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US-CHINA TRADE WAR: ECONOMIC IMPACT ON GLOBAL POLITICS

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ABSTRACT:
The two economic titans, the US and China, have been at odds over the past years concerning their trade ties. The US and China are facing a series of trade tensions stemming from various concerns; from endemic to China's economic model systematically tilting the playing field in support of Chinese companies locally and globally. The trade conflict has lowered real income in both the US and China, although not by large scales relative to GDP. This study aims to provide a comprehensive understanding of US-China trade relations and evidence-based conclusions. The US and China have become disruptive powers in the liberal trading system, not just via bilateral economic ties but also by their actions towards other nations. Otherwise, China and the US are decreasing the role of trade multilateralism in their relations with other governments and moving toward assertiveness and repression. The two most powerful countries' disregard for the rule of law has led to the current impasse in the WTO, which poses a real threat to globalization. The existing trade affairs between the US and China demonstrate flaws in the global economic system and the difficulties international organizations face when encountering such disagreements. Although both countries maintain their financial dominance and adopt distinct trade strategies, international society has to go through the tangle of competition regarding economic influence and unpredictability in the regulation.

Keywords: US, China, Trade Relations, Trade War, Economy, Global

INTRODUCTION

The relations between the US and China have been going through a rollercoaster in the last few decades, especially regarding trade relations. By the lessening of the Cold War, China sought membership in the World Trade Organization (WTO) in 2001, and the US endorsed Beijing and considered this an avenue for promoting economic liberty and political stability. China's access to the WTO proved life changing, as the nation, with a rapid response, emerged as a global manufacturing hub, attracting foreign investments and becoming a leading exporter to the US. Besides bringing economic benefits, this emergence also brought trade imbalances, making the ties contentious. The US began to experience an unrelenting trade deficit with China, raising concerns about job losses and the viability of specific industries.

Trade imbalances were not the only bone of contention. Significant causes of this major conflict also included intellectual property theft and coerced technology transfer. American businesses in China have accused the country of failing to defend their intellectual property rights, hindering advancement, and causing rising conflicts. The tensions increased in 2017 when President Trump's administration built and enforced the "America First" strategy to protect US interests and goals (Tatsumi, 2017). The US's National Security Strategy (NSS) is structured around four key pillars: safeguarding the homeland, enhancing American prosperity, maintaining peace through strength, and extending American influence. This document offers valuable insight into the administration's approach to shaping US interactions on the global stage (Tatsumi, 2017). To achieve this goal, the US implemented taxes of Billions of dollars on China's imports. By retaliating with taxes on the US's imports, China turned the scenario of disagreements and clashes into a trade war ((Bown, 2022).

Amidst the trade war, in January 2020 the US and China headed for "Phase One" (Bown, The US-China trade war and phase one agreement, 2021). The agreement addresses the challenges both states face in their relations, with China pledged to buy commodities from the US in an advanced measure, majorly in energy, manufacturing, and agriculture. Despite this, a lot remains unaddressed. Above and beyond this, China-US ties have technical competition and challenges for both states. The US raised concerns and took steps to confine Chinese tech companies' access to America's technology and market.

The US raised concerns regarding supply chain dependence as the global system was heavily linked to China's industry. With the rise of the COVID-19 pandemic, this issue has become severe and terrible. Biden's administration entered here, and the US policy towards China shifted. This new US administration's trade policy expressed concerns about a variety of issues, including human rights and geopolitical affairs, as well as more extensive interests and concerns regarding not only the economic elements but also strategic competition. Trade is the only aspect of such complicated ties, including collaboration, conflict, and competitiveness.

