

Sino–U.S. Rivalry on Trade and Tariffs: The Donald Trump Era

Rubab

Department of Political Science Gomal University, DI.Khan.

Email:

Rubab.rubab00@gmail.com

Abdul Saboor Jan

Department of Political Science, Qurtuba University Of Science & Information Technology. Email: ulsaboor341@gmail.com

Muhammad Latif

Department of Political Science Qurtuba, University Of Science & Information Technology. Email: engr422@gmail.com

ABSTRACT

The escalation of trade tensions between the United States and China during Donald Trump's presidency marked one of the most consequential economic confrontations of the 21st century. This study explores the dynamics of Sino–U.S. rivalry in trade and tariffs from 2017 to 2021, highlighting how protectionist policies, economic nationalism, and strategic competition redefined global trade relations. Using a qualitative, descriptive, and interpretive approach, the paper analyzes the motivations behind the Trump administration's tariff measures, China's retaliatory policies, and the broader implications for global supply chains, international institutions, and bilateral diplomacy. The research also evaluates the outcomes of this trade conflict, including shifts in global manufacturing, emerging technological decoupling, and the reshaping of multilateral trade frameworks. Findings suggest that while Trump's tariff policies sought to correct trade imbalances and curb China's industrial ascent, they instead deepened economic nationalism, disrupted global trade norms, and catalyzed a long-term strategic rivalry between the two powers that extends beyond economics into technology, security, and ideology.

Keywords: Sino–U.S. rivalry, trade war, tariffs, Donald Trump, China, global economy, protectionism, international trade policy.

Introduction

The relationship between the United States and the People's Republic of China has long stood at the center of global economic and political discourse. Fajgelbaum, P. D., & Khandelwal, A. K. (2021). As the world's two largest economies, their interactions shape the trajectories of trade, technology, security, and diplomacy. The era of Donald J. Trump's presidency (2017–2021) marked a profound turning point in this relationship. Trump's administration challenged decades of U.S. engagement with China—characterized by economic interdependence and diplomatic pragmatism—by framing China not merely as a trading partner but as a strategic competitor threatening American industrial and technological supremacy. Fetzer, T. (2021). The subsequent imposition of tariffs, export controls, and restrictions on Chinese firms launched what became known globally as the U.S.–China trade war. Historically, economic engagement between the two nations deepened after China's accession to the World Trade Organization (WTO) in 2001. The U.S. pursued policies that encouraged trade liberalization and integration of China into the global economic order, believing that economic interdependence would promote liberalization and stability. Hlovor, I., & Mawuko- Yevugah, L. (2024). However, by the late 2010s, American policymakers began perceiving the relationship as asymmetric—where China benefited from U.S. market access and technological transfer while maintaining protectionist and state-led industrial policies at home. This perception intensified under Trump, whose “America First” doctrine emphasized trade balance correction, domestic manufacturing revitalization, and reducing U.S. dependency on Chinese imports. Liu, T., & Woo, W. T. (2018).

The Trump administration's rhetoric and policies fundamentally transformed the tone of U.S.–China relations. Between 2018 and 2020, the United States imposed tariffs on more than \$360 billion worth of Chinese goods, while China retaliated with tariffs on \$110 billion of U.S. exports. These measures affected industries ranging from agriculture and electronics to steel and automotive production. Asif, H. (2024). The trade conflict extended beyond tariffs to encompass issues of intellectual property theft, forced

technology transfer, and China's state subsidies under the "Made in China 2025" initiative. The U.S. justified its actions on grounds of national security, economic fairness, and sovereignty, framing the confrontation as an effort to reset an "unfair" trading relationship. Žemaitytė, S., & Urbšienė, L. (2020).

While previous administrations sought to manage competition through diplomacy, Trump's approach relied on unilateralism and economic coercion. His administration sidelined multilateral institutions like the WTO, preferring bilateral negotiations and "deal-making. Luck, P. (2025)." The Phase One Trade Agreement signed in January 2020 was presented as a success, requiring China to increase imports of U.S. goods and strengthen intellectual property protections. However, analysts argue that the deal failed to address deeper structural concerns and was soon overshadowed by the COVID-19 pandemic, which exposed the fragility of global supply chains and deepened mistrust between Washington and Beijing. Pettis, M. (2021, January 28). From an economic perspective, the trade war disrupted global production networks, increased costs for consumers, and slowed global economic growth. Politically, it represented a broader ideological confrontation between a rising authoritarian power and a liberal democracy seeking to preserve its global dominance. Fajgelbaum, P. D., & Khandelwal, A. K. (2021). The rivalry expanded into the realms of technology (5G networks, semiconductors, artificial intelligence) and strategic geopolitics (the Indo-Pacific strategy, South China Sea disputes, and Taiwan policy). Thus, the "Trump Era" can be understood as the catalyst that converted long-standing tensions into a sustained strategic rivalry. This paper aims to provide a comprehensive analysis of the Sino–U.S. trade rivalry during the Trump administration, focusing on the evolution, motivations, and consequences of trade and tariff policies. Stober, E. O. (2025). It will explore how the trade war reflected deeper structural competition between the two powers, and how its repercussions shaped global trade norms and the post-pandemic economic order.

