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Abstract

China and the United States are two major economic powers that are currently engaged in trade and are using different strategies to enhance their bilateral relations. The main objective of this research is to analyze the policies and activities that these nations are using to promote and advance their trade relations, which will likely result in financial and political benefits in the long run. This investigation is primarily based on secondary sources such as scientific and scholarly journals, research papers, books, and articles related to the topic at hand. The study comprehensively explores a variety of factors impacting trade relations between China and the United States. This includes examining bilateral treaties, one-phase agreements, the Belt and Road Initiative, the Australia, UK, and US Security Pact, policies aimed at achieving competitive advantage, as well as cooperation in addressing regional and global issues to promote trade relations between the two countries. The trade conflict between the two countries is very serious. According to the study, China and the US pursue many comprehensive and conventional barriers, such as a lack of registered goods in each nation, a rise in trade imbalance, tax disparities, a lack of business ties, the Quad, the conflict in the South China Sea, bilaterally sensitive issues, the Taiwan dispute, and environmental conditions and policies. If both countries could solve these problems then relations between the two countries would be improved in the 21st century.

Keywords: Bilateral trade, China-USA economic relations, foreign policy, international politics, trade imbalance

Introduction

The US, in terms of its diversification of power, is the world’s most effective nation. It has been confronting challenges due to the rise of China since China grew to be the second-largest economy in 2010. For the future of world politics, US relations with China are
fundamentally vital. Yet, the US economy, military, and international politics are unrivaled. China has quickly risen to the position of the second-largest economy in the world. Over the past few decades, there has been a significant growth in the trading connection between China and the United States (Morrison, 2010).

The China-US relationship is changing in essential ways. As of late, the United States and China are locked in a sharp and exorbitant exchange war that, even if it is settled through transactions, will likely not give the premise for long-term solidity. It may also carry the seeds of a future showdown. Many of the core notions that historically drove the relationship, such as international relations, collaboration, engagement, cooperation, and convergence, are now being questioned. The institutional structure of the relationship is additionally being tested. The well-developed and hard-worn channels of communication have been permitted to decay (Medeiros, 2019). Nowadays, the largest economies in the world are probably those of the US and China. Maintaining good relations between these two countries is essential to the global economy’s sustained growth. The two economies with the biggest economy in the world now are probably China’s and the US’s. The long-term prosperity of the global economy depends on the connection between these two nations.

Tragically, financial relations between the two nations are disturbed. China is huge, rapidly developing, and still in the process of concocting and actualizing essential financial changes. As a consequence, exchange debates between China and the US are settled nearly solely through open, rancorous reciprocal transactions. During the post-Cold War period, Sino-U.S. relations have been aggravated by three major variables: human rights, exchange, and security (Busbarat, 2017).

The growing interdependency between the US and China, known as G2, has led to increase exchange disputes between the two nations. The US’s significant exchange deficit with China has fueled these conflicts, potentially triggering an exchange war. This financial conflict involves one country forcing another to increase tariffs or non-tariff barriers, resulting in a degeneration of two-sided exchange relations. China has recognized the US’s changes in its approach towards China’s political and financial control, viewing it as a threat to its global influence. The main reasons for these conflicts are economic and legislative issues, indicating that the escalation of conflicts is inevitable.

The Quad, a security dialogue between the US, Australia, India, and Japan, was established in 2007 to address concerns over China’s expansionism. AUKUS, a trilateral security settlement between Australia, the UK, and the US, was signed on 15 September 2021 to counter China’s maritime aggression in the Indo-Pacific region. This pact demonstrates America’s commitment to a peaceful Indo-Pacific, despite China’s increasing assertiveness. However, AUKUS could potentially trigger a new Cold War, with the Canberra-London-Washington Axis potentially influencing the Asia-Pacific region’s power dynamics. Therefore these pacts (Quad and AUKUS) will intervene in the positive
relations between China and the US. This research work analyzed and suggested improving commercial and economic relations between China and the US.

