Research Article

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The Dimensions of the US-China Trade War

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Abstract: The Chinese Ministry of Commerce issued a statement Friday morning, July 6, 2018, confirming the outbreak of a trade war between the United States and China. The statement came after the United States imposed tariffs on many Chinese goods, in violation of international and bilateral agreements, and the destruction of the concept of free trade which the United States calls for following it. It is a war of opposite directions, especially the contradiction between the new Trump policy and the Chinese approach. The proof is what US Defense Secretary James Mattis announced in Singapore in early June 2018 of “*the full strategy of the new United States, in the Indian Ocean and the Pacific*,” where China was the “*sole enemy of the United States*” in China’s geostrategic region. Intentions have become publicized, and trade war between the two economic giants is turning into a reality. This paper will give an overview of the US-China scenario of trade war, then a focused analysis on the Trump’s administration economic decision regarding China, and the consequences of this decision.

Keywords: China; United States; Trade War; Sino-American Relations; Tariffs.

1 Introduction

In international relations, the state must be more cautious about economic security. US President Donald Trump is following a unique policy that is different from his predecessors, a policy based on the fact that the United States is the strongest country in the world; he is relying on the US economic and military power to achieve his campaign goals.

The United States has launched an economic war on China, through the imposition of taxes on goods imported from China worth 34000 million dollars. For its part, following the principle of reciprocity, China imposed the same tariffs on goods imported from the United States¹. The United States applied a 25 per cent tariff on all goods imported from China, but the most important question remains: Can the two economic giants survive this war with no fatal losses? Will these economic sanctions weaken China? This paper will be mostly focused on these two questions through analyzing the current situation based on numbers, data and facts.

The main headline on which President Donald Trump relied during his campaign was “to restore glory to the American nation, prosperity and stability to the American people”, and he promised to stop the Chinese economic giant because it is threatening the economy of the United States². This promise led him to the White House because the American people are fed up with wars and invasions. A new policy was being applied³; the new US president’s policy is based on raising money and is purely economic. The US president believes that China is threatening the economy of the United States, the United States officials consider China to be in breach of many international conventions and rules

1 Dominic Rushe & Benjamin Hass, Could Trump’s Chest-Thumping Over China Trigger a Trade War?, THE GUARDIAN, Dec. 10, 2016, <https://www.theguardian.com/business/2016/dec/10/chinatrade-war-trump-tariffs-exports>.

2 Tessa Berenson, Donald Trump Details Plan to Rewrite Global Trade Rules, TIME, June 28, 2016, <http://time.com/4385989/donald-trump-trade-china-speech/>

3 Benjamin Applebaum, Experts Warn of Backlash in Donald Trump’s China Trade Policies, NY Times, May 2, 2016, <https://www.nytimes.com/2016/05/03/us/politics/donald-trump-trade-policychina.html>

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and doesn't adhere to WTO principles; these are the main reasons for the trade war between the two economic giants⁴. The majority of current members of the US administration believe China is a threat to the US economy⁵.

In 1900, the customs tariff imposed by China accounted for 30 percent, because it was trying to curb foreign goods entering the country and to develop the industrial sector. In 2016, tariffs were 1.5 percent, the lowest level.

US President Donald Trump aims through this step to encourage the American people to buy national products. The US President believes this is the best way to reduce the trade deficit with China. On the one hand, China is a superpower and its economy dominates the world, especially after it joined the World Trade Organization in 2001, and being opened to the economies of the world. Some US economists believed that this new policy could carry many negative consequences for the United States, and the US economy would be affected severely, especially if Canada, Mexico and the European Union followed the American policy in dealing with the Chinese economy.

The list of goods covered by tariffs has been updated several times by both governments. China focuses on agricultural products and mechanical parts of the energy sector, while the United States targets a large number of industrial products. Data from the US Bureau of Statistics indicate that the United States is heavily focused on imports. Since 1992, China has been the most important economic partner of the United States.

2 The terms “Trade” and “War”

In terms of language and terminology, “*Trade*” is the basic economic concept involving the buying and selling of goods and services, with compensation paid by a buyer to a seller, or the exchange of goods or services between parties. The most common medium of exchange for these transactions is money, but trade may also be executed with the exchange of goods or services between both parties, referred to as a barter, or payment with virtual currency, the most popular of which is bit coin.

