Socialscientia I Regular I Volume 7 Number 3 I September 2022 [ISSN 2636-5979]
Socialscientia Journal of the Social Sciences and Humanities
Email: socialscientiajournal@gmail.com
Online access: https://journals.aphriapub.com/index.php/SS/

Trade Conflicts in a Globalizing World: Perusing the Case of Sino – American Economic Relations, 2018 – 2020.

Nnaemeka Emmanuel NNANI[1] and Chukwuemeka Vincent MUONEKE[2]
[1]Administrative Department, Federal High Court Enugu, NIGERIA
[2]Department of Political Science, Nnamdi Azikiwe University Awka NIGERIA,
.

Abstract
*Trade conflicts are as old as the organisation of the citizen and the state and this time has taken a different toll in our globalizing world. In 2018 Donald Trump, the then American President formulated a policy of placing high tariffs on certain Chinese products and Xi Jinping the Chinese President also formulated a retaliatory policy too. In that regard, the paper aims to ascertain the factors which contributed to the trade conflicts under Trump led US government and assess its implications on the current and future bilateral economic relations of both countries so as to find out its exact effects on their economies. To achieve the aims of this paper, we collected and collated data from secondary source used Conspiracy and Hegemonic Stability theories of international relations and the content historical approach to analyze the phenomena understudy. The trade conflicts between the US and China has both positive and negative effects on their economies. However, this paper found out that workers and manufacturers in the US suffers the most cons equences. Based on our findings, amidst other recommendations We submit that the Sino – American governments should state a clear end goal with a balanced approach as no matterwhat happens now,they will witness other powers emerge and possibly challenge whatever dominant position they hold by then***.**
Keywords: America, Economic Relations, Globalizing, Sino, Trade Conflicts.

Introduction

The tensions in the Sino–America trade relations threaten the entire global economy, not just the relations inside the Group of Two (G2). As a result of the Sino–America trade conflicts, global growth can be expected to decline by 0.5% in 2020 (Hopewell, 2018). Trade conflicts among sovereign states could be as old as man and his natural environment. The industrial revolution in the 16th century Europe metamorphosed the rise of the economic philosophy of mercantilism whereby states embarked on protectionism policies through tariffs and trades. 'Anti-globalization sentiments have risen significantly in developed economies, impacting the outcome of national elections in the US and the BREXIT referendum in the United Kingdom. It has also led to tariff escalations and trade conflicts, especially between the US and China. These developments run contrary to the conventional wisdom that globalization has positively impacted the global economy and that the distribution of gains has been in favour of developed economies' (Oramah and Dzene, 2019). The increasing economic power of China during the recent decades alongside with declining share of the United States in the global production and international trade in the beginning of the 21st century has led to a dramatic turnaround in the geopolitical landscape of the world and emergence of the G2.

Under the World Trade Organization (WTO) rules, a developing country is entitled, to a certain extent, to use non-market practices to spur economic development. Since it became the economic power house trail, only the US and some other developed countries want China to follow the same rules and responsibilities as a market economy. China's economy model allowed her to benefit from the WTO arrangement by allowing the adoption of some standards that permitted the country to expand exports and at the same time, limit the influence of foreign firms domestically through strict trade rules and standards (Hopewell, 2018). According to Mallick (2018), the Sino–America trade tension arising from the ballooning trade deficits between the two largest economies in the world has its genesis in the accession of China to the WTO. Since 2001 China has undertaken steps to gradually open its economy, despite continuing to protect some of its key industries and engage in unscrupulous trading practices (Mallick, 2018).

Though trade conflicts have always been there, international trade in the 21st century globalizing world of economic relations had shown the emergence of different kinds of trade wars and conflicts between and among nations. The global campaign of China termed as "Made in China" expects to develop and reinforce China's ability as a major global trader. Stopping China from accomplishing this objective has turned into the fundamental inspiration for the United States, which initiated the trade struggle among these nations by the American government which hopes that taking such actions can counteract the Chinese economy from getting up to speed with the American economy (Hopewell, 2018). The American government considered that the United States has been harmed fundamentally by the Sino–America exchange irregularity. Since China's entry in the WTO, exchange among her and the United States has been expanding tremendously and their bilateral trade relations has risen (Fu et al., 2016).

Statement of Problem Trade conflicts among sovereign states have been a common phenomenon throughout the history of economic thought and international economic relations with multiple precedents of corporate-based disputes between the United States and China. In 1991, the American government has launched five probes against China under Section 301. The current trade conflicts between the U.S and China has its genesis in the imperfect promises of China entry into the WTO. In retrospect, the U.S was not prepared for the disjoint arising from the unexampled growth of china's economy (Lardy, 2007). According to Morrison (2018), prior to joining the WTO in 2001, China's economy was a fraction of that of France, but today, the country is the largest global economy by some standards and it is rapidly expanding into becoming leading trading force. Arguably, the US did not anticipate a situation in which China would benefit immensely from joining the WTO. However, the entry of China in the WTO has enabled the country to gain unprecedented levels of growth becoming a global powerhouse in terms of trade.

According to Smirnov (2019), these investigations revolved around areas of unfair trade restrictions, clean energy and intellectual property rights. In these previous probing, both the US and China have threatened to invoke tariffs as a retaliatory measure. Nevertheless, the previous trade disputes between the two sides were often resolved by means of diplomacy, either through a trade agreement or a compromise settlement through the help of WTO mechanisms (Chong, 2019). Noticeably, trade conflicts between the US and China have hardly been uncommon in the past. However, previous disputes in areas such as unfair trade restrictions and intellectual property have always been resolved through diplomacy and or the use of WTO dispute resolution systems. Since China's ascension to the WTO after joining the foundation on 11th December 2001, the country has faced a lot of scrutiny regarding its trading practices from the rest of the world. Such a development affects the cordial historical US-China relationship as a powerfully economic nation; China is expanding its presence globally now. Currently, the recent US – China trade conflicts emanate from the protectionist approach adopted by Washington after Donald Trump assumed office.

The current trade conflicts between the US and China dates to January 2018 when protective tariffs on Chinese products such as solar modules and cells as well as residential washing machines were imposed by the American authorities (Morrison, 2018). This has been the genesis of full-fledged trade disagreements and conflicts between the two sides. Historically, in the early 19th century such tension was non-existent between the two leading global trading countries. However, corporate challenges have been intensifying especially after threats of additional tariffs by Washington that have been met with retaliatory responses from Beijing.

China's quick accession at the WTO was predicted long before the WTO was founded, beginning with its immense economic growth after 1978. According to Lardy (2001), due to China's expedited growth, WTO required China to take specific protocol commitments. Through the admission of China into the WTO in 2001, the US established the ground for tense relationship that is being witnessed between Beijing and Washington today. Resultantly, a simulation by International Monetary Fund (IMF), overseen by the WTO, warned in 2018 that should the US and China trade conflicts escalate, the Gross Domestic Product (GDP) of the two economies will reduce by 0.9 per cent for the US and 0.6 per cent for China (Chong & Li, 2019). Ultimately, this will lead to a decline of the global GDP by about 0.4 per cent in the long –run. Furthermore, the European Union (EU) economic growth prospects were downgraded in 2018, indicating that the impact of the trade tensions is not limited to the US and China (Smirnov, 2019). In addition, Morrison (2018) projected that the trade tension between the US and China could transform into a new Cold War that could significantly imperil the political and economic stability of the globe. According to the WTO, the Sino–American trade conflicts if left unchecked, could herald a period of global economic decline in the future that would have adverse effects on not only the US and China, but also on other global actors such as the EU among others.

The trade conflicts between the US and China has increased the economic uncertainty of the world. The tariffs imposed by the US on Chinese commodities have directly affected China's export chain and increased the downward pressure on its foreign trade. These tariffs have also increased stock market risks, constrained listed companies' performance, and made trading volume changes more susceptible (Freund et al., 2018). This will likely result to lose – lose situation (Freund et al., 2018). Specifically, every move in the US-China trade conflict could sway the capital market and affect the stock market. The trade relation between China and the U.S is marked by growing confrontation between the two largest economic powers in the globe. It is being argued today, that the confrontation has become the primary governing principle that defines the economic relations between the two countries (Morrison, 2018; Freund et al., 2018).