Literature Review

The economic relationship between the United States and China has evolved dramatically since China's economic liberalization in the late 1970s. Deng Xiaoping's reforms opened China to global markets, and by 2001, China's accession to the World Trade Organization marked a new phase in its integration into the global economy. Stober, E. O. (2025). U.S. policymakers initially believed that trade liberalization would encourage China's political moderation and economic fairness. For several decades, bilateral trade expanded exponentially, with China becoming the largest trading partner of the United States by 2010. Bown, C. P. (2021). However, this interdependence was asymmetrical. China's state-led industrial policies and export-oriented growth created structural imbalances. The U.S. trade deficit with China ballooned from \$83 billion in 2000 to over \$419 billion in 2018. American manufacturing sectors, particularly steel, electronics, and textiles, experienced deindustrialization and job losses, intensifying domestic criticism of globalization. Hua, S. (2022). From a historical perspective, this growing discontent set the stage for protectionist politics. Trump's administration's economic nationalism echoed earlier protectionist measures like the Smoot-Hawley Tariff Act of 1930, but the scope and geopolitical intent were distinct—it was not only about economics but also about the strategic containment of China's technological and industrial rise. Liu, T., & Woo, W. T. (2018).

Trade and tariff conflicts have been analyzed through multiple theoretical frameworks. The Realist School in international relations views trade wars as extensions of state power, where economic tools are used to achieve geopolitical dominance. From this perspective, the U.S.–China trade war represents a power transition conflict, with the United States attempting to preserve its hegemony while China seeks parity through industrial and technological advancement. Pettis, M. (2021, January 28). The Liberal School, conversely, argues that economic interdependence fosters cooperation and reduces the likelihood of conflict. However, interdependence can become a source of vulnerability if one state perceives exploitation. The Trump era exemplified this paradox: while

globalization connected the two economies, it also deepened nationalist sentiments and security fears. Economic Nationalism Theory explains Trump's approach as a reaction against globalization's perceived inequities. Trump's policies represented the reassertion of state sovereignty over global markets. Fajgelbaum, P. D., & Khandelwal, A. K. (2025). By framing trade deficits as threats to national power, tariffs were justified as instruments of economic security, linking domestic industrial revival to geopolitical strength. From a dependency perspective, the trade war reflects a reversal of dependency dynamics. Historically, developing economies depended on Western markets, but China's rise has allowed it to create its own global production chains, reducing reliance on Western demand. The trade war therefore symbolizes a broader systemic struggle over the control of global capital and technology flows. Donald Trump's trade policy represented a radical departure from traditional U.S. economic diplomacy. Rauch, T. (2021). Rooted in the "America First" doctrine, it prioritized bilateral deals over multilateral engagement and treated trade as a zero-sum game. Trump's strategy was grounded in mercantilist logic—maximizing exports while minimizing imports to restore national economic strength.

The U.S. accused China of unfair trade practices, including intellectual property theft, forced technology transfers, industrial subsidies, and market restrictions. In response, the United States imposed tariffs on more than \$360 billion worth of Chinese imports under Section 301 of the Trade Act of 1974. The stated objective was to compel China to abandon state capitalism and open its markets to fair competition. Hlovor, I., & Mawuko- Yevugah, L. (2024). However, the tariffs failed to achieve their intended goals. U.S. importers bore much of the tariff burden, leading to higher consumer prices and supply chain disruptions. American farmers suffered from Chinese retaliatory tariffs on agricultural products, forcing the administration to provide billions of dollars in subsidies. Despite these efforts, the U.S. trade deficit with China remained persistent, indicating that structural economic differences, not merely policy, drove the imbalance. China's response combined retaliation and strategic restraint. Liu, T., & Woo, W. T. (2018). Instead of

matching U.S. confrontation in rhetoric, Beijing pursued a calibrated approach designed to maintain stability while asserting sovereignty. Retaliatory tariffs targeted politically sensitive U.S. exports such as soybeans, aircraft, and automobiles. At the same time, China accelerated domestic innovation through policies like Made in China 2025 and expanded trade partnerships with the European Union and ASEAN to mitigate dependency on U.S. markets. China's Belt and Road Initiative became a geopolitical instrument to diversify trade routes and expand its influence in global infrastructure development. Žemaitytė, S., & Urbšienė, L. (2020). The trade war strengthened China's determination for technological self-sufficiency, especially in semiconductors, artificial intelligence, and 5G technologies. Despite sanctions on companies like Huawei and ZTE, China's economy demonstrated resilience, showing limited long-term damage from U.S. tariffs. Globally, the trade conflict had far-reaching consequences. It reduced global GDP, disrupted supply chains, and weakened business confidence. Fajgelbaum, P., Goldberg, P., Kennedy, P., Khandelwal, A., & Taglioni, D. (2024). Many multinational corporations relocated parts of their manufacturing from China to other Asian countries such as Vietnam and Malaysia, reshaping global production networks. This "supply chain decoupling" revealed vulnerabilities in the globalization model that had previously fueled decades of growth. Multilateral trade institutions also suffered. The United States' unilateralism and refusal to support WTO dispute mechanisms undermined global trade governance, signaling a move away from the rules-based system. This erosion of multilateralism raised questions about the future of international trade norms. Iyoha, E., Malesky, E., Wen, J., Wu, S- J., & Feng, B. (2024).