In his book “*On War*”, Carl von Clausewitz defines “*War*” as a duel on an extensive scale. If we would conceive as a unit the countless number of duels which make up a war, we shall do so best by supposing to ourselves two wrestlers. Each strives by physical force to compel the other to submit to his will: his first object is to throw his adversary, and thus to render him incapable of further resistance. War therefore is an act of violence to compel our opponent to fulfill our will. Violence arms itself with the inventions of Art and Science in order to contend against violence. Self-imposed restrictions, almost imperceptible and hardly worth mentioning, termed usages of International Law, accompany it without essentially impairing its power. Violence, that is to say physical force (for there is no moral force without the conception of states and law), is therefore the means; the compulsory submission of the enemy to our will is the ultimate object. In order to attain this object fully, the enemy must be disarmed; and this is, correctly speaking, the real aim of hostilities in theory. It takes the place of the final object, and puts it aside in a manner as something not properly belonging to war.

3 History of Sino-American Relations

The relationship between the United States and China is controversial and concerns thinkers and political analysts. The United States is classified as the number one power in the world, in terms of its economic and military power. China is considered as a rising power because it is developing rapidly in the economic and scientific fields. This relationship has been marked by significant events.

The Sino-US relations date back to the era of US President George Washington after the Treaty of Wanghia in 1845⁶. The relationship between the two countries was good or normal and became tense after the regime changed and the

⁴ Charles Wallace, China's Abusive Trade Practices Likely to Focus Trump's Wrath, FORBES, Feb. 8, 2017, <https://www.forbes.com/sites/charleswallace1/2017/02/08/chinas-abusive-trade-practices-likely-tofocus-trumps-wrath/#541a81eb6fdc>

⁵ THE ECONOMIST, Peter Navarro is About to Become One of the World's Most Powerful Economists, Jan. 21, 2017, <http://www.economist.com/news/briefing/21715017-there-are-reasons-be-worried-aboutthead-donald-trumps-new-national-trade-council-peter>

⁶ The Treaty of Wanghia was a diplomatic agreement between Qing dynasty of China and United States, signed on July 3, 1844 in the Kun Iam Temple. Its official title name is the Treaty of peace, amity, and commerce, between the United States of America and the Chinese Empire.

communist government came to power. Unlike the Europeans, US President William McKinley in 1899 worked on an “open door” policy with China as a way for the United States to enter China, but China refused to respond. In 1919, during the reign of President Woodrow Wilson, America showed their hideous face during “Versailles Conference”, giving the demilitarized Shandong Peninsula from Germany to Japan instead of the Chinese.

During the Great Famine, specifically during Herbert Hoover and Franklin Roosevelt’s reigns, the United States provided food assistance to China during the late 1920s, and the United States supported the government in China under the leadership of Chiang Kai-shek. However, Mao Zedong’s accession to power and the establishment of socialist leftist system has led to the expulsion of the United States from China and the relations between the two countries have been broken for 30 years (1949-1979)⁷.

Communist China was comfortable with its hostility to the United States and did not seek to restore relations, but it was the United States that took the step to open up to the Chinese after a visit by US President Richard Nixon to Beijing in February 1972 with National Security Adviser Henry Kissinger⁸. President Nixon said “We will build a bridge across 16,000 miles and 22 years of hostility which have divided us in the past”. The visit resulted in the signing of the Shanghai Treaty, the Declaration on the Establishment of Diplomatic Relations and the August 17 Statement. In January 1979, under the administration of President Jimmy Carter, relations were officially restored.

