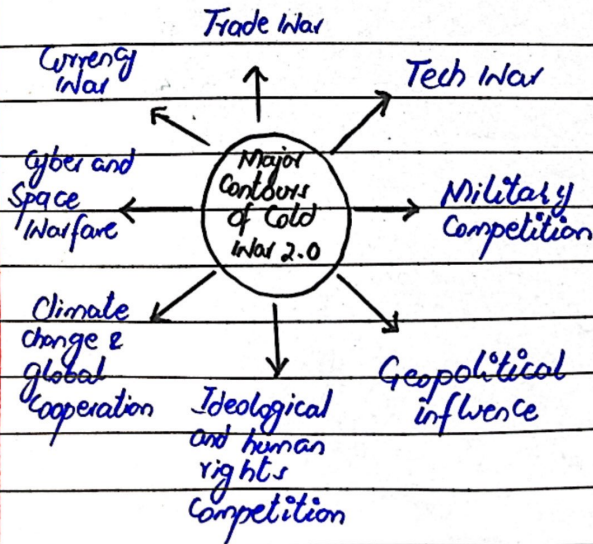
1) Introduction

The relationship between the United States and China has evolved into a multifaceted competition, often termed as 'cold war 2.0'. This modern rivalry spans various domains including economic trade, technological advancement, military powers, and ideological influence. Unlike original cold war, which was marked by direct military confrontation, this iteration is characterized by indirect competition and strategic maneuvering.

"China and US are engaged in competition that has no precedent in modern history, a rivalry between a rising and established superpower that is both economic and military in nature."

(Graham Allison)
 - Political Scientist
 - Harvard University

2/ Major Contours of Cold War 2.0



(A) Trade War - Key front of Cold War 2.0

(i) Start of US-China Trade War

The economic battleground is the key front of cold war 2.0. The US-China trade war started in 2018, has led to tariffs on over **\$350 billion** in Chinese goods and retaliatory tariffs on US goods. US imposed taxes on more than **3000** commodities mainly on steel and Aluminium goods, electric and electronic supplies. China targeted agricultural goods, electric goods and luxury products of US.

(ii) Reasons of US imposing tariffs

The major reason behind US imposing tariffs was that US products were unable to compete with Chinese products in local market because of cheap Chinese products, low labour cost, low price in Chinese currency. Hence, Chinese products

flooded US market. Another reason was to reduce trade deficit. In 2017-18, faced a deficit of \$ 635 billion, more than 50% was with China. US exported \$ 114 billion to china and imported \$ 418 billion.

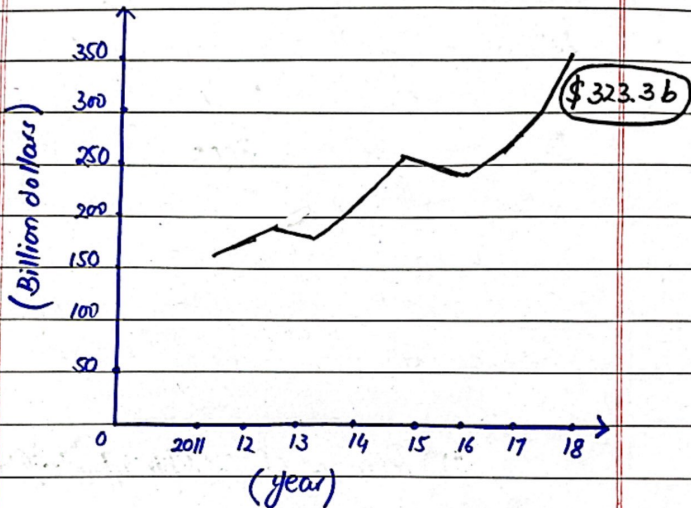
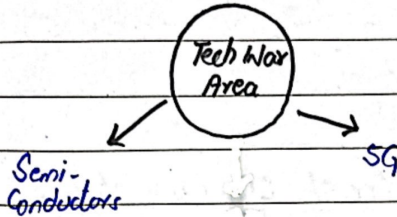


