



Croatian  
International  
Relations  
Review

—  
CIRR

—  
XXVII (88) 2021,  
115-132

—  
DOI 10.2478/  
CIRR-2021-0015

—  
UDC 327 (4-6  
EU:73:55)

# Political Economy of The Us-China Import Tariff Policy to Agriculture and Technologies Commodities (2016-2019)

**Irma Indrayani**

*Department of International Relations,  
Faculty of Social and Political Science  
Universitas Nasional, Jakarta, Indonesia*

*Email: [irma.indrayani.riset@gmail.com](mailto:irma.indrayani.riset@gmail.com)*

*ORCID: <https://orcid.org/0000-0003-0419-0879>*

**Wira Prabowo Madjid**

*Department of International Relations,  
Faculty of Social and Political Science  
Universitas Nasional, Jakarta, Indonesia*

*Email: [wiramadjid@gmail.com](mailto:wiramadjid@gmail.com)*

## Abstract

**Key words:**  
Trade War,  
Agriculture, and  
Technology.

*This study studies the impact of increased tariff policy between U.S and China. U.S is a leading hub of technologies products exported from China, while China is one the main importers of U.S agriculture export products. Chinese economy grows with US exports but US economy has shown decline due to its trade deficit with China. The present study adopts a qualitative research approach which uses descriptive analysis techniques to determine results on the basis of facts and figures. Findings show that during 2016-2019 US claimed that China violated the bilateral trade laws and rules of conduct under the Intellectual Property Rights Acts (IPRA). The Chinese economy has grown due to various factors such as China's use of advanced technologies and innovation to generate new products with low cost which attracts costumers, and for the most part, exports finished goods to other countries. Agricultural commodities have been the major US commodity exported to China in recent years with 50% of the commodity production being exported to the country. Moreover, China dominates the value of US trade balance by experiencing a huge surplus and the commodity of agriculture is the only commodity that has no deficit for the US. On the other hand, the developments made by China through its various policies, especially in the field of technological innovation, makes China the only country that almost stands at par with the US. The relationship between the two countries has an escalation of unharmonious relationship because the case study continues to evolve with the time that can lead to the termination of bilateral relations. As a result, the impact of this trade war is very detrimental to the US and beneficial to China, thus China in the future predicted will become a leading and advanced country in the economic field.*

## Introduction

In recent years, U.S.-China trade relations have faced imbalances as both countries implemented protective measures for their country which only exacerbated the relationship between the two countries. In the future, there will be potential conflicts between the two countries and certainly this has an impact on both the economies. The relationships of the two countries receive a considerable deal of attention from other country's policymakers and academics. Secondly, relationship is heavily influenced by both of the country's leaders who have a very different view of seeing and interacting with the international world, under U.S. President Donald Trump and Chinese President Xi Jinping, respectively. Donald Trump has an economic vision entailing various protection policies while Xi Jinping has the vision to be more aggressive in international lifting especially in the context of international trade.

Donald Trump was officially appointed as the U.S. President in 2016, where after the U.S. adopted various policies as a form of ensuring protection against Chinese product dominancy. Trump in various statements through various media made threats against China with a view to reduce the value of trade deficits by over \$100 billion in recent years. Donald Trump, acting within his

discretionary powers, wanted the U.S. to halt the pace of domination of various Chinese products in the US that were assessed as unfair and detrimental overall ([White House, 2018](#)).

The Donald Trump administration accused China of having committed various acts of cheating and other unfair practices which lead to trade deficits with China. China is also deemed to have infringed upon US intellectual property rights and carried out a forced transfer of technology from China to the U.S. ([BACKGROUND, 2018](#)). In order to address Chinese dominance in the U.S., a series of policies must be implemented, one of these is raising the import tariff to imported goods from China that came into the U.S.; another measure is to encourage consumers in the U.S. to consume locally produced goods. Subsequently, Donald Trump accused China of having manipulated the value of its currency which is very beneficial to the export of its production goods, of course, the price of the goods will be much cheaper when compared with Yuan rates against the US.

In negotiating with China, the U.S. is represented by the United States of Trade Representatives ([USTR, 2018](#)). The USTR was asked directly by Donald Trump to investigate and take appropriate measures to crack down on the various trade violations committed by China contained in Sections 301 in relation to intellectual property. The same steps were also undertaken by U.S. congressmen by tightening up Chinese investments in the US and through restriction of technology exports to China ([Jiming & Yangmei, 2019](#)). The U.S-China trade relationship from year to year experienced a phase of friction, as explained, in the period between 2016 and 2019.

On the other hand, China wants to ensure its product dominance in countries across the world including the US. Xi Jinping, who is currently the President of China since 2013, replaced Hu Jintao ushering in a phase of massive economic reform through policies favorable to China's state enterprises by improving the performance of the Chinese Financial and Economic Commission.

At the 19th National Congress of the Communist Party of China (CPC) in October 2017, Xi Jinping said that he wanted China to play a new role in the international level. In his speech, he said "*the Chinese nation ... has stood up, grown rich, and become strong – and it now embraces the brilliant prospects of rejuvenation ... It will be an era that sees China moving closer to center stage and making greater contributions to mankind*" ([Rühlig, 2018](#)). In the context of international trade, Xi Jinping urged state-owned companies to expand their market worldwide through the Belt Road Initiative (BRI) policy. Through his state speeches, it can be concluded that China wants to be a new force in the world. Unlike the previous Chinese presidents who opted for a low profile at the international level, Xi Jinping chose a more aggressive policy in the international arena and one of them against the U.S. under the more protected Donald Trump administration.