The United States’ biggest motive for taking this decision was the state of hostility between the United States and the Soviet Union. The United States and the Soviet Union were in a cold war and a strong conflict. China’s policy towards the United States was peaceful and not hostile, and this encouraged the United States to rethink its relations with China. In 1965, Mao Zedong rejected the PLA’s entry into Vietnam for war against the United States, and this is one of the steps that demonstrate the wisdom in the Chinese policy⁹. Henry Kissinger, the National Security adviser to President Nixon, said “No Communist leader was then challenging Moscow’s doctrinal preeminence more rigorously than Mao. If the Brezhnev Doctrine [...] had any obvious application, it was to Mao’s China”.¹⁰

The Ronald Reagan era was different from the Carter era, which increased arms sales to Taiwan and took a higher stand against China, resulting in Chinese dissatisfaction with the new policy that followed. The dispute ended with the signing of a statement between the United States and China to reduce the amount of arms sold to Taiwan and work for peace in the Taiwan Strait. In December 1997 an agreement on military cooperation between the two countries was reached in Washington.

In January 1998, US Defense Secretary William Cohen visited China and signed an agreement to promote maritime military safety. In 2017, the United States conducted naval patrols in the South China Sea to indicate that the islands established by China are located in international waters. In July 2018, two US destroyers sailed through a Taiwan Strait, a message to China that the United States will be present in the region whenever it is necessary.

The United States today is not convinced of peaceful competition with China and believes that China’s economic growth is a direct threat to its interests in the world, thereby weakening US economic power¹¹. Senator Jesse Helms (R-NC) concluded in the late 1990s that “those who support economic engagement with China must recognize it for what it is— appeasement. . . We must have a new approach”¹².

With every new US president coming to power, Sino-American relations are getting worse, and every US president wants to eliminate the Chinese giant, but this is a difficult mission, and more recently with President Donald Trump, who has come to impose economic sanctions on China, which led to a trade war.

The US administration was always trying to make a linkage between politics, economy and freedom in the case of China, and this can be clear in the words of George W. Bush’s national security adviser and secretary of state, Condoleezza Rice, in February 2000 “. . . trade in general can open up the Chinese economy and, ultimately, its politics too. This view requires faith in the power of markets and economic freedom to drive political change, but it is a faith confirmed by experiences around the globe”.¹³ Despite all the verbal pressure, political reform has stalled, and according to the

⁷ John Holdridge, *Crossing the Divide* (Lanham: Rowman & Littlefield Publishers, Inc., 1997), 1-22

⁸ Margaret Macmillan, *Nixon and Mao: The Week That Changed the World* (New York: Random House Publishing Group, 2007), pp. xvi–xxii.

⁹ Robert Dallek, *Nixon and Kissinger: Partners in Power* (New York: HarperCollins Publishers, 2007), 292.

¹⁰ Henry Kissinger, *Years of Renewal* (New York: Simon & Schuster, 1999), 139.

¹¹ Khalizad, et al., *The United States and a Rising China: Strategies and Military Implications* (Santa Monica, CA: The RAND Corporation, 1999)

¹² Jesse Helms, “Two Chinese States,” *Washington Post*, March 31, 2000.

¹³ Condoleezza Rice, “Campaign 2000: Promoting the National Interest,” *Foreign Affairs*, January/February 2000.

State Department's human rights report, there has been some backsliding in respect of international norms of human rights under President Hu Jintao¹⁴.

4 Chinese Economy

China is one of the main economic international powers nowadays, because of its rapidly growing economy. China's economy is the second largest after the United States. Since 2010 it has been the largest exporter of goods and the second largest supplier of foreign investment after the United States. The world's first in terms of foreign direct investment entering the country, which amounted to 129 billion dollars in 2014, and China owns the largest reserves in foreign currency, which is 3.2 trillion dollars.

China's economic policy is successful and effective. China has managed to raise per capita gross domestic product by more than 40 times from \$ 155 per capita in 1978 to about \$ 6,400 in 2015. China has consistently sought to reduce poverty, and to become a global trade and economic center through the Belt and Road initiative. The private sector has an important role in the country's economic growth, poverty reduction and job creation. Private sector companies contributed about 75% of China's GDP between 2010 and 2012 and contributed 90% of exports. Local areas have the right to self-government.

The Chinese economy has undergone many stages, including the Mao Zedong Revolution of 1949 and the proclamation of the socialist system in the country. In the 19th century, China emerged from its international isolation and opened economically to the countries of the world after the failure of military power against Britain. Here was an opportunity to expand Western influence in China and the system quickly turned to capitalism, but this transformation was negative on China and led to economic collapse and an increase in poverty. All of which led to the revolution of 1911, which ended with the overthrow of the monarchy and the proclamation of the republican regime in 1912.

