The Effects of the US-China Trade Wars on the Global Economy

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Abstract

The research of this article is important in terms of the impact of the “trade war” on the world economy between the two countries, which are considered the main economic and political powers of the world and play a locomotive role in the formation of global trade and world economic indicators in general. China, which has gained significant economic benefits especially after becoming a member of the WTO, has accelerated its integration with developing countries through the BRICS organization and the “One Belt, One Road” initiative, and has played an active role in increasing both its own share and the share of these countries in the world GDP. China, which has become a global power and the biggest rival of the USA, has faced the “protectionist” trade policy of the USA. The trade war, one of the basic economic war tools of the modern age, was officially launched in 2018 with the increase in tariffs against the background of the USA’s increasing trade deficit with China. At the same time, international trade turnover and USA’s imports from China have also shown a sharp decline. In the short term, many regional countries' economies suffered economic losses from this war, but with the strengthening of China's diversification policy, developing countries in particular have benefited and continue to benefit economically. This study will examine the fundamental causes of the "war" and its effects on US-China trade, Foreign Direct Investment (FDI) levels, and other countries in the region.

Introduction

In modern times, conflicts between great powers are not historical, that is, armed wars, but economic attacks. One of the "popular" attacks used in the recent and recent past is "trade wars". In 1930, the USA implemented these wars against EU countries, especially in order to protect agriculture, and as a result, the global economy suffered serious damage. The serious increase in the competition between China and America in favor of China and the fact that China has now become a world power are causing many concerns. China, which has increased its economic and political power significantly since becoming a member of the WTO, established the BRICs union in 2006 with the participation of Russia and India, and the BRICS union in 2011 with the addition of South Africa. Due to the increasing relations of these countries with each other and with other countries of the world (especially developing countries), they have gained a significant share of the global GDP. In the period after the financial crisis (2008), these countries, especially China, made great contributions to the world economy and rapidly progressed towards becoming a kind of global power. While the economies of developed countries have reached a kind of "saturation" limit, developing countries have achieved serious economic growth. Among these, China's trade indicators with America, especially China's exports to America, have increased significantly, and this has caused America's trade deficit with China and the trade cycle in general to increase significantly. As a result, America, which has become the country with the largest trade deficit in the world, officially began to implement "protectionist" trade quotas against China in 2018 with the advent of Donald Trump. An $80 billion tariff increase covering $380 billion in trade was implemented, and China was accused of stealing intellectual property rights. In this context, due to the serious decrease in America's imports from China, its trade turnover with China in 2019 decreased by 15.7% ($103.2 billion) compared to 2018. In addition to BRICS, the USA has not supported China's other major initiative, the "One Belt, One Road" project. Especially in the context of the project in which China invested more than $1 trillion (2013-2023), increasing economic interests and relations have strengthened China's relations with the project countries to some extent. However, in 2022, trade between countries and America's trade deficit with China rose to record levels. After the Russia-Ukraine war, relations between countries have deteriorated somewhat and world countries have faced a choice between "East and West". After this period, there was a serious decrease in trade turnover between countries in the periods of 2023 and 2024, respectively. Statistical indicators will be examined in more detail in the second part of the article. The trade war between these two countries, which are considered the two main economic and political powers of the world and have a significant share in world trade and GDP in particular, is of particular importance not only in the context of the two countries, but also on a broader platform globally for world countries. Although China and America were somewhat negatively affected in the early periods of the war, including the world economy, growth was observed in the later periods, especially due to the effect of China's increasing diversification policy. Therefore, imports that became more expensive due to the disruption of the supply chain harmed consumers in the USA and export companies in China. On the other hand, developing countries that developed under the "Bystander" effect gained serious economic benefits. Especially the countries of the "One Belt One Road" initiative, including ASEAN, EU and African continent countries, saw a significant increase in trade turnover in the post-war period. Apart from EU countries, other regional and union countries increased their exports, especially to China and America. EU countries faced a serious increase in the trade deficit with China in the face of increasing imports. In the third section of the article, the impact of this trade war on the economies of the USA, China and some other regional countries will be analyzed using statistical economic indicators.