As one of the most powerful economies in the world today, China is boldly against the US in several ways one by retaliating against U.S. import rate

rising policy for a variety of commodity products including agricultural products. In negotiating with the US, China was represented by the Deputy Prime Minister of China, Liu He.

Bilateral relations of the country, especially in the field of trade have strengthened in the last 3 decades ago. In 2018, China was the country's largest trading destination with a total trade value of \$660 billion. U.S. exports to China reached \$120 billion and US imports reached \$540 billion. China has also become the largest shareholder in the U.S. with a \$1.1 trillion share value at the end of 2018. Although the trading relationship between these two countries is enormous and promising, the tension between the two countries relations has significantly increased in recent years with regards to economic and trade issues. These trade issues have led to and culminated in a trade war between the two countries.

### **The Relationship between US And China Economy**

The association of US with China will play an important role in global politics. Trade relation between China and US functioned positively for the last three decades (Fordham & Kleinberg, 2011). The relationship of US and China is important for future of global trade. China has the capacity to compete the US in global trade due to ability to produce equal product (Lemke & Tammen, 2003). Liberal international relations theory shows that trading is beneficial for both countries as it ensures mutual benefit, welfare, and financial interdependence (Oneal & Russett, 1999; Russett & Oneal, 2001) but Gilpin (1981) explores how sometimes, one country reaps more benefits from trade as compare to the other because of influence and relative power. During the previous decade, Chinese economy has been growing and the US share of global trade has declined, marking the start of new global trade era Group of Two G2. China is one of the leading countries of the world to report the highest GDP from among all goods-exporting countries in 2015 (Statista, 2019; Statistics Times, 2018). Some studies reveal that China is growing because it makes low cost product with the help of innovation and technology (Zhao & Dan, 2019).

The Chinese economy is growing more as compared to US over the last decade due to production of export oriented goods; however, after restriction of bilateral trade, Chinese economy has been slowing down (Kapustina et al., 2020). The conflict between China and US occurs after the restriction of bilateral trade because China chased imbalanced trade policies and by manipulating trade liberalization measures as well as WTO policies in order to protect their domestic products from global competition through provision of subsidies for export-oriented product. The US officials also state that China is using the technical knowledge of US companies which is against intellectual property laws and policies (Kapustina et al., 2020), restricting Chinese investment in US technology based companies. In the context of the trade war, there are no winners and losers, as everyone faced loss but history proves that US does not falter in

such situations and it is always the others countries who give up (Kapustina et al., 2020).

Of all the international trade agreements considered under the World Trade Organization WTO which was established in 1995, three are particularly important; GATT, GATS and TRIPS. Trade Related Intellectual Property Rights (TRIPS) covers trade in technology or intellectual property, and on the basis of this agreement US claimed that China violated this agreement and exploited US intellectual property rights (GATS; GATT; TRIPS; WTO). The trade war started in March 23, 2018 when Trump signed the Presidential Memorandum Targeting China's Economic Aggression and imposed tariff on steel and aluminum industry of Chinese economy (Vinogradov, Salitsky, & Semenova, 2019); in 2017, the WTO gave China the title of economy market but US declined this (Dolgov & Savinov, 2018). From 2015 onward, US faced trade deficit from China, with Chinese imported goods from US being more than goods exported to China, and due to this the US continuously faced trade deficit which slowed down the US economy and boom up the Chinese economy. On the other hand, China earned more income from exported product to US and used this income to buy US treasury bounds and due to this, the US economy continuously decline and found itself trapped in a never-ending cycle as US faced the double problem of not only trade deficit but also debt owed to China. On the other side, the consumers in US increasingly demanded more product from China due to their lower cost which led to a trade deficit. One other issue which is faced by USA is that some US companies move towards China because of cheap manufacturing cost; as a result, products produced in China with US investment and then exported to US, under this process many US person lost their jobs while in China new employment opportunity were created. In this way, China cheats US and violated the intellectual property rights agreement (Chow, 2016).

In July 2018, US imposed a 25% tariff on agricultural imports but instead of this China enhanced its imports from US agricultural product (Kapustina et al., 2020). Kapustina et al. (2020) investigate the bilateral trade and timeline of trade war and findings shows that bilateral trade increases the trade deficit between US and China while on the other hand trade war reduced it, with US claiming that trade war declined the technology capacity of china. Analysis of the commodity structure of exports and imports shows that China imports mainly US interdependent goods, while the US imports China's finished goods, US wants extra income to balance their trade deficit; for this reason, the US imposed more and more tariff on Chinese product to generate more income (Di, Luft, & Zhong, 2019; Kapustina et al., 2020). The reduction of trade between these two states create problem for the global market, with global trade declining by 0.5% in 2020 because of these countries (Costa, 2018).

## Methodology

In this study, the researcher used the qualitative research method by presenting the relevant data from a reliable source which is then described

using a set of descriptive techniques. Qualitative research approach takes a more in-depth approach to a topic in the form of words and description by utilizing natural and qualitative methods of research. In this study, the researcher has obtained facts and figures relevant to trade between China and US economy from different sources such as the [World Bank \(2019\)](#), United States Department of Agriculture (USDA), the US-China Business Council [US-China Business Council \(2020\)](#), [Observatory of economic Complexity \(2017a\)](#), [Observatory of economic Complexity \(2017b\)](#) as well as some previous studies. Researcher uses statistical facts and figures of US agriculturally based product which exports to China, and China technology-based commodities which are exported to the US. On the basis of facts and figures, the researcher presents an analysis of the results and concludes the findings.

