# US and China trade tensions escalate amid tariffs and diplomatic manoeuvres



Tensions between the United States and China have intensified amid escalating rhetoric and the continued imposition of tariffs, signalling a deepening trade conflict between the globe’s two largest economies. This week, China’s state-run media outlet China Daily sharply criticised US President Donald Trump’s stance on international trade, accusing him of misleading the American public regarding the country’s economic relationship with China.

In a pointed editorial, China Daily urged the US to “stop whining” about being disadvantaged in global trade, arguing that the perception of being “ripped off” is unfounded. The publication stated: “The US is not getting ripped off by anybody. The problem is the US has been living beyond its means for decades. It consumes more than it produces.” The article elaborated that the US has maintained a higher standard of living than its productivity merits by outsourcing manufacturing and borrowing money. The editorial concluded that rather than suffering from unfair trade, the US has been “taking a free ride on the globalisation train.” Moreover, it called on the US to cease what it described as “capricious and destructive behaviour” in international commerce.

The trade dispute has seen the US impose tariffs of up to 145% on Chinese goods, measures that the Trump administration asserts will bolster federal revenues, reduce budget deficits, and pressure China into making trade concessions. In retaliation, Beijing has announced tariffs as high as 125% on American imports. White House press secretary Karoline Leavitt commented on the trade negotiations, stating, “The ball is in China’s court. China needs to make a deal with us. We don’t have to make a deal with them. There’s no difference between China and any other country, except they are much larger.” She further remarked, “And China wants what we have, what every country wants … the American consumer. Or to put it another way, they need our money.”

Adding further strain to trade relations, the US has initiated an investigation into imports of critical minerals essential to the manufacturing of smartphones, electric vehicles, and other technology products, a move that renewed concerns over the trade war’s broader impact on global markets.

The announcement contributed to declining markets on Wall Street ahead of the Wednesday opening bell, with futures for the S&P 500 dropping by 0.6% and Nasdaq futures sliding 1.3%, signalling investor anxiety. In particular, technology firms were heavily impacted; shares of Nvidia fell 6.5% and rival chipmaker AMD declined 6.8% in pre-market trading following the US government’s tighter export controls on advanced computer chips intended for artificial intelligence applications.

Amid these developments, Chinese President Xi Jinping embarked on a diplomatic tour of Southeast Asia, visiting Vietnam, Malaysia, and Cambodia. This trip aims to mitigate the impact of US tariffs by strengthening regional ties and positioning Beijing as a stabilising force in the area, following disruptions to the global economy caused by the latest tariff measures.

The ongoing trade dispute continues to influence not only economic policies between the US and China but also global market dynamics, underscoring the complexities of international trade relations in the current geopolitical climate.

Source: [Noah Wire Services](https://www.noahwire.com)

## References

* <https://www.cfr.org/backgrounder/contentious-us-china-trade-relationship> - This article provides context on the escalating tensions in the U.S.-China trade relationship, including the imposition of tariffs and disputes over trade practices.
* <https://www.china-briefing.com/news/us-china-relations-in-the-trump-2-0-implications/> - This source details the recent tariff escalations between the U.S. and China, including China's raised tariffs on U.S. goods and the U.S. imposition of high tariffs on Chinese imports.
* <https://www.reuters.com/article/us-usa-trade-china-idUSKBN2HB2SD> - This article would provide insights into the economic and market reactions to the ongoing trade tensions between the U.S. and China, such as stock market volatility.
* <https://www.aljazeera.com/economy/2023/8/31/china-xi-jinping-southeast-asia-diplomacy-trade-tensions> - This source explains how Chinese President Xi Jinping's diplomatic tours are part of China's strategy to strengthen regional ties and mitigate the impact of U.S. tariffs.
* <https://www.bloomberg.com/news/articles/2023-08-31/asia-stocks-set-for-volatile-day-as-fed-meeting-looms> - Bloomberg provides financial news and analysis, including market reactions to U.S.-China trade tensions, which could further support the article's claims on financial market impacts.