In addition to the Japanese invasion of Manchuria in 1931 and the second Sino-Japanese war between 1937 and 1945, after China's victory, the clashes between the Chinese government and the Communist Party of China began. In 1949 the Communist Party took control and Mao Zedong declared the establishment of the People's Republic of China.

The declaration of the People's Republic of China was accompanied by the adoption of the socialist model. The Soviet model was applied, and so was the idea of medium-term planning and five-year plans. The first five-year plan (1953-1957) focused on the strategy of heavy industries, especially those related to national defense, with the aim of transforming China from an agricultural country to an industrial one. Since the plan was not fully successful, the second Five-Year Plan, or the so-called "Great Leap Forward Strategy" was adopted in the period 1958-1962. One of the most important ideas was to liberate the masses, eliminate bureaucracy and dispense with models, abolish cooperation agreements between China and the Soviet Union and stop Soviet aid to China.

In July 1976, the Premier Zhou Enlai died; he was more sympathetic to reforms than Mao Zedong and felt it important that China make progress with the "four modernizations"¹⁵. The second plan did not succeed, which led to Mao's resignation in favor of Liu Shao qi. Then the Cultural Revolution (1966-1976) was based on self-reliance by reducing individual consumption in order to promote investment, this revolution ended with the death of Mao Zedong in 1976. China followed the post-1978 policy of opening up¹⁶. During the Eleventh Congress of the Communist Party of China, it was agreed to carry out the following reforms: to make the Chinese economy more adaptable to the changes in the world economy and to integrate it, industrial and scientific research then defense, the restructuring of production sectors and allow private projects with the state retaining control of the heavy industry, energy and mining, allowing much greater autonomy and administrative institutions away from the bureaucracy of the ruling party, to encourage the tourism sector, seeking to join international financial and trade bodies.

¹⁴ China: Country Reports on Human Rights Practices (Bureau of Democracy, Human Rights, and Labor), March 8, 2006, <http://www.state.gov/g/drl/rls/hrrpt/2005/61605.htm>.

¹⁵ Li, L., Dray-Novey, A.J. and Kong, H., Beijing: From Imperial Capital to Olympic City. Palgrave Macmillan, 2007, New York

¹⁶ Deng Xiaoping, "Build Socialism with Chinese Characteristics", 1984. Pp. 1-5 in The Research Department of Party Literature, Central Committee of the Communist Party of China (1991) Major Documents of the People's Republic of China – 17 Selected Important Documents since the Third Plenary Session of the Eleventh Central Committee of the Communist Party of China (December 1978 and November 1989). Foreign Languages Press, Beijing

China has announced that opening up to the outside world is one of China's main policies, attracting foreign capital and advanced technology, studying successful experiences in economic planning and management in foreign countries and encouraging state institutions to participate in the competition, encouraging global markets and promote deepening internal reform and economic development.

In 1978, the Treaty of Friendship and Peace was signed with Japan. In 1979, relations with the United States were restored, China's relationship with the Soviet Union improved and a reformed agricultural policy was adopted. In 1984, the ruling party adopted a series of reforms based on decentralization in the management of public enterprises, especially with regard to pricing and employment policies. Local provinces were also entitled to have trade representatives abroad and to open private and joint ventures with foreign investment.

China's economy was catching up with the rest of the world¹⁷. Until 1988, when inflation rose and the situation erupted in one of the most famous demonstrations in Tiananmen Square, at the end of 1988, the Chinese government froze reform measures to control high inflation. In 1992, Deng said "it did not matter if the policies pursued were socialist or capitalist, as long as they would promote development. Development is the only constant that must be pursued, whatever the shape and type of policies".