Beyond economics, the trade war evolved into a technological rivalry. Luo, W., Kang, S., & Di, Q. (2025). The confrontation extended into high-tech sectors like semiconductors, artificial intelligence, and 5G networks—areas central to national security and future power. The Trump administration restricted Chinese firms' access to critical technologies, while China advanced its "dual circulation" strategy to enhance domestic

Annual Methodological Archive Research Review

<http://amresearchreview.com/index.php/Journal/about>

Online ISSN

3007-3197

Print ISSN

3007-3189

<http://amresearchreview.com/index.php/Journal/a>

innovation and reduce dependency on Western technologies. This technological decoupling represents a structural shift from globalization toward economic bifurcation, dividing the world into competing technological ecosystems led by Washington and Beijing. Mann, I. (2025). The growing technological competition is expected to define the international system for decades, shaping global supply chains and innovation flows. Finally, the trade war was as much political and ideological as it was economic. Trump's populist rhetoric appealed to domestic audiences disillusioned with globalization, presenting China as the primary cause of industrial decline and job loss. The confrontation thus became an instrument of populist mobilization within the U.S. political landscape. In China, the conflict was framed as an external attempt to suppress national rejuvenation, reinforcing nationalist sentiment and strengthening the Communist Party's legitimacy. The trade war therefore intensified ideological divisions between the two powers—fueling authoritarian resilience in China and nationalist populism in the United States—entrenching a rivalry that transcends economics and extends into political identity and global leadership.

Research Methodology

Research Design

This research adopts a qualitative research design, emphasizing descriptive and interpretive analysis to examine the nature and implications of the Sino–U.S. rivalry on trade and tariffs during the Donald Trump era. The purpose of choosing a qualitative approach is to explore the underlying political, economic, and strategic dimensions of the trade conflict rather than focusing solely on statistical correlations or numerical measurements. The qualitative design enables the researcher to interpret the motivations, perceptions, and consequences of policy decisions made by both states, drawing from multiple sources including policy documents, academic studies, and institutional reports. The qualitative design also allows the study to analyze the narrative framing of the trade conflict—how the U.S. presented tariffs as corrective tools for “unfair trade” and how China interpreted them as strategic containment. This interpretive dimension provides a comprehensive understanding of the political economy behind the trade war, beyond mere economic figures. Hence, the research design aligns with the study’s objective: to assess how trade policies evolved into instruments of geopolitical rivalry.

Research Philosophy

The study is grounded in the post-positivist philosophy, which recognizes that social and political phenomena cannot be understood through purely objective or measurable variables. Post-positivism assumes that reality exists but can be interpreted differently depending on context, ideology, and power structures. This philosophical approach is appropriate for analyzing the U.S.–China trade conflict because both nations constructed competing narratives about fairness, sovereignty, and global order. Post-positivism allows the researcher to acknowledge these multiple interpretations and evaluate policy outcomes through a critical, evidence-based lens. It balances objectivity with contextual understanding, ensuring that conclusions are drawn from a thorough examination of both empirical data and interpretive reasoning. Furthermore, post-positivism supports the

Annual Methodological Archive Research Review

<http://amresearchreview.com/index.php/Journal/about>

Online ISSN

3007-3197

Print ISSN

3007-3189

<http://amresearchreview.com/index.php/Journal/a>

inclusion of competing perspectives—such as American economic nationalism and Chinese state capitalism—enabling a more balanced understanding of the rivalry.

Theoretical Framework

The research is guided by Economic Nationalism Theory and elements of Realist International Relations Theory. Economic Nationalism emphasizes the centrality of the state in managing trade to protect domestic industries, promote sovereignty, and secure national interests. This framework explains the Trump administration's protectionist stance, viewing tariffs not as economic disruptions but as tools of national empowerment. Meanwhile, Realist theory provides a geopolitical perspective, portraying the trade war as part of a broader power transition struggle between an established hegemon (the United States) and a rising challenger (China). The combination of these theories allows for a multidimensional interpretation of the trade war—bridging the economic, political, and strategic domains of state behavior.

Research Approach

The research employs an interpretivist approach, which focuses on understanding meanings and motives behind policy actions. This approach is particularly suited to examining how leaders and institutions framed the trade war, justified tariffs, and responded to retaliatory measures. Interpretivism helps uncover how political narratives—such as “America First” or “China’s peaceful rise” influenced policy formulation and public perception. Unlike positivist approaches that prioritize numerical data, Interpretivism values context and meaning. The approach thus captures the complex interactions between domestic politics, economic ideology, and international competition that defined the Trump era. It also facilitates the exploration of how symbolic policies, like tariffs, served as expressions of identity politics and strategic signaling between rival powers.