Historical development and main reasons for the US-China wars

The course of relations between China and America, which has a special role in the formation of the world economy and is considered one of the world's major global powers, has a particular importance not only in terms of mutual relations and the interests of the two states, but also in terms of the fate of the world economy in a global perspective. Especially during the "Cold War" period, America, with its ideology of being the only global power in the world, made serious progress in this goal by forming the "NATO" alliance against the USSR (Edwards, 2002). China, which joined the World Trade Organization in 2001 and contributed to the development of the world economy together with the major economic powers after the 2008 crisis, continued to increase its power both politically and economically. During and after the world financial crisis, while the "developed" economies reached a kind of "saturation", the economies of the "developing" countries grew significantly and their share in the global GDP increased significantly. The process of integration of developing countries not only with developed countries but also with each other has entered the acceleration phase. One manifestation of this integration was the establishment of the "BRICs" union in 2006, a partnership of China and the other 3 "great powers" (Russia, Brazil and India), and the establishment of the "BRICS" union in 2011 with the integration of South Africa (IPEA, 2014). According to the 2003-2007 statistical indicators, the economic development of 4 countries (China, Russia, India and Brazil) has led to a 65% increase in the world GDP. The future of relations with China has begun to be questioned for America, which compares the development and integration of the Commonwealth countries to "NATO" and sees itself as a rival. Especially in recent times, in the face of China's rapidly growing economic and political power, America, its main trading partner, has begun to be seriously concerned and relations between the countries have deteriorated (Steinbock, 2018).

Although the long-standing competition between countries has a great importance in terms of increasing economic indicators, on the one hand, there have been significant changes in relations between countries, especially against the backdrop of recent political maneuvers, and the results of this not only the two countries but also the partner countries have been affected. Especially since the first term of Donald Trump's presidency, China, together with Russia, has been considered a serious rival for the country, an obstacle to prosperity and security, and the foundation of the deterioration of relations in the following period has been laid. Trump, who particularly accused China for stealing $100 billion worth of intellectual property, emphasized that the increasing threats (especially Taiwan and Hong Kong) and increasing pressure on the island countries around China have led to unfair competition not only in the economic sense but also in the military and political arena, and expressed his concerns. America, which believes that China's rapid economic, political and military power stems from its innovative economy and world-class educational institutions, has accused China for trying to establish a new relations with Russia and to establish new world order which is contrary to the ideology and interests of the US (Trump, 2017).

After Trump came to power, the relations that were tried to be intensified in the first term got out of control and the US-China relations continued their tense course. The relations were also seriously affected during the Covid-19 pandemic, which played a kind of trigger role in the background of the tense relations. In general, the increasing trade deficit of the US in international trade and the fact that the deficit with China constitutes more than half of the total deficit have been one of the factors that form the basis of this "war". Thus, starting from 2018, customs duties were started to be applied to the imports of some products in order to reduce the trade deficit and increase the competitiveness of American products against China, and to break the international competitiveness of China. This laid the foundation of a kind of "Trade War" and this "war" was started. An 80 billion dollar tax increase was applied to the product trade which total value was estimated to be 380 billion dollars. This strategy was continued during the presidency of Joseph Biden, and an additional tax increase of 3.6 billion dollars was imposed on products with a commercial value of 18 billion dollars (York, 2024). More detailed statistics will be provided in the second part of the article. This situation was seen as unacceptable for America, which especially drew attention to the fact that intellectual property rights were violated by China and that this led to unfair competition, and China was seriously accused in this regard. In this context, the "White House" expressed serious concern that China, which plans to become the world leader in the production of technological products (up to 90% of total production) according to the "Made in China 2025" plan, is using this technology. American technology and experience are being used illegally for this purpose. Because this process leads China to adopt and use technology faster, Chinese products have a serious technological advantage over American products, and this ultimately poses a serious threat in terms of competition, which is not a desirable situation for America (Trump, 2020).