Agreeably, the economic rise of China has affected the wages and job opportunities of American workers since early 2000s. Today, there is consensus that the confluence of two major aspects – the meteoric rise of china's economic influence and the growing exposure of the U.S to exports from China that arose from the later entry into the WTO – negatively impacted the wages and employment of workers in the U.S during the early years of the 21st century (Lee, 2018). A study carried out to put this argument into perspective showed that about 1 million jobs were lost in the U.S manufacturing sector from 1999 to 2011 (Morrison, 2018). The continuous Sino–American exchange strife keeps on increasing on the grounds that the American government intends to regulate the Sino–America trade unevenness. In this manner, to understand the trade irregularity among China and the United States, it is incredibly imperative to estimate the future potential trade clashes between the two nations (Lee and Yi, 2018).

The questions that could then be asked, are; (1) what factors contributed to the present Sino-American trade conflicts under Trump led American government,(2) what implications does the Sino-American trade disputes and disagreements have on the current and future exports and imports of both countries and, (3) how does the Sino-America trade conflicts affect the economies of both countries. Therefore, the need to trace and establish factors that led to the present Sino-America trade conflicts and also find out its implications on the current and future exports and imports relations of both countries are among the major drivers of this paper amidst to know whether the trade conflicts affected the economy of both countries positively and or negatively.

Significance of the Study This paper will serve as a source of information to general public that has interests in the fields of political science, international relations, diplomacy, political economy, foreign policy and public policy as it adds to the existing body of knowledge in the area it covers. The paper is well written and exposes some facts about the issues that precipitated the Sino – American trade conflicts and will therefore also serve as a source of literature materials to erudite scholars of institutions of higher learning as a lot of recent activities bugging on the trade dispute were well adequately captured and articulated.

Theoretical Framework

This paper is premised on two theoretical paradigms, Conspiracy and Hegemonic Stability theories. This is because the two would help an average reader to appreciate and underscore the factors that precipitated the Sino-American trade conflicts and also unravel the reason why the US led government of Donald Trump developed new economic policies towards her Chinese economic relations. Trade conflict is a protectionist situation in which two or more countries try to damage each other's trade by the imposition of tariffs or quota restrictions. However, it is often much more complicated than that. This specific instance has both political and economic roots, hence theoretical paradigms of this paper hereunder.

The Conspiracy TheoryConspiracy theory is associated with the work of Michael Paul Pillsbury titled, *The Hundred-Year Marathon: China's Secret Strategy to Replace America as the Global Superpower first published in 2015*. M.P. Pillsbury is a former senior national security officer and the Director of the Hudson Institute's Center on Chinese Strategy. Pillsbury believes that China has a plan to take over from the United States as a world leader and will fully accomplish this by 2049 when it celebrates its 100th founding anniversary. According to him, *Chinese teachings have it that Americans are barbarians who are engineering their own demise*. The US has unwittingly helped the Chinese achieve their dream of becoming a world power. The past forty years have seen America aiding China in its economic development as well as providing military and scientific expertise. Pillsbury, posited that on the believe on American aid to a fragile China whose leaders thought like us would help China become a democratic and peaceful power without ambitions of regional or even global dominance was a write step in a wrong direction which the United States failure to take precaution would afford China's conspiracy a reality project by 2049 as he asserted *the belief is no longer true*.

More so, after becoming the leader of China in late 2012 Xi rapidly launched his signature foreign-policy campaign—the Belt and Road Initiative—to project China's economic and geopolitical influence. Whether the Belt and Road Initiative (BRI) has improved China's external environment, especially in its immediate periphery, will be subject to debate for years to come. However, the U.S. threat perception of China as a result of the BRI has unequivocally heightened, leading to the Trump administration's Indo-Pacific strategy since 2017. In an era defined by U.S.-China great power strategic competition, a central theme of Xi's foreign policy has been a recalibration and realignment of relations with Asian countries in order to effectively counter the U.S. role in Asia. As a result, China has adapted its policy to pursue a closer alignment with a like-minded Russia, to improve relations with India to prevent a potential U.S.-India alliance in Asia, to steer the souring relations with Japan toward cooperation, and to consolidate Southeast Asia as part of China's sphere of influence ((Freund et al., 2018; Chong & Li, 2019). The Marathon strategy that China's leaders are pursuing today—and have been pursuing for decades—is largely the product of lessons derived from the Warring States period by the hawks. The nine principal elements of Chinese strategy formed the basis of Pillsbury conspiracy theory. The theory became the trajectory narrative of Donald Trump US-led government policy on China and precipitates the trade conflicts going on between the two countries. More so, Nathan Leites, who was renowned for his psychoanalytical cultural studies, had earlier observed that Chinese literature on strategy from Sun Tzu through Mao Zedong has emphasized deception more than many military doctrines. Chinese deception is oriented mainly toward inducing the enemy to act inexpediently and less toward protecting the integrity of one's own plans. In other cultures, particularly Western, deception is used primarily with the intention of ensuring that one's own forces can realize their maximum striking potential … the prevalent payoff of deception for the Chinese is that one does not have to use one's own forces.… Chinese tend to shroud their means in secrecy and not publicize the day-to-day activities of those in power; for surprise and deception are assumed to be vital. Before the Trump administration, the writings of the likes of Michael Pillsbury had been dismissed as conspiracy theories. However, that all changed for Pillsbury, a former Pentagon official under Bush and the current head of the Chinese section of the Hudson Institute, when Trump deemed him 'the leading authority on China'.

However, this was exactly what China wanted America to believe. Around forty years ago, Chinese economists realized they could not return to their previous economic power if they did not present themselves as in need of assistance. In their own correspondence, they believe that over half of their growth in the last twenty-five years was a direct result of investments from the United States and favorable trade with U.S. allies as a result *(Fishman, 2005).*

Under the guise of allowing the US to manage them, the Chinese government has been the one truly pulling the strings. By painting China as untrustworthy as and stronger than the picture they present, Pillsbury is trying to convince people and, most importantly, Trump that China does not need any deals based around their perceived need. Furthermore, he hopes to paint them as shady dealmakers in the hopes that this will cause people to fear their underlying motives. This sowing of dissent between the proverbial "us" and "them" is a large part of both neo-Machiavellian and mercantilism. Protectionist governments use this dissent to convince the public that they are acting to protect "us" from "them," even if that may not necessarily be the case. During the British-Dutch hegemonic shift, a proven Machiavellian Moment, the British used the same 'Pillsburian' (Machiavellian) tactic of sowing dissent between "us" and "them" in order to pass their mercantilist policies, like the Navigation Acts.

The Hegemonic Stability Theory **(HST)**Robert Keohane coined the term 'Hegemonic stability theory' HST in a 1984 article (Cohen, 2008). Keohane's 1984 book *After Hegemony* used insights from the new institutional economics to argue that the international system could remain stable in the absence of a hegemon, thus rebutting the true meaning of hegemonic stability theory as it is being used today. Charles P. Kindleberger is one of the scholars most closely associated with the HST, and is regarded by some as the theory's most influential proponent (Miner, 1998; Cohen, 2008). In his 1973 book *The World in Depression: 1929-1939*, Charles argued that the economic chaos between World War I and World War II that led to the Great Depression was partly attributable to the lack of a world leader with a dominant economy. HST is a theory of international relations, rooted in research from the fields of political science, economics, and history. HST indicates that the international system is more likely to remain stable when a single state is the dominant world power, or hegemon (Goldstein, 2005: 83,105). Thus, the end of hegemony diminishes the stability of the international system. Kindleberger's reasoning touched upon more than economics. However, the central idea behind HST is that the stability of the global system, in terms of politics, international law, and so on, relies on the hegemon to develop and enforce the rules of the system. Other key figures in the development of hegemonic stability theory include Robert Gilpin and Stephen Krasner (Cohen, 2008). As evidence for the stability of hegemony, proponents of HST frequently point to the Pax Britannica and Pax Americana, as well as the instability prior to World War I (when British hegemony was in decline) and the instability of the interwar period (when the American hegemon retrenched itself from world politics) (Cohen, 2008; Freund et al., 2018). The key mechanisms in hegemonic stability theory revolve around public goods provision: to resolve collective action problems regarding public goods, a powerful actor who is willing and able to shoulder a disproportionate share of public goods provision is needed (Carla, 2010). Hegemonic stability may entail self-reinforcing cooperation, as it is in the interest of the hegemon to provide public goods and it is in interest of other states to maintain an international order from which they derive public goods.

