

Chapter 4

USA–China Trade Wars: Back to Protectionism in World Trade

Özlem Toplu Yılmaz
TC İstanbul Yeniüzyıl University, Turkey

ABSTRACT

This chapter analyzes the trade war between the United States of America and China. The United States of America and China are the two biggest trade leaders in the world. The United States supported China for its integration to world trade. The United States accused China of pursuing unfair trade policies. The United States increased tariffs against Chinese imports and China undertook retaliation measures against the United States' tariff increases. The two countries entered a period of a trade war and they started to implement protectionist policies on each other. These protectionist policies between the United States and China are seen as trade wars and could affect the world trade liberalization adversely. As they are trade partners too, it is better for both countries to end this war and to reach an agreement, because trade liberalization efforts could fail.

DOI: 10.4018/978-1-5225-9566-3.ch004

INTRODUCTION

China has become one of the largest economies in the world in recent years. China has been a member of the World Trade Organization on December 11, 2001, and the United States of America (USA) supported China to become a member of the organization. However, due to the tensions between China and the USA, the President of the United States asserted that their support for China's membership in the organization was a mistake. The USA accused China of stealing American technology and trade secrets and of causing unfair competition. Finally, the USA began to impose sanctions on China because the President of the USA argued that China's trade policy was harming American high-tech industries.

The efforts to liberalize the international trade, which began under the leadership of the United States, have changed direction recently, and the protectionist policies against China have been brought to the forefront by the American leadership. The increase in the tariffs that America and China pursued to each other has been called trade wars and they are considered to be negative for the world trade liberalization.

In this research, the role of China in the world trade after its membership of the World Trade Organization and also the trade relations between the United States and China will be examined. The source of the trade wars between China and the United States, and the sanctions imposed by the USA and China's retaliation measures will be analyzed. In addition, the trade disputes between America and China, which are carried to the World Trade Organization, will be mentioned. Finally, the possible impact of these protectionist measures on the liberalization of the world trade will be examined.

BACKGROUND

There are limited studies about the USA and China trade war, and they are published online. These studies and the approaches of the authors are summarized below.

Chunding Li, Chuantian He and Chuangwei Lin analyzed the effects of possible China-USA trade wars by using a multi-country global general equilibrium (GE) model in their article "Economic Impacts of the Possible China-USA Trade War". According to their simulation results, China will be hurt by the trade tensions with the United States. The United States can benefit from its trade policies against China, but may lose if China applies retaliation measures. America has a stronger bargaining power than China. According to the author, trade wars between China and America may hit most of the countries, distort the world trade, and reduce the world GDP.

21 more pages are available in the full version of this document, which may be purchased using the "Add to Cart" button on the publisher's webpage: www.igi-global.com/chapter/usa-china-trade-wars/231430

Related Content

International Land Deals and Agricultural Investment in Ethiopia: Cases from Gambella and Benishangul-Gumuz Regions

Kassa T. Alemu (2015). *Handbook of Research on In-Country Determinants and Implications of Foreign Land Acquisitions* (pp. 167-193).

www.irma-international.org/chapter/international-land-deals-and-agricultural-investment-in-ethiopia/120377

Corporate Governance and Value Creation: Indian Experience

Neeta Baporikar (2016). *International Journal of Asian Business and Information Management* (pp. 51-61).

www.irma-international.org/article/corporate-governance-and-value-creation/155173

Proposing an Integrative Model for Reshoring Antecedents

Joel Pedroso Vaz, Ana Maria Soares, José Carlos M. R. Pinho and Susana Costa e Silva (2019). *Handbook of Research on Corporate Restructuring and Globalization* (pp. 193-212).

www.irma-international.org/chapter/proposing-an-integrative-model-for-reshoring-antecedents/228446

Policy Provisions and Teachers' Needs on Climate Change Education for Sustainable Development in Mongolia

Navchaa Tugjamba, Batchuluun Yembuu, Amarbayasgalan Gantumur and Uranchimeg Getsel (2016). *International Journal of Asian Business and Information Management* (pp. 36-48).

www.irma-international.org/article/policy-provisions-and-teachers-needs-on-climate-change-education-for-sustainable-development-in-mongolia/163158

The Impact of Missing Skills on Learning and Project Performance

James Jiang, Gary Klein, Phil Beck and Eric T.G. Wang (2011). *Global Business: Concepts, Methodologies, Tools and Applications* (pp. 1445-1457).

www.irma-international.org/chapter/impact-missing-skills-learning-project/54848