One of the most serious steps taken by China towards becoming a global power in the world is the "One Belt, One Road" project, which was launched in 2013 and was not supported by the US. This cooperation, which covers a total of 150 countries, 2/3 of the world's population and 1/3 of its GDP, is of great importance, accordingly to the statistics (McBride, Berman, & Chatzky, 2023). This project is considered a geopolitical and geoeconomic initiative aimed at increasing not only the connectivity in the region and neighboring countries, but also the degree of "connectivity" between continents and the relations between countries to become a global power. In other words, China, on the one hand, expands its economic and political ties with the initiative countries and gains economic opportunities, on the other hand, creates serious opportunities to seriously reduce America's influence in the region. The countries of the Union cover not only the Asian continent, but also the African and South American continents (ALPEREN, 2018).

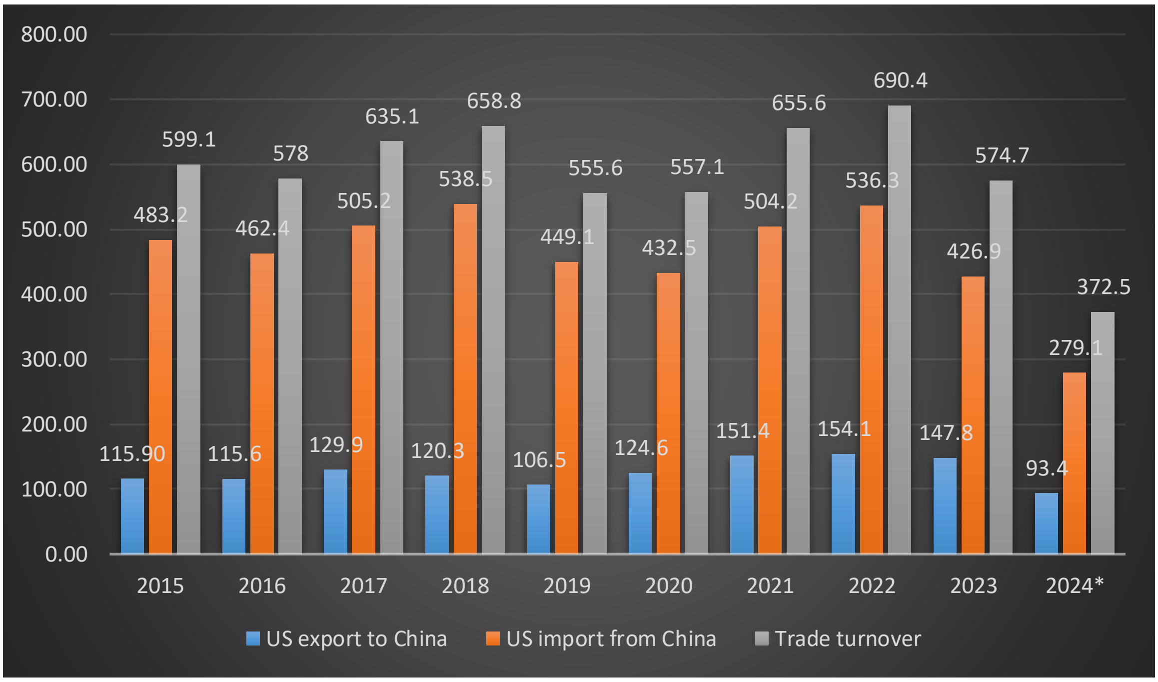
China, which has significantly expanded its investment portfolio through the Silk Road Fund, China Eximbank and the Asian Infrastructure Investment Bank (AIIB), has invested $1.053 trillion ($634 billion to construction, $419 billion to non-financial investment) to countries within 10 years from the start of the "Belt and Road" project, according to the current statistical indicators of 2023 (WANG, 2023).

