

GREAT DECISIONS

1918 • FOREIGN POLICY ASSOCIATION

HIGH SCHOOL

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TEACHERS:
CHECK OUT
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THE UNITED STATES AND CHINA



**GLOBAL
COMPETITION**

**TRADE
WARS**

**THE RIPPLE
EFFECT**

**AN UNCERTAIN
FUTURE**

BY LAM TRAN

WHERE WAS IT MADE?



Shoppers browse at an Apple Store in Shanghai, China. Many of the goods you shop for and use everyday are manufactured either partially or wholly in China.

Look carefully at the packaging your iPhone came in. The fine print reads: “Designed by Apple in California. Assembled in China.” Every year, hundreds of millions of iPhones are sold in the US and [around the world](#). While its design and software hail from Apple’s headquarters in Cupertino, California, the device’s assembly takes place thousands of miles away in China. More than just a manufacturing label, this phrase captures the story of two economic superpowers that are highly dependent on each other in the current **globalized** economy.


Both China and the US are each

other’s [top trading partners](#) , with two-way trade value totaling \$758.4 billion in 2022. However, US-China relations have been in rapid decline since 2018. With mounting geopolitical tensions and the heightened awareness of vulnerabilities in global **supply chains** exposed by the COVID-19 pandemic, both governments have made economic self-reliance a top priority and taken measures to unwind their economic connections. The US and China are the world’s first- and second-biggest economies, and a more contentious trade relationship between them has far-reaching consequences not only for both nations but also for the world.

FROM COOPERATION TO COMPETITION

China joined the **World Trade Organization (WTO)** in 2001, marking a [major turning point](#)  for US-China relations and the global economy. The WTO is an organization with members from governments around the world, and it oversees and regulates trade between member countries.

Between 1949 and 1979, the US had maintained no diplomatic tie with the Communist government in Beijing, resulting in virtually no trade between the two nations. However, the normalization of relations between the United States and China in 1979,

coupled with China's economic reform under Deng Xiaoping's leadership, set the stage for a [transformative shift](#) .

With its entry into the WTO, China committed to a series of major economic reforms, including **tariff** reductions for imported goods, enhanced protection for intellectual property, and greater transparency in its legal and regulatory framework. The US government under President Bill Clinton supported China's WTO membership on the basis that integrating China into the global economy would not only benefit the US but also contribute to China's economic growth and, over time, shift China toward a more democratic government. This event prompted an explosion of trade over the next four decades, with the value of US imports from China surging from approximately \$100 billion in 2001 to a staggering \$536.8 billion in 2022.

The rapid growth in trade activities brought about substantial mutual gains but also complex challenges. For the US, this booming trade relation has lowered prices for consumers and increased profits for companies. Meanwhile, China's economy has expanded more than five-fold at a historically fast pace, lifting an estimated eight hundred million people out of poverty.

Not all of the effects of increased US-China trade have been positive. The deepening trade ties with China have disrupted US manufacturing jobs. They have also raised national security concerns, and created overreliance on critical goods from China, as



Cynthia Lee/Alamy Images

Workers at a factory in Handan, China, assemble wiring components for cars. At many Chinese factories, workers are paid very low wages and required to work long hours, leading to criticism of the country's labor practices.

highlighted during the COVID-19 pandemic. Additionally, allegations of labor and human rights violations in China, especially the government's treatment of the Uyghur people, have drawn international criticism.

RISING TENSIONS

Previous US administrations attempted to address trade disputes

with China through negotiations, but these efforts yielded limited results. In 2018, President Donald Trump adopted an increasingly confrontational approach towards China by withdrawing from the **Trans-Pacific Partnership**, a major trade pact encompassing economies across the Asia-Pacific region, and imposing tariffs on hundreds of billions of dollars'



THE DEBATE

SHOULD THE U.S. RELY ON CHINA FOR THE MANUFACTURE OF ESSENTIAL GOODS?

YES

- ✓ It lowers costs for consumers and increases profits for companies.
- ✓ Chinese-produced goods can be just as well-made as American-produced goods.
- ✓ The current supply chain is already set up to allow for easy, low-cost manufacturing in China.

NO

- ✗ It creates vulnerabilities for the United States, especially in times of crisis like a public health epidemic or a military conflict.
- ✗ China has a track record of weaponizing countries' reliance on its goods for political gain.
- ✗ It weakens the manufacturing industry in the US.

Songsak rohrprast/Getty Images



THE DEBATE

IS IT ANTI-ASIAN TO OPPOSE TRADE WITH CHINA?