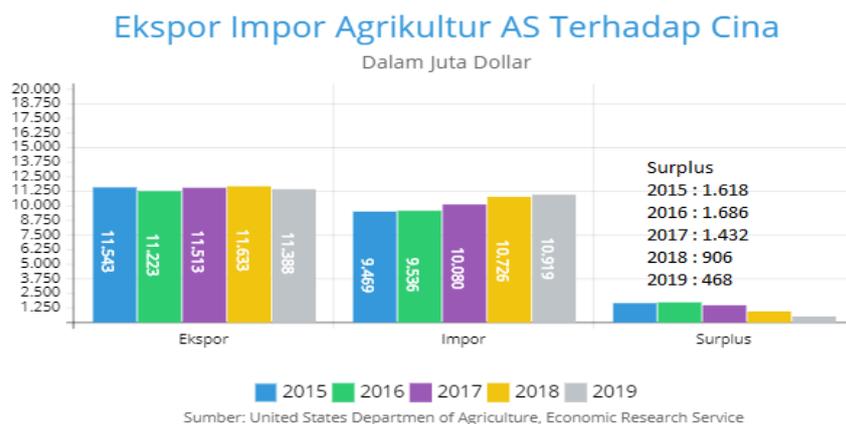
## **Result and Discussion**

Agricultural commodities and technology are the most important commodities for both US and China trade relations. The US and China need each other in this case as part of an interdependency relationship. The US needs China as it is a major U.S. export destination for its agricultural commodity sector whereas China needs the US as part of China's technological commodity export goals.

### **US Agricultural Export to China**

Since 2012, China has become a dominant market for US export commodities, especially in agriculture. Recorded in 2016 US to China export value increased by 16%. Year after year, the U.S. export value has always experienced a fairly stable increase of 25.6% per year from 2002 to 2013 with a value reaching \$23.4 billion ([Hansen et al., 2017](#)). In the years 2014 and 2015 the export value of U.S. agricultural commodities had decreased but by 2016 it was back up, making China one of the largest U.S. markets along with Canada, and Mexico.

The largest surplus gained by the US in the export of agriculture to China in 2016 was worth \$1,686 million while the lowest in 2019 was worth \$468 million (see Figure 1). The key factor that affects this is that in 2015-2017 a trade war had not occurred between the U.S. with China; the trade war began in 2018 precisely on 6 July.



**Figure 1.** Exports and Imports US Agricultural To China  
Source: [United States Department of Agriculture \(2019\)](#)

According to data sourced from the United States Department of Agriculture (USDA), US exports to China in agricultural products are quite stable in terms of number and profit from the year 2015 to 2019, some of the things that affect the surplus of the US gained in the last two years is 2018 and the year 2019, Exports of U.S. agriculture to China have several export categories such as soy, tobacco, wheat, cotton, oilseeds. Soy is the main export category followed by others ([Hansen et al., 2017](#)). The flagship product of US agricultural commodities exported to China are soybeans, corn, and flour from the year 2016-2019. In 2016 to 2017, the US exported soybeans by 61% of the total all worth \$14 billion (2016) 57% worth \$12.4 billion (2017), corn 1.5% worth \$57.8 million (2016) 3.9% worth \$156 million (2017), and flour 5.2% worth \$280 million (2016) 8.3% worth \$485 million (2017) ([Observatory of economic Complexity, 2017b](#)). The data shows that China is still heavily dependent on agricultural commodities imported from the US.

The growth of US agricultural product exports to China is affected by Chinese domestic policy as a result of price and preference of consumer consumption change. China has now become the country with the world's largest gross domestic product (GDP), an increase in urbanization, middle-class growth, and a focus on food security, making the U.S. raise its agricultural export quality to China. Therefore, U.S. needs to find another way to make its agricultural products move in the Chinese market by adjusting domestic policies.

### **The Excellence of U.S. Agricultural Commodities**

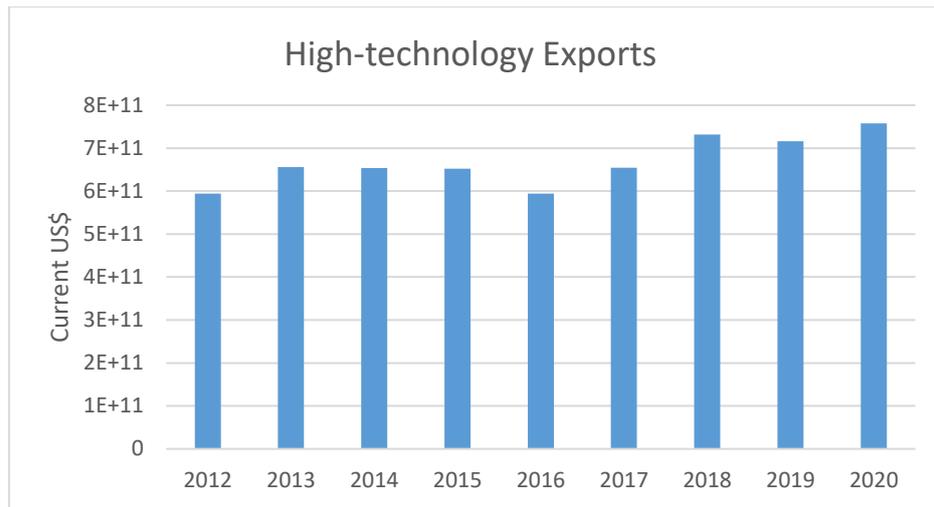
Production of US agriculture products is efficient because they produce goods with the help of biotechnology, utilize new production techniques, modern equipment and machineries, and have a tendency to learn new methods with research and development. The development and supervision of agricultural fields in the U.S. were conducted by the U.S. Department of Agriculture (USDA) under the US government; for this purpose, funding in U.S. research development is also allocated by [USDA \(2019b\)](#).