Against the backdrop of expanding investments and influence, China’s growing influence and power of influence not only in Asia but also in some African and South American countries, Sino-American relations have also deteriorated somewhat. As a result of the recent Russia-Ukraine war and sanctions imposed on Russia, countries have been faced with the choice between “East and West.” In particular, the increasing Russian-Chinese economic and political relations during this period have also had an impact on the course of US-China relations. Supported by growing ties, China’s exports to Russia increased by 13.2% and 45.9% annually in 2022-23, respectively, reaching $111 billion in 2023 (an all-time record) (Tradingeconomics, 2024). China has also strengthened its ties with almost all countries that are trying to pursue anti-American policies, and has invested $60 billion in Venezuela in this context (Yang, 2024). The deepening of US-China relations with this war and especially the ongoing conflicts on the way to becoming a "superpower" are also increasing trade relations. In the next section of the article, the effects of this war on US-China trade will be analyzed by using statistical indicators.

Trade indicators of the countries during the "war"

With the US voting for China's accession to the World Trade Organization, China has been a part of this organization since 2001 and has significantly developed its trade since that year. Since China's membership in the WTO, its trade with the US has been rapidly increasing with a positive trend and has had a trade surplus with the US for many years (since 1985). This deficit, which is the main reason for the trade war, has played a serious role in the increase of the US's total trade deficit. Recently, the historical positive trade balance has increased significantly. **Graph 1** shows the statistical indicators of US-China trade.

Graph 1. The statistical indicators of US-China trade (2015-2024, billion dollars)



Source:United States Census Bureau. https://www.census.gov/foreign-trade/balance/c5700.html

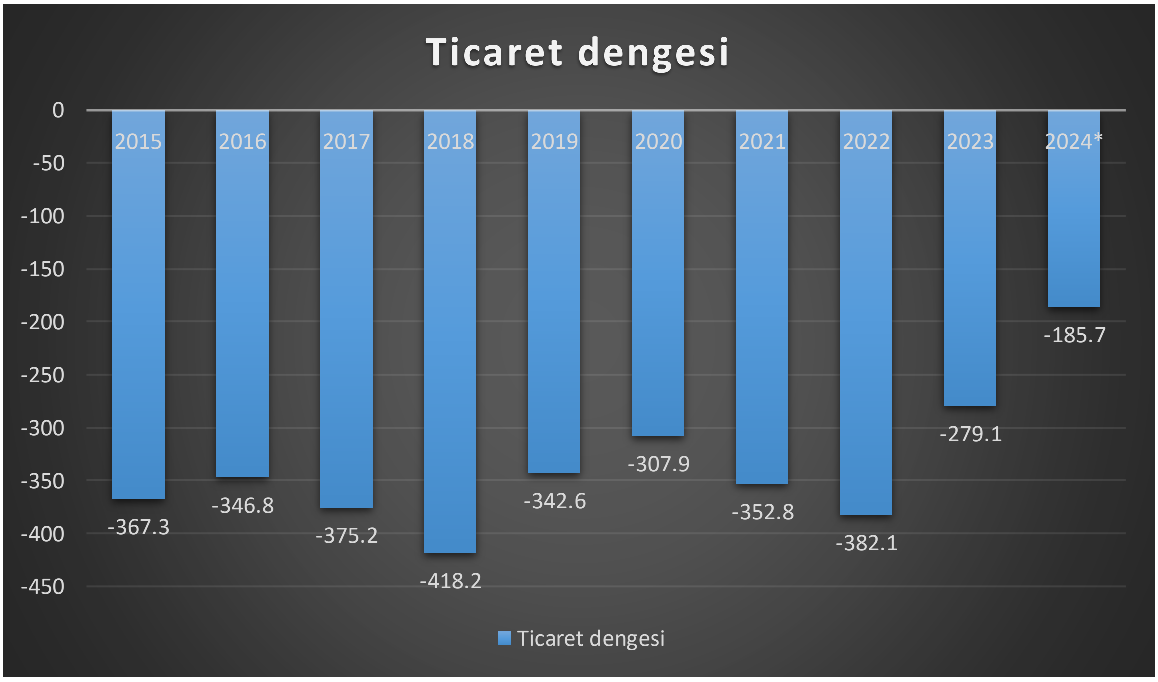
**Statistics for the first 8 months (January-August) of 2024 are given.*