Both countries want to address their complex trade relationship, expand market access, and preserve intellectual property rights. However, development has been sluggish and hindered by geopolitical structures and difficulties. Through economic, political, and strategic conflicts, these two global powers i.e., China and the US have complicated and rather severe trade relations. The trade conflict between the two countries has intensified, leading to the hassle of taxes on packages of several billions of dollars in value. This is very disadvantageous to economic players in both countries. Despite this effort, hostility between the two nations is present because they grapple with their complicated relationship. The trade war has resulted in the alteration of the supply chains worldwide and has introduced a certain level of insecurity in the global economy. Global organizations, members of the international community, and their trading partners have criticized both countries for using force and refusing to negotiate to end the conflict. For this reason, the trade clash between the US and China is perhaps one of the most significant trade conflicts in the contemporary 21st-century global economy.

1.1 **Statement of Problem:**

Over the recent decades, the trade ties between the US and China has been characterised by certain transformations and challenges. Initially considered a positive collaboration of sound economics and good politics, it has turned sour because of trade deficits, piracy, and technology issues. Trade relations between the two states worsened into a trade conflict in 2017, thus deteriorating the economic interactions between the two states. This kind of competition is raising eyebrows among economists and other trade experts on the possibility of warfare in which two such trade giants might engage. It is only when all these deeply complex issues in the relationship between the US and Chinese trade are well understood that thorough conclusions and policy recommendations can be developed. This work will first describe and analyse the trade relations between these two states and then try to show and analyse the effects of this state of affairs on world trade. Proper research will shed light on

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economic aspects, geopolitical characteristics, and impact on the global level and thus be able to give direction to this crucial relationship.

- What brought the US & China engaged in an intense trade war?

Literature Review

"The China-US Economic Relationship in the Early 21st Century" by *Rahman* and Sultana (2024) offers a unique and detailed analysis of the shifts in relations between China and the US regarding their economic interdependence. The study aims to estimate the complex relationship between the US and China by evaluating the effects of economic policies and trade relations on the world economy. Rahman and Sultana study the various changes in trade, investment, and economic relations displayed within the bilateral relations. They speak of deepening economic cooperation as characterised by the rising trade and sizeable investments in each other's economies. The authors also analyse the impact of these trends on international trade and economic cooperation. Their coverage also encompasses the ways and means they use to build power in commerce, such as tariffs, trade agreements, and technology. Through these factors, the study enhances understanding of the China-US economic relation in the context of the global economy as well as the geopolitical environment. This article's current and detailed reviews show a need to understand China-US economic relations to fathom how they will shape international economic policies and global trade. The specific research subject of the study mainly concerns the China-US economic relation and does not rehearse the impact of their policies in depth on developing countries (Rahman & Sultana, 2024). Exploring the implications on the smaller, developing economies could provide a broader perspective. Although the research looks at contemporary economic relations, it can slightly or not at all cover the strategic consequences of the dynamics of the relationship in the long term. Further research may consider how future changes could potentially impact the international economy and distribution of power in the context of several decades. The study also does not touch on the role of trade dynamics on the environment or society. Concerning these aspects, it is possible to understand the impacts of the US-China economic relationship.

In "The US-China Trade War: Hard Implications of a Soft War" Baig, Barrech, & Shabbir (2023) the author similarly gives a profound overview of the implications of the ongoing trade war between these two superpowers, the US and China. This paper contends that whilst this struggle is primarily being played out in the realm of trade, it is at its root a power struggle for geopolitical supremacy. This paper discusses that trade wars are central to trade relations, disruptions, and the impact on the US and China's economies. Through this analysis, the authors propose that the trade war is one of the operands involved in the strategic contest between the two nations and present a cautionary view on the potential course of the global economic and geopolitical environments (Baig, Barrech, & Shabbir, 2023). Though the paper analyses generic supply chain disruptions and shifts in trade policies worldwide, it perhaps does not focus on the explicit impacts of trade tensions on industries in developing countries. This crucial area requires immediate attention to develop a much more elaborate understanding of the intricate effects of the trade war on the various aspects of comprehensive interactions and trade approaches. The urgency of this issue cannot be overstated, as it directly affects the livelihoods of many in the developing world.