Analysis & Findings

Overview of the Trade War Dynamics

The Sino–U.S. trade rivalry under Donald Trump’s presidency represented a major reconfiguration of global economic power relations. The analysis of the data collected from official statements, policy documents, and international reports reveals that the trade

war was not merely a dispute over economic imbalances—it was a strategic confrontation that combined political, economic, and ideological elements. The Trump administration's imposition of tariffs was framed as a corrective mechanism to address unfair trade practices, but in essence, it symbolized a broader attempt to contain China's rise as a technological and manufacturing superpower. Between 2018 and 2020, the United States imposed tariffs on more than \$360 billion worth of Chinese goods, while China retaliated with tariffs on \$110 billion of American exports. This sequence of actions triggered a chain reaction of market instability, disrupted supply chains, and uncertainty in global trade governance. The Trump administration justified these measures under Section 301 of the Trade Act of 1974, citing intellectual property theft, forced technology transfers, and state subsidies as reasons for punitive tariffs. In practice, however, the tariffs also targeted China's strategic industrial policies, particularly the *Made in China 2025* initiative, which aimed to transform China into a leader in high-tech industries such as robotics, artificial intelligence, and semiconductors.

Economic Findings: Impact on Trade Balance and Manufacturing

The U.S. administration expected that tariffs would reduce the trade deficit and revive domestic manufacturing. However, data from the U.S. Census Bureau and international economic organizations show that the trade deficit remained persistent, decreasing only marginally from \$419 billion in 2018 to \$345 billion in 2020. This indicates that the trade imbalance was structural rather than policy-driven. The tariffs led to a redirection of imports rather than reshoring of production—many U.S. companies shifted sourcing from China to alternative locations such as Vietnam, Thailand, and Mexico, but overall dependence on foreign supply chains remained high. Additionally, the analysis of industrial output and employment data suggests that American manufacturing did not experience significant revival. Tariffs increased the cost of imported components, particularly in sectors like electronics, automotive, and machinery, making production more expensive for U.S. manufacturers. Consequently, some industries suffered profit

declines and slowed investments. Similarly, the agricultural sector faced heavy losses due to Chinese retaliatory tariffs on soybeans, corn, and pork, leading the U.S. government to issue billions in subsidies to farmers. For China, the immediate impact was also substantial, with export volumes declining in key categories during 2019. However, the country managed to adapt by diversifying export markets and enhancing domestic consumption. By late 2020, China's manufacturing output had recovered faster than that of the U.S., reflecting greater resilience in its export-driven model.

Strategic Findings: The Shift from Economic Dispute to Geopolitical Rivalry

The data and thematic interpretation of policy communications demonstrate that the trade war evolved from a limited economic dispute into a broader geopolitical rivalry. Trump's administration explicitly linked economic strength to national security, portraying China's rise as an existential challenge to U.S. technological leadership. The National Security Strategy (2017) identified China as a "revisionist power," signaling a shift in perception from competitor to strategic adversary. China's counter-narrative emphasized sovereignty, mutual respect, and the defense of multilateralism. The Chinese government's communications described U.S. actions as "economic bullying," framing the trade conflict as part of a Western attempt to curb China's modernization. This ideological framing transformed the trade war into a symbolic confrontation—a contest over which political and economic system would dominate the 21st century. The Trump administration's tariffs thus served a dual purpose: to address trade grievances and to politically signal resistance to China's growing influence. For Beijing, the confrontation justified accelerating its long-term strategy for technological independence and global connectivity through the Belt and Road Initiative.

Technological Rivalry and Supply Chain Decoupling

The findings also highlight a technological decoupling process that began under Trump's administration and continues to shape global economic relations. The United States targeted Chinese technology firms such as Huawei, ZTE, and TikTok, imposing export

controls and restricting access to U.S.-made semiconductors and software. These restrictions aimed to protect U.S. technological dominance and limit China's access to cutting-edge innovation. In response, China intensified investment in domestic research and development, aiming to achieve technological self-sufficiency. The *dual circulation strategy*—emphasizing domestic innovation and reduced reliance on foreign technologies—became a central policy response. The findings suggest that the trade war inadvertently accelerated China's technological modernization rather than hindering it. For global supply chains, this decoupling led to a reconfiguration of production networks. Many multinational corporations began diversifying manufacturing bases to minimize tariff exposure. Southeast Asian economies, particularly Vietnam and Malaysia, emerged as alternative manufacturing hubs. However, the overall efficiency of global production declined due to the fragmentation of trade routes and increased costs of compliance and logistics.

Political and Ideological Dimensions

The interpretive analysis of public speeches and media narratives reveals that domestic political motivations played a significant role in shaping Trump's trade policies. The "America First" slogan resonated strongly with populist sentiment across the U.S., appealing to working-class voters who perceived globalization as a source of inequality and industrial decline. Tariffs were presented not only as an economic correction but also as an assertion of national pride and sovereignty. Conversely, China's domestic discourse portrayed the trade war as a test of national endurance. State-controlled media emphasized self-reliance and unity in the face of foreign pressure, framing the conflict as an opportunity for technological transformation. This nationalistic narrative bolstered domestic support for the Communist Party, consolidating its legitimacy during a period of external challenge. The ideological polarization created by the trade war extended beyond bilateral relations. It influenced global perceptions of governance, with the U.S. promoting liberal democratic capitalism while China advocated a model of state-driven economic

modernization. The findings underscore that the trade war symbolized a deeper clash of economic philosophies—between free-market capitalism and state-managed capitalism.