**Objectives**

Examining the general state of the China-US economy is considered the main goal. In particular, this study has examined commerce and the economy. This investigation’s goal is to evaluate and examine the financial facets of China’s foreign policy with the United States. The following are the study’s objectives:

a. To examine China’s current foreign policy towards the USA.

b. To identify the main obstacle that stands in the way of better relations between China and the US.

c. To suggest the best ways to improve relations between the two countries.

**Literature Review**

There is a bounty of things about remote issues, remote approaches, conciliatory relations, and China-USA exchanging associations and financial relations thereon. Day-to-day shifts in financial worldwide ties still have not worked out legitimately. Be that as it may, a few vital and referable things were checked very briefly in this report. Jisi, W., & Ran, H. (2019) explored the 10-year decline in US-China relations, highlighting internal events and rising conflicts in geostrategic, ideological, economic, commerce, and international security. They predict that the relationship will continue to deteriorate, with several bumps and stumbling blocks, unless dramatic changes in international or local politics occur. The author suggests that this trend is unlikely to be reversed.

Indrayani, I., & Madjid, W. P. (2021) investigate the China-US key competition and its potential relief. It suggests that President Xi’s new control relations challenge the US’s supremacy in the Asia-Pacific due to China’s increasing influence. However, neither the US nor China can be the sole dominant power in the region. The article suggests maintaining strategic limitations and a delicate control adjustment to prevent a modern Cold War.

Glaser, B., & Billingsley, B. (2012) explaining the paper examination between US-China economic relations, revealing that China’s expansive trade overflow is a political barrier and contributes to exchange pressures. Despite these concerns, the rapid development of trade has positively impacted the US economy, although imports from China have mostly replaced imports from third countries. The paper also suggests that self-inflicted export disincentives may deter US exports more than Chinese methods.

Huang, Y., Lin, C., Liu, S., & Tang, H. (2019) inspected the US-China trade war which has led to poorer performance in stock and bond returns for US firms involved, with a 10% increase in deals to China resulting in a 0.8% decrease in average returns in the stock market. Firms related to the trade war may also be affected through global supply chain engagement.

Liu, K. (2018) examines the China-US exchange war that began in 2018-19, with US President Trump raising taxes on $200 billion worth of Chinese goods from 10% to
25%. During the G20 Osaka summit, Trump and Chinese President Xi Jinping agreed on a détente, with earlier duties remaining in effect but no new taxes being forced. The war began on 6 July 2018, following a series of negotiations between the two nations.

China’s foreign policies with the United States, several books and articles have been written. Moreover, many of them have attempted to elucidate it from a political standpoint. There are even some of them who have provided an economic explanation. They did not discuss China’s current foreign policy towards the USA, nor identify the main obstacle that stands in the way of better relations between China and the US and the best ways to improve relations between the two countries. After looking over these published materials, we see that the researchers only touched on some of the topics. Because of this, we want to investigate how internal factors are crucial in determining her foreign policy towards the US.

Methodology

Both qualitative and quantitative research methods have been used in this study. Quantitative data is mainly collected through a nano-structured and open-ended questionnaire. This includes conducting thorough research and documentation, as well as determining and clarifying the subject matter of this proposed study, using both primary and secondary sources (e.g. books, journals, archives, official documents, correspondence, etc.). The purpose of this paper is to conduct an empirical and interpretive analysis of the reasons, nature, and importance of China’s foreign policy toward the US; the qualitative methodology is considered to be the most appropriate for the purpose. Some basic quantitative tools are used in this study, including trade data.

Data Presentation

1. China-United States Economic Relations in the Twenty-First Century:

1.1 Current China-US Trades and Economic Relation

U.S-Chinese ties significantly impact global initiatives, tackling global issues like budget insecurity, climate change, and energy uncertainty, necessitating transnational arrangements by key states (Held; McGrew; Goldblatt, & Perraton, 2000). The U.S.-China relationship is crucial for 21st-century challenges, but strategic mistrust often hinders closer ties. To reduce common pressures, leaders should adopt a broader view of their nation’s interface, focusing on global progress and collective control resources (Haass, 1999). The open strategy ought to point to illuminate the citizens of both nations around the significance of their shared ties.