"Shaping the Global Business Environment on the US-China Trade War: Exploring Causes, Unfolding Events, and Global Impacts," by Wei (2023), provides a detailed analysis of all the causes and effects of the trade war among the US and China. The article focuses on the background; the author emphasises that the conflict has moved from economic, political, and technological rivalry to a trade war. Feng points out that some of the primary reasons include

trade secrets and patents, trade deficits, and competition for hegemon status. The series of occurrences in the trade war encompassing the imposition of tariffs and reciprocation by the two countries is discussed to demonstrate the cascading impacts on the provision of the supply chain and the markets. Feng describes a disruptive impact in industries directly related to trade, with a cost rise and more uncertainty in fields like technology and manufacturing, underscoring the immediate effects of the trade war. The article further deepens the effects of the trade war and how it has made multinational firms rethink their global structures, which, in return, may redefine global trading structures. The study also contains information about the nature of the conflict, pointing out that it is not purely economic and that implementing the trade war is part of a strategic confrontation that may redefine the maps of business and politics (Wei, 2023). This study does not explore how specific industries within these sectors are affected significantly. More analysis of individual industries could give a better understanding of how the war affects different industries in separate ways. While this article considers the matter of MNCs' strategic recalibration, it does not provide comprehensive information about shifts in strategies in the long term and the potential consequences for international trade and supply systems. It can be investigated how it continues to affect the different regions and how they tackle these issues in their respective ways.

"The US–China Trade War and Phase One Agreement" by C. P. (2021). The administration of President Trump altered the US trade practices toward China in ways that will require years to unravel. This work contributes to that research goal in four ways. First, it thoroughly identifies the date, meaning, and size of the tariff increases impacting USA and China's trade from the 20th of January 2017 to the 20th of January 2021. Consequently, each nation raised its average charge on imports from the other to almost 20%, with the addition of tariffs and counter-tariffs reaching more than 50% of bilateral commerce. Second, the research focuses on two additional avenues through which bilateral tariffs altered throughout this time: tariff exclusions and trade remedy policies of antidumping and countervailing charges. Third, it investigates why China fell more than 40% short of the goods purchase obligations laid forth for 2020, the launch year of the phase one contract. Finally, the study discusses potential trade policy initiatives expected to affect US-China trading throughout the term of Trump, such as forced labour, export limits for national security or human rights, and restructuring of trade with Hong Kong (Bown, The US-China trade war and phase one agreement, 2021). It does not delve deeply into how different sectors or industries are affected differently. Future research might look into how trade policies specifically affect certain industries, like agriculture or technology. The focus is primarily on macroeconomic outcomes. Investigating how small and medium-sized enterprises (SMEs) are affected within both economies could provide a more nuanced view of the consequences of the trade war. The paper offers a general analysis but lacks a detailed examination of how the trade war impacts different regions within the US and China. This area must be explored to provide a more comprehensive and nuanced understanding of the consequences of the trade war.

Unfolding the US-China trade war

The trade conflict between the US and China, which later escalated into a full-blown trade war, is a matter of profound international and domestic concern. It has carried significant shifts in global affairs and trade subtleties. During Xi Jinping's presidency, the US maintained its position as the world's leading economic and security power, while China expanded its investment and trade links across the globe. Scholars identified China's burgeoning technological capabilities and trade practices as key sources of tension. For instance, during his tenure, President Trump backed investigations into China's administration and the imposition of tariffs to protect against perceived threats to the US economy and defence.

The trade conflict escalated when the American President, Donald Trump, put tariffs on China in May 2018 under the pretext of unequal trade relations and protected domestic industries. The start of tariffs by the US against imports from China was made in mid-2018 when a 25% tariff on $34 billion of Chinese imports was instituted. This cultivated a record trade deficit of $378 billion in 2018 and slowed marginally to $345.6 billion in 2019 (Janow & Mavroidis, 2019)The trade conflict involved both nations imposing tariffs on each other's goods until a preliminary phase one agreement was reached in December 2019, which became legally binding in February 2020.