Fig: US trade deficit with China

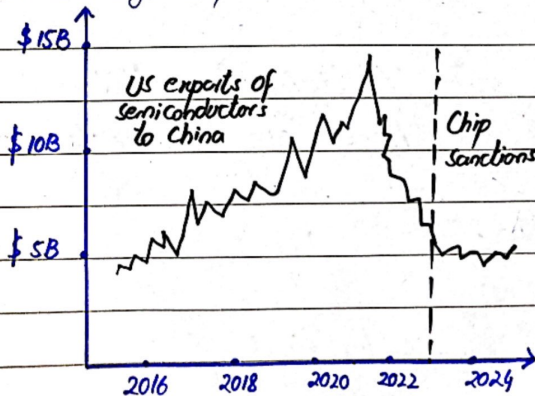
China's exports were reduced by \$200 billion. Beijing was left with no option but to retaliate.

(B) Technological Rivalry of US - China



(i) Semi Conductor War of US-China

Semi-conductors are key battlegrounds. The US dominates high end chip design and production, while China is major consumer. US has restricted its exports to Chinese firms like **Huawei**, crippling their ability to produce advanced electronics.



(ii) 5G Competition of US and China

China through companies like Huawei, had led the world in 5G deployment

"The Number of 5G base stations in China had risen to nearly 3.92 million by end of June"

(Ministry of Industry and IT China)

US and allies have been wary of potential security risks from Huawei involvement in Global telecom, thus banning or limiting Huawei participation in 5G network.

(c) Military Competition

Arms Race & Power Projection

The military dimension of Cold War 2.0 is intensifying, particularly in Indo-Pacific Region. China's

growing defense budget is evident of it, while US remains world's top spender.

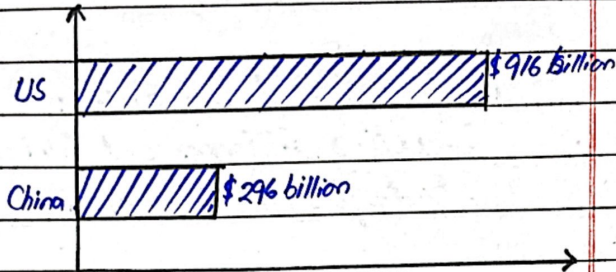
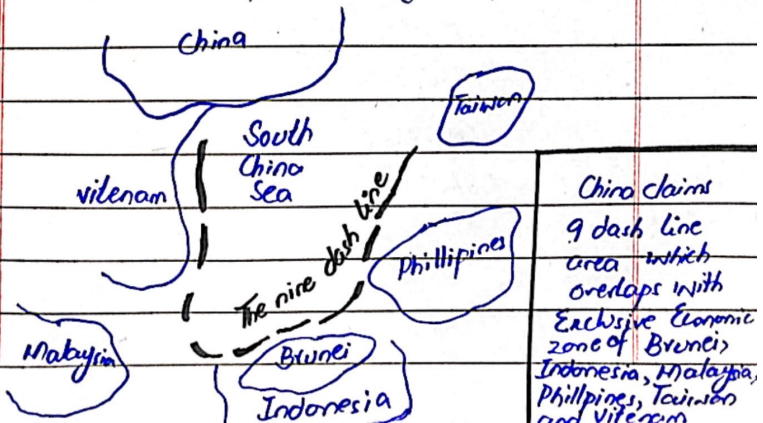
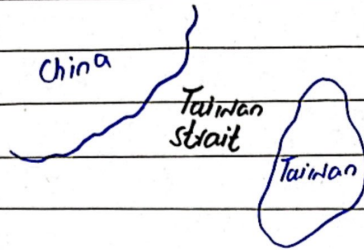


Fig: US & China Military Spending 23

Key flashpoints include South China Sea, where China's expensive territorial claims threaten international shipping routes and Taiwan strait where support of US for Taiwan's defense raises risk of military conflict.