1.1.1 China-USA Trade and Economic Relations

China-US relationships have strengthened cooperation, fostering closer connections and increased verbal exchange. Despite China’s strong friendship with the US, it is expected to become more complex in the future (Tuan, 1991). China’s National Bureau of Statistics reported a 6.6% actual GDP growth in 2018, exceeding the 6.5% target. The results also
showed the impact of the US price list in January 2018 and a half a year ago on Chinese exports to the US, and the global increase in interest rates. The four quarterly growth rates were 6.8%, 6.7%, 6.5%, and 6.4%.

Figure 01: Quarterly rates of growth of China’s real GDP, year over year (Colour Online).

![Quarterly Rates of Growth of Chinese Real GDP, Year-on-Year](chart1)


The China-US exchange conflict has not significantly impacted the Chinese economic system, with the fee outgrowth of Chinese real GDP falling by 0.4% from 2017Q4 to 2018Q4. The lowest rate of growth was 6.4% in 2009, while the rate of growth has stabilized. Although the immediate direct impact on the Chinese economic system has been negative, it is relatively small and potentially beneficial for China.

1.1.2 Top 25 U.S. Export Commodities

According to ERS/USDA (2019) report on foreign trade, the USA exported to China several commodities during 2019. US exports to China’s info, chart history, and statistics were last updated in ERS/ (2013).

Table 01: Top 25 U.S. Export Commodities

<table>
<thead>
<tr>
<th>Rank</th>
<th>Country</th>
<th>Value $ U.S.</th>
<th>% Of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Soybeans</td>
<td>$13,012,148,504</td>
<td>19.38%</td>
</tr>
<tr>
<td>2</td>
<td>Corn</td>
<td>$8,272,628,432</td>
<td>8.98%</td>
</tr>
<tr>
<td>3</td>
<td>Other Feeds &amp; Fodder</td>
<td>$7,351,006,676</td>
<td>7.53%</td>
</tr>
<tr>
<td>4</td>
<td>Wheat, Unmilled</td>
<td>$5,570,313,599</td>
<td>5.71%</td>
</tr>
<tr>
<td>5</td>
<td>MiscHort Products</td>
<td>25,540,050,10</td>
<td>5.68%</td>
</tr>
<tr>
<td>6</td>
<td>Beef &amp; Veal Fr/Froz</td>
<td>$5,152,585,840</td>
<td>5.28%</td>
</tr>
<tr>
<td>7</td>
<td>Almonds</td>
<td>$5,143,721,552</td>
<td>5.27%</td>
</tr>
<tr>
<td>8</td>
<td>Soybean Meal</td>
<td>$4,793,571,422</td>
<td>4.91%</td>
</tr>
<tr>
<td>9</td>
<td>Pork, Fr/Froz</td>
<td>$4,014,979,339</td>
<td>9.11%</td>
</tr>
</tbody>
</table>
According to the ERS (2013) report on the US top 25 export commodities, in this table, the highest value in the U.S. is $13,012,148,504 and 19.38% of the total. According to the ERS data, the United States exported $13,012 worth of products in 2013. Products are soybeans, corn, other feeds and fodder, wheat, almonds, pork, essential oil, ice-paddy, chickens, grain sorghum, etc.

1.1.3 Bilateral trade: Dynamic and Direction

1.1.3.1 China exports to USA

**Figure 02:** China exports to US
The United Nations COMTRADE database on international trade estimates that China’s exports to the US in 2022 will come to a total of US$582.76 billion. The data, historical chart, and statistics about Chinese exports to the United States were last updated on January 2024.

