
China Trade and Technology

— U.S. and Asia Relations —

Recent Trade Relations: U.S. and China

- The U.S and China are the biggest economies in the world, with trade between one another totaling more than \$599 billion since 2019.
- China joined the World Trade Organization in 2001 to grow its foreign trade; in time it leveraged \$1 billion in tariffs on U.S. imports, leading to the U.S. having \$787 billion debt to China in 2018.
- The Trade War began once Donald Trump came into office, planning to decrease the debt by increasing tariffs on Chinese imports.
- Since the Trade war started in 2018, the debt fell to \$345.6 billion in 2019.

Beginning of the Trade War (2018)

- On July 6, 2018, the Trump administration imposed a 25% tariff on \$50 billion of China imports
 - In August of 2018, China retaliated by also placing a 25% tariff on \$34 billion in the U.S.
 - The U.S imposed another 25% tariffs on \$16 billion of Chinese goods. China again responds by applying 25% tariffs on US\$16 billion of U.S goods.
- The goods that have tariffs placed on them by the U.S have included automobiles, railway parts,aircrafts parts, electrical machinery, and other goods.
- Meanwhile, China put tariffs on automobiles, agricultural products, and more. U.S farmers started to feel the backlash from the war as farmer bankruptcy shoots up by 24% as they find it harder to sell goods.

Highlights in 2019

- From April to May of 2019, U.S officials head to Beijing for negotiations that will lead them to have 150 pages of draft agreements but don't further their trade talks
- In May of 2019 the U.S increases tariffs on \$200 billion worth of Chinese goods from 10% to 25% .China retaliates by also increases its tariffs on \$60 billion worth of US goods
- Huawei (Chinese Telecommunications company) is blacklisted as a national security threat to the U.S
- Huawei's blacklist causes stocks and production in China for U.S technology and investments in the global market to deeply drop
- In Dec of 2019, the U.S. and China agree to a Phase 1 deal that will consist of the U.S. agreeing to reduce tariffs on US\$120 billion of Chinese goods imposed in September. China will also suspend tariffs on U.S, goods to come into force on December 15.

How Trade Impacts Technology

- Huawei, the biggest Telecommunications company in the world, was added to the U.S Department of Commerce's Bureau of Industry and Security Entity List in May 2019.
- Huawei is seen as a national security threat because the Chinese imports are said to receive U.S intelligence when in use and use this information to give to the Chinese government. They are also said to be getting information from the U.S by U.S companies collaborating with Chinese companies to break into the Chinese market.
- This not only affects the Chinese but also U.S companies like Apple to slow their production as most of their production is based in China.

Current Trade and Technology Relations (2020)

- **Jan of 2020** China and the US sign another part of the phase one trade deal. The deal would make China buy an additional US\$200 billion of American goods and services over the next two years
- **Jan of 2020** Huawei begins the start of 5G
- **Feb of 2020** China lowers its tariffs on U.S goods from 10% to 5% and 5% to 2.5% as part of the phase 1 deal. China releases list that shows which U.S imports will receive no tariffs
- **May-Aug 2020** China and the U.S speak over the phone that the deal will continue despite COVID-19
- **Sep 2020** Tik-Tok, also seen as a national security threat, has some of its stocks bought from Oracle and starts to work with Walmart to push the potential ban on Tik-Tok and Wechat away

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Research and Presentation Developed by Michelle Reyes, Intern, Asia Society Texas Center