The United States and China have a long, tumultuous history, embracing or distancing themselves from each other depending on their objectives. While certain economic anxiety and trepidation has been brewing in the background for decades, the United States' and China's differences finally came to apogee with the election of Xi Jinping in 2013 and

Donald Trump in 2016. Trump's initial tariffs in 2017 came with a call to return production back to the US, warning companies that, should they continue to move their production facilities to places like China, these are the types of tariffs they can expect to face (Ikenberry, *Winter* 1998 – 99). However, China's rise in global economic power as a result of becoming a production hub has presented an interesting challenge in global political theory. The theory of hegemonic stability states that international economic and political systems are more stable when presided over by a single nation-state, a hegemon (Carla, 2010)

A hegemon exercises power and influence through diplomacy and persuasion of all forms. A decline of the previous hegemon or the rise of a challenging one produces instability not only in the relevant countries' systems of political economy but in the international political economy as well(Wohlfort, 1999). This dispute over who possesses the power of the stabilizing hegemon often leads to what Robert Gilpin calls a "hegemonic war, in this case manifesting itself principally in the form of a trade conflict (Cohen, 2008). Although tariffs are one form of ammunition in this type of conflict there are others. These may include influence excerpted by China through manipulations of its currency to reduce the price of exports, the provision of free working capital or subsidies in the form of Value Added Tax (VAT) concessions on goods leaving the country.

In traditional hegemonic stability theory, the old hegemon declines in two forms: economic power and then military strength. While the United States continues to dominate both areas, China's status as the nation with the second highest GDP (purchasing power parity) poses a significant threat to the US global political economic dominance. The decline of the US could come about in the form of its national debt which is expected to reach at least 145% of GDP by 2050 (Miner, 1998). Similarly, the US military currently represents the world's greatest military strength but that military is stretched out over 55 countries, while the Chinese military is currently undergoing industrialization at home. For years, Gilpin has claimed that too much outward flowing foreign direct investment and imperial overstretch are the main reasons hegemons fall(Cohen, 2008).These are some areas to watch should there be any hegemon transition that follows the historic pattern.

In the 90's, intersection of globalizing forces present in the international market and the poor handling of the domestic economy of the East Asian economies, suffered the worst economic crisis since the 1930s. Though the United States is still considered by most analysts to be at the top of the world economically and in terms of military strength and with abundant resources and power in the hands of the United States, they still remain as the leader in a single superpower world *(Zakaria, 2008).* However, the emergence of new giants threatens U.S. hegemony by creating new power centers all over the world. Of those new giants, the single greatest competitor of United States is China as they are growing rapidly with "no equal in modern history *(Fishman, 2005).* Historically, examples of hegemonic decline come in two prime sectors: the leading state's military and its economy

(Herrington, 2011). Thus, it is important to look at China's emergence in both arenas and more to understand the shifting power structure.

From the above narratives and trajectories of Conspiracy and Hegemonic stability theoretical underpinnings, the Sino – American trade conflicts is a metaphor of China's strategic efforts towards becoming the next global hegemon while the current hegemon the US is painstakingly making efforts that her global hegemonic position is secured and intact.

Literature Review

Increasing economic power of China during the recent decades alongside with declining share of the United States in the global production and international trade in the beginning of 21st century has led to a dramatic turnaround in the geopolitical landscape of the world and emergence of the G2. China became the leader in commodity exports in 2015 and became a dominant player in international trade. Let us therefore review the contending issues on trade conflicts from the Sino–American perspectives.

Contending Issues On Trade Conflicts: The Sino–American PerspectivesAn evaluation by some of the Chinese scientists, China's national economic power surpassed that of the US in 2014 as the world's low-cost manufacturing centre and is becoming an export-oriented global technology hub (Suisheng and Guo, 2019). In that premise, Suisheng and Guo (2019) contended that empirical studies with the use of econometric models have shown that China's economic influence has indeed increased while positing that America still holds leading position in all stock, credit, energy and commodity markets, and the US has remained the dominant power in the global economy. Therefore, there is still no unified understanding of the balance in the scale of the two economies in scientific literature. More so, the vision of its absolute dominance in the global economy, the US has come into conflict with the growing imbalance in bilateral trade with China, increasing competitiveness of high-tech companies based in the PRC, and an increase in China's investments exports. The US officials states that China is pursuing unfair trade policies, exploiting the benefits of trade liberalization and WTO membership, while at the same time keeping its domestic market safeguarded against foreign competition by providing subsidies and facilitating export through currency devaluation.

Savinov et al. (2019) argued that the US accuses China of stealing scientific and technical knowledge and technologies from the American companies, violating the intellectual property rights and neglecting environmental protection requirements. At the same time, researchers point out that when trying to 'make America great again' D. Trump led the US to a direct violation of international law and multilateral agreements, guided exceedingly only by national interests. And in that vein, Sinitsyn (2018) submitted that the protectionist trade policy of the US has been referred to as the policy of national egoism within the framework of the economic patriotism concept and even economic terrorism, arguing that the economic interests of the country's partners in the economic and political organizations and informal unions are neglected. It has become obvious that the US abandons the idea and the concept of free trade in order to preserve its status of the global leader which can result in spreading the de-globalization processes in the global economy, forming the regional mega-unions – as no country in the World can withstand the American protectionism without economic allies. The US is not interested in China's modernization, but the profound interdependence continues to contribute to development of the bilateral relationship (Suisheng and Guo, 2019).

Trade conflicts have no winners, as the global economy history proves. Both sides suffer losses, but the US has had a long record of winning negotiations on resolving trade contradictions and forcing other countries to step back. China has also shown its willingness to compromise, reduce the imbalance in bilateral trade to USD 200 billion and liberalize its domestic market for US companies. However, the requirements and sanctions imposed by the US have strong impact on the industrial policy of China and threaten the 'Made in China 2025' plan. The latter implies that the PRC should secure leadership in 10 high-tech industries (robotics, artificial intelligence, etc.). The US is convinced that China's first successes in the implementation of the plan result from the use of American technologies and will try to restrict access to them for the China's industries. In that vein, Rafi studied the US trade conflicts with China and was forced to ask whether it is possible to win this war (Rafi, 2018). No trade conflict has the winner, but every trade conflict recognizes three losers: both trade partners and the global decline in trade, leading to a slowdown in the global economic growth. The current Sino-America trade conflicts also involve negotiations which have led to many concessions, especially from a relatively highly protected Chinese market.

In their article, Dolgov and Savinov (2018) asks whether trade conflicts are beneficial and whether they can be easily won, examining the causes, identify the scenarios of the trade conflicts, and outline the consequences for the US, China, and the global economy as a whole. China's investment climate will suffer; the implementation of the 'Made in China 2025 plan' is under the risk of failure, which may slow down technological progress in the country (Dolgov and Savinov, 2018). China has gradually increased its expenditure on R&D, but it still lags behind the US. R&D share in terms of purchasing power parity. According to Kerry Liu, in view of the importance of 'Made in China 2025' to economic future, it will be very difficult for China to make substantial concessions during the trade war (Liu, 2018).