1.1.3.2 China Imports from United States

Figure 03: China Imports from United States

Source: Tradingeconomics.com (2024b).

According to the United Nations COMTRADE database on international commerce, China’s imports from the United States in 2022 were US$178.96 billion. The most recent update to the data, historical chart, and statistics on China’s imports from the United States was made in January 2024.

1.1.3.3 United States Exports to China

Figure 04: United States Exports to China

Source: Tradingeconomics.com (2024c).
According to data from the United Nations COMTRADE database on global trade, US exports to China in 2022 were US$153.84 billion. The data, historical chart, and statistics of US exports to China were last updated in January 2024.

1.1.3.4 United States Imports from China

**Figure 05:** United States Imports from China

![United States Imports from China](source)

Source: Tradingeconomics.com (2024d).

According to the United Nations COMTRADE database on international trade, the United States bought commodities from China valued at US$575.69 billion in 2022. The data, historical chart, and statistics about imports into the United States from China were last updated in January 2024.

1.2.1 Trade Uncertainty Index: Selected Countries and the Global Average from 1996 to 2019

**Figure 06:** Trade Uncertainty Index: Selected Countries and the Global Average from 1996 to 2019

![Trade Uncertainty Index](source)

The argument demonstrates that although trade growth has slowed dramatically in 2019 compared to 2018, trade uncertainty has increased to previously unheard-of levels. In such scenario, the crucial query is to what extent trade friction between the US and China is to blame for the slowdown in trade growth. The next paragraph offers an empirical examination of the link between trade disputes and trade uncertainty as well as insights from the literature.

1.2.2 Percentage change in China and US bilateral exports

Figure 07: Percent change in bilateral exports between China and the US


We examined changes in bilateral trade patterns to provide more insight into shifts in trade patterns. Changes in bilateral exports between China and the United States are seen in Figure 10. Several sectors of Central American bilateral exports are expected to fall dramatically, including more than 60% of electronic equipment and more than 80% of mechanical equipment. China’s decline in US exports is not limited by tariff reductions in Phase 1 agreements; the US’s impact on China’s exports is expected to change significantly (Bekkers, 2020).
2. Major obstacles in China-US Trade and Economic Relations:

2.1 Increase in Trade imbalance

China and the US are experiencing increasing exchange lopsidedness in money-related streams, unused global supply chain fracture, and reallocation of asset utilization and natural stretch (Stares, 1996). China-US exchange holds significant importance in the global market, particularly after China’s WTO entry in 2001. In 2018, the two-sided product exchange between China and the USA was $659.8 billion, accounting for 15.7% of global trade. Despite energy supply security, exchange design has significantly changed over the past 15 years (Li, 2021).

2.2 Tax Inequality

The study compares the welfare states and tax administrations of China and the United States from 1992 to 2017. China has developed an advertising economy, leading to significant changes in welfare teaching. Both China and the US have seen an expansion of the welfare state, but the study suggests that this trend has different solutions in each country. Both countries have experienced retrenchment of the welfare state (Giger, & Nelson, 2011).

2.3 Lack of Business Relationship

The connection between the United States and China is intricate and multifaceted, encompassing commerce, financial matters, legislative difficulties, history, and culture. They are assessed based on contrasting and sometimes incompatible sets of societal norms and values. Raising the bar for morality in business necessitates attending to political forms of social interaction and behavior in addition to the social logic of morality in China. China has long captivated Americans (Wang; Xiaokaiti; Zhou; Yang; Liu; & Zhao, 2012).

2.4 South China Sea Conflict

China has stamped the tremendous range of the South China Ocean as its imperial domain inside the so-called “nine sprint-line” and claimed it as a portion of China. The rising control has been infringing on the region inside the 200-maritime mile elite financial zones of Vietnam, the Philippines, Malaysia, and Indonesia. The USA has unequivocally restricted this move in conjunction with South East Asian accomplices. The competition surrounding the South China Sea has become an apple of discord between China and the USA and its partners. Therefore, this issue is affecting relations between China and USA negatively (Korkut, & Kang, 2017).

