

US-China Trade War: Why did it happen & how will it end?

Academy of Lifelong Learning

2-3 pm, Tuesday, Nov 4, 2025, Penland 106

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Professor of Marketing



Aiken UofSC



American Association for Chinese Studies

全 美 中 國 研 究 協 會

How Trade Wars Reshape Great Power Relations

AACS 67th Annual Conference

Oct 24-26, 2025

Adelphi University, Garden City, NY

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University of South Carolina Aiken

Brief Agenda

- **Why did it happen**
- **Current State of Trade War 2.0**
- **Differential Treatment**
- **Escalation & Decoupling Inevitable?**

Trade War Examples



**United States Tariff
Act (1930)**



Chicken War (1960s)



**China–United States
(2018 to Present)**

United States Tariffs Act of 1930



Smoot-Hawley Tariff Act

['smüt 'hò-lē 'ter-əf 'akt]

The raising of U.S. import duties in 1930 to protect American farmers and businesses from foreign competition that inadvertently decimated global trade and worsened the Great Depression.

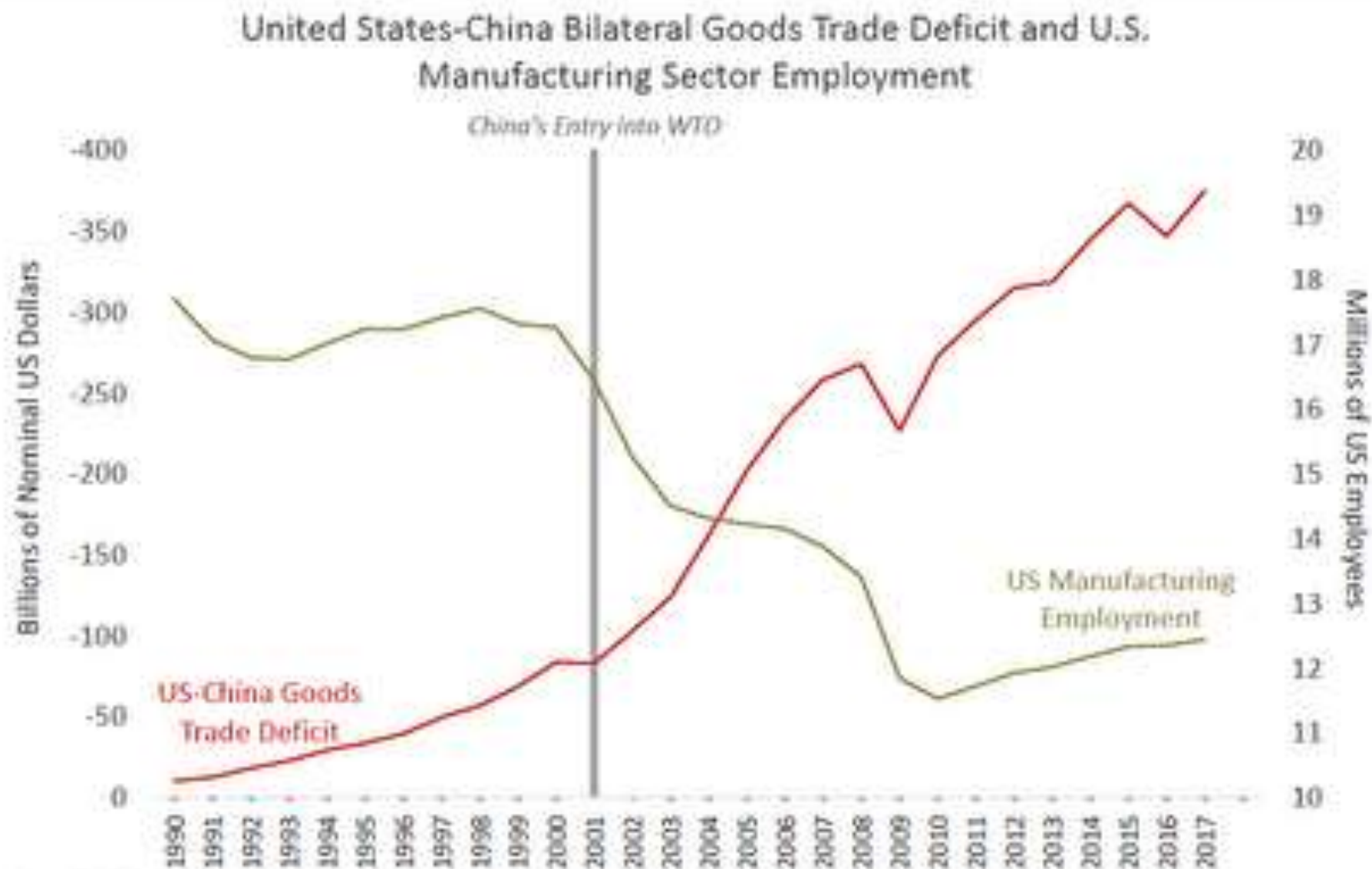


- A trade dispute that began in 1962 when the **European Economic Community** (EEC) imposed tariffs on American poultry exports, which had flooded European markets due **to industrial-scale farming**.
- In 1963, the U.S. retaliated by imposing a **25% tariff** on several European goods, including light trucks.

2017

Trade War 1.0

美商务部长罗斯 (Wilbur Ross) 全美记者俱乐部 (National Press Club)



Source: Trade Policy Information System & Bureau of Labor Statistics
Prepared by Industry & Analysis, International Trade Administration

China's Export Commodity Structure 1980-2010

表 1 1980—2010 年中国出口商品结构

	1980 年		1990 年		2000 年		2010 年	
	金额 (亿美元)	比重 (%)	金额 (亿美元)	比重 (%)	金额 (亿美元)	比重 (%)	金额 (亿美元)	比重 (%)
出口商品总额	181.2	100.0	620.9	100.0	2492.1	100.0	15777.5	100.0
初级产品	91.1	50.3	158.9	25.6	254.6	10.2	817.2	5.2
工业制成品	90.1	49.7	461.8	74.4	2237.5	89.8	14962.2	94.8
化学品及有关产品	11.2	6.2	37.3	6.0	121.0	4.9	875.9	5.6
按原料分类制成品	40.0	22.1	125.8	20.3	425.5	17.1	2491.5	15.8
机械及运输设备	8.4	4.7	55.9	9.0	826.0	33.1	7803.3	49.5
杂项制品	28.4	15.7	126.9	20.4	862.8	34.6	3776.8	23.9
未分类的其他商品	2.1	1.2	116.3	18.7	2.2	0.1	14.7	0.1
机电产品 *	13.9	7.7	110.9	17.9	1053.1	42.3	9334.3	59.2
高新技术产品 *	—	—	—	—	370.4	14.9	4924.1	31.2

* 注：机电产品和高新技术产品中包含部分相互重叠的商品。

数据来源：中国海关统计

Biggest U.S. trade deficits, by country

2017 deficit in goods, in billions (services are excluded)

RANK	COUNTRY		2017	2016	CHANGE	BIGGEST IMPORT
1	China		\$375.2	\$347	+28.2	Consumer electronics
2	Mexico		\$71.1	\$64.4	+6.7	Autos, electronics
3	Japan		\$68.8	\$68.8	0	Autos, electronics
4	Germany		\$64.3	\$64.7	-0.4	Autos, transportation
5	Vietnam		\$38.3	\$32	+6.3	Rice, crops
6	Ireland		\$38.1	\$36	+2.1	Chemicals, drugs
7	Italy		\$31.6	\$28.6	+3	Machinery
8	Malaysia		\$24.6	\$24.8	-0.2	Consumer electronics
9	Netherlands		\$24.5	\$23.6	+0.9	Chemicals, machinery
10 (tie)	India		\$22.9	\$24.4	-1.5	Manufacturing, clothes
10 (tie)	South Korea		\$22.9	\$27.6	-4.7	Autos, electronics