Trade conflicts ends with a compromise. Lai states that China is willing to seek a compromise and is ready to increase imports of goods and services from the US, cut down government subsidies to its businesses, and make the transfer of American technology more transparent (Lai, 2019). However, it is not likely to cancel the increased import tariffs previously introduced by the US. The scenario does not exclude the possibility that the trade conflict can be frozen up for a long period of time: "Although deep and warm peace among great powers is rare in history, a cold peace or the US-China détente is a realistic goal" (Zhang, Lei, and Kutan, 2019).

Both countries are deeply interested in exporting products and services on a bilateral basis and in developing global supply chains. The negotiated settlement agreement and the end of the conflict are possible since both countries will lose more than they can gain as a result of the conflicts. We can expect that China and the US will remain strategic partners despite the increased competition between them. Business-to-business ties will become closer, and mutual understanding of cultures will improve. China will increase imports of LNG, agricultural raw materials and food, as well as high-tech products. The US administration will maintain a relationship of trust with major trading partners and will hold back from imposing unilateral sanctions, thus returning to respecting the WTO rules. The largest American companies will play a major role in this process by lobbying and promoting free trade and conveying the idea that a trade war against the whole world is not beneficial for the US.

Iqbal et al (2019) adumbrated the fact that the trade disputes would result in losses for both conflicting parties but it might come as a benefit for other countries, adding that, "Being the two largest economies of the world, giving in for disengaging trade with each other is bound to have a ripple effect on the global system of trade (Iqbal et al, 2019). In the view of the US protectionism, countries with large domestic markets will be the ones to gain a competitive advantage. Since the beginning of the trade war, alongside with the US limiting imports from China, six countries in Southeast Asia and Taiwan have organized supplies of nearly 1,600 new categories of goods that they have never sold in the US before (Dembinskaya, 2019). At the same time the Chinese market is crucial for many US companies, therefore restricting access to Chinese consumers causes great financial damage to corporations (Sinitsyn, 2018).

A trade war can escalate from Cold to Hot stage, which is especially unwanted scenario considering that the US allows limited use of nuclear weapon. According to Chong & Li, the trade conflict between China and the US is of fundamental nature and it cannot be easily resolved (Cheng & Li, 2019). The conflict is associated with the race for global economic domination. The US shows with its actions, that they are ready to easily throw any inconvenient contracts and obligations away into the trash can, and also to ignore the UN and other international organizations, granting itself the right for unilateral military actions, the US is moving towards the role associated with the British Empire after the World War I' (Savinov et al., 2019). Legrain echoing in same direction posited that this scenario seems unlikely now, but it is not excluded. Trump has made matters worse by acting unilaterally against China in a way that would appear to breach WTO rules. Indeed, potential allies find Trump's 'America First' rhetoric repulsive. All this has given China the political high ground – 'China doesn't want a trade war, but we're not afraid to fight a trade war" has become Beijing's official line (Legrain, 2018).

The rise of US trade protectionism and the appeal of certain political and economic interests in the US superstructure were key reasons for the increase in the trade friction between the two countries. Navarro (2018) contended that China's state capitalism created many national champions to effectively carry out mercantilism and protectionism through illegal export subsidies, infringement of US intellectual property rights, lax environmental protection, and general overuse of labour to destroy American industries and employment. Suisheng and Guo (2019) contended that US policy pressure resulted from domestic industrial workers, but the 'mercantilism' of China was an inevitable result of trade between less developed and developed countries.

Regarding research on how China should address the series of problems caused by trade frictions, Bergsten et al. (2014) show that in the US-China trade, the potential income of the US is from the increase in service trade. Therefore, persuading China to open up the service market would greatly benefit the US and significantly improve the bilateral trade imbalance. Cheng, (2019) showed that from the US' perspective, through China's connection with the Asian value chain and the economic growth of some American states from the import of Chinese products, the only solution to the US-China friction was working side-by-side, which proved beneficial rather than provoking any dispute.

Suisheng and Guo (2019) and Lou (2019) adopted the global trade analysis project (GTAP) model to simulate how the US-China trade friction would be affected in different scenarios. The US-China trade friction affects both countries. Particularly, the economy is negatively affected (Morrison, 2018), whether short or long term. China's economic growth, exports, and imports have declined more than the US'. Dolgov and Savinov (2018) evaluated the impact of the US-China trade war using a dynamic computable general equilibrium (CGE) model of global trade. He conducted an ex-ante simulation analysis exploring three scenarios to understand how the trade war affects import tariffs, investment, and productivity.

In terms of empirical research, Fu et al. (2017) used monthly data from 1990 through 2013 for China and estimated a model of political relations. They also concluded that political shocks were short-lived. Freund et al (2017) examined the effects of the border-adjusted consumption taxes (mainly value-added taxes or VATs) in a sample of 34 advanced economies from 1970 to 2015. They found that the real exchange rate tended to rise as the full amount of any consumption tax increased, with little effect on the current account balance and modest offsetting effects on trade and income balances.

Vinogradov, Salitsky, and Semenova (2019) sorted out the list of 128 tax items issued by China to counter the '232 investigations' and the list of 106 tax items to counter the '301 investigations', matched to the US states and employment, respectively, and combined them with the results of the US President Trump's 2016 election vote. They found that the list issued by China was based on the geography of US manufacturing, affecting the representative industries in the states where the major Democratic parties were located. Legrain (2018) explored the boundary effects of the US-China trade war by considering a multi-region CGE model to set up six trade disruption scenarios based on the severity of the trade friction and empirically examined the gains and losses of the two countries and their potential impacts on other countries.

Amiti and Javorcik (2008) developed a new method for quantifying the impact of policy announcements on investment rates using stock market data. By estimating the effect of the US-China tariff announcements on aggregate returns and the differential returns of firms exposed to China, they identified the effect on treated and untreated firms. They posited that theoretically and empirically that the estimates of policy-induced stock market declines implied lower returns to capital, thereby lowering investment rates. In terms of research on the impact of the US-China trade friction on financial markets, studies usually focus on the impact of trade conflicts on the trade itself, and some studies considered the impact of conflicts on financial markets, especially on the stock market.

Although those literatures explore the US-China trade conflicts and provided a solid foundation for this paper, they have some deficiencies: (1) there are few deep-seated reasons for provoking trade disputes with the US. (2) Most of China's coping strategies were mainly qualitative analyses, lacking data support. (3) The study of the economic effects of the US-China trade war is insufficiently integrated with the current global background, and most of the quantitative simulations are based on hypothetical scenarios and not on the product list officially announced by the two sides, leading to a specific deviation in the simulation results. (4) The multi-risk perspective evaluation and analysis of the financial impact of the US-China trade friction is more affected than the financial market itself. Generally speaking, much literature analyses the causes of the US-China trade friction, related countermeasures, and the economic and financial impacts from a macro perspective. However, there is a lack of evaluation of trade friction from the micro perspective of listed companies and that is the gap we intend to fill.

Research Methodology Data was gathered from secondary source such as; textbooks, journal articles, newspapers, and online articles and publications. That is to say that data was gathered from published research works and available materials on the phenomenon understudy. And the technique employed for the data analysis is qualitative descriptive analysis. That is to say, content historical approach was employed to analyze the phenomena understudy.