According to current statistical indicators for 2016, US exports to China decreased by 0.3 percent and imports from China decreased by 4.3 percent compared to the previous year, while total trade turnover decreased by 3.5 percent. In 2017, US exports and imports increased by 12.4 percent and 9.3 percent, respectively, and total trade turnover increased by 9.9 percent and reached $635.1 billion. According to this statistical indicator, China's share in America's total exports, imports, and total trade turnover were 8.1 percent, 21 percent, and 15.9 percent, respectively. In 2018 and 2019, US exports to China decreased by 7.4 percent and 11.5 percent, respectively, while US imports increased by 6.6 percent and then decreased by 16.6 percent. Trade turnover increased by 3.7 percent in 2018 and decreased by 15.7 percent in 2019. The restrictions imposed with Trump's arrival were already reflected in the 2019 statistics, and this trend continued in 2020. Thus, in

2020, US exports to China increased by 16.9% ($18.1 billion), while imports decreased by 3.7% ($16.6 billion). In 2021 and 2022, US exports to China increased by 21.5% and 1.8%, respectively, while imports increased by 16.6% and 6.4%, respectively. As a result of these increases, trade turnover increased by 17.7% and 5.3% in 2021 and 2022, respectively. With these statistics, China's share in the total exports, imports and total trade turnover of the US, which is the world's largest importer and the second largest exporter after China, was 7.3%, 16.8% and 13%, respectively. In 2023, US exports, imports and total trade with China have significantly decreased by 4.1%, 20.4% and 16.8%, respectively. In accordance with the statistics for the first 8 months of 2024, this downward trend is expected to continue this year.

US import volume in particular has decreased with the deterioration of US-China relations and the implementation of trade tariffs, which are key to America's quest to reduce its trade deficit. **Graph 2** shows America's trade balance with China.

Graph 2. America's trade balance with China (2015-2024, billion dollars)



Source:United States Census Bureau. https://www.census.gov/foreign-trade/balance/c5700.html

** Statistics for the first 8 months (January-August) of 2024 are given*

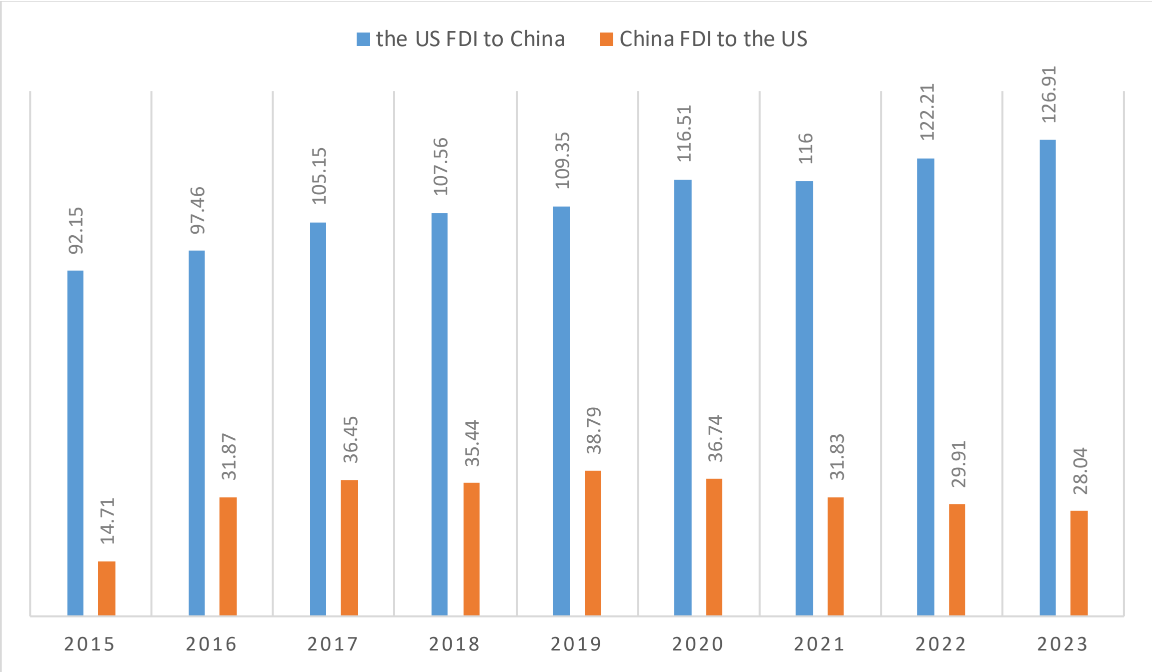
Accordingly to **Graph 2**, the US has a significant trade deficit with China in 10-year statistics. Although the US trade deficit with China decreased by 5.8% in 2016, it increased by 8.2% in 2017 compared to 2016. The total US trade deficit in 2016 and 2017 was $504.8 billion and $566.1 billion, respectively, of which China accounted for 68.7% and 66.3%, respectively (EPI, 2018). In 2018, the trade deficit with China increased by 11.5 percent ($43 billion) compared to 2017, reached to a record level. In the same year, America's total trade deficit increased by 12.4 percent