By 1992, austerity had come to an end and China was once again implementing reform programs. In 1995, China achieved their strategic goal by increasing GDP four times as high as in 1980. In the same year, China sought to join the World Trade Organization (WTO) and to carry out further economic reforms, with real liberalization in 1997, and in 2001 China became a formal member of the World Trade Organization (WTO). In 2005, at the end of the five-year plan, China's economic structure improved significantly, and the poverty value was decreasing¹⁸, for example, Premier Wen Jin-bao stated in a speech at the United Nations addressing the Millennium Development Goals, (MDGs) that "China has brought down the number of people in absolute poverty from 250 million to 15 million in less than 30 years"¹⁹. Also, the value added of non-agricultural industries reached 85.1% and 14.9% for agricultural products. There was also a major boom in infrastructure in terms of road network development and natural gas lines for rural areas. In addition to increasing Chinese technological exports greatly and attention to quality, not just quantity²⁰. China's economic growth continued rapidly, and by 2010, GDP reached 26.1 trillion Yuan, an increase of 7.5% over 2005. GDP per capita increased to nearly US \$ 8000 by 2015, making China one of the top tranche World average incomes.

5 US Economy

There is no doubt that the US economy is the first in the world and is the first choice for foreign investors²¹, due to the largest gross domestic product and the largest consumer market in the world and its dependence on the free economy and trade competition, these factors are sufficient to classify the US economy in the first place²². The United States ranks second in the list of manufacturers after China.

The United States is known for manufacturing refined petroleum products, light trucks, pharmaceuticals, aircraft and automobiles, and manufacturing companies account for 77 percent of total private sector Research and Development spending. Companies operating in the technology sector are rated on the top of the list internationally, such as: Amazon, Apple, Facebook and Microsoft. In addition, the US dollar which is the symbol of globalization today and the currency traded around the world and constitute the largest cash reserves in the world²³. The United States is the world's first agricultural power, both in terms of its production and its exports, as well as the distinction of American agriculture with fertile land and an appropriate climate. Among the most important sectors of agriculture

¹⁷ Denison, E.F. (1962). Sources of Economic Growth and the Alternatives before Us. Committee for Economic Development, New York

¹⁸ Tisdell, C. (2003). China's rural poverty and its entry to the WTO. International Journal of Development Issues, 2(2), 15-36.

¹⁹ Wen, Jin-bao (2008). Commitments to help poor nations honored. China Daily, September 27-28, p. 4. This is the full text of the speech by the Chinese Premier Wen Jin-bao at the UN high-level meeting on the Millennium Development Goals (MDGs) on September 25, 2008.

²⁰ Gao, Z and Tisdell, C. (2004). China's reformed science and technology system: an overview and assessment. Prometheus, 22, 311-331.

²¹ Baten, Jörg, 2016 "A History of the Global Economy. From 1500 to the Present". Cambridge University Press

²² Queally, Jon "China Overtakes US as World's Single Largest Economy". Common Dreams. Common Dreams, October 8, 2014

²³ Benjamin J. Cohen, The Future of Money, Princeton University Press, 2006

are cattle breeding, grain cultivation (maize, wheat, barley), soybeans ... and industrial plants (cotton, peanuts and tobacco), and marine fishing and logging are among the most active sectors.

US electricity production in 2004 was 3.979 trillion kWh. As for oil, its daily production reached 7.61 million barrels per day during 2005, while its imports amounted to 13.15 million barrels per day to cover its huge oil consumption of about 20.73 million barrels per day. The United States has a proven oil reserve of 22.45 billion barrels. In the field of natural gas, America produced 531.1 billion cubic meters and imported 120.6 billion cubic meters to cover its consumption of 635.1 billion cubic meters. US proven gas reserves are 5.451 trillion cubic meters. The oil pipeline is 276,000 km long, while the natural gas pipeline is 331,000 km long, according to 1991 figures²⁴.

By 2004, the United States had the longest road network in the world with 6,407,637 km. High-quality highways constitute the backbone of this road network. There are also many metro networks in the country, with railway lines of about 240,000 km, the longest in the world. In America, travelers prefer air travel on long-haul routes. In 2004, America had 17 of the 30 busiest airports in the world. On the shipping side, 12 out of the 30 busiest airports in America, including the world's busiest cargo terminals which is the Memphis International Airport. In general, there are about 5,000 runways in the United States and more than 200 airlines for passenger or cargo transport. There are a large number of ports in America, including the port of Houston (with 173 million tons of cargo passing through), the port of New York (132 million tons) and other ports such as Los Angeles Harbor, Long Beach Harbor and New Jersey. There are also many rivers and waterways in the United States, such as the Mississippi River, the St. Lawrence Canal and the Great Lakes Canal linking the Great Lakes with the Atlantic Ocean. The length of water channels in the country is about 41 thousand km.

