国研紀要156（2020.10）：125–162

〈論説〉

The Socioeconomic Impact on the Global Economy Resulting from the U.S. - China Tariff War

William BROOKS

Abstract

The recent ongoing tariff war between the U.S. and China over what U.S. President Donald Trump and his administration define as intellectual property rights (IPR) violations among other unfair trade practices by China will likely continue escalating in the months to come, making a significant impact not only on the subject economies, but potentially expediting the next world economic recession.

This paper examines the reasons why the tariff war between the U.S. and China began, how it has escalated, the possible scenarios of how it may play out in the near future, and the potential impacts it may have on world economies under the assumption that it exacerbates a global economic recession. The paper also attempts to identify who may be the winners and losers in this standoff, what ramifications the conflict will have on conventional trade partners, and what the potential strategic diversification among those partners maybe in the future.

Key words and abbreviations

Association of Global Automakers (AGA)
Gross Domestic Product (GDP)
Intellectual Property Rights (IPR) espionage

International Monetary Fund (IMF)
Made in China 2025
Metropolitan Milwaukee Association of Commerce (MMAC)
Original Equipment Manufacturing (OEM)
Office of the United States Trade Representative (OUSTR),
Phase One Deal
Trade war potential impacts on U.S., Chinese, Japanese and world economies
Trade tariffs
- Section 232 of the Trade Expansion Act of 1962 (Product specific)
- Section 301 of the Trade Act of 1974 (Country specific)

World Intellectual Property Organization (WIPO)
World Trade Organization (WTO)

1. Introduction

1.1 Reasoning behind the U.S. tariffs against China

The short history behind U.S. president Donald Trump's tariff war began as part of his "America First" economic policy in order to reduce the U.S. trade deficit with several countries by shifting American trade policy from multilateral cooperation agreements to bilateral solutions (Jansen, Mildner & Ross, 2020). One of President Trump's 2016 election campaign promises was to reduce the trade imbalance with various countries, in particular, China. In 2017, the U.S. exported 18.3% of its products and services to Canada, 15.7% to Mexico, 8.5% to China, and 4.4% to Japan (CIA, 2019). Primary export commodities included agricultural products (soybeans, fruit, corn, etc.) 9.2%, industrial supplies (organic chemicals, etc.) 26.8%, capital goods (transistors, aircraft, motor vehicle parts, computers, telecommunications equipment, etc.) 49.0%, and consumer goods (automobiles, medicines, etc.) 15.0%.

By the end of 2017, the U.S. imported **21.6% from China**, 13.4% from Mexico, 12.8% from Canada, 5.8% from Japan, and 5% from Germany (CIA, 2019). Meanwhile, China exported *US$2.216 trillion* in 2017, but imported only *US$1.74 trillion* in the same year. Import partners included: South Korea 9.7%, Japan 9.1%, **U.S. 8.5%**, Germany 5.3%, and Australia 5.1% (CIA, 2019).

1.2 What's at stake in the standoff

In 2018, the U.S. imported **US$539 billion** in commodities from China, while China imported only **US$120.3 billion** in goods from the U.S. (Figure 1; Bartash, 2019). The U.S. Census trade figures reveal that

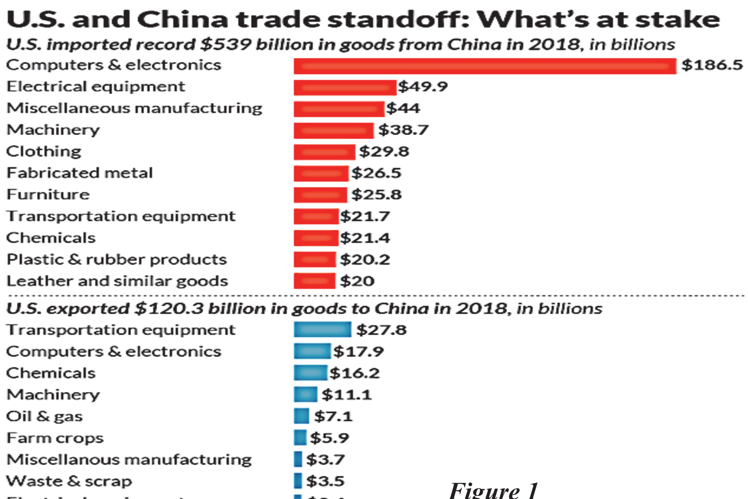


Figure 1
(Bartash, 2019)

the U.S. has been a net importer from China in most market segments, including industrial supplies, apparel, furniture, and consumer electronics products. In contrast, the U.S. exported a much smaller figure of US$120.3 billion in goods to China in 2018, which fell from almost US$130 billion in 2017. This was partly due to China greatly reducing its imports of American soy and corn. U.S. farm exports to

China fell to US$5.9 billion in 2018 from US$15.9 billion in 2017 (Bartash, 2019).

In January, 2018, the U.S. government imposed significant import tariffs on steel and aluminum products, including thousands of those coming from China. In response, the European Union, Canada, China, and other countries retaliated with tariffs of their own, primarily focusing on U.S. agricultural and other politically sensitive sectors (Kearney, 2018). The U.S. government, Gonzales (2018) notes, imposed 30 to 50% tariffs on solar panels and washing machines in the same month, while Horsley (2018) confirms it added 25% tariffs on steel and 10% tariffs on aluminum in March, 2018. In the following month, under orders from the Trump administration, the U.S. Trade Representative (USTR) published a list subjecting an additional duty of 25% on products imported from China that were subject to additional tariffs, and three months later China introduced anti-dumping tariffs on US-grown sorghum. At the same time, the US administration published a tariff list of 1,333 Chinese products with an import value of US$50 billion (Zolle-Rydzek, Felbermayr, 2018).

1.3 Section 232 and 301 Tariffs

One of the tariffs President Trump imposed on Chinese products is **Section 232** of the *Trade Expansion Act of 1962*, which gives the president the authority to enforce tariffs on national security grounds, and is ***product specific***, meaning certain products can be heavily taxed because of *national security concerns*. It is placed on certain types of commodity steel and aluminum temporarily, and without regard to the country of origin (ST&R, 2019). Another promulgated tariff is **Section 301** of the *Trade Act of 1974,* which applies to fair trade rationale and is ***country-specific***. Section 301 has only been placed on China contemporarily and features a long list of products that are manufactured in that country (ST&R, 2019). This was the first time Section 301 has been filed against any country since 1997.

1.4 The Rationale behind the tariffs

ST&R (2019) reported an investigation by the Trump administration that determined China's acts, policies, and practices related to technology transfer, IPR espionage, and innovation are unreasonable and discriminatory. The U.S. policy was designed to stop or at least limit American and Chinese nationals from transferring U.S. technology and intellectual property rights to Chinese enterprises. It also limits Chinese manufactured products from being imported into the U.S. as the Trump administration believes the Chinese government has relentlessly performed unfair, illegal, and undermining acts which merely bolster its intention of seizing world economic leadership in advanced technology, as set forth in its "Made in China 2025". This policy emphasizes a strategic plan originated by Chinese Premier Li Keqiang and his cabinet in May 2015 that outlines China's plan to move away from being the world's "factory" and seeking dominance in global hi-tech manufacturing (USTR, 2018). Pillsbury (2016) writes that China "engages in the counterfeiting of non-Chinese products on a large scale, including the unauthorized production, distribution, or use of products and their design or key technologies via unauthorized means, without permission" (p. 175). In a speech to the National Association of Manufacturers, former minister counselor at the U.S. embassy in Beijing, Thomas Boam, asserted that "10 to 30% of China's Gross Domestic Product (GDP) is founded on pirated and counterfeited products" (Shenkar, 2006, p. 102). According to a recent U.S. government report from the Office of the National Counterintelligence Executive, China is described as "the world's most active and persistent perpetrator of economic espionage" (ONCIX, 2011). China collects sensitive economic information (including trade secrets, patented processes, business plans, cutting-edge technologies, and export-controlled commodities) to support its domestic industries using traditional and cyber-based methods of collection, with the latter being the most robust in the world (Pillsbury, 2016).