(d) Geopolitical Influence : Competing Alliances and Global Strategies of US - China

The U.S and China are competing for influence through competing alliances and strategic investments.

China's **Belt and Road Initiative (BRI)** has extended to reach over 149 countries, focusing on infrastructural development in Asia, Africa and Latin America.

In response US is reinforcing partnership through regional alliances like **AUKUS** (Australia, UK, US) and **Quad**, aimed at counterbalancing China's rise in Indopacific.

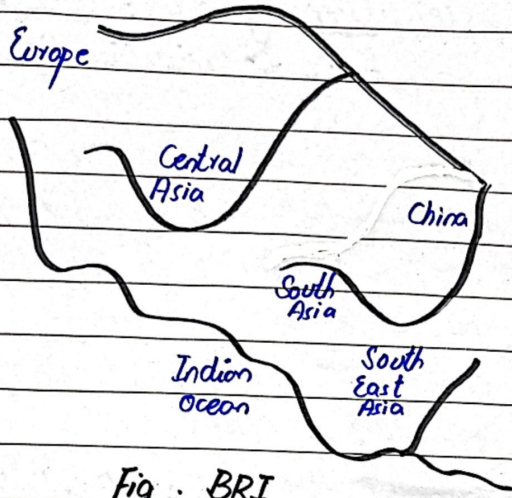


Fig : BRI

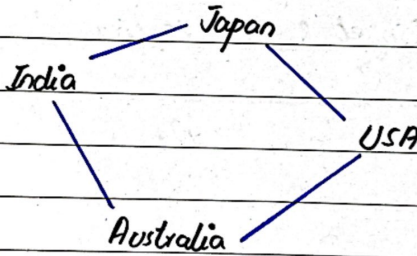


Fig : QUAD

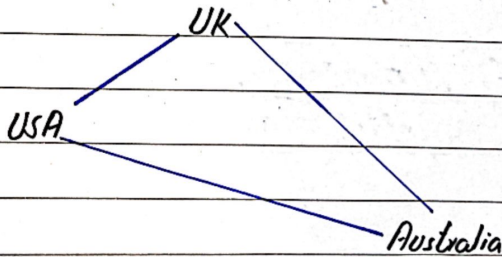


Fig : AUKUS

(e) Currency War: Yuanization & De-Dollarization by China

Yuanization and De-Dollarization are key strategies of China to reduce reliance on US dollar and promote Yuan in international trade and finance. China has been actively encouraging use of Yuan through bilateral trade agreements e.g. Yuan vs Rubel, Yuan vs Iranian Riyal, Yuan vs Pkr, Yuan vs Ringgit & Yuan vs Lira. Moreover, China has signed currency swap agreement with 40+ countries. China is encouraging BRI participating countries to transact in Yuan. As a result, share of Yuan in global reserves has increased by 3%.

(f) Ideological and Human Rights Competition of US-China

The ideological divide between two countries is significant, with

US promoting democracy (Ranked 27th on Democracy Index) and China endorsing state led authoritarianism (scoring 3.3 on scale of 1/10 for political rights).

This clash affects global influence, particularly on human rights, highlighted by detention of 1 Million Uyghurs in Xinjiang under China's policies.

(9) Cyber and Space Warfare of US and China

Cybersecurity and space exploration are emerging battleground of cold war 2.0, with both US and China accusing cyber espionage. In 2021, US attributed significant cyber attacks such as SolarWinds hack, to Russian and Chinese actors, further straining relation.

In space, China's ambitious Lunar exploration program, including its Chang'e 5 mission and development of Tiangong space station challenging

US dominance.

3/ Conclusion

Cold war 2.0 between US and China is characterized by intense competition across economic, technological, military domains. The rivalry influences global politics and alliances, heightens tensions in hotspots like south China sea and Taiwan.