YES

- ✓ Opposing trade with China can have a spillover effect on goods imported from other Asian countries due to the complex global supply chain.
- ✓ It can create hostile sentiments toward Chinese and Chinese-American people living in the US. This can also impact other people of Asian ethnicity.
- ✓ Other countries that engage in trade with the US do not receive as much scrutiny.

NO

- ✗ It is possible to oppose a country's policies without being against its people or culture.
- ✗ There are many Asian countries with strong export-oriented economies, and they can benefit from reduced trade reliance on China.
- ✗ Opposition to trade with China can be seen as promoting fair trade practices and pressuring the Chinese government to improve its human rights record

Skopp/Wikimedia

worth of Chinese imports. In response, China retaliated by imposing tariffs on an additional \$100 billion worth of American goods. The scale of these measures was substantial, impacting the **gross domestic product (GDP)** of both countries. These tariffs rippled through various industries in both nations, marking the beginning of a US-China trade war.

Amidst a backdrop of escalating US-China trade tensions, supply chain vulnerabilities were laid bare during the COVID-19 pandemic. This increased national security concerns regarding over-dependence on China for critical goods such as

personal protective equipment and pharmaceutical ingredients. This realization further pushed calls to diversify supply chains of certain products away from China.

Under President Joe Biden, the US has taken more robust steps to counter China's economic dominance. While retaining approximately \$360 billion worth of tariffs initially imposed during the Trump administration, President Biden has implemented additional measures, including **sanctions** on Chinese individuals associated with human rights abuses in Xinjiang and Hong Kong, unprecedented **export controls** aimed

at restricting Beijing's access to advanced technology, and restriction of US investments in sensitive technologies that could potentially bolster China's military capabilities. Concerns about the rise of China, coupled with a newfound appreciation for supply chain **resilience**, prompted Washington to allocate significantly more resources to scientific research and domestic production of high-tech goods. These policies represent a strategic effort to strengthen US competitiveness in key industries and reduce risks to global supply chain disruptions.

In addition to a strained economic relationship, other facets of the US-China relationship, spanning from security to diplomacy, have markedly deteriorated in recent years. The Biden administration's 2022 National Security Strategy frames the US relations with China in terms of a "strategic competition." However, the document also underscores the importance of cooperating with China to tackle shared global challenges like climate change.

A DETERIORATING RELATIONSHIP

The US-China trade war starting in 2018 with an escalation of tariff changes has had significant economic impacts on these two nations. The burden of these tariffs

Timeline

1970

1980

1990

2000

2010

1979–1980

The US and China normalize diplomatic and trade relations.



2001

China joins the WTO.

Rick Friedman/nickfriedman.com/Corbis/Getty Images



2009

China becomes the biggest exporter in the world.

2015

The Obama administration concludes negotiations for the Trans-Pacific Partnership (TPP)—a major trade pact with numerous countries in the Asia-Pacific region.

has primarily fallen upon American and Chinese consumers of imported goods, who have faced higher prices.

Despite Washington's attempts to reduce its economic linkages with China through tariffs, export controls, sanctions, and other policy tools, these two economies remain inextricably connected. The year 2022 saw record U.S.-China trade flows surpassing \$758.4 billion, underscoring the strength of the US-China trade relationship.

An increase in US support for domestic manufacturing and a desire to reduce China's influence may further hurt economic relations. Many multinational corporations are reevaluating their reliance on China for supply chains and exports, with some diverting new investments away from the country.

On the other side, Beijing has made self-reliance a primary economic priority. While these developments are unlikely to result in a full supply chain decouple between the US and China, they will have an effect in the medium term. As both countries continue to implement protectionist policies, there looms a risk that economic ties may no longer serve as a buffer against the rapid deterioration of overall relations. This shows clearly in the shifting public sentiment. According to a Pew Research Center poll in 2022, 82 percent of Americans view



Spencer Platt/Getty Images

Protesters gather in New York City in 2021 to raise awareness of the rise in anti-Asian hate crimes across the United States. Many people believe this rise in anti-Asian sentiment is related to the increased tension between the US and Chinese governments.

China unfavorably, compared with 47 percent in 2018.

WORLDWIDE IMPACTS

In addition to the immediate impact on the US and Chinese economies, the US-China trade war has had a ripple effect to other economies. It has also led to some countries reaping the benefits of redirected trade, amounting to an estimated \$165 billion. Taiwan, Mexico, and Vietnam are among the countries that have seen increased trade opportunities as the US and China do less business with each other.

The deteriorating US-China relationship, spanning security to diplomacy, has created anxiety internationally, especially among Asian nations, and heightened concerns about potential military conflicts. This growing apprehension among nations in the region underscores the broader regional repercussions of strained two-way ties. For businesses, the deteriorating relationship has fostered an unfavorable and unpredictable environment, presenting serious challenges to their operations and strategic planning. Simultaneously, governments in Asia find

2020

2017

The Trump administration withdraws from the TPP.