Amongst all this punitive tariff bickering, perhaps the real underlying question needed to be addressed is what the U.S. government's true intentions are towards China. In a recent interview, Kishore Mahbubani, Singaporean academic, former diplomat and current Distinguished Fellow at the National University of Singapore, stated that the goal of this trade war is to stop China from becoming the number one economy in the world. He believes that the U.S. is trying to decouple its economy from China's in order to impede China's rapid economic growth. People are not sure whether this is purely a trade war or a much larger geopolitical contest. Mahbubani assumes it is the latter (Lee, 2019). The U.S. is no doubt apprehensive about losing its status as the world's dominant economic power that it has enjoyed for nearly a century, but looking back on history, it is inevitable for this change to occur no matter what tactics it applies against China or any other country. Szirmai (2010) writes that Britain was formerly the model of a developed and modern society in the 19th century. The U.S. took over that position in the 20th century, then Japan in the 1980's. An emerging China, in the course of the 21st century, might very well become the next model of modernity.

2. China's reasoning behind its tariff retaliation and view of the U.S.

2.1 China's demands and position

Jain & Saraswat (2019) note that China has been a strong global economic contender that follows its own national interests vigilantly. Meanwhile, the Ministry of Commerce in China stated the position of the country to be very clear in its declaration that they do not want to fight, but are not afraid to fight a trade war. The Chinese side will persist to the end and not hesitate to pay any price, taking a new comprehensive response to firmly defend the interests of its people (Swanson, Bradsher, 2018). Moreover, Shalal (2019) noted that China listed three main demands in its trade negotiations with Washington:

1) the removal of all imposed tariffs
2) the reduction of U.S. product imports so that the countries can reduce their trade imbalance
3) the need for a "balanced" text for all trade deals in the future.

A general consensus has grown among Chinese officials that depicts the U.S. government as simply using IPR as an excuse to contain China. The consensus asserts that Beijing believes banning operations for companies such as Huawei in North America and ignoring all the progress China has made is unfair (Cia, 2018). In addition, Cia writes that Chinese president Xi Jinping and his administration claim that American companies have made huge profits in the Chinese market, but neither party can continue achieving progress if the U.S. has no goodwill. Chinese officials have promised that the country will continue to improve its IPR protection, but this will be to serve its own interests and not because it is bowing to U.S. pressure (Cia, 2018). Trading market access for technology dates back to Chinese leader Deng Xiaoping's efforts to launch reform and open-up policies, Cia adds, but it was not until after China became a member of the World Intellectual Property Organization (WIPO) in the 1980s that it began enforcing laws to bolster its intellectual property structure. Concurrently, Blair et al., (2017) write in the Report of the Commission on the Theft of American Intellectual Property, IP Commission Report, that the annual cost of Chinese theft of American IPR continues to exceed US$225 billion in counterfeit goods, theft of trade secrets, and pirated software that could be as high as US$600 billion annually. In addition, the Office of the Director of National

Intelligence in November 2015 estimated that economic espionage through hacking costs the U.S. US$400 billion per year, and at this pace, the U.S. has suffered over US$1.2 trillion in economic damage since the original IP Commission Report was published in May, 2013 (Blair et al., 2017). The Chinese government has relentlessly denied U.S. accusations that it has been negligent about following IPR protection laws, alleged intellectual property theft, and forced technology transfer (Cia, 2018). Furthermore, China believes there is no common understanding on the IPR issue, therefore, it will do nothing to address “problems that do not exist”, and from its perspective, has made great progress in improving its domestic IPR protection protocol amongst a reputation for piracy and counterfeits of numerous brands, such as New Balance shoemaker, Disney and Universal Studio characters, and Apple products (Cia, 2018).

2.2 China requires joint ventures to access its market

Foreign firms have complained for many years that, despite enforcing their IPR in China, violations have been difficult to control due to the country’s judicial protectionism, which challenges the acquisition of evidence and a perceived bias against foreign firms operating there. Sourabh Gupta, a senior Asia-Pacific international relations policy specialist with the China-American Studies in Washington, claims that one of the main reasons China has been able to acquire foreign technology so quickly is that it requires overseas companies wishing to open or expand in 35 sectors of the country to do so through joint ventures, as the government procurement law favors goods and services from domestic companies (Cia, 2018). In 2018, the EU filed a complaint with the World Trade Organization (WTO) against China for requiring European companies to transfer valuable technology to Chinese companies in exchange for market access. Forced technology transfers already intensified tensions between China and other major economies, and China’s response to the pending ruling could have serious consequences for the global economy (CSIS, 2020). Gupta claimed that by design or accident, the risk of losing know-how and technology is aggravated when the Chinese joint venture partner maintains parallel operations within the same business line that competes with the joint venture operation (Cia, 2018). Patrick Mendis, an associate-in-research at the Fairbank Centre for Chinese Studies at Harvard University, declared that China has regulated a number of IPR protection mechanisms, but the question remaining is how effective are they in applying them. For China to achieve its own policy goals for the 'Made in China 2025' initiative, it must demonstrate that it will do what it says it will do, meaning honor its policy of IPR protection mechanisms (Cia, 2018). Nevertheless, from China's perspective, the country claims it does not violate WTO rules on IPR, and it has already updated its policies to be in line with them.

2.3 The Evil Twin

What the U.S. and other western governments may underestimate is the Chinese government's refusal to comply with what western countries condone as fair, proper and legal international trade practice. Some economists believe that it may be more practical for the U.S. government to settle on whatever small victories it can achieve with Beijing and get back to the bargaining table before the tariff escalation exacerbates into a worldwide recession. This leads to the question of why the Chinese government is so unwilling to cooperate with western trade ideals, in particular, those led by the US regarding WTO rules on IPR. Pillsbury (2016), explains that China has a history of mistrusting the U.S.:

> The Chinese government created, in effect, an extensive 'alternate history' of Sino-American relations, which portrayed the U.S. as something approximating an evil twin of its actual self, continually working to undermine the Chinese people, even as, in reality,

> Americans worked to strengthen China. An emerging generation of the Chinese people now believes a totally different narrative about the U.S. than the one most Americans know—one that states that for 170 years America has tried to dominate China (Pillsbury, 2016 pp. 100, 101).

Pillsbury (2016) adds that “China depicts American national heroes, including Abraham Lincoln, Woodrow Wilson, and Franklin Roosevelt, as ‘evil masterminds’ who manipulated Chinese officials and others to weaken China” (p.101). At least to some extent, this twisted view of history distorts their current vision of Sino-American “cooperation,” with many seeing it as just a passing phase in American’s enduring crusade to destroy China’s rightful place in the world. In an interview about his book, Pillsbury stated that he has come to realize the U.S. has been wrong from the beginning about who has really managed whom.

> The U.S. has been the pawn of China because it got a lot of benefits from their trade and investment. The Chinese have been managing the U.S. much more than the U.S. has managed them. Their concept of the new global order will be handled by a consensus, not by pressure groups from what China perceives as unusual concerns with American values. The key point about the new Chinese-led global order is America will NOT be a global leader. The removal of the U.S., as what they call the hegemon, is the most important thing (Warner, interview with Pillsbury, Feb. 25th, 2015).

With the U.S. government out of China’s economic decision-making picture, the Chinese government would then be in a position to dictate how they want global economics to function and not how other countries such as the U.S want China to function. The thought of this scenario becoming a reality is preposterous to the U.S. and most other World

Trade Organization (WTO) members.

