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USFP and the trade deficit with China- Research Proposal

# Introduction

The United States and China remain at odds to each other on many global, political and economic issues. More recently, both countries are involved in a trade war which seems to be never-ending. This trade or more generally the economic conflict started with the United States President Donald Trump forcing China to withdraw the so-called ‘unfair trade practices’ which he believed hurt the bilateral trade relations. Experts believe that political differences and Chinese rise- in terms of economy is hurting the United States interests, and for such reasons, the United States is forced to adopt strict measures against China (Christensen). The bilateral differences of United States and China are not only downing the bilateral trade volume, rather is impacting negatively on their relations with rest of the world. For example, European countries are fearful that this trade war might not expand to include European Union relations with either China or America.

# Summarizing the Issue

The United States consider China a rising competitor. Although not explicitly and openly, but the United States policies suggest that it is uneasy with the expanding Chinese presence. On the other side, China also wants to gradually take over the global markets in terms of its exports. Until June of 2019, the Chinese tariffs on United States products amounted to $60 bn at 25 per cent. However, United States imposed $200 bn on 25 per cent (“US-China Trade War in 300 Words”). Such enlarged tariffs reflect the gravity of the trade conflict between the two countries. United States foreign policy revolves around the aim of protecting the strategic interests of US and its allies. President Trump’s administration believes that Chinese rise can threaten its geo-strategic and politico-economic aims at the global level. For such reasons, the experts believe the trade conflict is initiated (Higgott). The Chinese therefore, believe that United States is off-putting its rise. Although both states are discussing this issue these discussions have proved difficult.

# Current developments

The trade war between US and China poses swerve threat to global economy. Some latest publications suggest that the trade war might prove more dangerous than the great recession since the stakes of half of the global countries are attached in the markets of China and United States. The current development in the trade war echoes the chances that this bilateral trade war might turn to a full-blown trade war (Özer), which can be devastating. The politico-economic experts believe that the trade wars place with them the risk of technological arms race (Özer). Since the conflict erupted from political rhetoric, therefore the foreign policy experts believe that a political settlement should be sought after for this issue. in some very latest development it was noted that markets received a boost when President Trump announced to extend truce of £153 bn (“US-China Trade War Biggest Threat to Global Economy in 2019, Research Shows”). The economic experts who are witnessing these developments believe that such a step can avoid escalation in the trade war (Lau).

# Importance of the Issue

# The ongoing trade war between the United States and China is impacting the trade deals worldwide. It has also brought the two countries to stand against each other even in the matters of global concerns. Other than the Chinses and Americans business firms and trade organizations, the international business firms are also witnessing slow growth, who also urge to lower the tariff barriers from both sides. Many studies have also indicated that from previous two or three years, the mutual trade between these two countries has also witnessed downturns. The trade war has adversely impacted over global trade carried in European Union, South East Asian markets, Indian and Latin American markets. Such trends suggest that a political solution to this trade conflict is inevitable.

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