

There are no winners: The Story of a Trade War

By Bryant Wang, 8/23/2019

Wars have winners and losers. Or, at least typically, they do. Yet, as of right now the escalating trade war between the United States of America and the People's Republic of China has had only one result: creating casualties out of the two largest economies in the world with no solution in sight. And, as the economies of these two superpowers suffer, citizens of both countries fall victim to a larger war. A war over the future of the global economy, where no-one is left untouched.

Neither side can be considered a winner as of right now. For China, the trade war has dampened consumer confidence and hurt the sales of Chinese goods such as cars and electronics. One particular instance involves the US government and the Chinese tech company, Huawei. The US has told Huawei that after 90 days, they will not supply the company with any more resources. This is a huge blow to the tech giant, as it is extremely reliant on U.S. goods and services. This potential breakup has worried many investors in Huawei and hurt the company's stock.

Furthermore, China has experienced a slowdown in car sales, property and consumer electronics. From the previous year, total vehicle sales have dropped by 11.7%, real estate floor space has fallen by 3.1%, and in the third quarter of the year, China's 100.6 million smartphones went down 15.2% to less than the year before.

As for the US, the effects have been no less extreme. The US trade deficit has been the widest since 2008, when the global economy crashed. Although Trump has succeeded in exporting more US goods, the amount of goods imported has also increased. The deficit in goods and services during December 2018 also hit a near 10-year high of \$59.8 billion. Additionally, the trade gap between the US and China has increased from \$43.6 billion to \$419.2 billion as US exports fell and Chinese imports rose.

Businesses and manufacturing leaders say that the trade war is increasing prices for supplies and reducing their profits. They must pay higher prices for goods they purchase and as a result, raise their products' prices to maintain a profit. The American tech company, Apple, says that the tariffs make it more difficult for it to compete with other competition like Samsung.

As Princeton University student Stephen Redding states, "All of the tariffs have been passed to US importers, US retailers, US consumers. Somebody in the US is paying higher prices." U.S. agriculture also takes a hit as China has suspended all purchases of US agricultural goods. The market dropped from \$19.5 billion in 2017 to \$9.1 billion in 2018. Trump has said that he will provide aid to farmers struggling with this setback.

This trade war has become a stalemate with neither country willing to back down. Further, other countries' economies continue to suffer around the globe as this destabilizing trade war continues, leaving companies and consumers as victims in its wake.

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