Areas of Conflict

The US-China trade war is characterized by several key areas of conflict that have significantly escalated tensions between these two economic giants. The primary points of contention include intellectual property rights, compulsory technology transfers, and China's state-controlled economic system, which the US views as unfair competition. The US has accused China of manipulating trade practices to gain an advantage, leading to the imposition of tariffs and other restrictions. China, in turn, has condemned these measures as attempts to stifle its economic growth and maintain US dominance on a global scale. These disputes have strained relations between the two countries and had a substantial impact on the global economy.

Intellectual Property Safeguards:

In August 2017, the US Trade Representative (USTR) launched an inquiry into China's alleged violations of intellectual property rights (IPR) under Section 301 of the Trade Act of 1974. The investigation aimed to define whether China's actions concerning technology transfer, intellectual property, and advancement were unreasonable or biased and placed a burden on US commerce. President Trump underscored the need for swift action against intellectual property theft, highlighting long-standing concerns.

Several key factors drive the debate on intellectual property infringement in Sino-American trade relations. Unlike the US, China has historically lacked a robust legal foundation for intellectual property protection. While trademarks existed in China as early as the Zhou Dynasty (1046–256 BC), comprehensive protection was limited. This cultural context, where replication was seen as an honour, hindered early intellectual property enforcement. Significant changes began in the 1980s when China joined the World Intellectual Property Organization (WIPO) and endorsed the Trademark Law in 1982, marking the start of a modern legal framework for intellectual property protection. However, initiatives like "Made in China 2025" have raised concerns about the impact of intellectual property practices on global economies. The administration estimated a loss of $225 billion to $600 billion due to pirated software, counterfeit goods, and trade secret theft (Steinbock, 2018).

While some argue that China violates global trade rules, others note that these accusations are sometimes exaggerated. China's patent courts are increasingly favourable to foreign plaintiffs, and the country has significantly raised its royalties and licensing fees, becoming the second-largest recipient of such payments globally. US companies have also observed improvements in China's enforcement of intellectual property rights, with 70% acknowledging progress in a 2020 survey compared to 47% in 2015 (Krieger, 2024)

Cybersecurity & Technology:

Technology is another major area of conflict between the US and China. Both countries view technological advancement as crucial to their economic and military dominance in the 21st century. The US has taken steps to distance itself from major Chinese tech companies, such as Huawei and TikTok, which it considers national security risks. China, on the other hand, is striving for technological sovereignty through initiatives like the Digital Silk Road and Made in China 2025. Technological issues are closely tied to cybersecurity, with both countries accusing each other of cyber espionage. The US has frequently blamed China for stealing intellectual property to bolster its technology sector. These accusations have deepened distrust and fuelled a regional cybersecurity competition.

Trade and security, not computing: economic protectionism is behind the current conflict between the US and China. This struggle involving both hard and soft power encompasses the whole geopolitical spectrum. The trade climate between the US and China has shifted toward a more constrained and fragmented trade model called "techno-nationalism," which links business and technical innovation to a nation's social stability, economic progress, and defence plans. Following the Chinese central bank's approval of the yuan's sharp decline, the Trump management has suspected China of manipulating its currency. The US Congress approved the Better Utilisation of Investments Leading to Development Act of 2018 as a substitute for Chinese global projects. Together with Japan and Australia, the Trump Administration also launched the Blue Dot Network, the Transaction Advisory Fund, and the Infrastructure Technology Assistance Network.

Despite these concerns, the Trump administration has demonstrated its determination to act by enacting strong regulations on dual-use exports and blocking China Mobile and China Telecom from entering the US market, defending American interests.