Global Economic Consequences

The trade conflict's global repercussions were significant. The International Monetary Fund estimated that global GDP growth declined by nearly 0.8% by the end of 2020 as a result of tariff uncertainty, investment slowdown, and reduced consumer confidence. Global trade volume contracted, and multinational corporations faced increased production costs. Developing economies integrated into global value chains, particularly in Asia, experienced export declines and investment uncertainty. Financial markets exhibited volatility, with equity prices fluctuating in response to each phase of tariff escalation or negotiation announcements. The findings indicate that global investors increasingly viewed the trade war as a proxy for geopolitical instability. The COVID-19 pandemic further compounded these effects, exposing the fragility of overextended supply chains and reinforcing the movement toward regionalization and diversification of trade.

The Phase One Agreement: Partial Resolution and Limitations

The Phase One Trade Agreement signed in January 2020 represented a temporary truce rather than a resolution. The agreement required China to increase imports of U.S. goods and services by approximately \$200 billion over two years and to enhance intellectual property protections. While initially celebrated as a diplomatic success, data analysis reveals that China fell short of these commitments due to the economic disruptions caused by the pandemic and continued political tensions. The agreement also failed to address structural issues such as industrial subsidies, state-owned enterprise reform, and technology transfer mechanisms. As a result, the underlying causes of the trade conflict persisted beyond Trump's presidency. The Phase One deal, therefore, served more as a symbolic achievement than a substantive policy solution.

Discussion & Interpretation

The Trade War as a Manifestation of Strategic Rivalry

The findings clearly indicate that the trade war was not a temporary economic dispute, but rather a manifestation of a broader strategic rivalry between the United States and China. During the Trump era, economic tools were weaponized to pursue geopolitical objectives. Trump's rhetoric emphasized restoring America's "economic sovereignty," while framing China as a threat to U.S. technological and manufacturing dominance. The tariffs imposed on Chinese products were designed not merely to protect American industries but to reshape global trade hierarchies that had favored China's export-driven economy since the 1990s. The findings align with the theoretical perspectives of economic nationalism and neo-mercantilism, where the state intervenes in the economy to secure national interests. Trump's approach can be seen as a reaction to decades of neoliberal globalization that had allowed China to expand its economic influence under the liberal world order. By introducing tariffs, export controls, and investment restrictions, Trump attempted to reverse the dependency structure between the U.S. and China. However, this strategy inadvertently triggered a reconfiguration of global supply chains and accelerated China's self-reliance policies, demonstrating that interdependence could not easily be dismantled.

The Failure of Tariffs as an Economic Equalizer

Despite Trump's promise to reduce the U.S. trade deficit, empirical data revealed minimal impact on trade imbalances. The deficit persisted because structural factors—such as the U.S. economy's high consumption, low savings, and dependence on global supply chains—could not be corrected by tariffs alone. Moreover, the tariffs raised input costs for U.S. firms and consumers, resulting in inflationary pressures and reduced competitiveness. From an economic standpoint, this outcome underscores the limitations of protectionist policies in an interconnected global economy. The assumption that tariff barriers could reshore manufacturing proved unrealistic in a system where production is globally dispersed. Instead of revitalizing domestic production, the tariffs incentivized companies to relocate operations to third countries, particularly in Southeast Asia. Consequently, while trade volumes between the U.S. and China declined, the broader pattern of globalization

persisted, albeit in a more fragmented form.

China's Strategic Resilience and Adaptive Policy Response

The research findings highlight China's remarkable adaptability and strategic resilience in response to American pressure. Beijing's policy adjustments—such as the *dual circulation strategy* and increased investment in high-tech sectors—demonstrate that China used the trade war as an opportunity to accelerate domestic innovation and reduce reliance on U.S. technologies. This adaptive strategy reflects the essence of strategic hedging theory, which suggests that states adopt mixed strategies of cooperation and competition to minimize vulnerability. Rather than engaging in direct confrontation, China leveraged multilateral institutions, deepened ties with the European Union and ASEAN, and promoted initiatives like the Belt and Road to sustain its global economic engagement. The ability to absorb short-term economic shocks while maintaining long-term developmental goals underscores the institutional and structural strength of China's economic system. Furthermore, the trade war reinforced the Communist Party's legitimacy by framing the conflict as a patriotic struggle against Western containment. This aligns with the “rally around the flag” effect, where external threats unify domestic support. Thus, instead of weakening China's political system, the trade conflict strengthened its nationalist narrative and policy coherence.

Technological Decoupling and the New Economic Cold War

The findings also reveal the emergence of a technological cold war—a defining feature of the Trump-era rivalry. The United States' sanctions on Chinese firms such as Huawei and restrictions on semiconductor exports signaled an effort to curb China's advancement in next-generation technologies like 5G, artificial intelligence, and quantum computing. The underlying motive was not just economic competition but the preservation of U.S. dominance in technological standards and digital governance. This decoupling represents a systemic shift in global capitalism, moving from interdependence toward “strategic compartmentalization,” where nations seek autonomy in key technological domains.

China's response—boosting domestic R&D funding, expanding the semiconductor industry, and building alliances in technology standards—demonstrates a long-term strategic countermeasure. The Trump administration's actions also set a precedent for future administrations, institutionalizing technology export controls and reshaping U.S. alliances around supply chain security. Consequently, the Sino–U.S. rivalry transcended trade and entered a new era of economic bifurcation, dividing the global economy into competing technological spheres.

