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GLOBAL TRADE UNDER STRAIN: U.S.-China Tariff Clash Rattles Market Sentiment

Geopolitics, once seen as a bridge to national cooperation and peace, is now becoming a cause of rising global tensions. From imposing tariffs and sanctions to territorial conflicts, it is now highly influenced by politics.

Geopolitics refers to geographical and political influences on foreign policies and national relations. From the context of trade, geopolitics has led to various tariffs and restrictions to protect national interests and assert power.

Global trade, which thrived on cooperation, open markets and stable logistics, is very sensitive to these disruptions. Global trade is becoming a frontline battleground for all nations worldwide.

U.S.-CHINA TRADE WAR

Talking about U.S. – China trade war, it all started in 2018 when U.S imposed trade restrictions and tariffs on Chinese products, accusing China of unfair trade practices and intellectual property theft.

Far from these mere disputes on tariffs, it has a strategic rivalry with implications having on the border of two nations. This trade war has altered the global supply chains, international diplomacy and prompted cooperations and countries to rethink the foundations of globalization.



IMPACT

As the tariffs took effect, both countries faced immediate economic consequences. The imposition of tariffs disrupted the flow of goods and created uncertainty in the global market.

U.S. imposed restrictions on Chinese tech giants like Huawei to limit the access to American technologies. China, on the other hand, is investing heavily in domestic production and technology so that it can limit its dependency and reliance on foreign Countries.

Consumers were the ones who pinched hard, the prices of electronics, auto parts and other goods climbed. The farmers who produced soybeans were also among the hardest hit.

Apple depended upon Chinese assembly line, began shifting its Iphone parts production to India.

This trade war exposed how deeply intertwined trade is with national security and technological supremacy. Many people and analyst called it as a tech cold war.

Developing countries were caught in the crossfire of U.S- China conflicts, while some like Vietnam and Bangladesh were benefitted with relocation of manufacturing plants.

Moreover the war eroded the confidence of people and countries in World Trade Organization (WTO), who was incompetent to mediate the disputes with the two nations.

For decades, globalization was seen as a pathway to shared prosperity and peace through interdependence. But the trade war has revealed the fragility of such a system when mutual trust is absent. Now, economic security and resilience are prioritized over efficiency and cost minimization.

CURRENT SITUATIONS AND HOW SITUATION CAN BE CONTROLLED

As of May 2025, this trade war is a significant strain of global economic relations and bilateral issues. With U.S still imposing 145% of tariff on Chinese goods, it has resulted into 20% drop in China's export to America.

In an attempt to de-escalate the situation the officials from both the countries talked in Geneva where they decided to bring or cut down the tariffs to 80%, yet it is not suffice to restore the trade ties, trust and confidence among the two nations. While the recent talks in Geneva led to positive steps, but in order to have a comprehensive solution to this, it requires sustained efforts, mutual concessions to rebuild the previous trade volumes and relations among the two nations.



CONCLUSION

While the short term impact has only resulted into alterations in supply chains, but it can lead to structural transformations in long term.

In an era where trade and technology are tightly inter-woven with national security and strategic influence, the U.S.-China trade war is more than a bilateral dispute, it is a blueprint for 21st-century economic rivalry. The world must now navigate a new balance between interdependence and independence, cooperation and competition. As the global economy continues to grow in the shadow of trade war, the lesson learnt will shape the next generation of economic diplomacy, business strategy and resilient practices.

Escalating Friction: The US-China Tariff Battle

The economic conflict between the United States and China began in 2018 when the United States imposed tariffs on Chinese imports to correct the trade deficit and address unfair trade malpractices such as cybersecurity theft, IPR violation and forced technology transfers. In response to that, China imposed tariffs on American products. This response escalation quickly turned tables and led to a start to great future recession and commerce war, involving a huge sum in merchandise and affecting important area of economy industries like as agriculture, electronics, and manufacturing.

The impacts were like a forest fire -'smooth but quick'. International stock markets also witness sharp changes as investor confidence dropped drastically with each fresh tariff announcement. Key indices such as the Dow Jones and Shanghai Composite echoed the instability, forcing global businesses to reconsider their sourcing and production strategies. MNCs began moving supply chains away from the prominent hub to others potential alternatives small 'hut' in countries such as Vietnam, India, and Mexico, for cost cutting.

Worldwide Effects: Markets, Enterprises, and Consumers

The economic pressures caused by the US-China tariff battle have reverberated abroad. Companies, particularly small and medium-sized enterprises, experienced hike in making cost and disturbances in operations. Many businesses did the blunder of passing on expenses to consumers which led to great of inflation and loss of customer base for the businesses, worsening condition of the both economy and global trade. Supply chains that were previously designed exclusively for efficiency are being restructured with a focus on risk management and regional balance.

This also impact the disturbance in consumer behaviour. With up in prices on everything from basic to luxury needs, purchasing power in both the superpower fell drastically. The unclarity in surrounding of future trade laws also caused discouragement in money spending and causes global economic recovery efforts same as after COVID-19.

Although during the Biden reign has chosen a more equalized policy than its predecessor, conflicts remain. Critical issues such as cybercrime, data privacy, and basic human values & rights continue to be a barrier in a proper agreement. Both countries are now emphasized on increasing self-sufficiency in sensitive areas such as semiconductors, AI, and environment conservation energy, perhaps opening the future for loner time period economic independence.



Future Outlook—The Need for Stability and Collaboration

The current tariff spat between the United States and China is more than just a bilateral issue. It encapsulates a fundamental shift in global economic relationships. The resulting burden on commerce, supply networks, and market confidence serves as a clarion call to the international community. To restore equilibrium and foster sustainable growth, there is an urgent need for collective actions, transparent conversations, and fair-trade practices. A framework for international commerce governed by rules, bolstered by multi-lateral institutions, can assist in resolving future conflicts and ensuring that economic interdependence serves as a pillar of strength rather than a liability. Lasting economic stability cannot guarantee merely on these assumptions, as the US-China tariff clash continues to cast dark clouds in market. It is important to build the trust, maintain transparency, gain confidence in international markets to attain the mutual terms again. A resilient global economy and shared wealth can only be achieved through nations uniting. In simple words one can understand this situation as **“In this grand dark gamble everyone has to pay, but it is only fair in sense that it is equally unfair”**