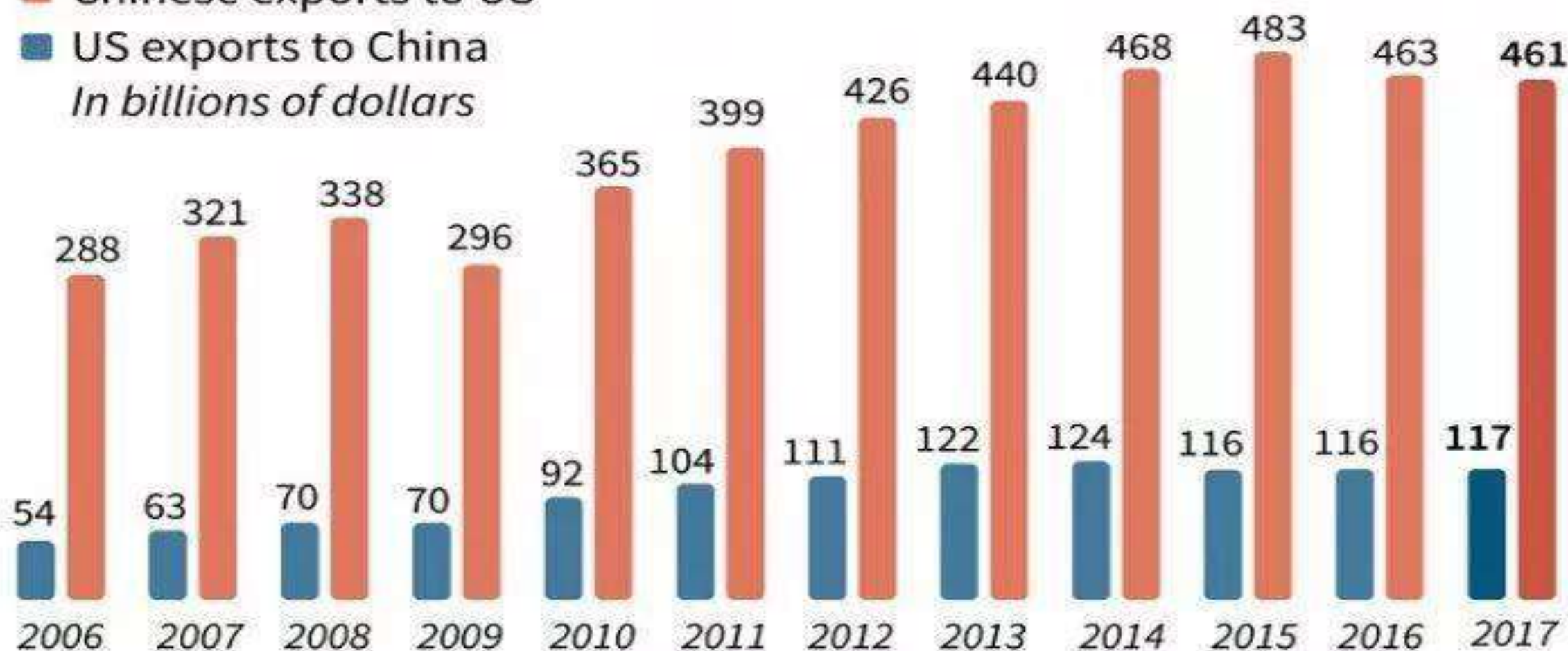
Source: Bureau of Economic Analysis, U.S. Census

US-China goods trade

Chinese exports to US

US exports to China

In billions of dollars



Source: US Census Bureau

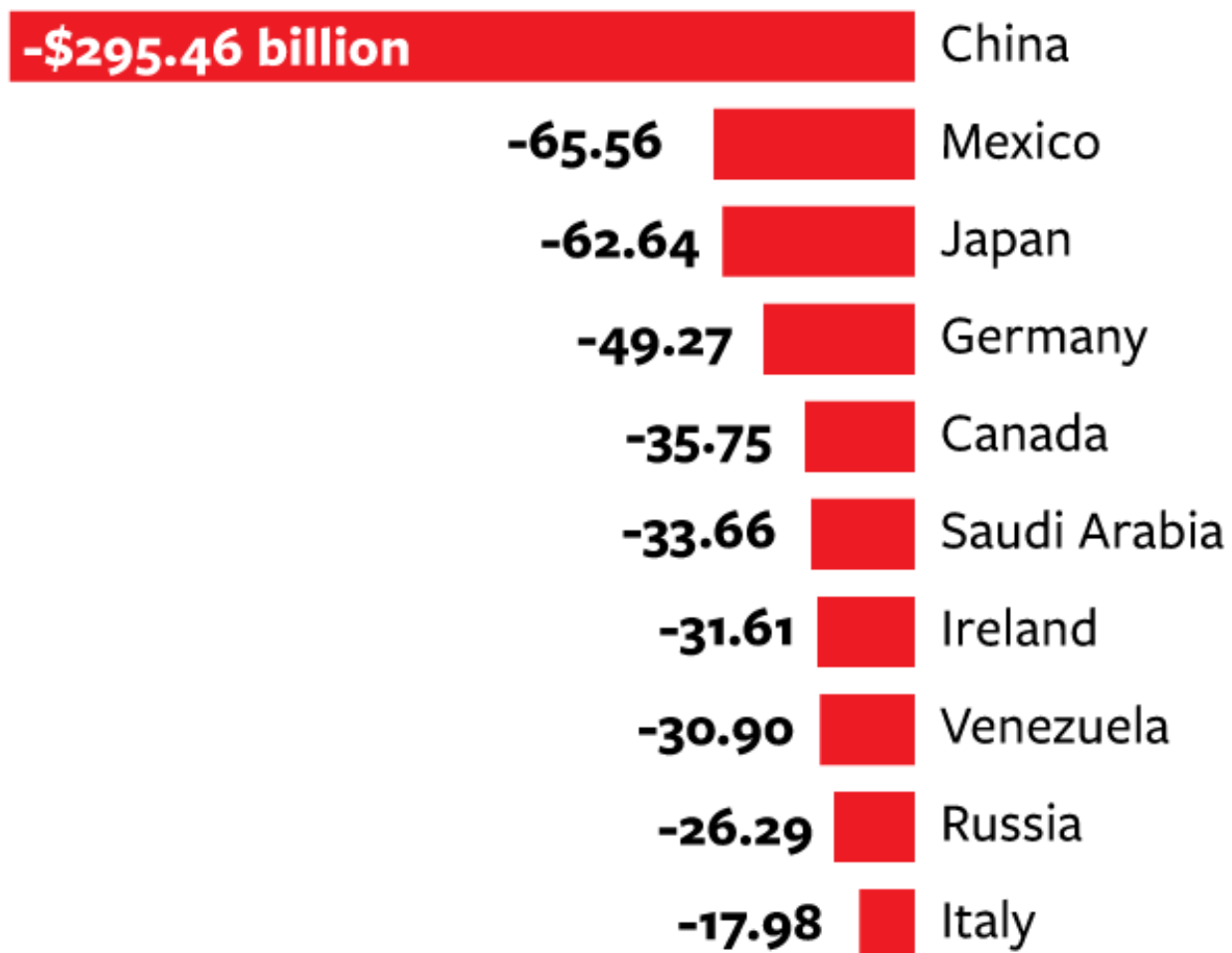
© AFP

Trade Deficits

The U.S. trade deficit with China is four and a half times higher than its second-highest trade deficit.

