# Trade war between the US and China under Trump has profound global implications



The Financial Times is reporting on a critical analysis of the ongoing trade conflict between the United States and China under Donald Trump's administration, characterised as a trade war with profound implications for both nations and the wider global order.

The article elaborates on the evolution of US trade policy since Trump's ascendancy, marked by his proclamation in 2018 that "trade wars are good and easy to win." However, this assertion is contested as flawed, with the trade war causing mutual economic harm rather than a clear victory for either side. Currently, the US imposes tariffs up to 145% on Chinese imports, with China responding in kind at rates up to 125%, alongside restricting exports of essential "rare earths" to the US, leading to a high-stakes economic standoff between the two powers.

The US strategy, if one exists, seems to be persuading other trading partners to adopt heavy import barriers against China in exchange for favourable trade and possibly security agreements with the US. Yet, this strategy faces significant challenges due to China's substantial influence: multiple major economies, including Australia, Brazil, India, Indonesia, Japan, and South Korea, maintain more extensive trade relationships with China than with the US. These countries view China as both a critical export market and a source of indispensable imports that cannot be easily substituted.

Further complicating the US position is its reputation for unpredictability and transactional diplomacy, which undermines trust among allies. The article highlights Trump's contentious trade relations with Canada, which resulted in the re-election of the Liberal government there, signalling disenchantment with US trade policies. Meanwhile, China is perceived as better able to endure economic hardship, viewing the trade war largely as a demand shock, versus the US, which faces supply shock vulnerabilities.

The narrative suggests that US objectives of securing dominant trade deals and defeating China in the trade war are unlikely to succeed. It speculates that the US administration might eventually declare partial victory and retreat from aspects of the trade conflict as the realities of the stalemate become apparent.

Beyond trade, the article explores broader implications for US global influence. Despite Trump's administration inheriting substantial assets — including a highly productive economy, cultural and intellectual leadership, and strong alliances — current policies are seen as undermining these advantages. The US government's internal challenges include attempts to politicise the rule of law, dismantling governmental structures, attacks on scientific research and higher education, hostility towards immigrants, rejection of climate and medical science, and preference for authoritarian regimes over democratic partners. These issues culminate in a weakened position on the world stage and a reluctance from allies to offer unconditional support.

The analysis urges recognition that the US-China rivalry extends beyond trade into competition for global influence. China's vast population and growing economic power contrast with the US's remaining advantages, such as its ideals and established alliances. However, the current trajectory under Trump is viewed as damaging to the foundations of US strength both at home and abroad.

In conclusion, the article stresses the necessity of a US that can effectively compete and cooperate with China but expresses scepticism that the current US leadership will succeed in this endeavour. It underscores the risks of a transactional and internally weakened United States failing to uphold the global order it helped construct.

Martin Wolf, the author of the article, can be followed via myFT and on X.

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