Perusing the Sino – America Trade Conflicts, 2018 – 2020

It is considered that March 23, 2018 was the formal date when the trade war began with D. Trump signing the "Presidential Memorandum Targeting China's Economic Aggression" and introducing tariffs on steel and aluminums (Vinogradov, Salitsky, and Semenova, 2019). However, the tensions in the economic relations of the US and China had appeared. The WTO granted China the status of a market economy in 2017 and that aroused criticism from the US as the decision limited opportunities for protectionism against companies from China. The US refused to recognize China as a market economy which was the first step towards the confrontation within the G2 (Dolgov and Savinov, 2018). It introduced restrictions on China's investments in American technology, tightened exports control and expanded the list of dual-use products that could not be shipped to China. The Entity List was introduced: US companies were banned from doing business with enlisted companies, including the ZTE Corporation which was accused of violating US sanctions against Iran. The trade between China and the US has been firmly connected over the last decade, and a large-scale trade conflict is likely to have adverse effects on both sides. The trade war disturbs China's macroeconomic trends, particularly when the market considers that the US regards the trade war as a means to prevent China's rise. If the trade friction progresses into a full-scale confrontation, the overall economy of both countries will inevitably suffer (Oramah and Dzene, 2019). The tariff will diminish the export competitiveness of Chinese goods and directly affect enterprises that deliver sizeable exports to the US. The earnings of export enterprises in China are anticipated to decline, directly weakening the investors' expectations and the stock price. This direct effect can be called the 'present value effect' (Chengying, Rui & Ying, 2021).

Table 1. SINO – US TRADE WAR MILESTONES

Time period, general context	**US actions**	**China's actions**
April – May 2017 Top-level negotiations to resolve trade imbalances; 100-day plan for trade talks	Investigation on steel and aluminum imports is initiated. The US allows China to sell cooked poultry to the US	US companies get greater access to China's agriculture, energy, and financial markets
February – April 2018 Investigation into China's acts, policies and practices relating to technology transfer, intellectual property and innovation. The US initiates a WTO case against China for discriminatory licensing. The US releases the official statement (May 2018)	Global safeguard tariffs: 30% on solar panels; 20% on washing machines; 25% on steel imports; 10% on aluminum imports. Measures targeting China: restricting investment in key technology sectors; imposing import tariffs on aerospace, IT, communication and machinery; including ZTE in the Entity List	15-25% tariffs on 128 product categories including fruit, wine, seamless steel pipes, pork and recycled aluminum. 178.6% antidumping duties on sorghum imports from the US.
July 2018 Ongoing negotiations; internal	25% tariff on 818 products (imports worth $34 billion)	25% tariff on 545 products (imports worth $34 billion),

discussion of the new lists of restrictions		including agricultural products, autos and aquatic products
August 2018 The parties exchange preliminary lists. China files WTO claim and complain against the US	25% tariff on 279 goods (imports worth $16 billion) including: semiconductors, chemicals, plastics, motorbikes and electric scooters	25% tariffs on 333 goods (imports worth $16 billion) including: coal, copper scrap, fuel, buses and medical equipment
September 2018 China cancels the trade negotiations and releases the White Paper stating the official position	10% tariff (announced subject to further increase up to 25% in 2019) on $200 billion worth imports from China	% and 10% tariffs on $60 billion worth import
May – June 2019 Ongoing trade negotiations before the G20 summit	25% tariff (increase from 10%) on $200 billion worth imports. Huawei and five other companies of China are added to the Entity List	25%-20%-10% tariffs introduced for $60 billion worth of imports (increased from 10%-10%-5% correspondingly)
June 2019 G20 summit in Osaka. The parties agree to avoid increasing tariffs	The ban on deals with Huawei is reconsidered. 110 products are excluded from the 25%-tariffs	China announces its plans to increase import of agricultural products.

Source: Kapustina, Lipková, Silin, and Drevalev (2018). US-China Trade War: Causes and Outcomes: https://doi.org/10.1051/shsconf/202073010 IES2019

Despite reaching the agreement at the G20 summit in Osaka, the parties very soon started exchanging threats to increase the tariffs. Chinese companies were reported to stop buying agricultural products from the US. The US accused China of currency manipulations aimed to gain competitive advantage and partly neutralize the effects of tariffs. China, in turn, initiated the third WTO case against the US questioning the reasons for imposing the tariffs. Neglecting the results of the G20 summit, the US introduced a new list of tariffs on $125 billion worth of imports from China. China then imposed 5% tariff on US crude oil and other goods worth $75 billion. The both parties later excluded some goods as it was becoming more and more evident that businesses of the both countries were paying too much for the actions of the governments.

In particular, one of the sensitive topics of the trade negotiations in agriculture is China's import of the US-produced soybeans. The Americans blame China for many of their problems (Suisheng and Guo, 2019). By developing the Belt and Road Initiative, China also reduces American influence in the APR (Silin et al., 2017). The causes of the US protectionist actions, not only against China, can be identified as internal and external – from the perspective of the US own interests. Supporting domestic producers by limiting foreign competition can reduce overall consumption in the US but that will also increase the production volume of mainly steel and aluminum products to which increased tariffs apply. In addition to supporting domestic producers, the chronically passive balance of the US current account can also be considered to be the internal factor. Mutual trade with the PRC is a significant factor influencing the increasing current account deficit of the US. We can identify four main causes, or incentives for the trade conflicts between the US and China. 1. The trade conflict is supposed to reduce the deficit of bilateral trade and bring American jobs back home (Suisheng and Guo, 2019). Out of the $796 billion worth US trade deficit in 2017 conflict, China accounted for $376 billion, or 47%, almost a half (Vinogradov, Salitsky, and Semenova, 2019). The US acknowledges several problems in the trade with the PRC, the trade balance deficit being the most important one. The issue has been emerging for decades and still has an increasing trend (although the US trade deficit with China reached a historic low in May 2019). The US does not consider trading with China fair. Analysis of the commodity structure of exports and imports shows that China imports mainly American-interdependent products, while the US imports China's final products: "the US mechanical and electrical products from China are as high as 50% of the total of the top ten commodities in Sino-US trade. It can also be seen that the technological differences between China and the US in this field are not very large" (Deng and Pan, 2019). Out of the total Chinese exports, 19% goes to the US. But only 8.3% of the US exports go to China (Statista, 2019). In 2018, exports from the US to the PRC dropped by 21% as a result of the introduction of protectionist measures, but reduction was only by 12% in the trade flow from China to the US (US Consensus Bureau, 2019).

However, Bergsten has identified three scenarios for the development of a trade conflict: "a G0 in which the US is no longer willing to lead but China is not yet able or willing, and whether such (a likely) regime will be stable or unstable; a new G1, sooner or later, led by China; and a cooperative G2 in which the US and China agree to share leadership" (Bergsten, 2018). We can foresee four scenarios of the further US-China trade conflict development.

Scenario 1 Trade conflict can escalate into Cold War II. Cultural traditions and social values in the US and China are different. The countries will not give up their political and economic systems and will not transform them according to the practices imposed of suggested by the opposite side. China will have to reduce export-oriented production. In contrast to the Cold War I, China has a chance to win since it was able to build a competitive economy and form TNCs that made their way to the Global 500. The US will surround China "with powerful American military capabilities, creating NATO-like adversarial alliances, isolating it economically and imposing costs when it did things the US did not like" (Suisheng and Guo, 2019). China, in its turn, will seek to strive to push the US out from the APR. The US will explain its unilateral sanctions with the willingness to strike better deals, to reach an "honest" deal with China, but serving the interests of the US economy. The country will be achieving its goals by presenting ultimatums to its trade partner, if their national interests or security are considered harmed. As a result, more and more global problems will be addressed by unions of countries not involving the US (climate agreements, nuclear agreement with Iran, TPP – Trans-Pacific Partnership, China – EU summit in July 2018, etc.). The US will be gradually becoming isolated in the international community. The role of the US in global supply chains and international trade will decrease due to the deterioration of the country's authority. The US may be excluded from a number of regional trade and economic associations of countries. When some US companies are winning, others suffer losses. There is growing discontent among American business community and their overseas partners (with recent examples including Ford and Boeing, equipment manufacturing and chemical industry, etc.).