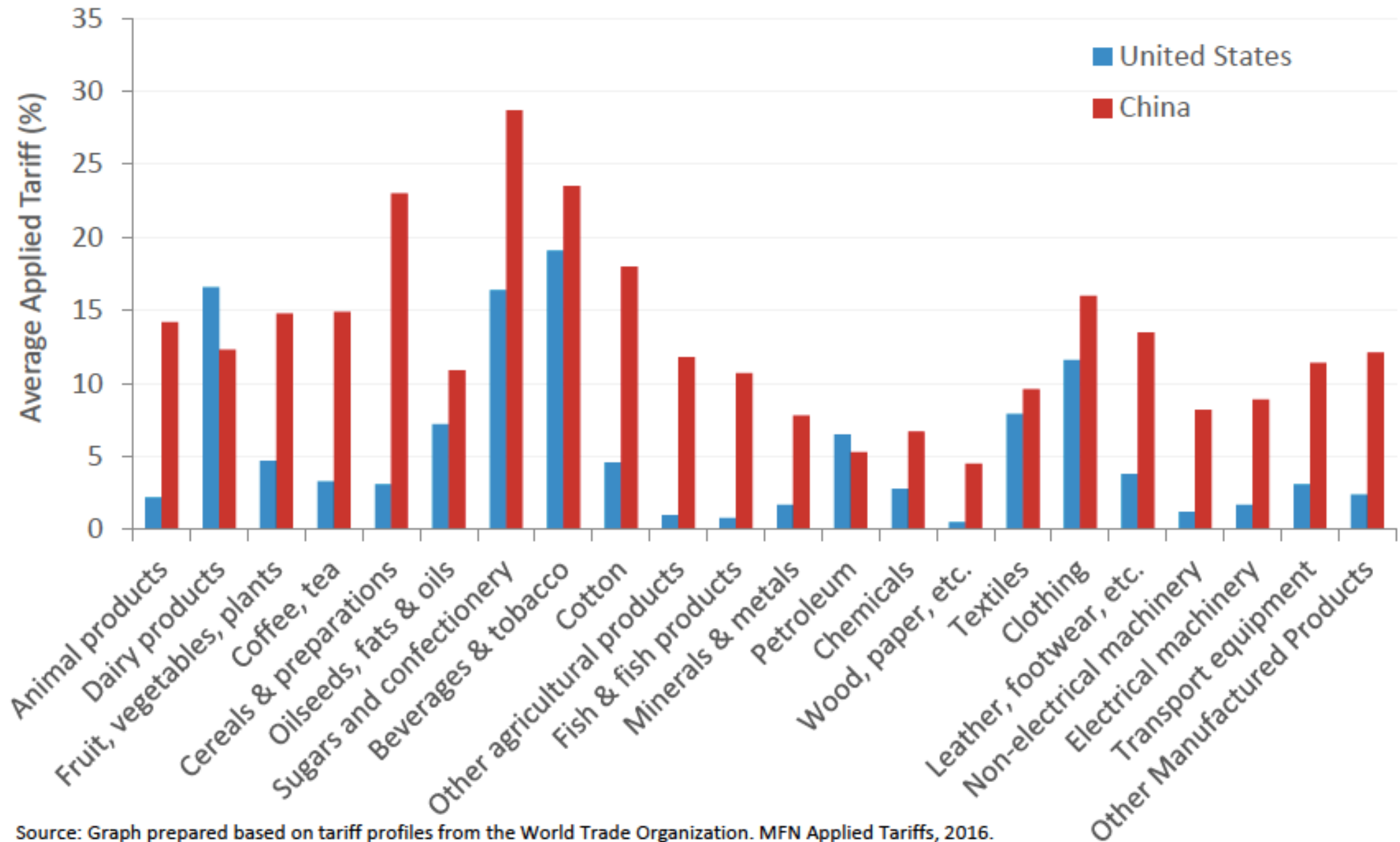
Top countries with which the U.S. has a trade deficit

2011, in billions of U.S. dollars



Source: Census Bureau

Average Tariffs for the United States and China



Source: Graph prepared based on tariff profiles from the World Trade Organization. MFN Applied Tariffs, 2016.

Prepared by Industry & Analysis, International Trade Administration

Dragon's Vault

Broad Press
Taiwan, 2013



It all started
in 2001....

- China's accession into **WTO**
- But
- Conditions are not met
 - Market access
 - Financial service
 - IP rights
 - Subsidies
 - Currency manipulations

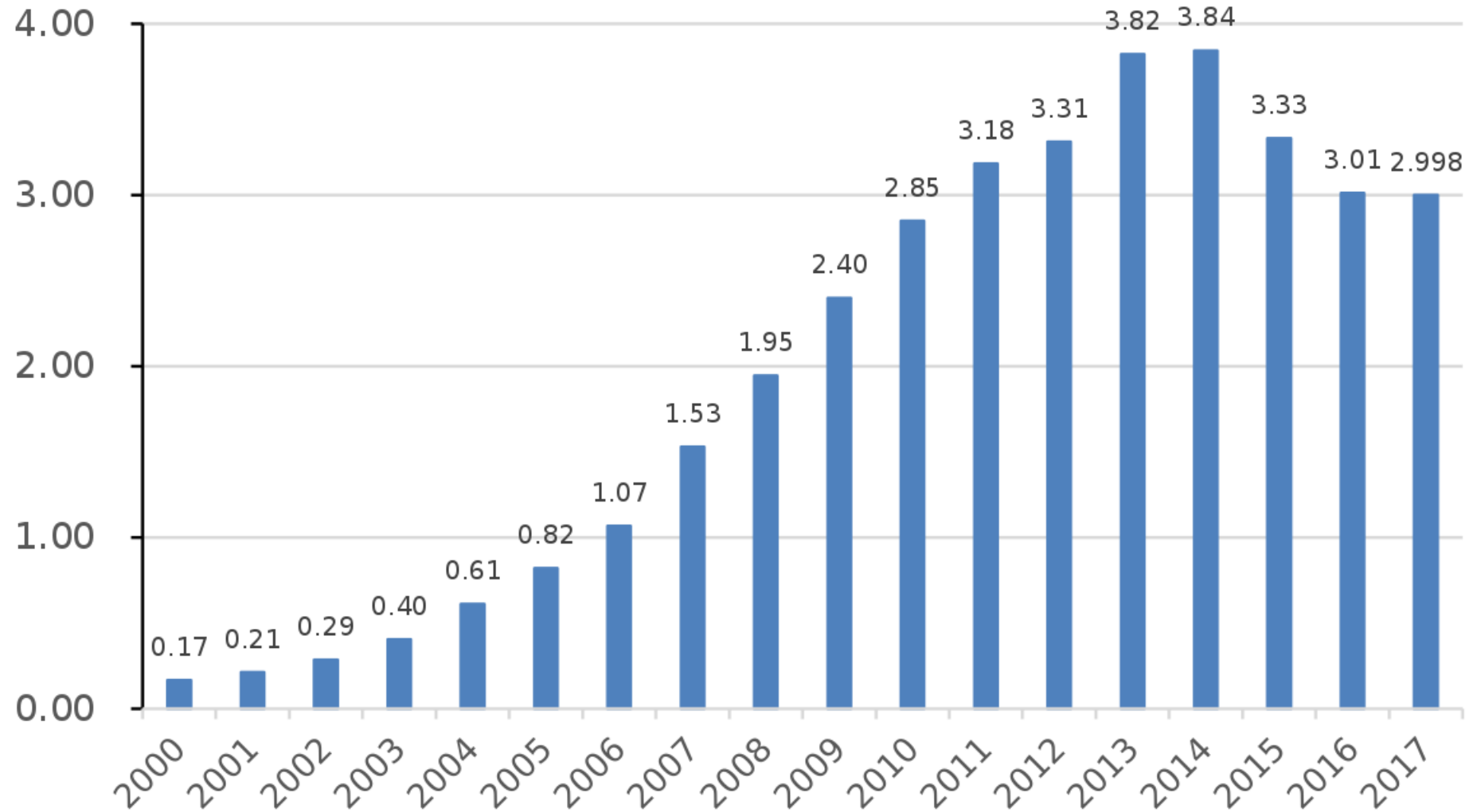
Table 1 summarizes area after area where China made promises and failed to deliver:

Chinese WTO Commitment	Has China Lived up to the Commitment?
Not requiring technology transfer as a condition of market access	No
Joining the Government Procurement Agreement (GPA)	No
SOEs making purchases based on commercial considerations	No
SOEs shrinking as a share of the economy	No
Foreign banks enjoying national treatment	No
Telecommunications market opening to foreign producers	No
Foreign film distribution being liberalized	No
Export subsidies being substantially reduced	No
Intellectual property theft and violations being significantly reduced	No
Abiding by Technical Barriers to Trade Agreement and not manipulating technology standards	No
Moving toward a "Washington Consensus" model of development	No

Table 1: Chinese Commitments Upon Entering the WTO and Outcomes Today

美国信息技术与创新基金会发布的一份报告（"False Promises: The Yawning Gap Between Chinas WTO Commitments and Practices"）显示，中国迄今为止仍未履行当初加入WTO时的承诺如下：

Foreign Exchange Reserves of China (T\$)



Foreign Exchange Reserve of PRC

- Dragon's vault of the regime
- Stabilize RMB
- Luxury lifestyle of the party elites
- Exert control overseas
 - Confucius Institute
 - Grand Foreign Propaganda Plan
 - Nest-egg for exile
 - Beat Taiwan
 - Pay-off African nations
 - Support rogue states against the U.S.

2025

Trade War 2.0

Trade War 2.0



Trade War 2.0



Reciprocal Tariffs

Country	Tariffs Charged to the U.S.A. Including Currency Manipulation and Trade Barriers	U.S.A. Discounted Reciprocal Tariffs
China	67%	34%
European Union	39%	20%
Vietnam	90%	46%
Taiwan	64%	32%
Japan	46%	24%
India	52%	26%
South Korea	50%	25%
Thailand	72%	36%
Switzerland	61%	31%
Indonesia	64%	32%
Malaysia	47%	24%
Cambodia	97%	49%
United Kingdom	10%	10%
South Africa	60%	30%
Brazil	10%	10%
Bangladesh	74%	37%
Singapore	10%	10%
Israel	33%	17%
Philippines	34%	17%
Chile	10%	10%
Australia	10%	10%
Pakistan	58%	29%
Turkey	10%	10%
Sri Lanka	88%	44%
Colombia	10%	10%



Reciprocal Tariffs

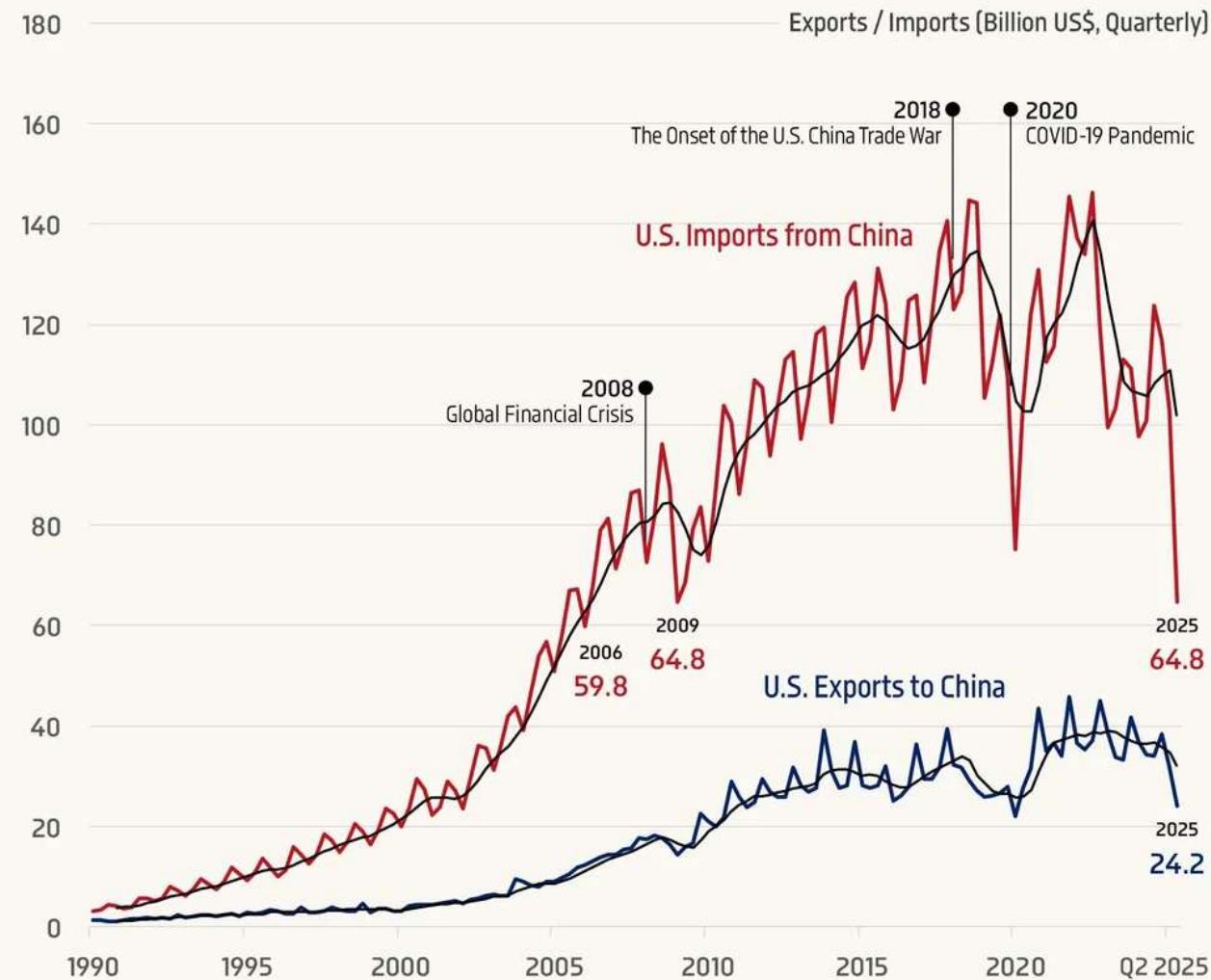
Country	Tariffs Charged to the U.S.A. Including Currency Manipulation and Trade Barriers	U.S.A. Discounted Reciprocal Tariffs
Peru	10%	10%
Nicaragua	36%	18%
Norway	30%	15%
Costa Rica	17%	10%
Jordan	40%	20%
Dominican Republic	10%	10%
United Arab Emirates	10%	10%
New Zealand	20%	10%
Argentina	10%	10%
Ecuador	12%	10%
Guatemala	10%	10%
Honduras	10%	10%
Madagascar	93%	47%
Myanmar (Burma)	88%	44%
Tunisia	55%	28%
Kazakhstan	54%	27%
Serbia	74%	37%
Egypt	10%	10%
Saudi Arabia	10%	10%
El Salvador	10%	10%
Côte d'Ivoire	41%	21%
Laos	95%	48%
Botswana	74%	37%
Trinidad and Tobago	12%	10%
Morocco	10%	10%

US Strategies in the trade war

(以子之矛，攻子之盾)

- State Control of Key Companies (SOE-like)
 - Steel, Aluminum
- State Demand of Revenue
 - Nvidia to submit % of revenue from China sales
- State Participation in Stock Ownership
 - Intel, MP Materials, Trilogy Metals
- State demand more R&D and less stock repo