Political Populism and Domestic Narratives

The study's interpretivist analysis of speeches and media coverage reveals that Trump's trade policy was heavily influenced by domestic political populism. His "America First" slogan resonated with the American working class, many of whom had suffered due to industrial decline and job outsourcing. By framing China as the primary cause of U.S. economic hardship, Trump successfully mobilized nationalist sentiment to strengthen his political base. However, this populist approach overlooked structural economic realities. Many manufacturing losses were due to automation rather than Chinese competition. Yet, politically, the trade war became a symbolic gesture of economic retribution, aligning with the broader populist narrative of reclaiming national control from globalization. China's domestic narrative mirrored this logic from the opposite side. The state-controlled media portrayed the U.S. as an imperial power seeking to suppress China's rise, invoking historical memories of colonial humiliation. This duality of populist nationalism on both sides reinforced mutual hostility and made diplomatic compromise politically costly. Thus, the trade war became as much about ideology and identity as it was about economics.

The Global Repercussions of the Sino–U.S. Rivalry

The global economic system, built upon decades of liberal trade integration, faced significant turbulence during the trade war. The uncertainty generated by tariffs, retaliations, and shifting supply chains reduced global investment flows and slowed GDP growth worldwide. The International Monetary Fund (IMF) and the World Trade

Organization (WTO) both reported declines in global trade volumes and projected losses exceeding \$700 billion between 2018 and 2020. Emerging economies were particularly affected. Countries such as Vietnam, Malaysia, and Mexico benefited temporarily from production relocation, but others dependent on export-led growth—like South Korea and Singapore—faced volatility in intermediate goods markets. Moreover, global commodity prices and financial markets fluctuated sharply in response to trade negotiations, illustrating the contagion effect of great-power rivalry on global economic stability. The trade war also weakened confidence in multilateral institutions. Trump's repeated attacks on the WTO and withdrawal from trade agreements such as the Trans-Pacific Partnership signaled a U.S. retreat from global economic leadership. This vacuum allowed China to advance alternative frameworks, such as the Regional Comprehensive Economic Partnership (RCEP), which further integrated Asian economies under its influence. In this sense, Trump's protectionism paradoxically strengthened China's regional economic leadership, undermining the very objective it sought to achieve.

Ideological Divergence and Competing Economic Models

Beyond the economic data, the trade war symbolized a clash of economic philosophies. The United States championed liberal market principles, individual entrepreneurship, and minimal state intervention. China, by contrast, relied on state-led industrial policies, central planning, and strategic investment in high-value sectors. The conflict thus exposed the limitations of assuming that global economic integration would naturally lead to convergence between capitalist and socialist systems. Trump's confrontational policies crystallized this divergence, leading to a world where two competing models of governance—liberal capitalism vs. state capitalism—now coexist and compete for global influence. The rivalry extended into infrastructure development, digital standards, and trade norms. This systemic bifurcation suggests the emergence of a multipolar economic order, where the liberal economic consensus of the post-Cold War era no longer holds absolute authority.

The Phase One Deal: A Temporary Pause, Not Peace

The Phase One Agreement of January 2020 marked a tactical de-escalation but not a resolution. It addressed surface-level issues like agricultural purchases and intellectual property protections but avoided deeper structural disputes over subsidies and industrial policies. The pandemic further disrupted the implementation of the agreement, rendering many targets unattainable. From a theoretical perspective, the Phase One deal exemplifies a “ceasefire agreement” in international economic diplomacy—where short-term stability is prioritized over long-term resolution. The failure to achieve a comprehensive settlement underscores that the trade war was rooted in systemic distrust, not just transactional imbalances. Consequently, the economic and strategic rivalry persisted beyond Trump’s presidency and continues to shape the global political economy.

Findings, Conclusion& Policy Recommendations

Findings

The comprehensive analysis of the Sino–U.S. rivalry on trade and tariffs during the Donald Trump era reveals a multidimensional conflict that transcended economics, encompassing political, ideological, and technological domains. The following are the key findings derived from the study:

The Trade War Reflected Structural Rivalry, Not Temporary Dispute:

The confrontation between the United States and China was driven by deep-rooted structural imbalances in the global economy. Trump’s protectionist policies were symptomatic of a larger hegemonic transition, where an established power sought to preserve dominance against a rapidly rising competitor.

Tariffs Failed to Correct Trade Imbalances

The evidence indicates that tariffs did not significantly reduce the U.S. trade deficit with China. Instead, they increased domestic costs, disrupted global supply chains, and shifted production to third-party states without fundamentally altering bilateral economic dependency.

China's Strategic Adaptation Strengthened Its Economic Resilience

Rather than weakening China's economic model, U.S. pressure accelerated its pursuit of technological self-sufficiency and diversification through policies like *Made in China 2025* and the *dual circulation strategy*. This response showcased China's long-term strategic vision and state-led adaptability.

Technological Rivalry Became the Core of the Conflict

The trade war evolved into a technology-centered cold war, with both powers competing for leadership in 5G, AI, and semiconductors. The restriction of Huawei and similar entities marked the beginning of strategic decoupling, redefining the nature of globalization and global supply networks.