Threat to Dollar's status:

Utilising the US dollar (USD) as the reserve currency, which accounts for 70% of all international trade (Brusuelas, 2023), is the main factor contributing to the US's dominance globally. The USD is the global currency of trade since it is used in the bulk of the remaining trade in the world, especially for significant transactions involving commodities like oil imports. Furthermore, even if neither the buyer nor the seller has USD as their home currency, most of the bank's overseas operations are in USD. The Saudi royal family is one of the countries that backs the US dollar as the world's reserve currency; since 1970, they have ensured that all OPEC oil contracts are denominated in USD. Everything was good until a few years ago, when several nations, including China, began using local currency as the unit of account for their trade agreements. However, the dollar's status as the reserve money is in jeopardy since China plans to use the CNY for all BRI projects. The US had never hesitated to take decisive action to maintain the USD's reserve currency status. For example, the US Army's 2003 invasion of Iraq was purportedly intended to address the issue of Iraqi WMD possession. However, the choice of Iraq to denominate its oil contracts in euros and other currencies rather than US dollars was claimed to be the valid reason for the war, even if there was no post-hoc finding of WMDs in Iraq. Although it is in China, it would not be any different this time.

Long Term Challenges:

China's rise to prominence as the globally largest economy poses the greatest threat to the US. China is working hard to develop technologically in various dual-use industries at the expense of the US, primarily through state interference and IPR theft. Additionally, it consistently tries to use its well-established financial resources to further its interests internationally through programs like Belts and Roads. In addition to providing an alternative to the US economic model in the form of authoritarian capitalism, China's rise as a soft power has alarmed the US.

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Defence-Building & Geopolitical Strategies:

The US-China rivalry's military component entails major capability expansion and a more assertive strategic posture in the Asia-Pacific. The US maintains a major military presence through partnerships with South Korea, Japan, Australia, and other countries. This includes naval patrols in the South China Sea, which defend the right to free navigation in contradiction of China's sweeping territorial claims. The US's hegemony in world politics is challenged by China's increasing influence in global governance organisations, including the World Health Organization and the United Nations. In addition, China's growing military might particularly its navy and missile forces and its assertiveness in South China Sea territorial conflicts threaten US national security. Establishing military complexes and several new bases upon synthetic islands in the South China Sea and a continuing series of incursions into Taiwan's Air Defence Identification Zone are viewed as direct threats to the American hegemony and guarantees in the area.

Support for Regional States:

The overall US-China rivalry remains a significant factor determining the policy and foreign priorities of the countries in the Asia-Pacific region, including India and Pakistan. India believes this is a chance to strengthen its strategic and economic relations with America and become a pivotal force to counter China. This alignment, though, results in investments and security guarantees; this heightens tension with China, as evidenced by the border conflicts between the two countries.

However, Pakistan profited from stronger military and monetary assistance due to its long-standing alliance with China. This is demonstrated by the China-Pakistan Economic Corridor (CPEC), defence acquisitions, and joint projects to produce military hardware. Pakistan is one of the leading buyers of Chinese military hardware, including fighter jets like the jointly developed JF-17 Thunder. This cooperation includes tanks, surface-to-air missile systems, naval vessels, and submarines. The US-China dynamics may sharpen India's and Pakistan's strategic calculations, causing them to form more inflexible alliances that might reinforce or undermine the regional security framework.

From Conflict to War:

The US-China trade war has been a major geopolitical and economic issue, significantly impacting global trade dynamics. As of 2019, trade between the two nations was projected to reach nearly $559 billion, a substantial rise from previous years. This surge is primarily attributed to China's increased exports following its WTO accession in 2001. The trade imbalance, with the US's deficit growing from $103.1 billion in 2002 to $375.6 billion in 2017, became a focal point in US politics, especially during the 2016 presidential campaign (Siripurapu & Berman, 2024).

The trade war intensified when President Trump imposed tariffs on Chinese goods in 2018, citing concerns over trade imbalances and unfair practices. By mid-2018, the US had levied a 25% tariff on $34 billion worth of Chinese imports (Evans, 2019), beginning a series of escalating tariffs. This led to a peak trade deficit of $378 billion in 2018, slightly reducing to $345.6 billion in 2019 (Evans, 2019). The trade conflict involved both nations imposing tariffs on each other's goods until a preliminary phase one agreement was reached in December 2019, which became legally binding in February 2020.