($68.7 billion), 62.6 percent of this increase was due to China, and China's share in the total deficit was 67.3 percent. Against the background of the policy and economic measures brought about by the change of power in America, the trade deficit with China continued to decline after 2018, and in 2019-20, the trade deficit decreased by 18.1 percent ($75.6 billion) and 10.1 percent ($34.7 billion), respectively. As a result, America's total trade deficit decreased by 7 percent ($44.1 billion) in 2019, while the deficit increased by 17.6 percent ($101.8 billion) in 2020 (BEA, 2021). In 2021-22, the US trade deficit with China increased by 14.6% ($44.9 billion) and 8.3% ($29.3 billion), respectively. Although America's total trade deficit decreased by 1.9% ($16.4 billion) in 2021, it increased by 11.9% ($100.3 billion) in 2022, with China's share in these deficits being 41.8% and 40.4%, respectively. In 2023, indicators reflecting the US trade deficit with China decreased by 26.9% ($103 billion) compared to the previous year, and in this context, America's total trade deficit decreased by 18.2% ($171.9 billion). At the same time, China's share in America's total trade deficit decreased to 36.1%. The US trade deficit has reached $773 billion, more than twice the level in 2000. Considering the trade deficit in the first eight months of this year (-$185.7 billion), this deficit is not expected to grow significantly.

According to the commodity structure of trade between China and the US, the top 5 products exported by China to the United States are machinery and mechanical equipment (46.4%), various manufactured products (such as furniture, bedding, lamps, toys, games, sports equipment) (12.9%), chemicals, plastics, rubber, leather products (12%), textiles, shoes, hats (10%) and basic metals, iron, steel, tools (5.8%). The commodity structure of America's exports to China are agricultural products (23.1%), machinery and mechanical equipment (20.1%), chemicals, plastics, rubber, leather products (19.5%), oils, minerals, lime, cement (9.7%) and transportation equipment (8.4%) (Reuters, 2023).

On the other hand, not only trade statistics but also "Foreign Direct Investment (FDI)" from China to the US are decreasing. **Graph 3** shows the change statistics of US-China Foreign Direct Investment statistics for the period 2015-2023.