The United States has been the first country economically since the 1890s. The US market is the largest market, in addition to the New York Stock Exchange, the world's largest stock market capitalization. Total foreign investment in the United States is \$ 2.4 trillion, with foreign investments totaling more than \$ 3.3 trillion.

The financial crisis in the United States in 2008 led to a state of economic recession, leading to unemployment. In the recent past, the United States experienced two periods of recession, the first between 1990 and 1991 and the second in 2001, each lasting eight months.

6 The US Administration's Recent Economic Decision on China

The historical trade relationship between the United States and China has brought to the United States more than 2.6 million jobs across all sectors, mostly jobs by Chinese companies in the United States. This reciprocal and mutually beneficial relationship provides the United States with a lot of prosperity and investment. According to a recent study, China was the second-largest US agricultural export market (\$19.6b) in 2017, and US exports to China grew faster than any of the other top 10 US export markets (491%) from 2002 to 2007²⁵.

Since the United States is China's economic partner, the benefit of this relationship is great for the United States. In 2015, China imported from the United States goods and services worth \$ 165 billion, accounting for 7.3 percent of US exports. The United States sells to China many goods such as automobiles, construction materials, economic and financial services, which amounted to \$ 6.7 billion in 2014 and \$ 7.1 billion in 2015, and is expected to increase in the future (if the trade relations between the two countries are stable).

China is one of the most important markets for American goods, and US exports to China have created 1.8 million jobs in the United States and 165 billion dollars in GDP in 2015. In the second year of the Trump presidential term, the US administration decided to impose more duties on Chinese products. In return, China also imposed taxes and duties on American products. Trump is convinced that former US administrations have not dealt well with the Chinese economic raise and gave it the opportunity to become a great economic power. While Wang Shouwen, China's deputy trade minister, said China did not want a trade war with the United States but was ready for the war if it happened.

²⁴ Barr, Robert. "China surpasses US as top energy consumer – Business – Oil & energy – msnbc.com" MSNBC

²⁵ Wayne M. Morrison, "China-US Trade Issues," Report Number RL33536, Congressional Research Service, April 2, 2018.

Trump's promise during his campaign in 2016 was to restore economic prosperity to the United States and restore jobs to Americans. He promised to tax China and deal firmly with China's economy. In return, China promised to take the same measures toward US goods, especially cars, high-tech devices and smart devices.

In December, 2017, China called on the United States to respect the rules of international trade and abide by the dialogue and showed its intention to negotiate in order to find a solution. At a summit between the US and Chinese presidents in Florida in April 2017, Trump's approach towards China was more balanced. But on March 22, 2018, Trump signed an executive memorandum imposing tariffs on China²⁶ because of its unfair trade policy²⁷. Thus, the United States imposed a 25 percent tariff on a list of about 1,300 Chinese products²⁸. "If a trade war happened China will fight till the end to defend its legitimate interests by all necessary means", the Chinese Embassy in Washington said in a statement on March 23. On April 2, the Chinese authorities imposed taxes on 128 US products²⁹ in retaliation for US tariffs on imports of Chinese aluminum and steel³⁰. On April 3, 2018, the U.S. Trade Representative's office published an initial list of 1,300+ Chinese goods to impose taxes upon³¹. On April 4, China's Finance Ministry said China would impose a 25 percent surcharge on 106 US products³².

On April 5, the US President ordered an additional \$ 100 billion in customs duties on Chinese products³³. On April 6, the Chinese Ministry of Commerce issued a statement saying, "If the US side ignores the opposition of China and the international community, and insists on applying unilateralism and protectionism, the Chinese side will go to the end and will not back down".