2018–2019

The Trump administration imposes a sweeping set of tariffs on China.



Qilai Shen/Bloomberg/Getty Images

2023

President Biden signs an executive order restricting some US investment in Chinese high-tech industries.



Doug Mills/The New York Times/Pool/AP Images



V2images/Getty Images

Beginning in the 1980s, many US companies expanded their operations into China, spreading popular American culture along with the trade of goods.

themselves walking a tightrope, as they rely on the United States as a regional security provider while having China as their largest trading partner.

LOOKING AHEAD

It took approximately two decades for the United States and China

to build extensive economic, financial, and technological ties. The gradual unwinding of these complex linkages is likely to be costly and extend over many years. Yet, both governments are actively pursuing resiliency and self-sufficiency efforts.

US-China trade relations hold

[significant implications](#) not only for both superpower nations but for the entire world. The recent tensions that have marred the relationship have ushered in a period of uncertainty, anxiety, and transformative changes that will fundamentally reshape the global economy. These changes include shifts in the geographic origins of goods, job markets, international diplomatic dynamics, and the flow of business operations.

THE DEBATE

SHOULD US LEADERS DO MORE TO IMPROVE CHINESE LABOR CONDITIONS?

YES

- ✓ Labor rights are fundamental humanitarian values that are being violated in China.
- ✓ The US is one of the only countries with the power to influence China.
- ✓ Better labor conditions in China can lead to improved ethical standards in global supply chains.

NO

- ✗ It's none of the US government's business what happens in another country.
- ✗ Advocating for labor improvements in China will worsen its relationship with the US and hinder cooperation on other crucial matters, such as climate change.
- ✗ Many other countries have poor labor conditions but do not receive pressure from the US.

WHAT YOU CAN DO

US-China trade relations have brought economic benefits to both countries, but overreliance on China for manufactured goods can create many vulnerabilities. Here are some steps you can take:

- **Read** reliable news sources to learn how governments and companies are restructuring the global supply chain.
- **Investigate** companies to see where their products are manufactured and what their labor conditions are. This way

you can make well-informed decisions about whether to support them or not.

- **Study** international relations and political economy if you are interested in gaining a deeper understanding of the current global economy and in working

at institutions focusing on foreign policy.

- **Write or call your elected officials** to let them know what you think about U.S.-China trade relations.
- **Inform** your elected officials how this issue directly impacts

you and your community.

- **Vote when you are old enough.** With few exceptions, you can't vote until you're 18. But in many states, you can register at 16 or 17, which means you'll be all set when 18 rolls around.

WHAT TEENS THINK

We asked high school students to let us know what they think about America's reliance on Chinese products, and here's what they had to say.



Rather than boycott Chinese products alone, I try, whenever I can, to avoid purchasing from major corporations altogether.

—Griffin W., Westmoore High School, Oklahoma City, OK



I don't want to support the labor work in China but I also think it's sometimes hard to find things that are not made there.

—Lucy S., Mullen High School, Littleton, CO



I'm not paranoid about avoiding the purchase of Chinese products, but I try to support American businesses instead of buying products that contribute to the Chinese Communist Party's political power.

—Joey A., Abington Heights High School, Clarks Summit, PA



I have had the privilege of studying Mandarin at my school, affording me the opportunity to immerse myself in Chinese culture. Consequently, I find myself unable to disregard products manufactured in China.

—Alejandra M., Carrollton School of the Sacred Heart, Miami, FL

Interested in writing for Great Decisions High School? [Click here to submit your answer to the following prompt:](#) *How have recent advancements in AI impacted you and your classmates?* Please keep your answer to 150 words or less. Good luck!



A MINOR THREAT

1. What is this cartoon trying to say about tariffs? Why do or don't you agree?
2. Do you think the cartoon portrays China in a negative, positive, or neutral way? Why?
3. Do you think this cartoon would have the same message if there was no word bubble? Why or why not?

NOW IT'S YOUR TURN TO MAKE GREAT DECISIONS

1. If you were president, how would you address the US relationship with China?
2. If you were voting in an upcoming election, would the relationship with China be an important issue to you? Why or why not?
3. **YOUR STORY:** Which Chinese-made products are most important to you? Could you do without them? Why or why not?

KEY WORDS & TERMS

export controls
globalized
gross domestic product
resilience
sanctions

supply chains
tariff
Trans-Pacific Partnership
World Trade Organization



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NEXT ISSUE: The Pros and Cons of AI

GREAT DECISIONS HIGH SEAS TREATY

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