At present, production of agriculture products is different from traditional methods where labor must do hard work for better production. Nowadays, the labor is increasingly being replaced with advanced technologies such as robots, temperature and humidity sensors, aerial images, and Global Positioning System (GPS) technology. Advanced tools and precision agriculture and robot systems enable businesses to be more profitable, efficient, safer, and more environmentally friendly (USDA, 2019a, 2019c). With this technology, farmers and producers no longer need to do irrigation, feed, give fertilizer manually, and produce can be achieved faster and in a more efficient way.

US is one of the leading countries which use biotechnology in production of agriculture sector. US policy is one of combining three state agencies to assist the U.S. in facilitating the process of developing crop production using biotechnology and various other products by prioritizing safety for farmers so that it is safe to consume or be used as animal feed and is safe for the environment (USDA, 2019c). US utilizes advanced methods of agricultural production as compared to other countries of the world, and the goal of this development is to strengthen and expand the market for U.S. agricultural commodity products that not only help U.S. agricultural producers and business growers but also helps to improve the quality of food varieties that are safe to consume around the world.

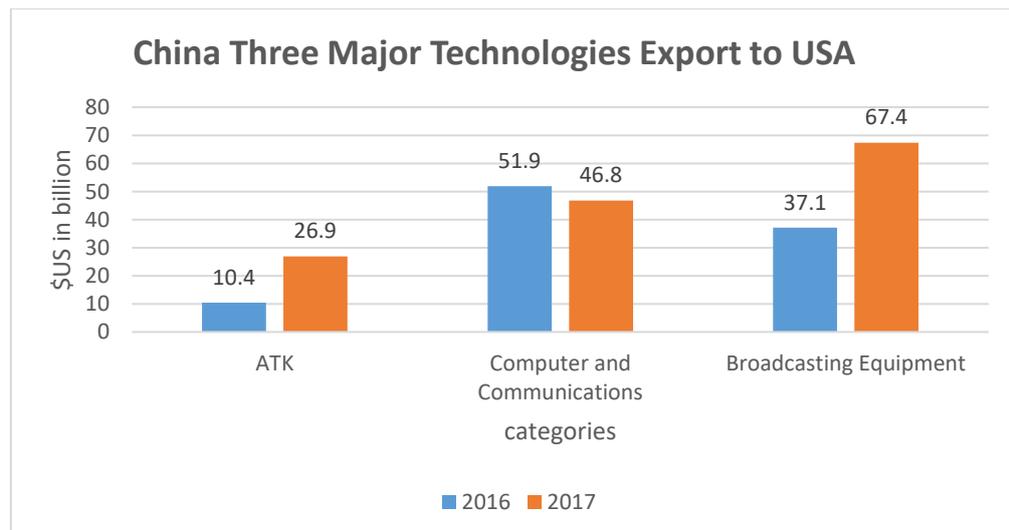
### **China Technologies Export to USA**

China's technology commodity is very fast in its development in integration with the global economy. The products are produced by China using high technology that is successfully developed by Chinese scientists (Petsinger et al., 2019). The US market is a major market for export for China's technology products. China tried to develop products with innovative technology, and various policy measures are taken by the Chinese government to develop the Chinese technology sector products such as enhancing the Export-Import high-quality technology, investing highly in research and development activities to ensure innovation in technology, collaborating between countries through leading research collaborations in the field of technology (Petsinger et al., 2019). According to previous studies, Chinese high technology products exported worldwide increases during the past few decades (see Figure 2).



**Figure 2.** China Technologies Export to Worldwide  
Source: [World Bank \(2020\)](#)

China exported several types of technology product to US from 2016-2019. Three major Chinese exports to the US such as technology in the field of office stationery (ATK, computer and communications fields, broadcasting equipment fields) and others. From 2016 to 2017, exports in the field of ATK China to the US by 24% of the total exports worldwide for \$10.4 billion (2016) 30% worth \$26.9 billion (2017), on the computer and communications area of 30% worth \$51.9 billion (2016) 32% worth \$46.8 billion (2017), in the field of broadcasting equipment of 23% worth \$37.1 billion (2016) 29% worth \$67.4 billion (2017) (see Figure 3) ([Observatory of economic Complexity, 2017a](#)). This data shows that the market share of Chinese commodities in the US is quite high and tends to increase annually, the demand for China-made product increases in USA because China produces good quality products at a cheap cost compared to other countries.



**Figure 3.** China Technologies Export to USA  
Source: [Observatory of economic Complexity \(2017a\)](#)

### The Excellence of China Technologies Commodities

China is known for generating new products with the help of innovation. China is also alleged to copy products which have already been made by another country (Springut, Schlaikjer, & Chen, 2011); however, imitation of products does not matter in case of China because the country has undertaken major advances in product technology and product innovation. Chinese's President Xi Jinping had paid significant attention to the development of technology and innovation for the growth of economy. To this end, the Chinese President give access to State & Leading (S&T) Group or Chinese State-Owned Enterprises, who have the responsibility to develop and implement innovative ideas and review these every five years and submitted through the National Congress of the Communist Party of China (Republic of China, 2003). In 2016, President Xi Jinping said that S&T's progress was vital to the country's progress, saying: *"if science and technologies flourish, the nation will flourish, and if science and technology are strong, the country will be strong"* (US Defense Department, 2018). Hengyuan said, *"first relied on imitation and then moved towards innovations"* (Hengyuan, 2015).

In 2018, according to data reported by the World Intellectual Property Organizations (WIPO) and other organizations, China was budgeting for Research and Development Innovation by 2.19% of total Gross Domestic Product (GDP) and this continued to increase in 2019 moving up from 17th position in the world to 14th and being the only middle country to make it into the top 20 (Cordesman, Burke, & Molot, 2019). Moreover, technological innovations made by China in the field of communication, space, supercomputers, 5G technology, artificial intelligence, virtual payments, high-speed rail technology, and financial technology are constantly improving every year.

