

From Deficit to Win-Win—“Trade War” between China and the USA

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Abstract

In recent years, Sino US economic and trade relations have made considerable progress. The absolute volume keeps increasing the sectorial cooperation expanded to the level of interdependence. However, the Chinese trade surplus with the US become more and more obvious, in other words, the relative gain for China in this trade relationship is larger than for the US.

With the development of economic globalization, the trade friction between China and the US has occurred more often and became more intensified. And this friction will in the end damage the economic relation between the No.1 and No. 2 economies in the world. What are the reasons for the trade deficit between US and China? How do the US and China deal with the trade deficit? To answer the research questions, this study traced back the history, used three time blocs as case studies to find out whether these two countries can achieve win-win in the future.

In the end, this research suggested that the trade deficit between China and the US is already a win-win situation. The US continuously benefited from global economic order and China had played a crucial and helpful role in maintaining the order.

Key words: surplus, Deficit, Inflation, Bilateral trade, Friction