2.5 Bilateral Sensitive Issues

The Quad, a key security discourse between the United States, Australia, India, and Japan, was established in 2007 to facilitate consultations. China claims the South China Ocean as its autonomous region, while AUKUS, a trilateral security settlement between Australia, the UK, and the US, was signed on 15 September 2021 for the Indo-Pacific region. China’s expansionism has raised concerns for the US for over a decade. China

has become a global economic superpower, becoming the largest economy and exporter, exemplifying cosmopolitanism and becoming the primary focus of its global affairs.

2.6 Taiwan Conflict
Taiwan, an island in China, faces rising tensions due to its status and potential for a strained U.S.-China relationship. The People’s Freedom Armed Force is planning to force Taiwan to join the territory. The U.S. maintains a strong relationship with Taiwan, while Beijing pressures the U.S. to cease weapons and contact. Taiwanese President Tsai Ing-wen criticizes Beijing’s efforts. (Tucker & Glaser, 2011). U.S. examiners believe China’s military development and deteriorating cross-strait relations are initiating a potential U.S.-China conflict.

3. China and US Trade Initiatives:

3.1 Financial Participation Between China and the United States Got to be Upgraded: US Officials
Over the past three decades, US-China financial relations have grown significantly, with total trade increasing from $5 billion in 1980 to $409 billion in 2008. However, the 2009 global economic crisis severely impacted trade, leading to a drop from $10.5 billion to $366 billion. China remains the second-largest trade partner, third-largest trade advertiser, and largest merchant. However, financial relations remain tense, with a US exchange shortage affecting the relationship (Kronstadt, 2009).

3.2 Toward Deeper Mutual Trust
Since the end of the Cold War, Chinese leaders have consistently expressed their desire to “build trust, reduce problems, develop cooperation, and refrain from conflict” in Sino-US relations. Beijing is China U.S. Participation must be based on shared key beliefs. Meanwhile, according to Beijing, it is the policies, attitudes and misunderstandings of the United States that are causing the need for shared beliefs between the two nations.

3.3 Finance
The US has the 10% tariff that was in place before the trade war with China, which was formally started on July 6, 2018, and resolved from December 2018 to April 2019. The trade war has been predicted since January 2018. After deciding to lift the withdrawal, we are currently in the second phase. As of May 10, 2019, the value of Chinese products has increased from $200 billion to 25%. On May 5, 2019, US President Trump said duties on $200 billion worth of Chinese merchandise would be raised from 10% to 25% and on May 10, 2019 (Kwan, 2020).

3.4 Climate Change
Four major powers, the US, Russia, China, and the UK, are collaborating on climate change mitigation efforts, with the US and Russia preparing for ice defrosting, while Russia appears to disregard climate change as a national security issue (Brzoska, 2012). The US,
UK, and China are assessing ocean levels’ impact on coastal military facilities, while Russia lacks motivation to reduce energy use or increase electricity use due to high residential costs.

3.5 China-United States Economic Exchanges

In 1993, the USA sent $88 billion worth of goods to China, resulting in a trade surplus of $22.8 billion. However, China traded $17.0 billion worth of goods to America and imported $10.7 billion worth of goods from America, resulting in a trade surplus of $6.3 billion. In 1992, both sides agreed that the US should have traded $18.3 billion to China, while China imported $89 billion and traded $84.6 billion (Leyshon, 1997).

4. Common Interest of China-United States Trade and Economic Relations:

4.1 Expanding Trade

In January 2020, President Trump and Chinese President Liu He signed the “Stage One Agreement,” reducing US duties on Chinese goods in exchange for $200 billion in American purchases and enforcing intellectual property protections. The deal has been moderately successful, bringing structural reforms to China’s intellectual property laws, reducing US agricultural export barriers, and improving market access for US financial services companies.