### **The Impact of Tariff Hike Policy on The Trade Relationship of the Two Countries**

The Chinese economy is growing more as compared to the US economy from the last decade due to production of export oriented goods; however, following restriction of bilateral trade, Chinese economy has experienced a slowdown (Kapustina et al., 2020). The conflict between China and US occurs after the restriction of bilateral trade because China adopts imbalanced trade policies and has been accused of manipulating trade liberalization and its association with the WTO as well as protecting their domestic product from global competition through subsidies for export-oriented product. The US officials also state that China taking technical knowledge of US companies which is against the intellectual property rights (Kapustina et al., 2020), restricted China to investment of US technology-based companies. Therefore, US imposed two Acts on China this are not separated from the double sanctions under sections 232 and Sections 301 sanctions which are usually only subject to one sanction for other countries. Sections 232 of the Trade Expansion Act of 1962 that gives the President broad authority to restrict imports in the interest of national security by imposing tariffs. The U.S. government uses Sections 232 to impose

tariffs on steel and aluminum products under a broad national security definition. Section 301 is a 1974 Commerce Act that gives the President broad authority to impose tariffs on countries that commit unfair, unreasonable, or discriminatory trade actions ([Bown & Kolb, 2019](#)).

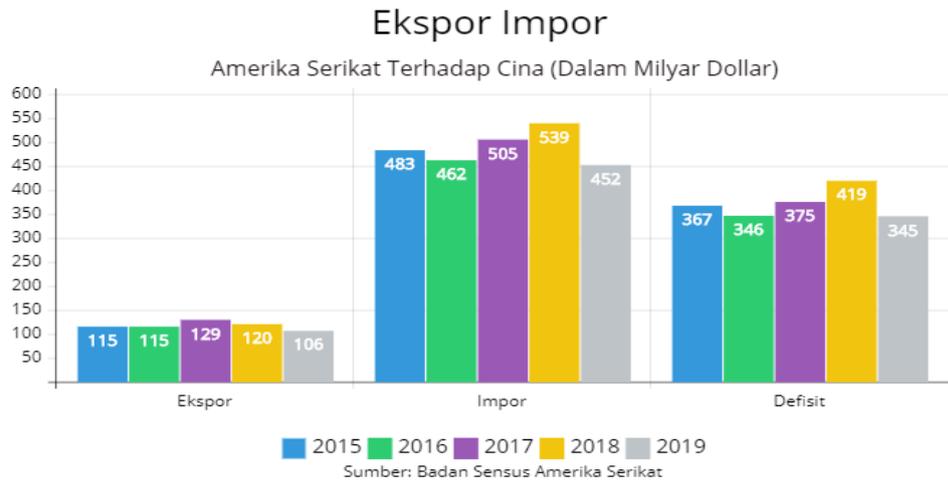
US investigation shows that China is responsible for misconduct in relation to the US. Under Donald Trump's leadership, a rapid pattern of investigating direct sanctions against China through the USTR led China to take steps commensurate with retaliation for a policy of increasing import tariffs that led to a trade war.

### **The Dominance of Chinese Products in the U.S.**

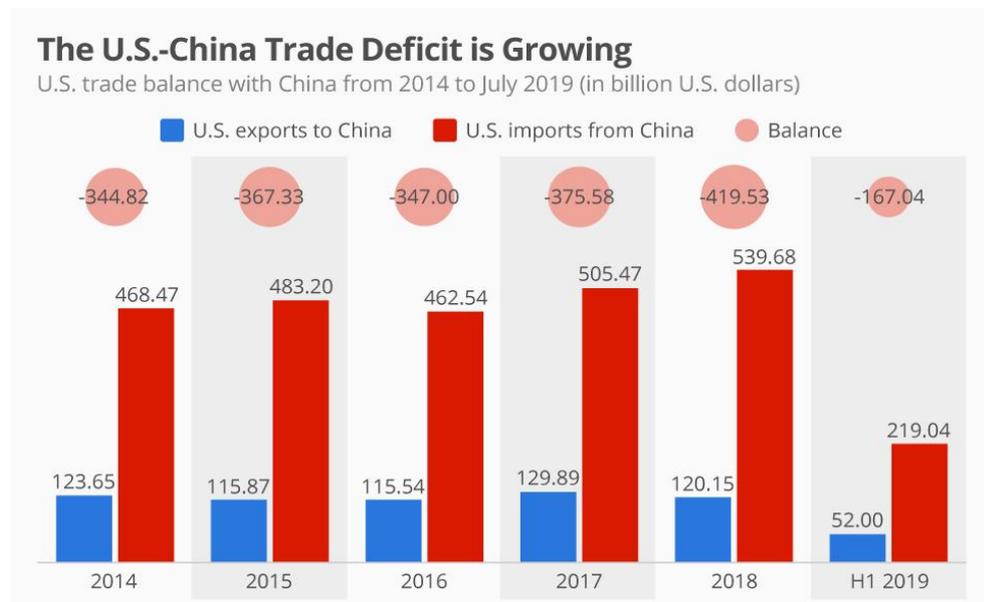
The consumers in the US demanded more product from China due to their lower cost which is biased to US trade deficit. One other issue faced by USA is that some US companies move towards China because of cheap manufacturing cost, so now product are produced in China with US investment and then exported to US with the product label "Made in China". Under this process, many US citizens lost their jobs while in China, employment opportunities are created. In this way, China cheats US and violates the intellectual property rights agreement ([Chow, 2016](#)).