Graph 3. US-China Foreign Direct Investment statistics (2015-2023, billion dollars)



Source: Statista

According to **graph 3**, despite the trade volatility, except for a slight decline in 2021, the volume of US foreign direct investment (FDI) to China has continuously increased between 2015 and 2023, and in 2023, the volume increased by 37.7% compared to 2015 investment, fell to $126.91 billion. On the other hand, China's foreign direct investment to the US continued to decline after 2019, decreased by 27.7% compared to 2019, fell to $28.04 billion in 2023. Accordingly to the graph, the amount of US investment to China is much higher than China's investment to the US. Contrary to trade relations, US investments to China continue to increase, while China's investments to the US are decreasing (Statista, 2024).

In accordance with the trade statistics in **graph 1**, there has been a serious decline in China-US trade in recent years against the backdrop of the US-China trade war. It is possible that this trend will continue in the context of changes in countries' partnership strategies, political events in the world and changing partners. By restricting imports, especially from China, the US benefits not only from the perspective of reducing the trade deficit with China but also from the perspective of reducing the overall trade deficit. On the other hand, despite losing its main trading partner, China manages to diversify its trade against the backdrop of increasing relations with other countries. All these processes are important not only in terms of US-China trade, but also in terms of the impact of the trade war between the two main countries, which constitute the "pillar" of world trade, on the world economy. The possible impacts of this war on the world economy will be analyzed in the next section of the article.

The effects of US-China competition on the world economy

According to the statistical indicators, EU-China relations, which have been going on for many years and have entered a kind of "trade war" phase with the official implementation of tariffs in 2018, have entered a decline process. This is important not only in terms of the loss of mutual economic opportunities between the world's two main trading "powers", but also in terms of the effects that this war has created and may create on the world economy. Thus, in an environment where political and economic relations between countries are deteriorating, as can be seen from statistical indicators, trade turnover between countries continues with a serious downward trend. However, China, which has been the main import partner of the US for many years, was replaced by Mexico (with an import value of $475 billion) in 2023 and China fell to 2nd place. In particular, by reducing the US's trade deficit with China, it also reduces the total trade deficit. When considered in general, the first effect of this trade war on both countries has been as follows:

As a result, the US, which implemented a "protectionist" trade policy by imposing trade tariffs, created obstacles to the entry of products from China, a producer of "budget products". As a result, the short-term effect of product shortages in the country, that is, the decrease in supply against the lack of demand, caused prices to increase. This caused the population to spend more money to meet standard demand, which had a negative impact on family budgets and expenses (a decrease in real incomes by $1.4 billion per month). Since lower real incomes brought lower taxes and a lower consumption rate, and this index contributed to the calculation of GDP, the overall GDP decreased by about 0.3% due to the loss of up to 300,000 jobs (Hass & Denmark, 2020). The disruption of the supply chain and the inability to obtain the necessary equipment for production also created additional losses for companies. Based not only on imports from China, but also on China's retaliatory measures, China increased customs duties on imports from the United States. As a result, in 2020, compared to 2018, import duties from China were increased from 3.1 percent to 19.3 percent, and the customs duties imposed by China on imports from the United States were increased from 8 percent to 21.1 percent. This situation created obstacles for domestic manufacturers to access the equipment necessary for production. American companies, especially those that provide the necessary equipment for the production of technological products from China, faced serious costs due to the shortage of raw materials in the production of technological products, which are the locomotives of the American economy. This situation led to an increase in product production costs and a decrease in product competitiveness. Another important sector that suffered serious damage was the agricultural sector, which experienced a 53 percent ($10 billion) decrease in exports in 2019 compared to the previous year (Kara & Karaş, 2024). America's trade policy with China has been continued not only during the Trump era but also during the Biden era, and the signing of the first trade agreement of the 21st century with Taiwan shows once again that this policy will continue (Walters, 2024). On the other hand, companies which incomes have increased by increasing the competitiveness of domestic production have naturally turned to increasing their production volume in order to increase their incomes by producing more products for the market that is experiencing a kind of product shortage. This has a positive effect on reducing the unemployment rate against the background of additional labor (Thomas, 2024). The unemployment rate in America, which rose to 8.05 percent in 2020, fell to 3.63 percent in 2023, which is considered a record indicator in a 32-year period (Statista, 2024). America's total trade turnover has continued to increase at an increasing pace since the first period of the trade wars (2018), with the exception of 2019 and 2020.