3. The Tariff war escalates, potential scenarios

3.1 Moody's Investment Service emphasized the risk

Following the Office of the United States Trade Representative (OUSTR) section 301 investigation, president Trump further announced in March, 2018, that the U.S. would impose tariffs on approximately US$50 billion worth of Chinese import sectors, including aerospace, information and communication technology, robotics, and machinery. The proposed list covered roughly 1,300 separate tariff lines and underwent further review in a public notice and comment process, including a hearing (OUSTR, 2018b). In retaliation to the above, the Chinese government, in March 2018, imposed tariffs ranging from 15 to 25% on 128 different U.S. products, including pork, fruit, nuts, wine, stainless steel pipes, recycled aluminum and modified ethanol, among others items (Bryan, 2018). According to a statement from the Chinese government, the tariffs would apply to about US$3 billion worth of goods annually while it argued that the Trump administration's use of national security as the basis for tariffs on steel and aluminum was a smokescreen and the restrictions were economic-based, making their retaliation legal under WTO rules (Bryan, 2018). As of September 1st, 2019, the trade war between the U.S. and China entered a new, dangerous phase with Presidents Trump and Xi imposing duties on more than half of the two countries' trade in commodities, and additional tariff measures which took effect by the end of the year. Nicolaci da Costa (2019) notes that Moody's Investment Service emphasized the risk of an ongoing tit-for-tat war has spiked, posing danger to the firm's 2020 forecasts for 6% GDP growth in China and 1.7% GDP growth in the U.S. The firm has devised three likely outcomes from recent trade tensions and negotiations (Figure 2). Under scenario one, no trade deal happens, but no further escalation of tensions takes place and the threat of 25% tariffs on all imports from China is never implemented. Under scenario two, the U.S. and China impose 25% tariffs on all imports from each other and trade

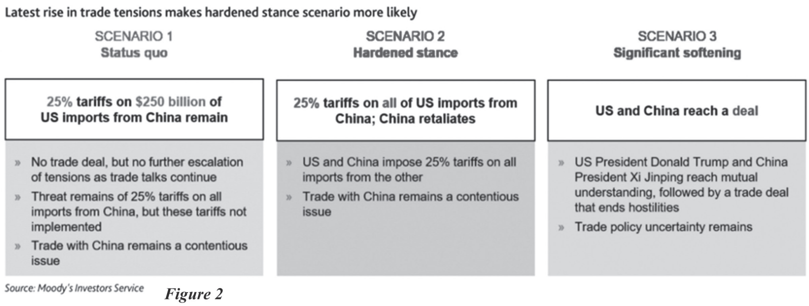


Figure 2
Nicolaci da Costa (2019)

remains a contentious issue (Nicolaci da Costa, 2019). Under this scenario, Moody's expects that the impact on economic activity would be more severe, cutting an additional 0.3 percentage points from the total. Nicolaci da Costa (2019) writes that unfortunately, Moody's believes the latest negotiations make scenario two the most likely to become a reality. Although the escalating trade conflict had mostly spared U.S. and Chinese consumers until the end of 2019, Zandi, Rogers and Cosma (2019) emphasize that roughly US$125 billion of Chinese imports were slapped with tariffs in September 2019 while those on the first US$250 billion in Chinese imports rose from 25 to 30% in October, 2019. The remaining 15% tariff on US$160 billion worth of consumer goods was scheduled to take place on December 15th, 2019 with the brunt of these duties falling on consumers (Zandi, Rogers, Cosma, 2019). Luckily a break in negotiations occurred on January 15th, 2020, during the Phase One talks. Before that, the U.S. Finance Ministry announced on August 23rd, 2019 that China raised tariffs on US$75 billion of U.S. products, including auto exports, and curtail purchases of U.S. agriculture goods in retaliation, deepening a conflict over trade and technology that threatened to edge a weakening global economy into a potential world recession (McDonald, 2019).

4. Potential impact on the U.S. economy

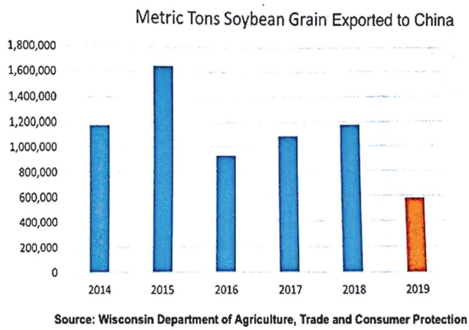
4.1 Cease next tariffs until the Christmas shopping season is over

Lobosco (2019) believes that the outcome of this trade war with China means U.S. import companies will have to pay more for intermediate product imports, making their end products more costly for U.S. consumers and less competitive in global markets. Lobosco adds that while trade negotiations are ongoing, Chinese President Xi Jinping and President Donald Trump had been imposing retaliatory tariffs for over a year and a half since they started in January, 2018, and businesses in both countries have been bearing the brunt of the damage. On August 23rd, 2019, Beijing threatened another round of duties on US$75 billion of US-made goods in response to President Trump's promise earlier that month to impose tariffs on US$300 billion of Chinese goods. However, Trump later relented and agreed to hold off on most of those tariffs until December 15th, 2019 to avoid affecting American Christmas shoppers (Lobosco, 2019). The trade war had already caused significant economic damage up to that point, costing an estimated 0.3 percentage point in U.S. 2019 real GDP, and almost 300,000 jobs. Meanwhile, the tariffs have impacted prices on consumer products, including luggage, baseball caps, bicycle parts, iPhones, laptops, sneakers and clothing. JPMorgan Chase announced that the latest tariffs cost the average American family US$1,000 a year, and the company warned President Trump against expanding the trade war with China to include tariffs on a wider swath of consumer goods, including video game consoles, TVs and apparel (Egan, 2019). JPMorgan Chase equity strategist Dubravko Lakos-Bujas claimed the tariffs will significantly impact the wallets of U.S.consumers ahead of the 2020 presidential election, and eliminate most of the benefits households received from Republican tax cuts (Egan, 2019).

4.2 U.S. Midwest farmers taking the brunt of tariffs

U.S. agriculture, food distribution, and other related industries felt the initial brunt of the Chinese tariffs. These industries as a whole contributed US$1.053 trillion to U.S. GDP in 2017, a 5.4% share, with the output of America's farms contributing US$132.8 billion of this sum, which equals about one percent of overall GDP (Lobosco, 2019). Farmers in the Midwest, who are already suffering losses from severe weather and flooding for the sixth consecutive year, felt a further downtrend in 2019 due to decreases in agricultural exports, primarily to China, due to their overdependence on the country. According to a 2019 study from the University of Wisconsin–Madison, Wisconsin's farms and agricultural businesses generated US$104.8 billion in economic activity and created 437,700 jobs in 2017, an increase from a 2012 study that found agriculture generated US$88.3 billion in economic activity and 413,500 jobs in the state (Kolb, 2019). Wisconsin ranks first in the nation for snap beans for processing, cheese, cranberries, ginseng, mink pelts, dry whey (for humans), milk goats and corn for silage, and is home to 64,793 farms on 14.3 million acres (Kolb, 2019). However, according to Tom Bressner, advisor with the Wisconsin Agriculture Business Association:

Figure 3



Bressner, 2019

> Although Midwest farmers exported 1.6 million metric tons of soybean grain to China in 2015, only 600,000 are expected by the end of 2019 (62.5% drop) mostly due to the tariff war (Figure 3).

> Moreover, Midwest farmers exported 350,000 metric tons of corn gluten meal in 2014 compared to only 20,000 metric tons in 2019 (94.3% drop), and 400,000 metric tons of corn grain in 2015 versus 100,000 for 2019 (75% drop) (T. Bressner, personal communication, August 21, 2019).

