Table of Contents

[I. Introduction 2](#_Toc21330639)

[II. The U.S. and China – the oneset of global imbalance 2](#_Toc21330640)

[1. History of the U.S. and China relationship 2](#_Toc21330641)

[2. What is going on with the relationship between U.S. and China 3](#_Toc21330642)

[III. The U.S. and China – effects and implication of global imbalance 4](#_Toc21330643)

[IV. Conclusion 5](#_Toc21330644)

[V. References 7](#_Toc21330645)

# Introduction

The management of relationships between the U.S. and China is the main topic of this report. In fact, in the year of 2019, the relationship between the U.S. and Chine has reached its critical phase of juncture under the leadership of president Trump. In this regard, the effects of intended imbalance of the global economy due to the intense relationship between these two countries. In the past year, the U.S. has imposed to total of $ 250 billion worth of tariff tax on China (Shenai, 2019). The specific tension of such intensive engagement between these two countries started since the first visit of president Richard Nixon in 1972 (Prasad, 2009). Due to this long history of relationship, the report introduces for the history of the global imbalance of U.S. and China’s tensions up until the past year under the intense policies of President Trump and president Xi. At the same time, the effects and implication of global balance are critical for this report to expose the economic outcomes and concerns in the context of this relationship between the U.S. and China. It is prominent for the U.S. to deliberate this issue matter in the scope of not only economic imperative but also the relevant matters of foreign policies as well as national securities of the nation. It is likely that in this paper the author shall suggest for a more wholistic view and perspective of the subsequent outcomes of this imperative relationship between these two countries.

# II. The U.S. and China – the oneset of global imbalance

## History of the U.S. and China relationship

First of all, it is critical for the report of the relationship of the U.S. and China to be studied and comprehended through the course of history. And even prior to the first open door under the time of president Richard Nixon, it has always been such axiomatic engagement for such a long time. In 1830, the first missionaries arrived in Guangzhou which was known to be first official interaction between these two nations in the history. From the year 1847 to 1849, there was dramatical raise of Chinese labor in relation to the Gold Rush in California where most Chinese labors were working at mines and railroads in critical demands for unskilled positions. This led to more than 100,000 Chinese workforces fled from China to the U.S. during the first 20 years of the Gold Rush (Yung, 2006). In subsequence, in both year 1875 and 1888, the U.S. and China both placed and worked together to pass and authorize regulations and international treaty to prohibit Chinese migration to have the citizenship in the U.S. (Kanazawa, 2005).

Then, it comes to the vital turning point under the presidency of Richard Nixon in 1972. In July 1971, the National Security Advisor of president Richard Nixon secretly visited Beijing to prepare and arrange for the first visit by the U.S. president to China for the first time. The visit of president Nixon ended the separation of these to nations after more then 20 years with opening dialogue for the collaboration between the U.S. and China to gain more leverage to go against China during that time. At the end of this visit, both countries agreed and came to the terms of normalization of their domestic relationship (Hamilton, 2004). However, in the vital change of leadership in China in 1976, this normalization of the domestic relationship faced a slow down pace for a very sluggish progression. In the year of 1978, president Carter reinforced for a new aim and communication with Shanghai with a joint communique for the establishment of full relation diplomacies. President Carter even agreed and consolidated for the terms of “One-China” policies. As the consequence, in 1980, Deng Xiaoping enforced for the new series of domestic policies to open up for more foreign investment, or decollectivizing agriculture. This led to multinational and international companies flooded to China to take advantages of the opened markets with the collaboration of China with multiple international organizations including IMF, World Bank, and the Asian Development Bank (The U.S.-China Policy Foundation, 2018). However, due to the event of Tiananmen Square Incident in 1989, the U.S. decided to impose economic sanction and suspend of the sale of military weapons to China. Then it came to tensions of the 20s. In 2006, China became to second largest trade with the U.S, and in 2008, the nation also was recognized to be the largest debt holder of the U.S. (Denyer, 2014). With the shifting of foreign policy under the time of Secretary of State Hillary Clinton, the U.S. imposed for the new investment and relationship in terms of military, political, and economic affairs in Asia. Disregard of the efforts of both nations to come to positive discussion on different vital matters, there were a lot of conflicts going on for the 21st century such as the territorial disrupt by China in East and South China Seas with Japan, or the intense relationship between China-Taiwan on human rights (Lawrence, 2013).

## What is going on with the relationship between U.S. and China

Secondly, the current update for the extensive relationship between these two countries shall help to answer the question of what the global imbalance, at the same time for the new era of increasing rivalry or maybe a radical alteration in terms of the trade war. In response to the management of growth and development of China, it has been perceived challenges for the U.S. regarding to the economic mercantilism to pursue for the foreign policies. This led to the main part of this section of the report in the context of this relationship between the U.S. and China under the president Trump administration.