### **The Trade Deficit Between AS-China**

From 2015 onward, US faced trade deficit with China as China imported goods from US were more than goods exported to China and due to this, the US continuously faced trade deficit which slowed down the US economy and boomed up the Chinese economy (see Figure 4), Figure 4 shows that there is no equilibrium between exports and imports between the US and China where the US over the last 5 years with China has always experienced a trade imbalance which is a negative thing for the progress of the U.S. trade relations with China. US deficit reached \$344 Billion to \$419 Billion from 2014 to 2018 respectively (see Figure 5) ([Amadeo, 2018](#)). The United States under Donald Trump's administration reckoned that the trade deficit between the U.S. and China was due to indications of unfair trade. There are a number of things that influence this such as the theft of U.S. Intellectual Property Rights (HAKI) by China, as evidenced by data obtained by the U.S. Customs and Border Protection Agency in 2017 where it is noted that 78% of export products from China and Hong Kong that enter the U.S. are counterfeit goods.



**Figure 4.** Trade deficit between US and China



**Figure 5.** Trade deficit between US and China from 2014-2019  
Source: [United States Census Bureau \(2019b\)](#)

There are a number of reasons behind the trade deficit between USA and China; firstly, China always exports final goods to USA but on the other hand USA exports agricultural raw material product and China converts this raw material into final goods which are shipped back to the US. Secondly, China produces consumer goods at significantly lower costs compared to other countries. There is a need for the US to find a way to balance the trade deficit with China, and for this purpose US should impose import tariff on agricultural sector exports to China because the Chinese market is one of the main markets for US agricultural commodity products.

### The Impact on US Agricultural Commodities

The Chinese market is one of the main markets for US agricultural commodity products; for example, US imported one-third of China's total soybean in

2016-2017. In 2017, China imports from all production stock were as follow: 57% of soybean, 17% cotton, 80% wheat, 11% dairy products, 10% pork, 6% wheat flour, and 5% fruits (Regmi, 2020). China is a large market for US agriculture exports, and China almost exclusively relies on US agricultural products (see Table 1) which shows 10 most highly imported agriculture commodities exported from US to China, \$ 21,395 million (2016), after that \$ 19,476 million (2017), \$ 9,145 million (2018) and \$ 13,860 million (2019); exports are seen to decline due to trade disputes that resulted in tariff retaliation and slowed economic growth, during 2019, when the largest amount of exports increased in soybean products, pork and Tree Nuts.

**Table 1.** Top 10 US Agricultural Exports to China  
(Values in million USD)

Commodity	2016	2017	2018	2019
Soybeans	14,203	12,224	3,119	8,005
Pork & Pork Products	713	662	571	1,300
Cotton	554	978	925	707
Corn	40	142	50	56
Coarse Grains*	1,030	838	521	191
Poultry Meat & Products**	34	36	47	10
Tree Nuts	182	243	328	606
Wheat	205	351	106	56
Dairy Products	386	576	498	373
Hay	355	341	272	291
Others	3,693	3,086	2,709	2,267
Total Exported	<b>21,395</b>	<b>19,476</b>	<b>9,145</b>	<b>13,860</b>

Source: [United States Census Bureau \(2019a\)](#)

There is a need for the US to find a way to balance the trade deficit with China; for this purpose, US should impose tariff on all sectors exported to China from this response China also impose tariff on US product but imposing tariff is particularly important for US in order to protect the exports and domestic market. The study presents predictions from local market to imposing tariff on US agriculture products, predicting the potential impacts of China's Retaliatory Tariffs on the US Farm Sector in tabular form, as shown in Table 2.

**Table 2.** Predicting Potential Impacts of China's Retaliatory Tariffs on the US Farm Sector

Commodities	Reduce Price (%)	Reduce Production (%)	Reduce Exports (%)	Loss (million)	Loss (%)
soybeans	3.9	1.6	34.2	1.8	4
cotton	1.2	0.2	18.8	67.6	1.3
wheat	10.6	2.1	22.5	246.2	10.5
pork	0.6	0.2	83.3	178.9	0.7

Source: [Zheng et al. \(2018\)](#)

Table 2 shows that if there is a 3.9% price cut in soybeans, US commodity production decreased by 1.6% against soybeans which means that the impact on exports to China will be reduced by 34.2% on soybeans and Agricultural producers will lose \$1.8 billion (4%) in revenue against soybeans. Agricultural producers will lose \$1.8 billion (4%) in revenue against soybeans, \$67.6 million (1.3%) against cotton, \$246.2 million (10.5%) against wheat, and \$178.9 million (0.7%) ([Zheng et al., 2018](#)).

Since 2018, the dispute between the US and China has peaked in the field of international trade. For bilateral relations, the two countries have a profound impact on agricultural commodities experienced by the US. According to data from the USDA, the value of US exports to China in this field is likely to decline. As recorded in the fiscal year 2019, there has been a decrease in the value of the sector to 6.2% from \$143.4 billion in the fiscal year 2018 to \$134 billion in the fiscal year 2019 ([Regmi, 2020](#)).

### **Tariff Increase Policy on Agricultural Commodities**

China's tariff raising policy is not limited in application to the US but also to Canada, Turkey, Mexico, the European Union and India vis-a-vis agricultural commodities. This tariff imposed by China is not without reason because China itself faces sanctions imposed by the US written in Sections 301 on copyright; it is pertinent to note that on the other hand, US imposed 50% tariff on approximately all agriculture products of US. In response to sections 301 imposed by the US on China, China had to set a policy of retaliating against US and imposed tariff hikes in 2018 on nearly all US agricultural commodities. The increase in tariffs has resulted in a 53% increase in the value of US agricultural commodity exports to China from 2017 to 2018, from \$19.5 billion in 2017 to \$9.2 billion in 2018. Moreover, this year also China position dropped to 4th place from the first ranking of the main export destinations of the US agricultural communion after Canada, Mexico, and Japan ([Regmi, 2020](#)).