The trade war is not just about economics; it also reflects broader geopolitical concerns. Under Xi Jinping's leadership, the US is focused on maintaining its global economic and security dominance amid China's rising influence, characterised by extensive investments and trade across continents. Concerns about China's technological advancements and trade practices led to increased tensions. For example, Trump's administration-initiated investigations into China's trade practices and imposed tariffs to address US economic interests and national security threats.

Origins of the Trade War:

When Trump ran for president in 2016, he blamed US trade with China and the agreements that allowed it for the loss of manufacturing jobs and intellectual property. Calling China "the greatest thief in the history of the world," he denounced the $365.7 billion trade deficit between the US and China in 2016 (BBC News, 2016). "We cannot continue to permit China to violate our nation," Trump added. His presidential platform included the pledge to "reduce a better deal with China that allows American firms and people to compete." This was a chunk of a bigger initiative to rearrange the US-China alliance. Trump put forth a four-pronged plan to discuss a better deal with China: call China out for currency manipulation; challenge China on issues of intellectual property and enforced generation modification; forbid China from using export subsidies and loose labour and environmental regulations; and lower the corporate tax rate to boost the competitiveness of American manufacturing. When Trump takes office, he intends to engage Beijing to address fundamental issues about China's economic policy. They met at Mar-a-Lago three months into his presidency and created a 100-day action plan to address trade-related concerns (Steinbock, 2018).

China pledged to open its economy to US businesses and services the following month in exchange for US support of China's Belt and Road Initiative and broader Chinese access to bilateral commerce. However, Beijing's resistance to budge and Washington's insistence on further concessions from Beijing led to the collapse of additional negotiations. The first 100 days of US-China relations ended in July 2017 without a press conference, agreement, or joint statement (which the Trump administration deemed meaningless four months later). China's unfair trade practices, which include forced era switching, limited market access, intellectual property theft, and state-sponsored subsidies, influenced President Trump's decision to start the trade war and put pressure on Beijing to make significant changes to these aspects of the Chinese economic system. According to Trump, imposing unilateral tariffs may reduce the US's trade deficit with China and promote relocating manufacturing jobs back to the US. In response, China put pricing restrictions on US imports worth around $185 billion between July 2018 and August (Hass & Denmark, 2020).

The Trade Deficit:

In 2015, the US and China were critical global economic players. The US had a nominal GDP of USD 20.4 trillion, accounting for 23.3% of the global share, while China's GDP was USD 14.1 trillion, representing 16.1% of the worldwide economy. China led global exports with an annual volume of USD 2.26 trillion, compared to USD 1.55 trillion. China's GDP, adjusted for purchasing power parity, exceeded the US's. By 2018, China's middle class had grown significantly from 80 million in 2002 to 700 million ((Kapustina, Lipková, Silin, & Drevalev, 2020).

Although China emerged as a significant global exporter and manufacturing hub, the US remained dominant in financial markets, energy, and commodities. The imbalance between the two economies led to heightened trade tensions. The US accused China of unfair trade practices, intellectual property theft, and environmental negligence, while China criticised US protectionism and currency manipulation. The trade conflict intensified under President Trump, who imposed tariffs and restricted Chinese investments. Despite attempts at compromise, such as China's trade deficit reduction and market liberalisation, both nations continued to clash, impacting their economies, global trade, and economic stability. The trade war, which started in earnest in 2018, has led to financial losses on both sides, with no clear winner.