Wisconsin and other mid-west farmers, meanwhile, will have to quickly find ways to divert their export targets of soy, corn and other produce to different countries to compensate for their lost business with China. Jeremy Fokltz, Professor and Chair of the Department of Agriculture and Applied Economics at the University of Wisconsin-Madison, states that subsidies from the federal government to help cover the sixth consecutive year of financial loss for Midwest farmers will not be enough to weather the tariff storm. Many farmers will not have markets for their products and could suffer further losses and bankruptcies.

> U.S. farmers traditionally have produced far more agriculture goods than American citizens can possibly consume, and up till now their exports have been driven by world markets, in particular China's. However, with China changing its import target from the U.S. to South America, U.S. farmers will have no choice but to quickly diversify their sales routes in order to compensate for this significant loss (J. Fokltz, personal communication, August 21st, 2019).

With chances of a global recession looming, efforts to decrease risk by moving away from dependency on China should have ideally begun years ago. Fokitz (2019) adds that from the Chinese perspective, there's little reason to follow demands from the Trump administration. In theory, the U.S. tariffs designed to get the Chinese to heel and behave better were thought to have worked, but what Washington wants has been unclear due to shifting messages from Trump saying one thing one day and retracting or changing his thoughts the next.

> I expect that what we will see is China continuing its bans on imports of U.S. agricultural goods among others, and the boats that used to be filled with U.S. made soy beans and corn can just as easily come from Argentina or Brazil. Once you dig that trench, things start to flow easily, so trying to win back China to better things now may be too little, too late (J. Fokltz, personal communication, August 21st, 2019).

After Trump's presidential campaign for the 2016 election, 70% of swing state Wisconsin farmers broke from their traditional democratic stance and voted for him, the first republican candidate since Ronald Reagan in 1984. Critics say that Democratic nominee Hillary Clinton did not focus enough energy in Wisconsin, Michigan and Pennsylvania swing states during her campaign. Fokitz added that after Trump became president and began his harsh stance towards China, the amount of time spent negotiating with uncertainty and changing messages means much less production output as farmers and exporters remain uncertain about government trade policies and tariffs. Despite that Midwest farmers are taking the brunt of China's retaliatory tariffs; they continue to show their support for Washington's aggressive approach towards the country. Other rustbelt state industries seem to feel the same, putting their hopes behind Trump to regain lost business that drifted overseas with the past several presidents. Wayne Chmiel, Vice President of New Business Development at Metal Tek International, explained his reasoning behind the traditional democratic Midwest corporate change to support republican candidate Donald Trump in the 2016 presidential election:

> The voter base who picked Trump was the distant franchise that

> was ignored by the republicans' and democrats' mainstream candidates. Globalization took manufacturing jobs from the rust belt of the Midwest, and one of those key states which swung the Trump vote was Wisconsin. Although applying tariffs to call China up on its IPR espionage among other things may be a simple, obvious approach, Trump is the first president to take a blatant stand against China, whereas former presidents after Richard Nixon overlooked China's IPR violations for economic gain at the time (W. Chmiel, personal communication, August 28th, 2019).

Regarding burdens on electronic consumer products, Fokitz (2019) believes that up until now, Walmart and other retail stores have done an excellent job of getting made-in-China products to the U.S. consumer at rock-bottom prices, but now that the Trump administration has greatly hindered this process through escalating tariffs, consumers will see an obvious jump in commodity prices in 2020 that could continue at least in the short-term unless something is done. In a surprising turn of events and relief to experts' predictions of the year end tariffs threats, on December 13th, 2019, the U.S. and China agreed to lay out the details for the Phase One trade deal just before they originally planned the December 15th, 2019 tariff hike that would have affected the majority of consumer goods including popular electronic items such as laptops and smartphones. Details at that time revealed that the Trump administration would not proceed with 15% tariffs on US$160 billion worth of consumer goods and reduced the September 1st tariffs for US$120 billion of Chinese goods, cutting them from 15% to 7.5%. In contrast, the 25% tariffs for US$250 billion of Chinese imports will continue, with further potential reductions depending on progress in future trade negotiations (OUSTR, 2019). The decision to reduce tariffs on popular Chinese electronics products was the result of China's agreement to increase the purchase of U.S. products and services by at least US$200 billion over the next two years, suspend retaliatory tariffs, have a tariff exclusion process plan ready, and implement intellectual property safeguards (OUSTR, 2019). OUSTR adds that China also agreed to import US$40 to 50 billion worth of US agricultural products within the next two years. It appeared that both sides finally agreed that tariff escalation was producing no significant winner and that the countries can gain more through compromise, in particular, by China implementing the stronger WTO based IPR safeguards which the Trump Administration requested, while the U.S. reduces tariffs on popular Chinese electronics and OEM products.

4.3 Some companies taking a different approach

Some U.S. companies have been utilizing different approaches. Milwaukee Tool in Brookfield, Wisconsin, outsourced its entire parts production to Chinese suppliers in the mid 1980’s for cheaper labor, but recently moved back to the Milwaukee area due to the recent negative ramifications from the tariffs. Bressner (2019) noted that Milwaukee Tool later claimed that the tariffs were a blessing in disguise as they brought business back home and the company became a positive example for other U.S. manufacturers to reduce their dependence on Chinese labor. Although a considerable number of U.S. firms are indeed moving out of China, not all are flocking back to the U.S., undermining the central promise of Trump’s trade war. According to Behsudi & Birminghan (2019), the countries benefiting the most amid the trade war are those with cheaper labor markets in Southeast Asia. Inspections for U.S. companies increased 21% in Vietnam, 25% in Indonesia and 15% in Cambodia. Mexican inspections for U.S. clients jumped by a staggering 119% in the first six months of 2019. On the other hand, Lobosco (2019) claimed that in August, 2019, Beijing said it would put tariffs back on American-made cars and trucks which would penalize U.S. companies only for the cars they export to China. In 2017, about

15% of America's auto exports, worth about US$9.5 billion, were sold in China. As a result, the Association of Global Automakers (AGA) immediately issued a statement in August, 2019, warning auto manufacturers that Beijing's duties could result in a severe drop in exports. John Bozzella, president and CEO of AGA, added that if those tariffs remain in effect, jobs in the U.S. will no doubt be at risk (Lobosco, 2019). How quickly U.S. auto makers can diversify their export channels or Washington reduces tariff penalties on Chinese auto parts manufacturers should help determine the time and scale of price increases in U.S. auto sales.

5. Potential impact on the Chinese economy

5.1 China shifts soybean and corn imports from South America

According to the American Farm Bureau Federation, in 2018, China purchased an astounding 62% of global soybeans, with the top three exporters being the U.S., Brazil, and Argentina (Glibertie, 2019). The Chinese use corn for ethanol and food products, and soybean meal and grain to feed their enormous hog population which is highly popular in Chinese cuisine. However, in 2019, in retaliation to U.S. tariffs placed on Chinese exports, the country shifted a large share of soybeans imports from the U.S. to Brazil (Figure 4), which allegedly has been one of the main reasons for massive fires in the Amazon throughout 2019 (to clear land for increased

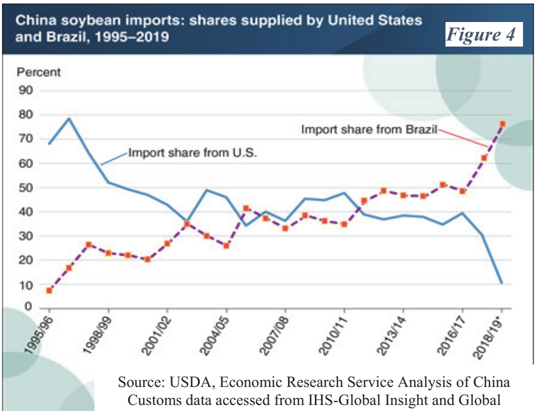


Figure 4

Source: USDA, Economic Research Service Analysis of China Customs data accessed from IHS-Global Insight and Global soy farms). Regardless, Gilbertie (2019) asserts that China still needs significant imports of soybeans from the U.S.