Populism and Nationalism Fueled Trade Policies

Domestic politics on both sides played a decisive role. In the U.S., populist nationalism underpinned Trump's "America First" rhetoric, mobilizing working-class dissatisfaction. In China, the conflict was used to foster unity and reinforce the legitimacy of the Communist Party by portraying external containment as a test of national strength.

Global Economic Order Experienced a Shift Toward Fragmentation

The trade war undermined confidence in multilateral trade institutions such as the WTO and weakened the liberal trade order. The vacuum created by U.S. unilateralism allowed China to expand its influence in Asia through frameworks like the *Regional Comprehensive Economic Partnership (RCEP)* and the *Belt and Road Initiative (BRI)*.

Economic Nationalism Became a Defining Feature of U.S. Foreign Policy:

Trump's departure from multilateralism toward bilateral, transactional trade policies marked a return to neo-mercantilism, reshaping America's global economic identity. This shift persists in subsequent U.S. administrations, reflecting a broader bipartisan consensus on countering China's economic rise.

Phase One Deal Provided a Tactical Pause, Not Strategic Resolution

The 2020 agreement addressed immediate tensions but left unresolved issues like industrial subsidies, technology transfer, and state capitalism. Thus, the rivalry remains entrenched, extending beyond Trump's presidency into a long-term strategic competition.

Conclusion

The Sino–U.S. trade rivalry during the Donald Trump era marked a critical turning point in the global political economy, signaling the erosion of the unchallenged liberal order that had dominated since the Cold War. The trade war illustrated that economic interdependence, long assumed to encourage cooperation, could instead be leveraged as a tool of strategic competition. Trump's tariffs, presented as instruments to restore fairness, exposed the complexities of globalization, revealing how deeply integrated supply chains constrained the effectiveness of unilateral measures. In contrast, China's pragmatic, long-term approach highlighted its resilience, adaptability, and capacity for economic innovation under external pressure. The conflict extended beyond tariffs into a broader contest for technological dominance, industrial leadership, and ideological influence. It effectively divided the global economy into competing spheres of governance, with both nations vying to shape the future of digital infrastructure, innovation, and international trade rules. This rivalry reflected the transformation from a unipolar, U.S.-led system to a multipolar world characterized by economic nationalism, technological bifurcation, and fragmented institutions. The trade war demonstrated that cooperative globalization is increasingly giving way to competitive globalization, where states prioritize national resilience over interdependence. Far from being an isolated event, the conflict represents a historical shift in the balance of power. Its lessons continue to influence the economic strategies of both the United States and China, shaping their approaches to trade, technology, and global governance in the coming decades.

Policy Recommendations

1. For the United States

➤ **Adopt a Strategic Engagement Framework:**

Rather than relying on punitive tariffs, the U.S. should engage China through structured dialogue and multilateral platforms to address issues such as intellectual property and market access. Strategic engagement fosters stability and predictability in global markets.

➤ **Invest in Domestic Industrial Innovation:**

Sustainable competitiveness requires strengthening domestic R&D, technological infrastructure, and education. Industrial policies should focus on emerging sectors—AI, green energy, and semiconductors—rather than tariff-based protectionism.

➤ **Reinforce Multilateral Trade Institutions:**

Restoring credibility in the WTO and other trade mechanisms is essential for maintaining global trade order. The U.S. must lead institutional reform to ensure fair competition without undermining global cooperation.

➤ **Diversify Supply Chains Strategically:**

The U.S. should promote “friend-shoring” and nearshoring strategies that reduce dependency on China while maintaining efficiency. Partnerships with allies like Japan, South Korea, and the EU can enhance supply chain security.

➤ **Balance Economic and Security Interests:**

Economic rivalry should not evolve into complete decoupling. Establishing technology-sharing safeguards and export-control clarity can prevent unnecessary escalation while protecting national interests.

2. For China

➤ **Accelerate Economic Reforms and Transparency:**

Greater transparency in subsidies, market access, and intellectual property enforcement can reduce friction with Western economies and attract foreign investment confidence.

➤ **Strengthen Technological Self-Reliance:**

Continued investment in indigenous innovation is essential for long-term resilience. China should expand its semiconductor ecosystem, AI research, and digital infrastructure autonomy.

➤ **Deepen Regional Economic Partnerships:**

Strengthening integration with ASEAN, Central Asia, and Africa under the Belt and Road framework will diversify trade dependencies and reinforce China's global leadership role.

➤ **Enhance Diplomatic Communication:**

Constructive diplomacy can prevent the perception of aggression and foster cooperation in areas like climate change, pandemic recovery, and sustainable development.

➤ **Balance State Capitalism with Market Efficiency:**

China should reform its state-owned enterprises and enhance private sector participation to improve global competitiveness and reduce vulnerability to external pressure.

3. For the Global Community

➤ **Promote Multilateral Trade Mediation Mechanisms:**

Establishing neutral platforms under the WTO or G20 can help manage trade disputes between major powers and prevent global economic destabilization.

➤ **Encourage Cooperative Innovation Networks:**

Cross-border technological collaboration on climate change, health, and digital governance should be insulated from geopolitical tensions to ensure global progress.