4.2 Defense Co-operation and Military-Strategic Relationship

The US’s global dominance and the growing role of China and India in international affairs have shifted the balance of power in the China-India-US strategic triangle. US President Joe Biden anticipates further cooperation in New Delhi to build a global partnership. China and the US have strengthened their bilateral relationship in Asia for geopolitical purposes.

4.3 Security

China and the United States have a common intrigue in combating other non-traditional security challenges like psychological warfare. The goal of both countries is to eradicate terrorism. They want to establish their security. The two countries need to work together to establish peace in the world. They are interested in working together to establish security in the international arena. The goal of both countries is to establish world peace.

4.4 Regional Implications

President Obama and President Xi Jinping have pledged to reduce carbon emissions by 2030, aiming to boost global transactions ahead of the 2015 UN-led Climate Change Conference in Paris. If they continue to work together, the world will be saved from danger and bilateral relations between the two countries will improve.
4.5 China-US Policy Toward Asia

The United States’ policy towards Asia can be informed by the relationship between China and the United States. To maintain the dominance of the military and sea-based balancer of the explanation, the United States and China as major maritime states must play a vital role in preventing the erosion of the marine global commons. China and the US have grown their bilateral relationship for self-interest, with geopolitical considerations in Asia.

5. Ways of Improving Trade and Economic Relations (Recommendations):

A common economic zone fosters trade, investment, and corporate connections. China and the US could establish a single zone to promote products, increase productivity, and diversify cultures. This would also improve diplomatic ties and enable the resolution of regional and international issues.

In the current period of the global market economy, bilateral treaties are particularly successful for market expansion, investment development, and diversification. Bilateral accords for specific product and investment categories can be drafted by China and the US. These will open the door for diplomatic bondage while also increasing economic development, investment, and productivity.

The United States and China might perhaps reach some common ground in certain areas. One of them may be the climate. Both nations may significantly commit to improving in this area, which might pave the way for more concessions in other areas. China-US trade and investment relations will not wane.

One of the most important factors in accelerating trade barriers is infrastructure. Along with the infrastructure of free trade zones, particularly seaports, airports, and institutions for entrepreneurial education and training, these measures might be highly successful in increasing trade volume and reducing the trade imbalance between China and the United States.

Conclusion

The study examines China-US exchange and financial strategies to boost trade, commercial activities, and socio-economic progress, utilizing the secondary sources of information. The study’s conclusions were conveyed and shown using tables, graphs, and diagrams in addition to other pertinent and useful methods as needed. The analysis finds that the volume of bilateral commerce between the US and China has grown recently. At first, there was little commerce between China and the US; China was mostly an exporter, shipping out enormous amounts of US products. Till 2020, the United States products and administrations exchange with China totaled an evaluated $615.2 billion. The U.S. merchandise and administration exchange shortage with China was $2.8 billion in 2020. However, since 2018, there has been a deficit in the trade agreement between the two nations, and it has drastically shrunk to its thinnest point in recent memory. It was discovered that China and the US pursue distinct comprehensive and traditional strategies.
to promote trade and venture activities, such as reciprocal settlements, distant coordinate speculation (FDI), territorial involvement, and framework improvement. China ranked as America’s top importer, third-largest advertiser, and the greatest partner for product exchanges in 2020. China and the US are poised for significant financial and political growth due to of their shared challenges, including the South China Ocean debate, global fear-based oppression, and the need for large populations and workforces to support businesses. Be that as it may, the South China Ocean border debate, destitute foundation, bureaucracy, debasement, and a need for great microeconomic arrangement and a favorable commerce climate are major hindrances to moving forward relations. The ponder summed up that seeking after comparative, progressed arrangement, comprehensive and compelling two-sided arrangements, free financial zones, joint wanders, setting the border debate, great microeconomic arrangement, ease of doing trade approach, green financial matters, and working together to unravel the territorial and worldwide issues can advance the China-United States exchange relations.

References