> No two countries alone can supply China's cumulative need for soybeans and soy products, and the country will eventually pay for its mistake for making the U.S. farmer a target of its wrath: China needs the American farmer, friend or foe, to fulfill its agricultural needs. Much of that harm will befall its own people who need U.S. soybeans and will eventually have little choice but to pay tariff-inflated prices to have enough for themselves and their animals to eat (Gilbertie, 2019).

5.2 China automotive parts and OEM manufacturers suffer

As briefly noted above, the Chinese automotive parts manufacturing sector has been strongly affected by U.S. tariffs. Rita Xiao, Chongqing Bona Auto Parts export manager, admitted that the U.S. tariffs have caused the company's exports to decrease by roughly 20% since October, 2018 (Behsudi, Bermingham, 2019). Chongqing Bona is one of thousands of auto parts manufacturers based near Chongqing, in the southwest of China, which is home to Changan Ford, a joint venture of the state-owned carmaker. The company employs more than 23,000 people and sells mainly to the Chinese market. Xiao warned that if new U.S. tariffs on the global auto industry are announced, it will definitely intensify the already heavy impact on Chongqing Bona. U.S. partners and clients from other countries will all ask for lower prices, which is infeasible for the company (Behsudi, Bermingham, 2019).

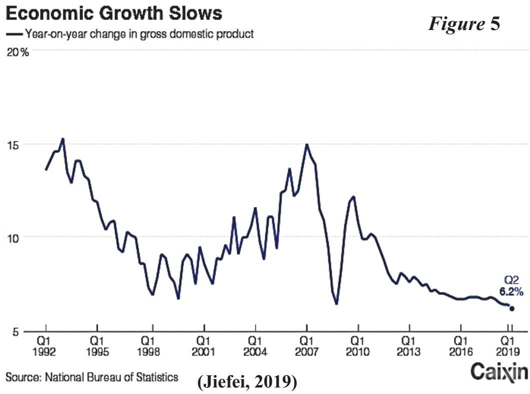
Huifeng (2018) notes that another hard-hit business sector in China from ongoing tariffs is original equipment manufacturing (OEM). Much of China's economic base is built on a system of OEM, which is a network of low-cost and highly flexible suppliers in sectors ranging from textiles to smartphones to toys. Assemblers of electronics products are the biggest companies in China's OEM system, and account for nine of the country's top 10 exporters in 2017 (Huifeng, 2018). According to AskCI Consulting Company Ltd, OEM products are mostly designed by EU and U.S. companies and sold under their corporate labels. The U.S. imposed a 25% tariff on over 800 categories of Chinese goods worth US$550 billion, including nearly every component that goes into the manufacture of any piece of electronic hardware, from capacitors to resistors, microcontrollers to semiconductors, and the raw components that go into printed circuit boards (Huifeng, 2018). A Chinese CEO executive of OEM production asserted that:

> China's assembly and manufacturing systems are irreplaceable in the U.S. consumer electronics market, but Beijing would never use this as a bargaining chip. While it would mean more expensive TVs, mobile phones and smart devices for Americans, it would equally mean massive closures and lay-offs at Chinese factories (Huifeng, 2018).

For China, reducing America's heavy reliance on the country for so much of its manufacturing needs is a frightening scenario. Novak (2019) asserts that the U.S. is still the number one consumer market in the world, and it is now actively looking elsewhere for other import countries to make up for its lost business with China. Consequently, China needs to come up with a promising offer to slow this trend down either through negotiations or in some kind of arrangement with U.S. manufacturers that are still in China. Tariffs obviously added a great burden on the Chinese economy (Figure 5), which only grew 6.2% year-on-year in the second quarter of 2019, the slowest pace in nearly 30 years, despite an uptrend in some economic indicators in June, 2019 (Jiefei, 2019).

Nevertheless, other analysts indicate businesses in the country are finding ways to remain resilient even if it means having to absorb the costs of tariffs. Cheng (2019) notes that Wei Jianhua, former vice minister at the Ministry of Commerce, is convinced the China-U.S. trade tensions are a long-term situation. As the Chinese side awaits a fair and equal trade deal, the country has made preparations to counter any negative impact from trade tensions (Cheng, 2019).

Figure 5



(Jiefei, 2019)

5.3 China's four ways to bolster its businesses:

Cheng (2019) writes that Wei laid out four ways in which China can bolster its own businesses:

1. Increasing government support
2. A Beijing-led massive infrastructure project of opening channels to other international markets through programs such as free trade zones and the Belt and Road Initiative
3. Developing a higher-quality operating environment for state-owned and foreign enterprises
4. Implementing policies such as tax and fee cuts.

Wei added that some Chinese companies were absorbing the cost of the U.S. tariffs, but not all, and most businesses were waiting for further resolutions to trade talks while some with tariff supply exposure were considering moving their sourcing (Cheng, 2019). If all of the Trump administration's threatened tariff hikes had been put in place by mid-December, 2019, the average tariff rate on U.S. imports of Chinese products would be about 24%, up from 3% two years ago, while Chinese imports of U.S. goods would be at nearly 26% compared with China's average tariff rate of 6.7% for all other countries (Weijian, 2019). Luckily the U.S. and China's so-called Phase One deal announced on January 15th, 2020, revealed that China agreed to purchase additional US goods and services over the next two years, in particular agriculture products such as soybeans, pork, cotton and wheat, resulting in total exports to China of over US$260 billion for 2020, and roughly US$310 billion for 2021 (Toh, 2020). In addition to the purchases, Toh notes that the phase one deal provides better protection to U.S. companies that have long complained about China's IPR theft, and loosens up requirements for banks who wish to imposes anti-counterfeiting measures. In response, the Trump administration has agreed to halve tariffs on US$120 billion of Chinese products from 15% to 7.5%, while future phase two negotiations may roll back U.S. tariffs of 25% on US$250 billion worth of Chinese products (Lawder, Shalal & Mason, 2020).

6. Impact on the Japanese economy

6.1 U.S.-China tariff war creates negative results for Japanese economy

The results of the U.S. - China tariff war has had a negative impact on the Japanese economy as well. Roughly 20% of Japan's total exports are sent to China, but they dropped in the first six months of 2019 due to China's economic slowdown from the tariffs, including precision equipment maker Ricoh, which shifted production of US-bound products from China to Thailand in order to avoid the effects of ongoing tariffs (Aichiwa & Nochi, 2019). Mitsubishi Electric and Daikin Industries followed a similar strategy, write Aichiwa & Nochi (2019), with Mitsubishi moving some of its semiconductor manufacturing and machinery for U.S. customers away from China back to Japan. Meanwhile, Japanese analysts confirmed that Daikin turned to Thailand to replace China as its production base for compressors used in air conditioners. Aichiwa & Nochi predict that there will likely be a greater impact on Japanese companies if the U.S. imposes higher tariffs on exports from China because the trade sanctions will target smartphones, laptop computers and apparel since the crucial electronic parts and fabrication devices are supplied by Japanese manufacturers.

In the spring of 2019, Japanese exports to the U.S. rose 9.6% from a year earlier, the seventh straight monthly gain, but shipments to China were down 6.3% for the second consecutive month. The global economy has had a more negative impact on the Japanese economy than the trade war, and Sato (2019) wrote that economists predict modest but sustained growth of around 0.5% over the next several years supported by improved employment conditions and spending for the 2021 Summer Olympic Games. However, on February 4th, 2020, SMBC Nikko Securities Inc. data indicated that major Japanese companies, other than the finance and utility sectors, will see a 9.6% drop in combined net profit for fiscal 2019, primarily affected by the prolonged U.S.-China trade conflict and the spread of the coronavirus (the Japan times News, 2020). SMBC noted that this was the second consecutive year Japanese firms have suffered a drop in profits between the April-December term, with the manufacturing sector's combined net profit to fall by 12.7% as many firms, including automakers, are still affected by the U.S.-China trade war and unable to resume operations at their plants in China (The Japan Times, 2020).