The US government bond market will suffer; inflation rate in the domestic consumer market will increase. The risk of unilateral economic sanctions imposed by the US will push other countries to search for alternative suppliers and markets. China has become a leader in the Regional Comprehensive Economic Partnership (RCEP) of 16 countries, the scale of which expanded beyond the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) without the US: 30% of global GDP, 50% of the world population (Markov, 2018). Exporting to RCEP countries from the PRC accounts for 26% of the total China's exports and he development of mega-union will strengthen the leading role of China in the region, but on the other hand, may also cause a decrease in international trade standards, since it does not cover issues of labour, human rights, e-commerce, public procurement (Dolgov and Savinov, 2018). At the same time, China's investment climate will suffer; the implementation of the "Made in China - 2025" plan is under the risk of failure, which may slow down technological progress in the country (Dolgov and Savinov, 2018). China has gradually increased its expenditure on R&D, but it still lags behind the US. R&D share in the GDP accounts for 2.1% and 2.8% respectively. According to Kerry Liu, in view of the importance of Made in China 2025 to economic future, it will be very difficult for China to make substantial concessions during the trade war (Liu, 2018).

Scenario 2 Consensus to avert the trade war will be reached. A trade war will end with a compromise. It is possible if the US learns to respect the other parties' core interests and major concerns. China has already declared its readiness to open its car market, liberalize the banking sector, strengthen the protection of intellectual property rights, and limit the transfer of American technologies to Chinese business. China may agree to buy as much of the agricultural produce from American farmers as they can supply. Edwin L.-C. Lai states that China is willing to seek a compromise and is ready to increase imports of goods and services from the US, cut down government subsidies to its businesses, and make the transfer of American technology more transparent (Lai, 2019). However, it is not likely to cancel the increased import tariffs previously introduced by the US. The scenario does not exclude the possibility that the trade conflict can be frozen up for a long period of time:

"Although deep and warm peace among great powers is rare in history, a cold peace or the US-China détente is a realistic goal" (Suisheng and Guo, 2019).

Both countries are deeply interested in exporting products and services on a bilateral basis and in developing global supply chains. The negotiated settlement agreement and the end of the war are possible, since both countries will lose more than they can gain as a result of the war. We can expect that China and the US will remain strategic partners despite the increased competition between them. Business-to-business ties will become closer, and mutual understanding of cultures will improve. China will increase imports of LNG, agricultural raw materials and food, as well as high-tech products. The US administration will maintain a relationship of trust with major trading partners and will hold back from imposing unilateral sanctions, thus returning to respecting the WTO rules. The largest American companies will play a major role in this process by lobbying and promoting free trade and conveying the idea that a trade war against the whole world is not beneficial for the US.

Scenario 3:The trade conflict is frozen on the already implemented bilateral measures The trade war is becoming prolonged; high import tariffs are not cancelled. At the same time, companies in both countries are adapting to export-import operations under economic sanctions, developing commercial schemes to circumvent trade restrictions. It can be assumed inevitable to some extent because foreign economic relations are driven by companies who are main actors in the international economy, and not countries. Benefits of foreign activities are valuable incentives for companies to look for ways to circumvent sanctions and embargoes in order to preserve and increase profits. In this scenario the imbalance in trade between the US and China will be decreasing and - according to official statistics – will reach a target level of USD 200 billion, possibly even less than that. However, in fact, the goods of Chinese origin will be supplied to the American market from other countries, e.g., neighbouring countries in the APR. As Vinogradov, Salitsky and Semenova note, Chinese companies have already begun to move production units to Vietnam, Bangladesh, Ethiopia and other countries with relatively cheap labour, given the fact that China largely exports products of TNCs that have placed final assembly production units in the PRC. Foreign firms account for 59% of Chinese exports to the US, and 12% are products of American companies located in China (Vinogradov, Salitsky, and Semenova, 2019). China's exports to the US are typically Chinese-assembled goods that contain many foreign parts and components – and are often American-branded. A further 37 percent of the US imports from China consist of parts and components on which US-based manufacturers rely.

Trade wars lead to changes in export-import flows, orientation to other countries, emergence of regional free trade zones and economic alliances. Lawrence J. Lau notes the shift in China's foreign economic relations focus to such countries and regions as the EU, ASEAN, Japan and Russia (Freund et al., 2018). Analysts have identified a trend towards intensifying China-EU trade and economic ties, and moreover, the Asian market is becoming more important for European business than that of the US (Dolgov and Savinov, 2018). Consumer spending has grown four times faster in China than in the US in the last decade. Iqbal et al (2019) believe that the trade conflict will result in losses for both conflicting parties but it might come as a benefit for other countries: "Being the two largest economies of the world, giving in for disengaging trade with each other is bound to have a ripple effect on the global system of trade" (Iqbal, Rahman, and Elimimian, 2019).

Scenario 4: Trade conflict will escalate into Hot World War III. A trade conflict can escalate from Cold to Hot stage, which is especially unwanted scenario considering that the US allows limited use of nuclear weapon. According to Chong & Li, the trade conflict between China and the US is of fundamental nature and it cannot be easily resolved (Chong and Li, 2019). The conflict is associated with the race for global economic dominance. The US has a serious advantage in cyberspace and it seeks to "digitally colonize" the global economy. According to Ashmanov, almost all neural platforms in the world are US-based, including first of all those belonging to Google and Facebook (Smirnov, 2019). 'The US shows with its actions, that they are ready to easily throw any inconvenient contracts and obligations away into the trash can, and also to ignore the UN and other international organizations, granting itself the right for unilateral military actions, the US is moving towards the role associated with the British Empire after the World War I' (Savinov et al., 2019). This scenario seems unlikely now, but it is not excluded. Trump has made matters worse by acting unilaterally against China in a way that would appear to breach World Trade Organization rules. Indeed, potential allies find Trump's "America First" rhetoric repulsive. All this has given China the political high ground – "China doesn't want a trade conflict, but we're not afraid to fight a trade war" has become Beijing's official line (Legrain, 2018).

Moreover, the distinction in the calculation process among China and the United States does not influence the part of the Sino–US trade imbalance as well as aggregate American deficit. Table 2 shows the imports and exports between China and the United States for textile, steel, and mechanical and electronic equipment, as these industries hold the major portion in Sino–US trade (Caliendo and Parro, 2015).

Table 2. SINO–**US** BILATERAL TRADE FOR SELECTED INDUSTRIES.

	Textile		**Steel**		**Mechanical&electronic equipment**	
Year	Imports	Exports	Imports	Exports	Imports	Exports
2000	0.2	4.6			9.1	16.4
2001	0.3	4.8			11.3	17.9
2002	0.3	5.4			11.2	26.2
2003	0.4	7.2			11.6	39.3
2004	2.2	9.1			15.3	56.5

2005	2.0	16.8			16.6	72.1
2006	2.9	19.8			21.3	92.5
2007	2.3	22.1			23.6	106.9
2008	2.5	23.4	1.3	6.7	26.1	112.9
2009	1.6	24.3	0.9	1.6	22.6	104.3
2010	3.2	32.7	0.7	1.7	28.2	132.8
2011	4.1	35.8	0.6	2.5	29.5	151.2
2012	5.1	36.1	0.5	2.8	29.1	163.1
2013	3.7	39.1	0.6	2.7	38.3	169.2
2014	2.4	41.2	0.7	4.1	38.4	182.7
2015	1.9	44.5	0.6	2.6	35.5	179.5
2016	1.2	42.4	0.5	1.8	31.2	172.3
2017	1.5	42.3	0.4	1.2	30.6	181.5
2018	1.7	40.5	0.3	1.5	31.3	179.1

Source: Bureau of Economic Analysis (2018).

American government (Presidency of Donald Trump) is more concerned about the implications of Sino–US trade imbalance on Americans. As indicated by the evaluations cross different sectors of the American economy, the American workforce has lost about 3.5 million jobs because of the import challenge from China (Morrison, 2018). Similarly, (Eaton and Kortum, 2002) claim that American manufacturing enterprises that were progressively exposed to China's exports, because of the United States allowing "Permanent Trade Relation" status to China, have seen bigger decreases in employment status. The Trump governance holds a traditional overview—that a trade surplus is constantly useful for a nation, while trade deficit will disable a nation's welfare. Such a view also affected the electoral results in the United States. Locales that have been hit more diligently by import rivalry from China have been all the more politically enraptured in Presidential elections; in addition, more significantly, those districts have moved toward the Republican contender in presidential races (Mearsheimer, 2011).