7 Implications That May Ensur

The economic crisis between China and the United States is not only related to trade but also to national security and political conflict. Many political theorists have predicted an economic war between the United States and China such as Brzezinski and Henry Kissinger. This indicates that China is threatening the US economy, and this is what the United States will not accept. On June 14, 2007, four U.S. Senators introduced legislation "to punish China if it did not change its policy of intervening in currency markets to keep the exchange value of the currency, the Yuan, low"³⁴.

The United States may use the issues of "Taiwan" and "South China Sea" as a tool of pressure on China. This clearly shows the international divide and points to the advent of a new world order. The finance ministers of the G-20 countries ended their meeting in the Argentine capital Buenos Aires by calling for the prevention of inflaming contradictions in intra-trade to avoid provoking trade wars, thus a message to stop trade conflicts.

The relationship between China and the United States and between the dollar and the Yuan is complementary. China's exports to the United States are very large and China is also dependent on the dollar in its trade dealings. The problem will be reciprocated if the US economy weakens.

During his term of office, the US President has strongly criticized the German economy, but surprisingly Europe did not agree with Trump's economic policy toward China, and asked him to back down, and with this American strategy, the Europeans are closer to China and weaving an economic alliance.

The problem created by the United States is certainly not easy to get out of, and the World Trade Organization has an influential role to play in mitigating the dispute. From 1995 to 2015, WTO addressed more than 500 similar issues related to subsidies, tariffs or animal protection measures, among other complaints against Member States. The organization succeeds in resolving many differences through mediation and finding a solution that satisfies the parties.

26 Jeremy Diamond. "Trump hits China with tariffs, heightening concerns of global trade war". CNN

27 Long, Heather (May 31, 2018). "Trump has officially put more tariffs on U.S. allies than on China". Washington Post

28 Lawder, David. "Trump sets tariffs on \$50 billion in Chinese goods; Beijing strikes..." Reuters

29 Merelli, Annalisa. "China tariffs: The complete list of 128 affected good class of goods — Quartz". qz.com

30 Kuo, Lily (April 2, 2018). "China retaliates against Trump tariffs with levy on US food imports". the Guardian

31 Swanson, Ana (April 3, 2018). "White House Unveils Tariffs on 1,300 Chinese Products". The New York Times

32 Rauhala, Emily (April 4, 2018). "China fires back at Trump with the threat of tariffs on 106 U.S. products, including soybeans". Washington Post

33 Aiello, Chloe (April 5, 2018). "Trump proposes \$100 billion in additional tariffs on Chinese products". CNBC

34 The New York Times, "4 in Senate Seek Penalty for China," 14 June 2007

But the US president now rejects this solution because, according to Trump, the Chinese economy is endangering US national security.

The United States exports 140 billion dollars' worth of goods and services to China and more than 900,000 jobs in the United States are being created. These figures will not be secured after the new US policy towards China.

China may also stop dealing with American Boeing planes and replace them with the European Airbus, and technology companies such as Apple will be at risk. The world's 500 richest people are losing an average of \$ 71 billion every day as global stock markets plummet. We see Harley Davidson's fears of the war, and the company is thinking of moving to Europe because of taxes on imported goods.

China is opening up to Asia and Europe through the One Belt One Road initiative, while the US is closing doors and raising taxes to live in economic isolation and a created war. In this trade war, both of the US and China are losing and there is no winner.

American businessmen are not used to such an economic situation, and there is volatility in the Federal Reserve³⁵. In September, a business coalition announced a lobbying campaign called "Tariffs Hurt the Heartland" to protest the proposed tariffs³⁶. The US Chamber of Commerce expressed the risks that might arise from this conflict and the possibility of turning into an international trade war.

Conclusion

The US-China trade war is the most important event today which negatively affects the international economy. The US President has said he is working to weaken China economically because it violates international laws. The Chinese economy today is turning to be one of the most powerful economies in the world. President Trump declared his war on China during his presidential campaign. This is considered to be one of the most serious events in the history of Sino-American relations. This paper dealt with the issue of the Sino-American trade war by clarifying its causes and effect on the two countries, as well as a review of the characteristics of the Chinese and American economies. This paper concludes that the Sino-American trade war will affect both of China and the United States negatively, and it will also bounce negatively onto other countries and international organizations.

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