7. Potential impact on the world economy

7.1 Consequences of a full-blown trade war, potential winners

According to the WTO, the US-China trade war directly affects 3% of global trade, but the automotive industry accounts for 8% (Bermingham, Behsudi, 2019). Concurrently, the International Monetary Fund (IMF) stated that the escalation of U.S.-China trade tension was one factor that contributed to a "significantly weakened global expansion" in 2018, as it cut its 2019 global growth forecast (Cerutti et al., 2019). The IMF added that several countries will continue to be indirectly impacted, particularly those that are important trade partners with the U.S. and China, or play key roles in their supply chains. Cerutti et al (2019) note that while the effects on global growth were relatively modest in the first half of 2019. The latest tariff escalation significantly impacted business and financial market sentiment, disrupted global supply chains, and jeopardized the projected recovery of global growth for 2019. Some U.S. and Chinese product manufacturers competing in domestic markets with imports limited by tariffs, in addition to competing third country exporters, may likely be the winners of this tariff war (Cerutti et al., 2019).

7.2 Consequences of a full-blown trade war, potential losers

U.S. and Chinese producers of goods affected by the tariffs, as well as producers that use those goods as intermediate inputs, will become potential losers of the tariff war. On a global scale, the additional impact of the September, 2019 tariffs between the U.S. and China subtracted about 3% of global GDP in the short term, with half of this stemming from business and market confidence (Cerutti et al., 2019). Failure to resolve trade differences and further tariff escalation in other areas such as the Chinese automotive parts OEM which spans several countries, could further damage global business and financial market sentiment

(Figure 6), negatively impacting emerging market bond spreads and currencies, and slow investment and trade (Cerutti et al., 2019). Higher trade barriers will disrupt global supply chains and slow the spread of new technologies, ultimately lowering global productivity and welfare, while more import restrictions would also make tradable consumer goods less affordable, disproportionately harming low-income households (Lagarde, 2019). Lastly, Hossain (2019) warns that imposing further tariffs to reduce the trade deficit caused by a surplus of Chinese exports to the U.S. is unlikely to be successful because the basic drawback in any trade war is there are no ultimate winners. Both countries lose their natural, logical and feasible consumption, and exporters and importers are shocked due to the reduction in their expected volume as business declines (Hossain, 2019). The end consequences eventually fall on consumers, who often have to settle for lower quality products at higher prices

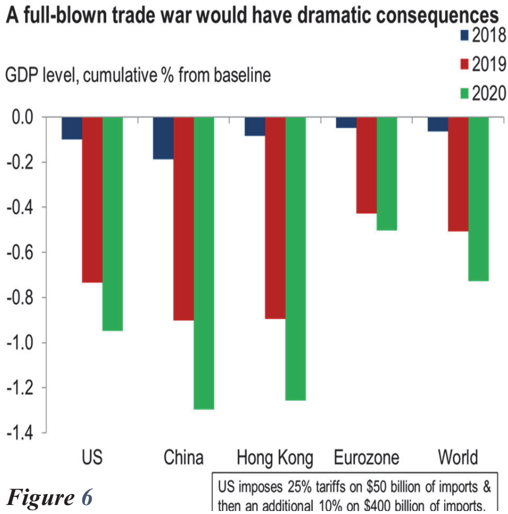


Figure 6

8. Conclusion

The recent ongoing tariff war between the U.S. and China over what the U.S. and other WTO members claim to be China's violations of IPR and other technological espionage over the past several decades, is expected to continue in the near future. The U.S. 232, 301 and Chinese retaliatory tariffs have already had significant ramifications on the U.S., Chinese, Japanese, and other world economies, while causing serious concern about the potential of them triggering the next global economic recession after the Covid-19 pandemic. On the other hand, some economists believe that President Trump's implementation of tariffs on China have paid off, at least to some degree, in getting the Xi administration to abide by what the U.S. and WTO label "proper trade practice", as indicated by the Phase One concessions. Nevertheless, the question remaining from this tariff war is whether there will be a winner, as China essentially refuses to give in to western pressure while the U.S. may continue applying future tariffs on China if it does not comply with WTO demands. Still other economists believe that the main underlying goal of the tariff measures initiated by the U.S. was to impede China's momentum towards becoming the next world economic leader in advanced technology, as stated in its "Made in China 2025" policy. In addition to the significant financial losses to import/export, wholesale, OEM manufacturers and farmers from both nations, the ultimate consequences will trickle down to consumers, who may have little choice but to settle for potentially lower quality products at higher prices.

On a positive note, some economists believe that the tariff war has forced U.S. and Chinese manufacturers, distributors, import, export and wholesale companies to reduce their dependence on each other and diversify their procurement targets. Ivanovitch (2020) states that China has begun to significantly dismantle Washington's economic and political leverage over it's economy, as revealed over the course of 2019 when it greatly reduced its trade surplus with the U.S. to 16.2% by diversifying its trade flows to Southeast Asia and Africa. This made it possible to obtain an export growth of 5% in spite of double-digit declines in sales to the U.S. (Ivanovitch, 2020). Meanwhile, Reed (2019) claims that U.S. companies such as Google moved production of its Pixel smartphone to Vietnam in the Fall of 2019, and will eventually move production of most of its hardware bound for the U.S. from China to Vietnam over the course of 2020. Home Depot Executive Vice President Ted Decker announced the company will move production away from China to Taiwan, Vietnam, Thailand, Indonesia, and even back to the U.S. (Reed, 2019). President Trump continued his rhetoric to U.S. companies throughout 2019 about breaking their dependence on China, causing many corporate leaders to rethink about their supply chains. Nearly 30% of the 220 respondents from an annual survey conducted by the U.S.-China Business Council claimed they had already slowed, delayed or cancelled investments in China due to mounting trade uncertainty, twice as many as in 2018 (Reed, 2019).

Economists have not predicted a positive outcome or winner in the U.S.-China tariff standoff, but do agree that it was necessary for a leading western politician to stand up to China's IPR violations after many years of former leaders averting direct confrontation to preserve the status quo. At the beginning of 2020, U.S. consumers began noticing slight increases in electronics and commodity prices. This was the result from 18 months of countless negotiations that introduced foreign technology restrictions and several WTO cases leading US-China trade tensions to the brink of a full-blown trade war (Wong & Koty, 2020). Wong & Koty add that tariffs were put on US$550 billion worth of Chinese products, exacerbated by cuts in exports to China for its retaliatory tariffs on US$185 billion worth U.S. agriculture products. However, the January 15th Phase One deal was a significant, positive step for both countries, as it not only created a short-term halt to the retaliatory tariff escalation, but revealed positive details of the amount the Chinese government will purchase of U.S. products and how much the U.S. will reduce tariffs on Chinese imports over the next two years. Should China not fulfill its promise to carry out the aforementioned and the Trump administration retaliates with further tariffs, the outcome may greatry contribute to the next world recession. Nevertheless, history tells us that no matter what the U.S. does to impede China's goal of becoming the next world economic leader, it may only have short-term effects. Like all economic empires of the past, it is only a matter of time before one nation replaces another as the world's industrial leader, and it looks as though China may be well ahead of schedule to do that before 2049 in accordance with its 100-year marathon plan.