Despite of the long history of relation and very intense engagement in the beginning of the century between the U.S. and China, these two nations continue to reach a few more conflicts and reflection points. In the consequence of the financial crisis in 2008, China has urged and confirmed with alleged culprit of the crisis to be become the new center of the world’s economy. During this time, the new model of development in China flooded about “miraculous economic growth rates, rapidly improving infrastructure and an internationally competitive manufacturing sector” (Hung, 2013, p. 156). Then comes to the time under president Trump administration, it comes to great power of competition as well as the cause for the rivalry relation between these two nations. Trump administration has clearly set its tones toward the relationship with China in terms of its foreign policies in order to receive more collaboration to respond to their conflicts and different threats from China (De Graaff, 2018). The trade relationship is the most urged and surrounded issue with the report of total values of $178.0 billion worth of goods and services from the U.S. to China which was equal to 7.1% of total U.S. exports. At the same time, China imported total amount of $558.8 billion to the U.S. in the same year which was taken up to 17.9% of total U.S. imports. As the subsequence, the bilateral deficit was recognized to be $380.8 billion which was a raise of 12.9% of the deficit from 2017 (Federation of American Scientists, 2019).

And in 2018, there are four investigations by the U.S. government into the China’s policies in relation to technology transfer, and intellectual property (IP). At the same time, to sure for the reinforcement by Beijing on these issues of the investigation, president Trump impose 25% tariff hikes for three tranches imports from China which was estimated to be around $250 billion. In the response, China also raised their tariff tax on U.S. imported goods to China which was worth of $110 billion (Pinkert, 2019). Continue with this imperative intention between these two countries, president Trump continuously ordered the USTR for the raise of tariff tax on the remaining goods imported by China. By the month of September 2019, the U.S. agreed with the total raise of additional 10% tariffs on the remaining goods from China. Prior to that, in August of 2019, China has placed a depreciation on its RMB against the value of U.S. dollars which planned for additional 10% of tariff taxes on the U.S. agricultural goods. At the same time, Beijing responded to the request from Washington with potential suspending of the U.S. agricultural products (Federation of American Scientists, 2019). At the same time, those complains about technology transfer, and intellectual property (IP) by the U.S. against China resulted in imposed sanctions of the U.S. on various technology companies in China (Lau, 2019).

# The U.S. and China – effects and implication of global imbalance

From the above intense relation between the U.S. and China in the recent time, it is critical to understanding the consequence of these actions in both national and international economic perspectives. First of all, it is critical to comprehend for the derived benefits for both nations from the relationships since the first visit for normalization to full domestic relation between two nations. China’s spectacular growth of the business to contribute the global economy as well as American prosperity. In this regard, the American consumers also benefited from the low-cost product choices. And also, the financing of the U.S. debt is one of the well-known benefits of this relationship (Bader, 2018). However, with the intense involvement of Beijing and Washington, this relationship is facing the path of sustainable disengagement with more unpleasant realities of struggling for global hegemony in respect to policies of China and the U.S. The subsequence of the negative collateral is about the difficulties and risks for businesses of both nations. This created the scenario to distance the U.S. from China in the pursue of unbridled competition. As the result, the below is the depicted graph by KPMG regarding to the outcome of the crisis of trade war between the U.S. and China (KPMG, 2019).



For this perspective, the imposed scenario is the applied tariffs of no more than US$200 billion of goods from either country during this trade war. From the graph above, both the U.S. and China are suffering from a decrease of GDP, along with other partner nations such as Australia, or the EU. In overall, the GDP of the world will be lower in 05 consecutive years as the main result of the trade war. On the other side, for two executive order by president Trump of the lived tariff on China’s imported goods, it is possible for the increase in productions of iron & steel, electronic equipment, or aluminum. These are known to be targeted sectors of the trade war by Washington. In response, the tariff imposed by China shall have a negative impact on the significant drop of the U.S. exports in those agricultural products, such as soy bean, or in the dairy products (Carvalho, 2019). Up until this moment, there is $25.466 billion in loss from those indirectly involved countries around the world as the outcome of this trade war. Even though, there are a lot of critics over the trade war between the U.S. and China, it deemed to effective work on the final result of the management to lower the trade deficit and assist the U.S. to boost the productions in various sectors (Holland, 2019).

# Conclusion

As indicated from the above report, the history between the U.S. and China have been going since 1800s and the first domestic relationship initiated in 1970s. Even since there, there have been a lot of political conflicts between these two nations which led to most conflicts and suspensions of the economic benefits. This is the same story of the trade war in 2018-2019 under the administration of President Trump. For the short term, it clearly is a benefitable movement for a few sectors in the U.S. However, in a long term, there is a clearly a downside if the trade war continues to going on.

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