The earlier concerns raised by the American government comprise the Trump governance's perspectives on the current trade imbalance among China and the United States, and these concerns reflect in the planning of trade and discretionary strategies of the United States. The initial two perspectives of the Trump governance are just held by the few members of the government only. Most of the economic specialists around the globe are simply contradicted to these perspectives, as they go off-track from the essential principle of economics (Groenewold and He, 2007). In any case, the last perspective is that China ought to stay at the low-value products in the worldwide value chain while the United States should keep its monopolistic position for the high-value products of the worldwide value chain—as per the Trump governance.

Summary and Conclusion

The American government's inspiration for propelling enormous scale exchange strife with China is to keep the United States in a high position in the global value chain and China in a low position and such a thought reflects the typical ideology of historical agnosticism and authority. Even from a historical point of view, the United States has not been generally in a high position in the global value chain (Oramah and Dzene, 2019). In the 19th century, the United States outperformed the United Kingdom in the modern mechanical industry and turned into the world's biggest mechanical nation. However, American economy did not emerge among the world biggest economy; from the starting, it outperformed other economies to reach on the top in the race of the global value chain (Groenewold and He, 2007). In a similar vein, it is absurd for the United States to limit China and different nations from reaching top in the global value chain (Morrison, 2018).

If China figures out how to overhaul from the low end to top end in the global value chain, the United States would not experience the ill effects of China's updating. As the economic law says, increments in the market size will decrease the fixed expenses of all traded items, boosting producers to expand outputs and hence accomplish economies of scale underway. Also, it is not suitable for China to remain at the low end of the global value chain (Oramah and Dzene, 2019). China has turned into the "world's processing plant" of worldwide industries, fundamentally on account of its moderately low workforce costs compared with developed economies such as the United States, Japan, and Europe (Adams et al., 2006).

For now, China is yet to send out an enormous number of labour-intensive products to the United States and Europe. This is not on the grounds that China still has the relatively favorable position in labour-intensive products compared with other Asian nations, as other Asian nations with lower workforce costs than China have generally fewer export firms and are as of now not ready to challenge China's market share in the developed economies (Melitz, 2003). And China has the ability to redesign along the global value chain. This can be seen by looking at the export quality improvement of China's exported products, particularly after 2000 (Taylor, 2003).

The greatest trade war in economic history can result in a change in the international trade architecture, slow-down of financial markets. The countries can be divided into two blocks supporting the US or China, and at the same time, forming the mega-alliances of economies, as well as regional currency zones. The Asia's role in globalization processes and the development of global supply chains is likely to strengthen. The US strives to weaken its main competitor and maintain dominance in the global arena: in the economy, politics and the national security. The current foreign trade policy of the US aims to slow down the still rapid economic growth of the PRC and its growing importance in the world economy. The China's government in its turn has a goal to achieve leadership in robotics, biotechnology and artificial intelligence. It will provide financial support to high-tech industries, and will do everything possible not to let the US stop or slow down the modernization and digitalization of the China's economy.

Recommendations

Iqbal (2019) posits, as confrontation looms over Washington and Beijing, it is critical to identify the true nature of this challenge from an international relations perspective before any attempt to devise a counter measure. Wrong presumptions or prejudicial interpretations may lead to dire consequences of unforeseeable magnitude. One past example would be the U.S. government's belief that Iraq was developing weapons of mass destruction (WMDs) before the American invasion in 2003. A more current example would be the American nuclear anxiety on North Korea and how President Trump bypassed conventional American strategic thinking and circumvented hawkish threats of pre-emptive nuclear annihilation to resolve a "draconian crisis" via "smart diplomacy." These examples may shed light on a pathway to resolution for the current U.S.-China trade conflict (Morrison, 2018). It is not difficult to learn from history, but lessons will be difficult if we resist the call of history. Both the leaders of China and of the United States clearly have enough intelligence to know when the time has come to heed the call for peaceful development.

Based from the above, some recommendations are carefully put forward: (a) The US and Chinese governments should negotiate and or sort things out possibly through war and conflict resolution tactics (b) The Chinese and the US governments *should not see their political economic powers as a threat, but as an economic opportunity (c)* Maintain the pressure on structural reform: Whilemany of the American demands are in line with Beijing's long-term vision, others are not and one positive effect of the trade conflict has been the Chinese government's justification to pursue certain reforms against the interest groups' pushback. Morrison (2018) also spoke of the negative consequences if the United States and China fail to find a consensus: failure would lead to "systemic risk of monumental proportions — not just to the global economy, as I dealt with, but to international order as we know it and to world peace" (Morrison, 2018). Such risk could only be managed if Washington and Beijing provide "strong and wise leadership."(d) Develop realistic assessment on the de-coupling and its effect: If the de-coupling will free U.S. from certain vulnerabilities in dealing with China especially in the era of intensifying great power competition, the prospect of critically weakening China or even toppling the Chinese government is not at all guaranteed. China will develop its alternative partners of trade, accesses to technologies and supply chains much less subject to future American disruption. Contrary to the belief that any growth rate under 6% will create internal instability in China, the Chinese Communist Party still enjoys a large margin in terms of public tolerance. Power never represents greatness, even if we would welcome the humbling of one nation with the emergence of many. A wrong assessment could give rise to costly consequences and derail the trajectory of a great nation. (e) Sino – American governments should state a clear end goal with a balanced approach as no matter what happens now, they will witness other powers emerge and possibly challenge whatever dominant position they hold by then**.**

References

Adams, F.G., Gangnes, B., Shachmurove, Y. (2006). *Why is China so competitive? Measuring and explaining China's competitiveness.* World Economy 29(2): 95-122.

Amiti, M., Javorcik, B. (2008). *Trade costs and location of foreign firms in China*. Journal of Development Economics 85(1): 129-149.

Autor, D., Dorn, D., Hanson, G.H. (2013). *The China syndrome: local labor market effects of import competition in the United States.* American Economic Review 103(6): 2121-2168.

Bergsten, C.F. (2018). *China and the United States: The Contest for Global Economic Leadership*. China & World Economy, 26(5), 12-37.

Bureau of Economic Analysis. (2018). *Total Value of Trade (The Sum of Exports and Imports) of the United States.* U.S. Department of Commerce: Washington, DC.

Caliendo L, Parro F. (2015). *Estimates of the trade and welfare effects of NAFTA.* The Review of Economic Studies 82(1): 1-44.

Carla, N. (2010). America's Global Advantage: US Hegemony and International Cooperation. Cambridge: Cambridge University Press; doi:10.1017/cbo9780511676406. ISBN 978-0-521-76543-5.

Cheng, Li. (2006). *Hu's Opportunity? Our Opportunity: Seeking Common Interests at a Time of Mutual Suspicion,* 17 April, online: (21 April 2006).

Chengying, H., Rui, C., and Ying, L.(2021). *US-China trade war and China's stock market: an event-driven analysis:* https://doi.org/10.1080/1331677X.2021.1990781

Cohen, B.J. (2008). International Political Economy: An Intellectual History. Princeton University Press. p. 77. ISBN 978-0-691-13569-4.

Chong, T.T.L., Li, X. (2019). *Understanding the China–US trade war: causes, economic impact, and the worst-case scenario.* Economic and Political Studies, 7(2), 185-202.

Da, ANC. (2019). *The early victims of Trump's trade war* [online], Available at: https://www.bbc.com /news/business-45028014.

Deng, Y, Pan, F. (2019). *Dependence analysis of Sino-US trade,* Journal of Physics: Conference Series, 1176(4).

Dembinskaya, N. (2019). *How Beijing bypasses American bans in trade war* [online] Available at: https://ria.ru/20190607/1555320044.html.