9. Method

The aim of this study was to determine the short-and long-term effects of the tariff war between the U.S. and China, how it has escalated, and the possible scenarios of how it may play out in the near future. In addition, the study was done to assess the potential impacts on how the trade war may affect world economies under the assumption that it could exacerbate into a global economic recession. The first step was to ascertain the current economic situation of manufacturing and agriculture industries in the U.S., and reveal the impacts they are facing as a result of the retaliatory tariffs from China after the Trump administration's implementation of the 301 and 232 tariffs. Data for this paper was acquired through interviews with and documents provided by local representatives of manufacturing industries, including the MMAC (Metropolitan Milwaukee Association of Commerce), agriculture associations such as the Wisconsin Agriculture Business Association, the Dean of the University of Wisconsin Agro-business Department, local business people, local farmers, retail store managers, and local consumers. The second step was to determine the impact U.S. consumers were feeling as a result of the aforementioned tariffs between the spring of 2019 and the time that the latest tariffs were enacted in September,

2019. This was accomplished through interviews with local retail store managers and consumers on the U.S. west coast and in the mid-west. The third aim was to determine what effects the U.S. tariffs had on the Chinese domestic market, in particular, OEM and electronics parts manufacturing industries which were hit the hardest by the U.S. tariffs, and how they are diversifying their operations both within China and abroad. The fourth step was to clarify how China is reacting to accusations about their ongoing Intellectual Property Rights (IPR) espionage and abuse of foreign patents which the U.S. and other members of the WTO claim they have been getting away with for too long. This was accomplished through extensive research from various periodicals and some information provided by a Chinese source working in Beijing who analyzes world economics and finance issues. The author also attempted to clarify the Chinese government's true perception of the U.S. under the revelation that it views the country as its number one rival. This perception is significantly different from what most U.S. politicians and citizens thought after the U.S. government provided China with substantial financial, intellectual, and military assistance over the past several decades in an effort to help the country become more westernized and a major global competitor. Unfortunately, the reality is that China has been capitalizing on IPR espionage in an effort to strengthening its own State-owned enterprises (SOE)s. The final aim was to assess the positive and negative effects that the U.S.–China tariff war has had on Japanese and other world economies, and to predict what short and long-term ramifications they will have on conventional trade partners and the future strategic diversification among them.

10. Results and Discussion

Findings

This research on the U.S.-China tariff war helped to clarify what effects the tariffs have had on the Chinese, U.S., Japanese, and other nations' economies, and illustrated why there may be no winner or loser in this long-term retaliatory tariff conflict. Despite the alarming escalation of tariffs between the two countries over the past two years, recent concessions in the January 15th, 2020 phase one discussions indicate that China has agreed to increase its purchase of over US$200 billion worth of agricultural and other goods and services, administer a tariff exclusion process plan, and implement intellectual property safeguards over the next two years while the U.S. agrees to cut in half the September 1st, 2019 tariffs on US$120 billion of imports from 15% to 7.5%. If both sides follow through on their promises noted in the phase one negotiations, it could halt or at least stall the potential for the next world economic recession.

Further Considerations

An important question lies in how to acquire current and accurate information from China given the backdrop of its rigorous screening and blocking of outgoing data concerning its domestic affairs. This may be imperative for further research into this ongoing tariff war although the Corona virus has put that opportunity to a short-term halt. Further speculation about how China's OEM and electronics manufacturers among other industries have evolved over the past year will no doubt be a topic worth investigating more thoroughly in the future. It will also be important to monitor how the Trump administration uses its tough trade rhetoric towards China in an attempt to bolster its image as an authority which has stood up to China as the U.S. approaches its next presidential election in November, 2020.

References

Aichiwa, M. & Nochi H. (September 5th, 2019). US-China Trade war's economic ripple effects. *NHK World-Japan*. https://www3.nhk.or.jp/nhkworld/en/news/backstories/663/

Bartash, J. (June 27th, 2019). Capitol Report. Why the U.S.-China trade deficit is so huge: Here's all the stuff America imports. The highs (few) and lows (many) of U.S. trading with China. *Market Watch*. https://www.marketwatch.com/story/heres-all-the-stuff-the-us-imports-from-china-thats-causing-a-huge-trade-deficit-2018-03-23

Behsudi, A. & Birmingham, F. (April, 2019a). Donald Trump's trade war tariffs on car industry sending shock waves through global supply chain. *South China Morning Post*. https://www.scmp.com/economy/global-economy/article/3006432/chinese-and-us-companies-fear-donald-trumps-trade-war-car

Behsudi, A. & Birminghan, F. (August, 2019b). Trump thinks tariffs will add U.S. manufacturing jobs. Economic reality says they won't. *South China Morning Post*. https://www.politico.com/story/2019/08/21/trump-tariffs-bikes-manufacturing-1470361

Blair, D., Barrett, C., Gorton, S., Huntsman, J., Lynn, W., Wince-Smith D., & Young, M. (February, 2017). The Report of the Commission on the Theft of American Intellectual Property, IP Commission Report. *The National Bureau of Asian Research*. http://ipcommission.org/report/IP_Commission_Report_Update_2017.pdf

Bressner, T. Advisor with the Wisconsin Agriculture Business Association. (Personal interview, August 21, 2019).

Bryan, B. (Mar. 2018). 'China is not afraid': China strikes back at Trump with new tariffs as trade fight escalates. *Business Insider*. https://www.businessinsider.com/china-previews-trade-war-trump-tariffs-2018-3?utm_ source=markets&utm_medium=ingest

Center for Strategic and International Studies (CSIS). (2020). How influential is China in the World Trade Organization? *China Power*. https://chinapower.csis.org/china-world-trade-organization-wto/

Cheng, E. (August 25th, 2019). Trump wants US companies to leave China. Here's what it could mean for Chinese businesses. *CBNC*. https://www.cnbc.com/2019/08/26/trade-war-what-it-means-for-china-firms-as-trumps-calls-us-firms-to-go.html

Cerutti, E, Gopinath, G. & Mohammad, A. (May, 2019). The Impact of US-China Trade Tensions. *IMF Blog*. https://blogs.imf.org/2019/05/23/the-impact-of-us-china-trade-tensions/

Chmiel, W. Vice President of New Business Development, Metal Tek International. (Personal interview, August 29th, 2019).

Cia, J. (September 30th, 2019). Trade war: Why US and China Remain So Far Apart on Intellectual Property Rights. The two sides are 'speaking different languages' about what the US government sees as inadequate laws and IP theft. *South Morning China Post*. https://www.scmp.com/news/china/diplomacy/article/2166315/trade-war-why-us-and-china-remain-so-far-apart-intellectual

CIA. (n.a). (August 28th, 2019). Facts about the United States. *The World Fact Book*. https://www.cia.gov/library/publications/the-world-factbook/geos/us.html

Egan, M. (August 20th, 2019). US tariffs on China could cost American households $1,000 per year, JPMorgan says. *CNN Business*. https://edition.cnn.com/2019/08/20/business/tariffs-cost-trade-war-consumers/index.html

Foltz, J. Professor and Chair, Department of Agriculture and Applied Economics, University of Wisconsin-Madison. (Personal interview, August

21st, 2019).