U.S.–China Trade Plunges as Imports Hit 19-Year Low in Q2 2025



Source: U.S. Census

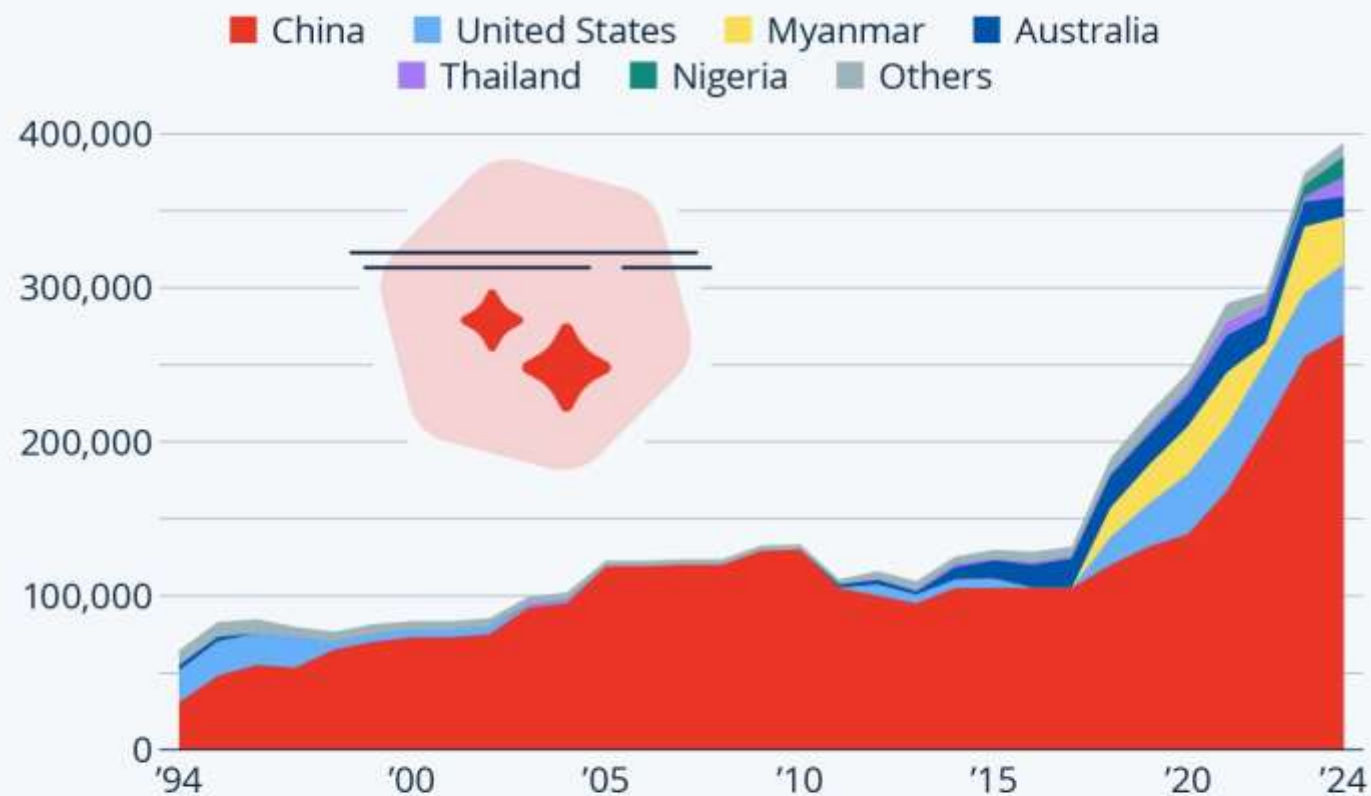
www.econovis.net

@econovisuals



China's Rare Earth Monopoly is Diminishing

Global mine production of rare earths (in tonnes)



Documented production only, some estimations (2022-2024: estimated)

Source: United States Geological Survey



Trump's quadruple blows to China

- Panama
- Iran
- Gaza
- Venezuela



Secretary
BESSENT:

"If some in the Chinese government want to slow down the global economy through disappointing actions and through economic coercion, the Chinese economy will be hurt the most — and make no mistake: this is China vs. the world." Oct, 2025

is **China vs. the World**

談會雷弱州



撙撙 → → 煥身



Secretary
BESSENT:

- President Trump is asserting American sovereignty and leading our allies to push back against China's economic coercion. We **do not seek to decouple** from China, but we will not let a command-and-control economy dictate terms to the United States

is China vs. the World

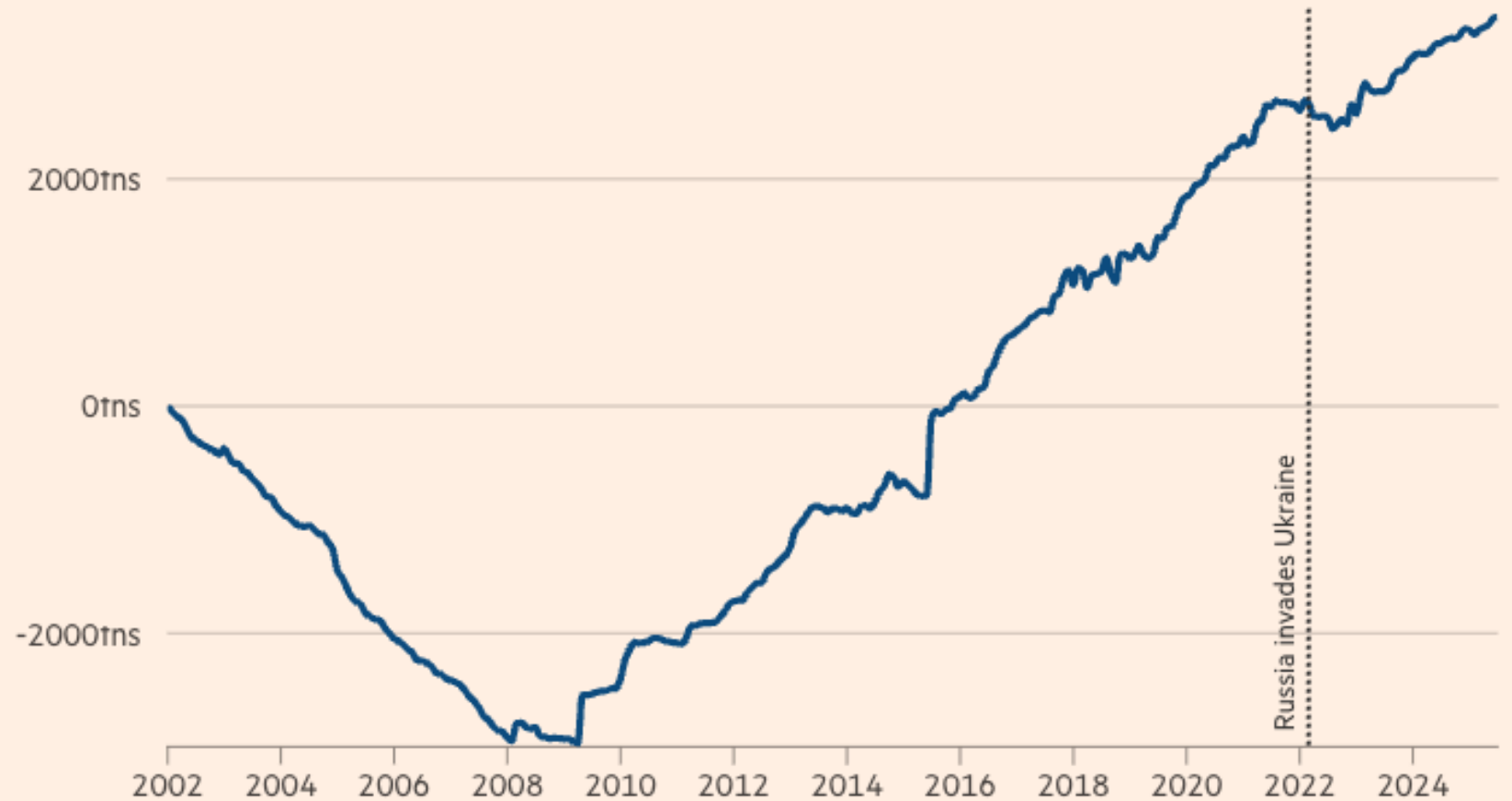
Why did the U.S.-China trade talk take so long?