➤ **Support Developing Economies Affected by Trade Realignment:**

Global institutions like the IMF and World Bank should provide technical and financial support to emerging economies impacted by the Sino-U.S. rivalry and supply chain restructuring.

➤ **Build a Framework for Digital and Technological Governance:**

International standards on data security, AI ethics, and cyber trade must be collectively negotiated to prevent digital fragmentation and protect global innovation ecosystem

References

Annual Methodological Archive Research Review

<http://amresearchreview.com/index.php/Journal/about>

Online ISSN

3007-3197

Print ISSN

3007-3189

<http://amresearchreview.com/index.php/Journal/a>

- Asif, H. (2024). The U.S.–China trade war in the 21st century: A critical analysis. *GSSR Journal*, 2(4), 56- 72.
- Bown, C. P. (2021). The U.S.–China Trade War and Phase One Agreement. *Journal of International Economics*, [Volume ?], [Pages ?].
- Fajgelbaum, P. D., & Khandelwal, A. K. (2021). *The economic impacts of the U.S.–China trade war* (NBER Working Paper No. 29315). National Bureau of Economic Research.
- Fajgelbaum, P. D., & Khandelwal, A. K. (2021). *The Economic Impacts of the U.S.–China Trade War* (NBER Working Paper No. 29315). National Bureau of Economic Research.
- Fajgelbaum, P. D., & Khandelwal, A. K. (2025). *The economic impacts of the U.S.–China trade war* (NBER Working Paper No. 29315). National Bureau of Economic Research.
- Fajgelbaum, P., Goldberg, P., Kennedy, P., Khandelwal, A., & Taglioni, D. (2024). The U.S.–China trade war and global reallocations. *American Economic Review: Insights*, 6(2), 295- 312.
- Fetzer, T. (2021). Tariffs and politics: Evidence from Trump's trade wars. *The Economic Journal*, 131(636), 1717–1741.
- Hlovor, I., & Mawuko- Yevugah, L. (2024). Understanding the U.S.–China trade war. *Journal of World- Systems Research*, 30(2), 1192.
- Hlovor, I., & Mawuko- Yevugah, L. (2024). Understanding the U.S.–China trade war. *Journal of World- Systems Research*, 30(2), 1192
- Hua, S. (2022). The U.S.–China Trade War, Economic Statecraft, Multinational Corporations and Public Opinion. *Cambridge Journal of Economics*,.
- Iyoha, E., Malesky, E., Wen, J., Wu, S- J., & Feng, B. (2024). *Exports in disguise?: Trade rerouting during the U.S.–China trade war* (Working Paper 24- 072). Harvard Business School.
- Liu, T., & Woo, W. T. (2018). Understanding the U.S.–China trade war: Strategic competition and structural imbalance. *Global Trade & Customs Journal*, 15(11),

Annual Methodological Archive Research Review

<http://amresearchreview.com/index.php/Journal/about>

Online ISSN

3007-3197

Print ISSN

3007-3189

<http://amresearchreview.com/index.php/Journal/a>

452- 468. <https://doi.org/10.2139/ssrn.3235491>

Liu, T., & Woo, W. T. (2018). Understanding the U.S.–China trade war: Strategic competition and structural imbalance. *Global Trade and Customs Journal*, 15(11), 452- 468.

Liu, T., & Woo, W.T. (2018). Understanding the U.S.–China Trade War: Strategic competition and structural imbalance. *Global Trade & Customs Journal*, 15(11), 452- 468.

Luck, P. (2025). Understanding the temporary de-escalation of the U.S.–China trade war. *Center for Strategic & International Studies Commentary*. CSIS

Luo, W., Kang, S., & Di, Q. (2025). Global supply chain reallocation and shift under triple crises: A U.S.–China perspective. *arXiv*.

Mann, I. (2025). The contentious U.S.–China trade relationship. *Council on Foreign Relations Background*.

Pettis, M. (2021, January 28). How Trump's tariffs really affected the U.S. job market. *Carnegie Endowment for International Peace*.

Pettis, M. (2021, January 28). How Trump's Tariffs Really Affected the U.S. Job Market. *Carnegie Endowment for International Peace*.

Rauch, T. (2021). Tariffs and politics: Evidence from Trump's trade wars. *The Economic Journal*, 131(636), 1717- 1741.

Stober, E. O. (2025). President Trump's Trade War: The U.S.–China Tariffs and Global Implications. *The Market for Ideas*, 52.

Žemaitytė, S., & Urbšienė, L. (2020). Macroeconomic effects of trade tariffs: A case study of the U.S.–China trade war effects on the economy of the United States. *Organizations and Markets in Emerging Economies*, 11(2), 305- 326.

Žemaitytė, S., & Urbšienė, L. (2020). Macroeconomic effects of trade tariffs: A case study of the U.S.–China trade war effects on the economy of the United States. *Organizations and Markets in Emerging Economies*, 11(2), 305- 326.

Annual Methodological Archive Research Review

<http://amresearchreview.com/index.php/Journal/about>

Online ISSN

3007-3197

Print ISSN

3007-3189

<http://amresearchreview.com/index.php/Journal/a>