Glibertie, S. (August 1st, 2019). China's attempts to make US farmers the economic casualties of the trade war are going to backfire. *Business Insider*. https://www.businessinsider.com/china-trade-war-mistake-us-farmers-soybeans-opinion-2019-7

Gonzales, R. (January 22, 2018). Trump Slaps Tariffs On Imported Solar Panels And Washing Machines. *NPR*. https://www.npr.org/sections/thetwo-way/2018/01/22/579848409/trump-slaps-tariffs-on-imported-solar-panels-and-washing-machines

Horsley, S. (March 8th, 2018). Trump Formally Orders Tariffs on Steel, Aluminum Imports. *NPR*. https://www.npr.org/2018/03/08/591744195/trump-expected-to-formally-order-tariffs-on-steel-aluminum-imports

Hossain, S. Md. (March 11th, 2019). US-China trade war: Was it really necessary? *International Journal of Business and Economics*. 4 (1) p. 25. https://www.researchgate.net/publication/331671940_US-China_trade_war_Was_it_really_necessary

Huifeng, H. (July, 2018). Could Donald Trump's tariffs be the start of a new world electronics order for China? *South China Morning Post*. https://www.scmp.com/news/china/economy/article/2151261/could-donald-trumps-tariffs-be-start-new-world-electronics-order

Ivanovitch, M. (January 19th, 2020). Tenuous US-China trade deal comes as Beijing and Washington remain on a permanent collision course. *CNBC*. https://www.cnbc.com/2020/01/20/us-and-china-remain-on-collision-course-despite-trade-dealcommentary.html

Jansen, L., Mildner, S. & Ross, V. (March, 11th, 2020). "America First" – U.S. Trade Policy under President Donald Trump. *BDI*. https://english.bdi.eu/article/news/america-first-u-s-trade-policy-under-president-donald-trump/

Jain, M. & Saraswat, S. (August 5th, 2019). US–China Trade War: Chinese Perspective. *Management and Economics Research Journal*, Vol. 5, p. 5. https://www.researchgate.net/publication/335319571_US-China_Trade_War_Chinese_Perspective

Jiefei, L. (July 15th, 2019). China's Growth Dips to Lowest in Nearly Three Decades. Caixin. https://www.caixinglobal.com/2019-07-15/chinas-growth-dips-to-lowest-in-nearly-three-decades-101439678.html

Kearney, J. (August 8th, 2018). The Section 301 and Section 232 Trade Actions: Managing the Impact of New Trade Restrictions. *Womble, Bond, Dickinson*. https://www.jdsupra.com/legalnews/the-section-301-and-section-232-trade-79797/

Kolb, L. (August, 13th, 2019). Agriculture generates $104.8 billion and 437,700 jobs in Wisconsin, UW study says. *University of Wisconsin, News from extension*. https://fyi.extension.wisc.edu/news/2019/08/13/impact-of-ag-on-wi-economy/

Lagarde, C. (April 2, 2019). A Delicate Moment for the Global Economy: Three Priority Areas for Action IMF Managing Director. *IMF*. https://www.imf.org/en/News/Articles/2019/03/29/sp040219-a-delicate-moment-for-the-global-economy

Lawder, D., Shalal, A. & Mason, J. (January 16th, 2020). What's in the U.S.-China Phase 1 trade deal. *Reuters Business News*. https://www.reuters.com/article/us-usa-trade-china-details-factbox/whats-in-the-us-china-phase-1-trade-deal-idUSKBN1ZE2IF

Lee, J. (2019). Interview with Kishore Mahbubani, Is U.S.-China conflict something bigger than a trade war? *South China Morning Post*. https://www.scmp.com/economy/china-economy/article/3027310/trade-war-and-economic-slowdown-leave-giant-chinese

Lobosco, K. (August 23rd, 2019). What China's new tariffs mean for you. *CNN Business*. https://edition.cnn.com/2019/08/23/economy/consumer-impact-china-tariffs/index.html

McDonald, J. (August 23rd, 2019). China Announced New Tariffs on $75 Billion in U.S. Goods. *TIME USA*. https://time.com/5659740/china-america-tariffs-billion/

Nicolaci da Costa, P. (August 13th, 2019). U.S.-China Trade War Snowballs Toward Worst-Case Scenario. *Forbes*. https://www.forbes.com/sites/pedrodacosta/2019/08/13/u-s-china-trade-war-snowballs-toward-worst-case-scenario/#4ce58389512a

Novak, J. (September 7th, 2019). Tariffs are no longer China's biggest problem in the trade war. *CBNC*. https://www.cnbc.com/2019/09/06/tariffs-are-no-longer-chinas-biggest-problem-in-the-trade-war.html

Office of the National Counterintelligence Executive (ONCIX). (n.a.). "Foreign Spies Stealing US Economic Secrets in Cyberspace: Report to Congress on Foreign Collection and Industrial Espionage," 2009-2001, October 2011.

Office of the United States Trade Representative (OUSTR). (n.a.). (April 3rd, 2018a). *Under Section 301 Action, USTR Releases Proposed Tariff List on Chinese Products*. https://ustr.gov/about-us/policy-offices/press-office/press-releases/2018/april/under-section-301-action-ustr

Office of the United States Trade Representative (OUSTR). (n.a.). (June 15th, 2018b). *USTR Issues Tariffs on Chinese Products in Response to Unfair Trade Practices*. https://ustr.gov/about-us/policy-offices/press-office/press-releases/2018/june/ustr-issues-tariffs-chinese-products

Office of the United States Trade Representative (OUSTR). (n.a.). (December 13th, 2019). *United States and China Reach Phase One Trade Agreement*. https://ustr.gov/about-us/policy-offices/press-office/press-releases/2019/

december/united-states-and-china-reach

Pillsbury, M. (2016). *The Hundred-Year Marathon*. (pp. 100, 101, 175). New York, NY. Henry Holt and Company, LLC.

Reed, J.R. (September 4th, 2019). President Trump ordered US firms to ditch China, but many already have and more are on the way. *CNBC*. https://www.cnbc.com/2019/09/01/trump-ordered-us-firms-to-ditch-china-but-many-already-have.html

Sato, M. (May 30th, 2019). US-China trade war impact on Japan limited but risks high if United States imposes new tariffs, analysts say. *South China Morning Post*. https://www.scmp.com/economy/china-economy/article/3012288/us-china-trade-war-impact-japan-limited-risks-high-if-united

Shalal, A. (September 6th, 2019). Explainer: U.S., China more divided than ever as new trade talks loom. *Reuters*. https://www.reuters.com/article/us-usa-trade-china-talks-explainer/explainer-u-s-china-more-divided-than-ever-as-new-trade-talks-loom-idUSKCN1VQ2VS

Shenkar, O. (2006). The Chinese Century. *The Rising Chinese Economy and Its Impact on the Global Economy*. (p.102). New Jearsey. Wharton School Publishing.

Szirmai, A. (2010). *The Dynamics of Socio-Economic*. (p. 12) Cambridge, England. *Cambridge University Press*.

Swanson, A & Bradsher, K. (April 5, 2018). Trump Doubles Down on Potential Trade War With China. *The New York Times*. https://www.nytimes.com/2018/04/05/business/trump-trade-war-china.html

ST&R. Tariff Actions Resource Page. U.S. Actions: Section 301 Tariffs, Section 232 Tariffs. (n.a.). (March 27, 2020). *ST&R*. https://www.strtrade.com/f-tariff-actions-resources.html

The Japan times. (n.a.). (February 5th, 2020). *Major Japanese firms expected to see 9.6% profit fall in 2019 fiscal year*. https://www.japantimes.co.jp/news/2020/02/05/business/corporate-business/major-japanese-firms-profit-fall-2019-fiscal-year/#.XoQ75i2B28o

Toh, M. (January 16th, 2020). China just agreed to buy $200 billion worth of US products. CNN Business. https://edition.cnn.com/2020/01/16/business/us-china-phase-1-trade-deal-details/index.html

Warner, B. (February, 2015). Interview with Michael Pillsbury, Does China have a secret plan to take American's place? *Public Broadcasting Service (PBS)*. https://www.pbs.org/newshour/show/hundred-year-marathon#transcript

Weijian, S. (2019). The Unwinnable Trade War. Everyone Loses in the U.S.-Chinese Clash—but Especially Americans. *Council on Foreign Affairs*. https://www.foreignaffairs.com/articles/asia/2019-10-08/unwinnable-trade-war

Wong, D. & Koty, A. (February 26th, 2020). The US-China Trade War: A Timeline. China Briefing. https://www.china-briefing.com/news/the-us-china-trade-war-a-timeline/

Zandi, M., Rogers, J. & Cosma, M. (September, 2019). Trade War Chicken: The Tariffs and the Damage Done. *Moody's Analytics*. https://www.moodysanalytics.com/-/media/article/2019/trade-war-chicken.pdf