Way too many issues, not just trade

- Trade surplus
- Tariffs on US goods
- SOE and export subsidies
- Private ownership and enterprise suppressed
- Eavesdropping on foreign businesses in China
- Overcapacity
- Shift unemployment pressure out
- Long-arm jurisdiction
- IP theft
- Fentanyl
- Arms race with the U.S. (esp. in naval and cyber)
- Arms sales to Iran and Russia

Central Banks
knew all along

Cumulative change in reported central bank holdings of gold



FINANCIAL TIMES

Source: World Gold Council

Smart
Investors
Noticing

Berkshire Hathaway - Cash on Hand chart (from 1996 to 2025)



Trump and Putin

— Alaska

Aug 15, 2025

- Trump and Putin meeting in Alaska, historical
- CCP China isolated
- U.S. focused solely on China
- Trump Breaking the “axis of evil” – China, Russia, Iran, North Korean
- Alliance w Russia to Fight CCP? (聯俄抗共)

Ямал

Р О С С И Я

«СИЛА СИБИРИ — 2»

«СИЛА СИБИРИ»

«САХАЛИН —
ХАБАРОВСК —
ВЛАДИВОСТОК»

«Сила Сибири — 2» — соединение
в единую систему газотранспортной
инфраструктуры на Востоке
и на Западе России.

Это газификация регионов
и промышленных центров
Восточной Сибири.

МОНГОЛИЯ

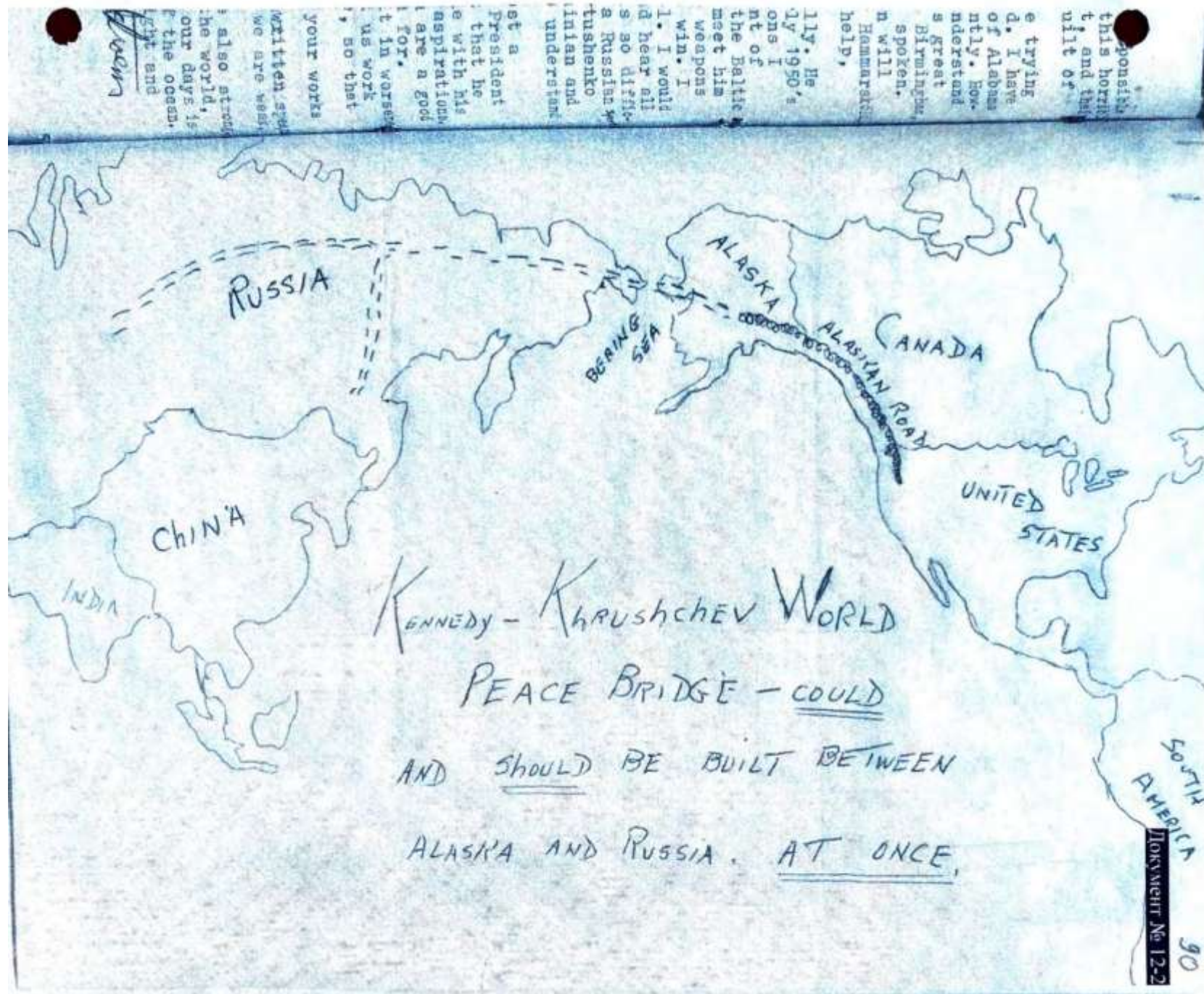
КИТАЙ



Kirill Dmitriev

CEO, Russian
Direct
Investment
Fund.