### **Conclusion**

This disharmonious escalation of relations has the effect of both harming and benefiting. The US is severely disadvantaged in this relationship, the factors that make the US on account of the remarkably slow pace of US exports to China in addition to the US deficit continuing to decline from 2016-2019. In contrast, China has benefited significantly from U-S-China relations due to factors such as the rapid pace of Chinese to US exports and the exceptional annual surplus with the US. In the future, China's economic strength is predicted to be superior based on the country's economic stability and future potential.

## References

- Amadeo, K. (2018). US Trade Deficit with China and why it's so high. *The Balance*. Retrieved from: <https://www.thebalance.com/u-s-china-trade-deficit-causes-effects-and-solutions-3306277>
- BACKGROUND. (2018). Snapshot of the U.S.-China Trade War. *Institute for Security & Development Policy*. Retrieved from: <https://isdpeu/content/uploads/2020/01/Trade-War-backgrounder-January-2020.pdf>
- Bown, C., & Kolb, M. (2019). Trump's Trade war timeline: an up-to-date guide. *Peterson Institute for International Economics*. Retrieved from: <https://www.piie.com/blogs/trade-investment-policy-watch/trump-trade-war-china-date-guide>
- Chow, D. C. (2016). How the United States uses the trans-pacific partnership to contain China in international trade. *Chicago Journal of International Law*, 17(2), 370-402. doi: <https://dx.doi.org/10.2139/ssrn.2817337>
- Cordesman, A. H., Burke, A. A., & Molot, M. (2019). China's Changing Technology Base and Search for Parity and Leadership *China and the US: Cooperation, Competition and/or Conflict An Experimental Assessment* (pp. 111-135): Center for Strategic and International Studies (CSIS). Retrieved from <http://www.jstor.org/stable/resrep22586.14>.
- Costa, A. N. d. (2018). The early victims of Trump's trade war. *BBC News*. Retrieved from: <https://www.bbc.com/news/business-45028014>
- Di, D., Luft, G., & Zhong, D. (2019). Why did Trump launch a trade war? A political economy explanation from the perspective of financial constraints. *Economic and Political Studies*, 7(2), 203-216. doi: <https://doi.org/10.1080/20954816.2019.1595327>
- Dolgov, S. I., & Savinov, Y. A. (2018). International trade: USA on the warpath. *Russian Foreign Economic Journal*(9), 7-21. doi: [https://ideas.repec.org/a/alq/rufejo/rfej\\_2018\\_09\\_7-21.html](https://ideas.repec.org/a/alq/rufejo/rfej_2018_09_7-21.html)
- Fordham, B. O., & Kleinberg, K. B. (2011). International trade and US relations with China. *Foreign Policy Analysis*, 7(3), 217-236. doi: <https://doi.org/10.1111/j.1743-8594.2011.00135.x>
- GATS. General Agreement on Trade in Services. *World Trade Organization (WTO)*. Retrieved from: [https://www.wto.org/english/tratop\\_e/serv\\_e/gatsintr\\_e.htm](https://www.wto.org/english/tratop_e/serv_e/gatsintr_e.htm)
- GATT. General Agreement on Tariffs and Trade. *World Trade Organization (WTO)*. Retrieved from: [https://www.wto.org/english/tratop\\_e/gatt\\_e/gatt\\_e.htm](https://www.wto.org/english/tratop_e/gatt_e/gatt_e.htm)
- Gilpin, R. (1981). *War and change in world politics*. New York: Cambridge University Press. Retrieved from: <http://rochelleterman.com/ir/sites/default/files/gilpin%20intro.pdf>.
- Hansen, J., Marchant, M. A., Tuan, F., & Somwaru, A. (2017). US agricultural exports to China increased rapidly making China the number one market. *Choices*, 32(2), 1-6. doi: <https://www.jstor.org/stable/90014647>