Dolgov, S.I, Savinov, Y.A. (2018). *International trade: USA on the warpath;* Russian Foreign Economic Bulletin, (9), 7- 20.

Eaton J, Kortum S. (2002). *Technology, geography, and trade;* Econometrica 70(5): 1741- 1779.

Fu, X., Woo, W., Hou, J. (2016). *Technological innovation policy in China: the lessons, andthe necessary changes ahead.* Economic Change and Restructuring 49(3): 139-157.

Fishman, T. (2005). China, INC.: How the Rise of the Next Superpower Challenge America and the World. New York: Scribner. ISBN 9780743257527.

Freund, C., Ferrantino, M., Maliszewska, M., Ruta, M. (2018). *Impacts on global trade and income of current trade disputes.* Macroeconomics, Trade Investment (MTI) Practice Notes, 2, 11.

Goldstein, J.S. (2005). *International Relations*. New York: Pearson-Longman, 107.

Groenewold, N., He, L. (2007). *The US–China trade imbalance: will revaluing the RMB help (much)?* Economics Letters 96(1): 127-132.

Herrington, L. (2011). "Why the Rise of China Will Not Lead to Global Hegemony". E-International Relations, July.

Hopewell, K. (2018). *What is 'Made in China 2015' and why is it a threat to Trump's trade goals?* Washington Post: Washington, DC.

Hu, T. (1988). *Teaching about the American Economy in the People's Republic of China*: Journal of Economics Education, 19, 1, winter, 87-96.

Iqbal, B.A., Rahman, N., Elimimian, J. (2019). *The future of global trade in the presence of the Sino-US trade war.* Economic and Political Studies, 7(2), 217-231.

Ikenberry, G.J. (Winter 1998–1999). "Institutions, Strategic Restraint, and the Persistence of American PostwarOrder".InternationalSecurity.23(3): 4378. doi:10.1162/isec.23.3.43. JSTOR 2539338. S2CID 57566810.

Kapustina, L., Lipková, L., Silin, Y., and Drevalev, A. (2018). *US-China Trade War: Causes and Outcomes*. SHS Web of Conferences 73, 010 (2020): https://doi.org/10.1051 /shsconf/202073010 IES2019.

Keohane, R. (1984). *'After Hegemony' Annual Review of Political Science. **23** (1): 1–18.* doi:10.1146/annurev-polisci-050918-042625. ISSN 1094-2939.

Lai, E.L.C. (2019). *The US–China trade war, the American public opinions and its effects on China;* Economic and Political Studies, 7(2), 169-184.

Liu, K. (2018). *Chinese manufacturing in the shadow of the China–US trade war.* Economic Affairs, 38(3), 307-324.

Lardy, N.R. (2007). *The Only Way Is Up;* Beijing Review, 50, 16, 19 April, 18-19.

Lee E, Yi KM. (2018). *Global value chains and inequality with endogenous labor supply;* Journal of International Economics 115(1): 223-241.

Lee, K.H., and Thamis W.L. (1988). *American Business People's Perception of Marketing and Negotiating in the People's Republic of China*; International Marketing Review, 5, 2, summer, 41-51.

Liu, Y. (2018). *Growing Pains or Growing Gains*; Beijing Review, 21 December, 32-34.

Legrain, P. (2018). *Why China will win the trade war* [online], Available at: https://foreignpolicy.com/2018/04/13/why-china-will-win-the-trade-war.

Mallick, P.K. (2018). *Us-China Trade War: Analyses of deeper nuances and wider implications;* Vivekanand International Foundation; 3 San Martin Marg, Chanakyapuri, New Delhi: http://www.vifindia.org.

Markov, V.V. (2018). *China and the USA: From economic rivalry in Asia-Pacific to trade war;* The Herald of the Diplomatic Academy of the MFA of Russia. Russia and the World, 4(18), 110-119.

Mearsheimer, J. (2011). *The gathering storm: China's challenges to US power in Asia;* Chinese Journal of International Politics 3(4): 381-396.

Melitz, M.J. (2003). *The impact of trade on intra-industry reallocations and aggregate industry productivity;* Econometrica 71(6): 1695-1725.

Milner, H. (1998). *"International Political Economy: Beyond Hegemonic Stability";* Foreign Policy.*585.* doi:10.1017/S0020818320000569. ISSN 0020- 8183. SSRN 3719975.

Morrison, W. (2018). *China's Economic Rise: History, Trends, Challenges, and Implications for the United States;* Congressional Research Service Report: New York.

Navarro, P. (2018). *China's Faux Comparative Advantage;* Wall Street Journal: New York.

Oramah, B., Dzene, R. (2019). *Globalization and the Recent Trade Wars: Linkages and Lessons for Africa*; online retrieved; https://doi.org/10.1111/1758-5899.12707.

Rafi, S.S. (2018). *Les États-Unis ne pourront pas gagner la guerre commercialecontre la Chine* [online] Available at: https://www.mondialisation.ca/les-etats-unis-nepourront-pas-gagner-la-guerre-commerciale-contre-la-chine/5626497.

Savinov, Y.A., Zelenuk, A.N., Taranovskaja, E.V., Orlova, G.A., Skurova, A.V. (2019). *Increased protectionism in US trade policy*; Russian Foreign Economic Bulletin, (1), 36-51.

Silin, Y., Kapustina, L., Trevisan, I., Drevalev, A. (2017). *China's economic interests in the "One Belt, One Road" initiative;* SHS Web of Conferences in Innovative Economic Symposium 2017 – Strategic Partnership in International Trade, 39.

Sinitsyn, P. Kuimov. (2018). *The economic terrorism of the USA with regard to Europe, Russia and other countries;* Vlast, (9), 236-241.

Smirnov, D. (2019). *Can the West with one click of a computer turn off our factories, banks and power stations;* [online], Available at: https://www.ural.kp.ru/daily/26992/4053140.

Statista. (2019). *Total value of U.S. trade in goods (export and import) worldwide from 2004 to 2018 (in billion U.S. dollars)* [online], Available at: https://www.statista.com/statistics/218255/total-value-of-us-trade-in-goods-worldwidesince-2004/.

Suisheng, Z., Guo, D. (2019). *A New Cold War? Causes and Future of the Emerging US-China Rivalry;* Vestnik RUDN. International Relations, 19(1), 9-21.

Taylor J. (2003). *Economic Relations Between the United States and China and China's Role in the Global Economy;* Secretary of Treasury for International Affairs: New York.

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.

US Census Bureau. (2019). *Trade in Goods with China* [online], Available at: https://www.census.gov/foreign-trade/balance/c5700.html.

US Census Bureau. (2019). *Trade in Goods with China* [online], Available at: https://www.census.gov/foreign-trade/balance/c5700.html.

Wohlforth, William C. (1999). "The Stability of a Unipolar World". International Security; 24 (1):5–41. doi*:*10.1162/016228899560031*.* ISSN 0162- 2889*.* JSTOR 2539346*.* S2CID 57568539*.*

Woo W.T. (2006). *The structural nature of internal and external imbalances in China;* Journal of Chinese Economic and Business Studies 4(1): 1-20.

World Trade Organization. (2004). *The Promise and Limitations of a Sino-U.S. Partnership;* The Washington Quarterly, 27, 4, autumn, 115-126.

Zakaria (2008). The Post-American World; ISBN 9780393062359*.*

Zhang, D., Lei, L., Ji, Q., Kutan, A.M. (2019). *Economic policy uncertainty in the US and China and their impact on the global markets;* Economic Modelling, 79, 47-56.

Biographical Note

Nnaemeka Emmanuel NNANI is administrative officer in the Administrative Department, Federal High Court Enugu NIGERIA. Email: nnaniemma26@gmail.com Tel: +2348137030443

Chukwuemeka Vincent MUONEKE is a Lecturer in the Department of Political Science, Nnamdi Azikiwe University Awka NIGERIA.Email: cv.muoneke@unizik.edu.ng Tel: 07038847330