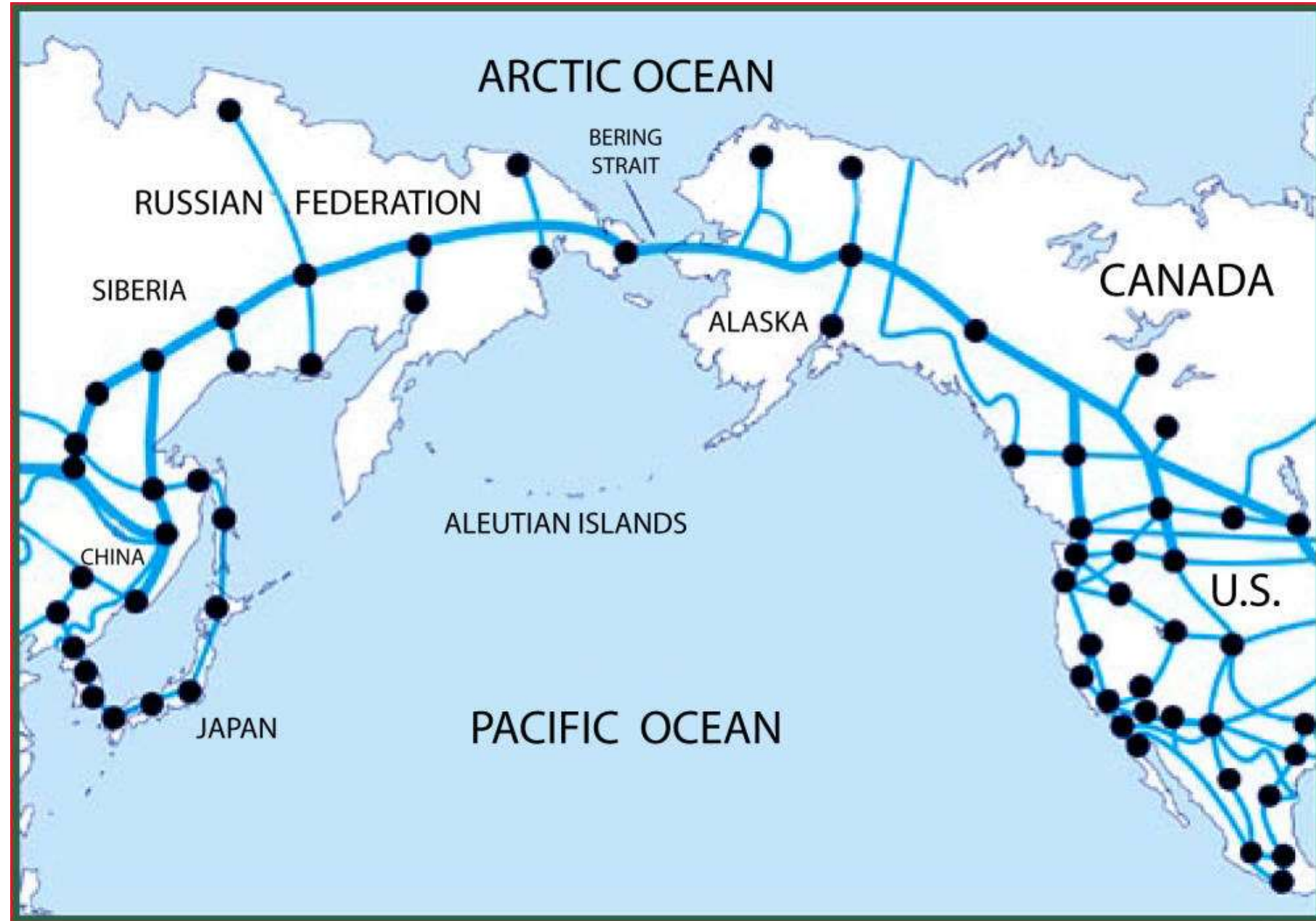
Special Envoy
of Putin



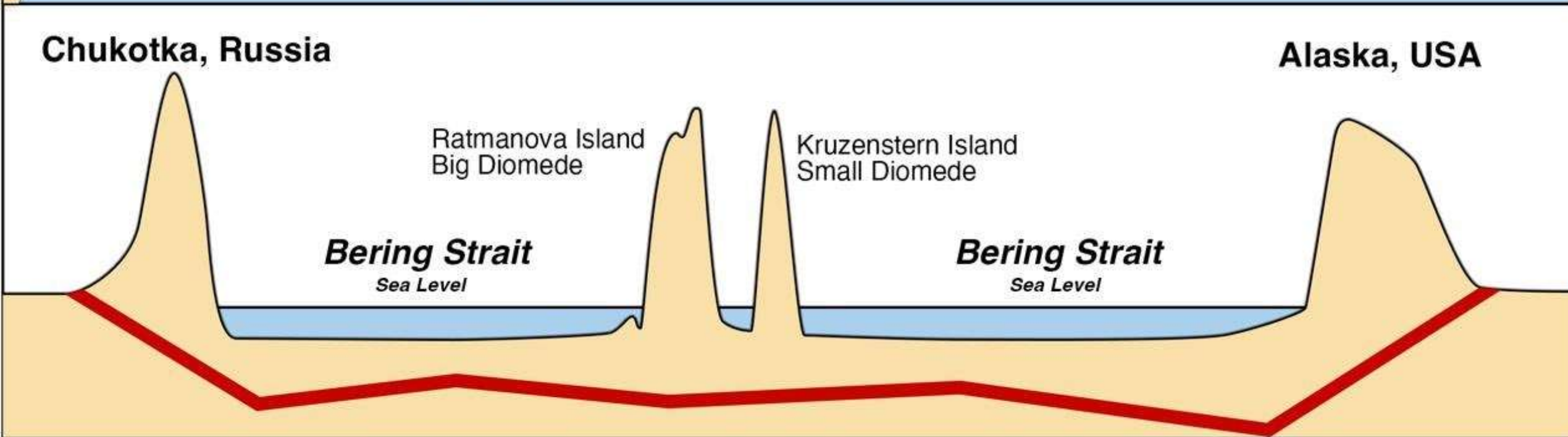
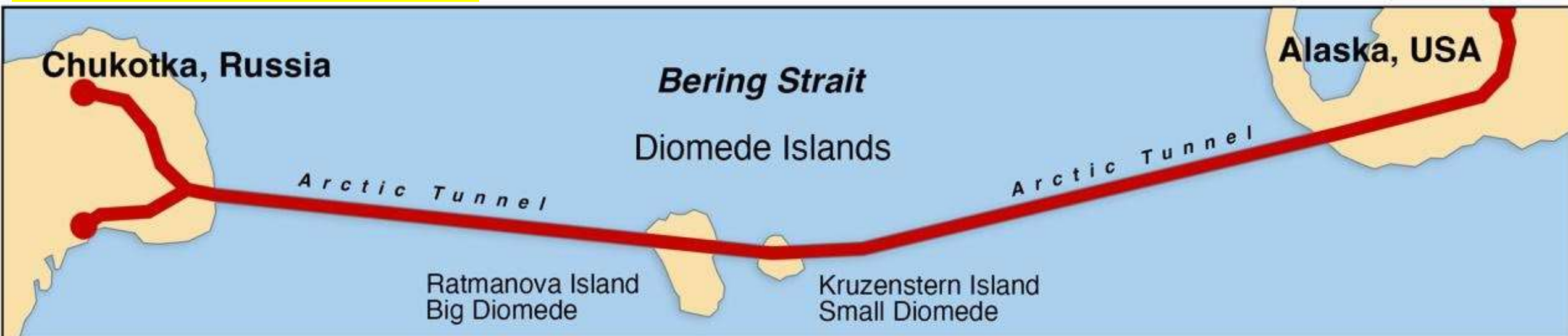
Kirill Dmitriev

CEO, Russian
Direct
Investment
Fund.

Special Envoy
of Putin



\$65 billion or \$8 billion?



Kirill Dmitriev

CEO, Russian
Direct
Investment
Fund.

Special Envoy
of Putin



The latest:

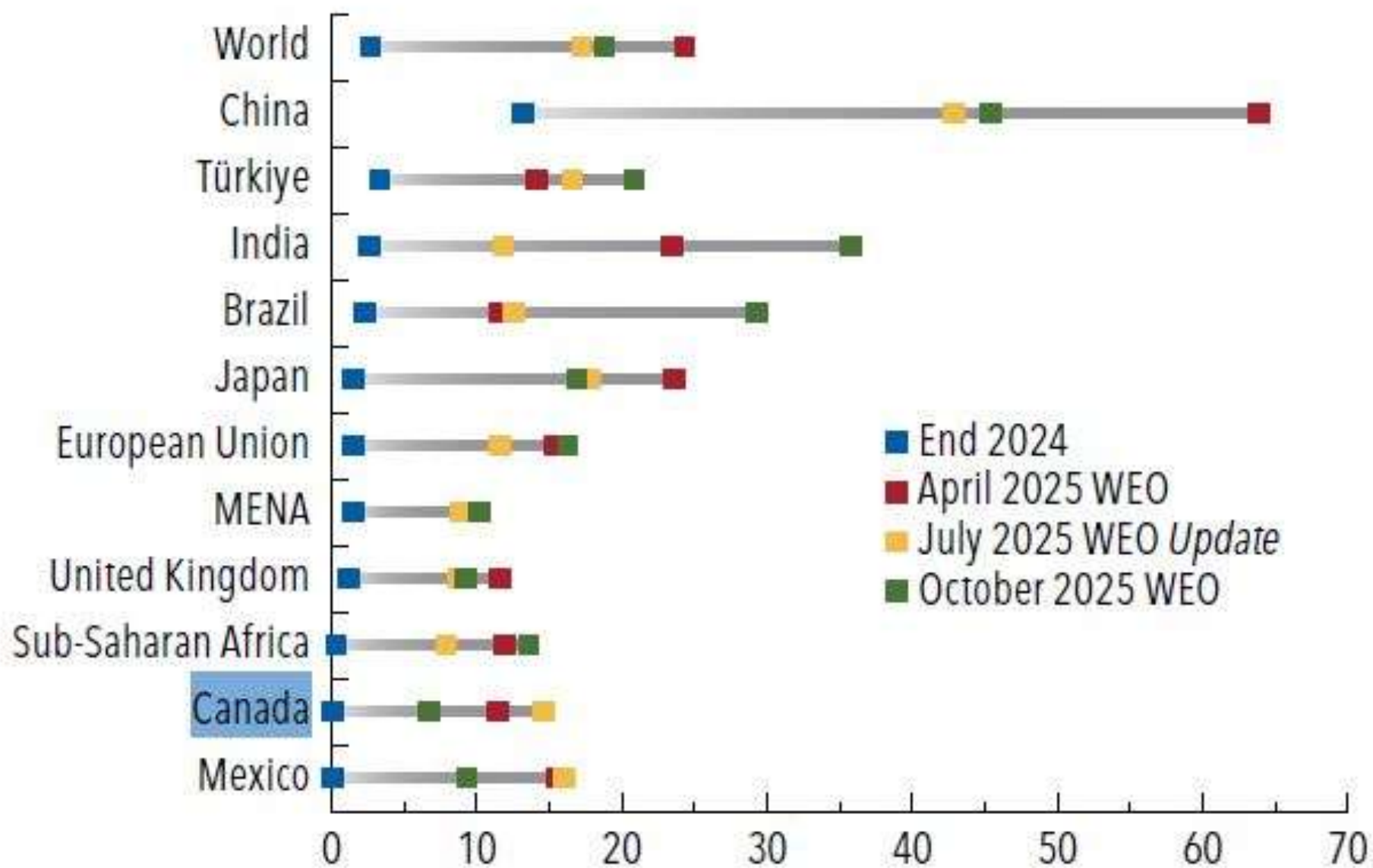
Chinese actions:

- 1. Suspend new rare earth export controls
- 2. Take "significant measures" to end flow of fentanyl to the US
- 4. Purchase at least 12 million metric tons of US soybeans

US actions:

1. Lower tariffs on China by 10%
2. Extend the expiration of certain Section 301 tariff exclusions until November 2026

Figure 1.1. US Effective Tariff Rates by Country
(Percent)





Trend emerging...

U.S. & Russia

Vs.

China & Socialist Nations

Conclusion
before

US + Europe
Vs
China + Russia

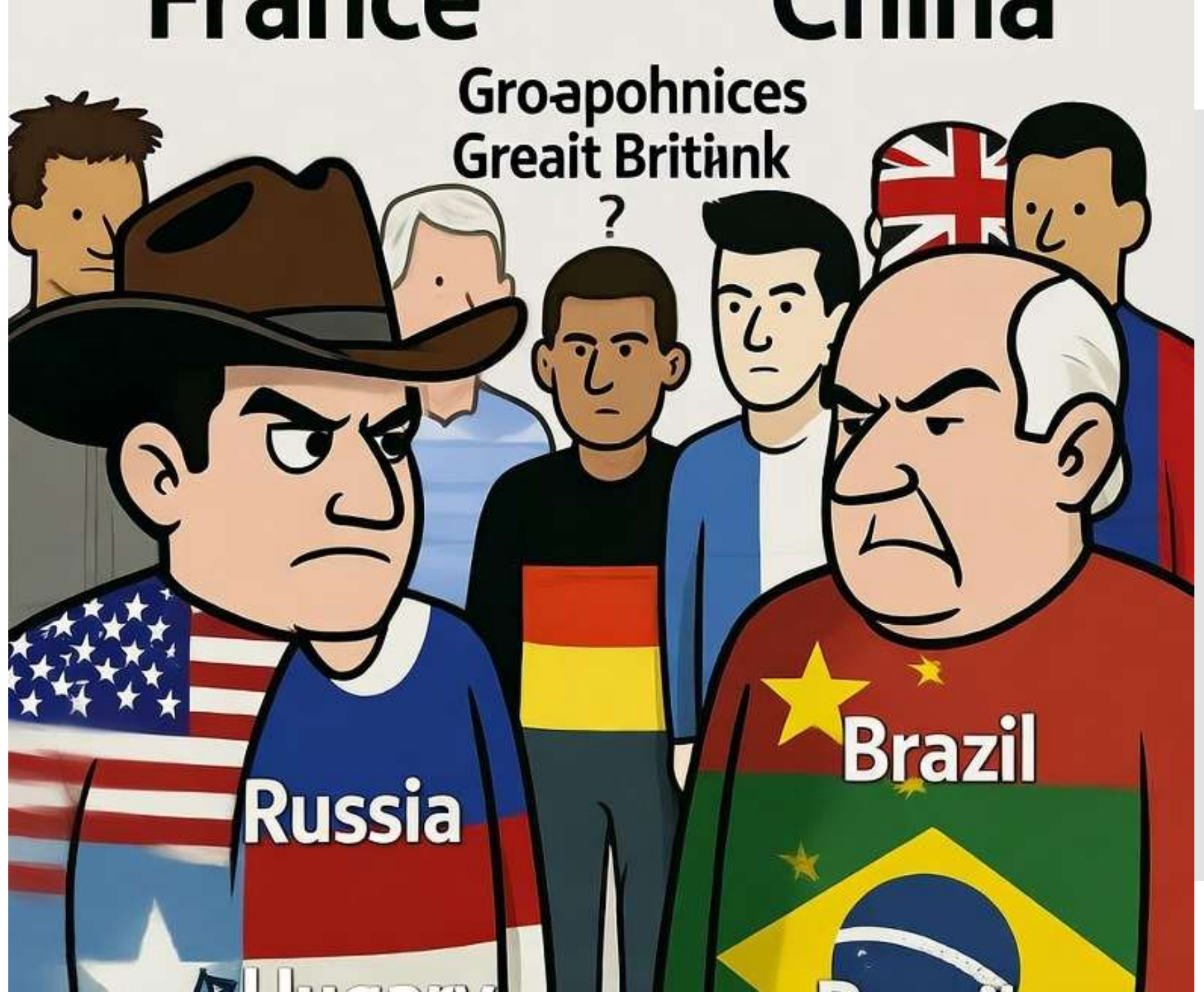


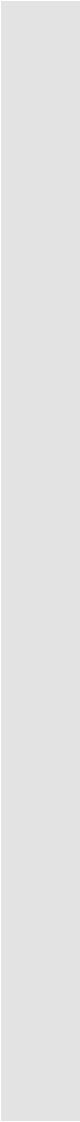
Conclusion after

US + Russia

Vs

China + Brazil





Questions?



An introduction to meditation and cultivation in **Falun Dafa**

Wednesdays, 12:45-1:45 pm, Feb 15, 2023, B&E 144

Dr. Frank Tian Xie

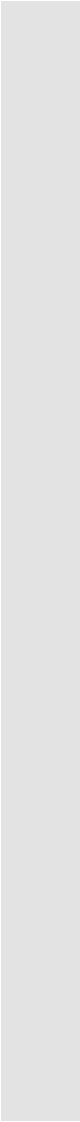
University of South Carolina Aiken



Falun Dafa (Falun Gong)



Five Easy-to-Learn Exercises



Questions?