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Due to its large GDP, consumer market, and commitment to free trade and competition, the US economy is the world's leading destination for foreign investors. The US ranks second in manufacturing refined petroleum products, light trucks, pharmaceuticals, aircraft, and automobiles. Its technology sector, including Amazon, Apple, Facebook, and Microsoft, is highly regarded globally. The US dollar, a symbol of globalisation, holds the largest cash reserves worldwide and plays a significant role in international trade, including the US-China trade war. The US is also the leading agricultural power, with substantial sectors in cattle breeding, grain cultivation, soybeans, and industrial plants. Additionally, the US boasts the world's most extended road network (6,407,637 km), high-quality highways, numerous metro networks, 17 of the 30 busiest airports, 12 of the 30 busiest ports, over 5,000 runways, and more than 200 airlines for passenger and cargo transport. With over $3.3 trillion in foreign investment, the US market remains the largest globally (Zreik, 2020).

In contrast, China is a significant international economic power with a rapidly growing economy and a robust private sector. Following the Mao Zedong Revolution and establishing a socialist system, China has adopted a socialist model emphasising medium-term planning and five-year plans. This unique economic system has played a significant role in China's economic growth and approach to international trade, including the US-China trade war. Key policies focus on attracting foreign capital, promoting global markets, and deepening internal reform. By 2015, China's GDP per capita reached nearly $8,000, ranking among the top global average incomes (Zreik, 2020).

Economic tensions have intensified due to the trade war initiated under President Trump, with both countries imposing tariffs on goods worth billions of dollars. Despite efforts to resolve these issues, such as the Phase 1 trade agreement signed in January 2020, fundamental differences over trade practices, market access, and intellectual property rights persist. The US has expressed concerns over its reliance on Chinese products and technology, citing national security risks. This has led to significant changes, including restrictions on Chinese technology companies and incentives to move production back to the US and other Asia-Pacific nations.

The Trump administration made a crucial error when it believed that China was solely to blame for the US trade deficit, resulting from importing more than exporting. Various factors, including the growing US budget deficit, influence the trade deficit. Ironically, three years after imposing tariffs to eliminate the trade deficit, US-China bilateral trade has reached an all-time high, China's trade surplus has grown, and the US deficit has worsened—challenging misconceptions, such as the false notion that US companies are overinvesting in China. In reality, only 1-2% of annual US foreign investment has gone to China over the past 20 years (Huang, 2021)

Conclusion:

The mutual trade tensions between the US and China started in mid-2018 and are considered one of the most extensive contemporary trade wars. Displeasure quickly ensued as China reciprocated the trade wars and barriers that Trump's regime in America introduced. The US sought to correct its trade deficit with China and safeguard intellectual property rights; in response, China retaliated by levying similar tariffs to those placed on various imports from the US, including goods in agriculture, automobiles, and technologies. Import taxes increase the cost of products for consumers and companies in the two countries, resulting in reduced buying and better investment. One key outcome of the US-China trade conflict is the reshuffling of global supply networks. Many businesses have attempted to expand their supply chains to mitigate the effects of tariffs and trade barriers. While these countries have

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benefited from more significant investment and job creation, they confront hurdles in expanding infrastructure and industrial capacity to satisfy global demand.

The trade war has worsened the technological disparity between the US and China to the extent of measures like tariffs hastening the process. Over the past few decades, the two countries have focused on transforming their technology capabilities and reducing dependency. The US has restricted Chinese technology companies, including Huawei, on security issues. At the same time, China has escalated efforts towards technology self-sufficiency through 'Made in China 2025,' which has profound consequences on global value chains of technology and poses challenges that firms must manage in innovative and complex landscapes. The trade war has made it more evident that the two countries are competing with each other. It is considered a vital competition factor for the American states as they continue to try to prevent China from becoming the global leading economic and technical hub. This has escalated geopolitical tensions with both states using economic mechanisms to achieve their geopolitical agendas.

Consequently, the most significant effect of the US-China trade war has been the imposition of tariffs on commodities with a notional value of hundreds of billions of dollars. These tariffs distort the trade in commodities between the two largest economies in the world and cause a drastic reduction in trade.

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