- Hengyuan, Z. (2015). China is poised for “technology take off.”. *Caixin Global*. Retrieved from: <https://www.caixinglobal.com/2015-07-06/china-is-poised-for-technology-takeoff-101046055.html>
- Jiming, H., & Yangmei, D. (2019). US-China Economic Relations: From Conflict to Solutions—Part II. *Peterson Institute for International Economics*. Retrieved from: <https://www.piie.com/publications/piie-briefings/us-china-economic-relations-conflict-solutions-part-ii>
- Kapustina, L., Lipková, L., Silin, Y., & Drevalev, A. (2020). *US-China trade war: Causes and outcomes*. Paper presented at the Innovative Economic Symposium 2019 – Potential of Eurasian Economic Union (IES2019): SHS Web of Conferences doi: <https://doi.org/10.1051/shsconf/20207301012>.
- Lemke, D., & Tammen, R. L. (2003). Power transition theory and the rise of China. *International interactions*, 29(4), 269-271. doi: <https://doi.org/10.1080/714950651>
- Observatory of economic Complexity. (2017a). China Country Profile. Retrieved from: <https://oec.world/en/profile/country/chn/>
- Observatory of economic Complexity. (2017b). USA Country Profile. Retrieved from: <https://oec.world/en/profile/country/usa/>
- Oneal, J. R., & Russett, B. (1999). The Kantian peace: The pacific benefits of democracy, interdependence, and international organizations, 1885–1992. *World politics*, 52(1), 1-37. doi: <https://doi.org/10.1017/S0043887100020013>
- Petsinger, M. S., Wang, J., Yu, J., & Crabtree, J. (2019). *US-China Strategic Competition: The Quest for Global Technological Leadership*: Royal Institute of International Affairs.
- Regmi, A. (2020). CHINA'S RETALIATORY TARIFFS ON US AGRICULTURE: IN BRIEF. *Current Politics and Economics of Northern and Western Asia*, 29(2/3), 379-391. doi: <https://www.proquest.com/openview/76b807db809b2107acc1b67f52787a60/1?pq-origsite=gscholar&cbl=2034884>
- Republic of China. (2003). Science and Technology Programs in China. *Consulate General of the People's Republic of China*. Retrieved from: <http://www.chinaconsulatesf.org/eng/kj/kjih/>
- Rühlig, T. (2018). *A 'New' Chinese foreign policy under Xi Jinping*”. Institute for Security&Development Policy. Retrieved from <https://isdpeu/content/uploads/2018/03/A-New-Chinese-Foreign-Policy-FA.pdf>.
- Russett, B. M., & Oneal, J. R. (2001). *Triangulating peace: Democracy, interdependence, and international organizations*. New York: WW Norton & Company Incorporated.
- Springut, M., Schlaikjer, S., & Chen, D. (2011). *China's Program for Science and Technology Modernization*. Arlington, VA: CENTRA Technology. Retrieved from: [https://www.uscc.gov/sites/default/files/Research/USCC\\_REPOR\\_T\\_China's\\_Program\\_forScience\\_and\\_Technology\\_Modernization.pdf](https://www.uscc.gov/sites/default/files/Research/USCC_REPOR_T_China's_Program_forScience_and_Technology_Modernization.pdf)
- Statista. (2019). Top 20 export countries worldwide in 2017 (in billion U.S. dollars). *Statista*. Retrieved from: <https://www.statista.com/>

- Statistics Times. (2018). List of Countries by GDP (PPP). *StatisticsTimes*. Retrieved from: <http://statisticstimes.com/economy/countries-by-gdp-ppp.php>
- TRIPS. Trade-Related Aspects of Intellectual Property Rights. *World Trade Organization (WTO)*. Retrieved from: [https://www.wto.org/english/tratop\\_e/trips\\_e/trips\\_e.htm](https://www.wto.org/english/tratop_e/trips_e/trips_e.htm)
- United States Census Bureau. (2019a). China 2019 Export Highlights. *U.S. Department of Commerce*. Retrieved from: <https://www.fas.usda.gov/china-2019-export-highlights>
- United States Census Bureau. (2019b). Trade deficit between US and China from 2014-2019. *U.S. Department of Commerce*. Retrieved from: <https://www.census.gov/>
- United States Department of Agriculture. (2019). United States Department of Agriculture: Foreign Agricultural Service. Retrieved from: <https://www.fas.usda.gov/>
- US-China Business Council. (2020). Understanding the US-China Trade Relationship. *US-China Business Council*. Retrieved from: <https://www.uschina.org/>
- US Defense Department. (2018). Annual Report to Congress: Military and Security Developments Involving the People's Republic of China *China Military Power*: Office of the Secretary of Defense.
- USDA. (2019a). Biotechnology. *United States Department of Agriculture*. Retrieved from: <https://www.usda.gov/topics/biotechnology>
- USDA. (2019b). Growth in US Agricultural Exports to China. *United States Department of Agriculture*. Retrieved from: <https://www.fas.usda.gov/data/growth-us-agriculturalexports-china>
- USDA. (2019c). How the Federal Government Regulates Biotech. *United States Department of Agriculture*. Retrieved from: <https://www.usda.gov/topics/biotechnology/how-federal-governmentregulates-biotech-plants>
- USTR. (2018). President Trump Approves Relief for U.S Washing Machine and Solar Cell Manufacturers. *United States Trade Representative*. Retrieved from: <https://ustr.gov/about-us/policy-offices/press-office/pressreleases/2018/january/president-trump-approves-relief-us>
- Vinogradov, A. O., Salitsky, A. I., & Semenova, N. K. (2019). US-China economic confrontation: Ideology, chronology, meaning. *Vestnik RUDN. International Relations*, 19(1), 35-46. doi: <https://doi.org/10.22363/2313-0660-2019-19-1-35-46>
- White House. (2018). President Donald J. Trump is Confronting China's Unfair Trade Policies. *The White House*. Retrieved from: <https://www.whitehouse.gov/briefings-statements/president-donald-j-trump-confrontingchinas-unfair-trade-policies/>
- World Bank. (2019). World Development Indicators (WDI). *The World Bank Group*. Retrieved from: <https://databank.worldbank.org/home.aspx>
- World Bank. (2020). High-technology exports (% of manufactured exports). *World Development Indicators. World Bank*. Retrieved

- from: <https://databank.worldbank.org/source/world-development-indicators#>
- WTO. What is the WTO? *World Trade Organization (WTO)*. Retrieved from: [https://www.wto.org/english/thewto\\_e/whatis\\_e/whatis\\_e.htm](https://www.wto.org/english/thewto_e/whatis_e/whatis_e.htm)
- Zhao, S., & Dan, G. (2019). A new Cold War? Causes and future of the emerging US-China rivalry. *Вестник Российского университета дружбы народов. Серия: Международные отношения*, 19(1), 9-21. doi: [10.22363/2313-0660-2019-19-1-9-21](https://doi.org/10.22363/2313-0660-2019-19-1-9-21)
- Zheng, Y., Wood, D., Wang, H. H., & Jones, J. P. (2018). Predicting potential impacts of China's retaliatory tariffs on the US farm sector. *Choices: Agricultural & Applied Economics Association*, 33(2), 1-6. doi: <https://www.jstor.org/stable/26487443>