On the other hand, this policy has also had some negative effects on China, which is facing trade barriers. On the one hand, the partial deprivation of Chinese products, which are considered “economically affordable” for American consumers, affects more Americans, while on the other hand, it also affects Chinese exporters, who are export-oriented countries that are partially deprived of an export market like the US. This has led them to face a decrease in their income in the short term, with a decrease in marginal benefit (research shows that tariffs decrease by 1% against the background of an increase in export prices, while marginal benefit decreases by 0.35 points). In this context, the unemployment rate has increased by 1.6% (Su, 2024). As a result of rising unemployment and falling income levels, there was a decrease in taxes paid to the Chinese government and a loss of economic efficiency. In the short term, that is, in the first days when the tariffs were implemented, these tariffs caused problems for China, which has an export-based economy due to the effects of such situations. Companies whose export costs decreased due to the applied tariffs were forced to search for alternative markets in the short term. However, while the tariffs increased consumer spending for US consumers, there was no increase in domestic markets for Chinese consumers (Stanford, 2023). China, which diversified its exports to the EU and Southeast Asian (ASEAN) countries in the following period, has increased its trade turnover, except for the years 2019 and 2023, by compensating for its exports since the start of the trade war.

The ongoing wars outside these two countries have had and continue to have effects on the world economy from time to time. In the era of globalized interdependence, while on the one hand the integration and economic relations of the countries are accelerating, on the other hand, relations that deteriorate against a background of a certain level of economic dependence and a possible problem can cause serious losses. Especially after the 2008 financial crisis, trade wars have increased against the background of countries adopting “protectionist” policies. The trade war between China and the US, which assume the role of the world’s two main trade engines, is one of the most obvious examples of this. Thus, these two countries, which are increasingly dependent on each other in their trade, have sharply deteriorated their relations against the background of increasing trade deficits, changing political interests, etc. The effect of this has spread not only to the two countries but also to other countries. These two countries, which are currently searching for new allies, are creating many opportunities.

Although the trade war has created serious problems for some countries in the short term, it has also brought serious opportunities for regional countries. Due to the re-examination of both countries' partners against the backdrop of the US-China trade conflicts, the course of relations with the ASEAN Union, the EU and Central Asian countries has changed somewhat. The disagreement between China and the US, the two main partner countries of ASEAN countries, has been a source of concern to some extent. However, as a general result, the trade volume of regional countries with both the US and China has increased significantly. Compared to 2018, America's trade volume with ASEAN countries increased by 64.6% ($196.6 billion) in 2023, while its turnover with China increased by 90.5% ($433.16 billion) (Statista, 2024). In addition, after the trade war, the trade turnover of both countries with African countries has also increased in the same way. In 2023, China's trade turnover with African countries reached a record level ($282 billion), and as a result, China has become the main trading partner of the African continent (Munyati, 2024). The total trade turnover of African countries with the US has also increased, but has not increased much compared to China, and has risen to 67.5 billion dollars in 2023 (Statista, 2024). As a result of the sharp increase in China's trade with EU countries, the main partner of the US, especially in the export volume to the region, the total trade volume increased by 39.1% in 2023 compared to 2018. This growth has led to a serious trade deficit between EU countries and China (Statista, 2024). America's total trade with EU countries increased by 14.6% ($117.48 billion). Unlike trade with China, EU countries have a trade surplus in this trade (Statista, 2024). Trade relations continue at an increasing pace, especially against the backdrop of the "One Belt, One Road" initiative. China's trade volume with these countries increased by 130.8% ($1.53 trillion) in 2023 compared to 2018, reached to $2.7 trillion. In accordance with the statistics, after the trade wars, due to the influence of "bystander" countries, both countries', especially China's, trade with other countries has increased significantly and continues to increase. According to statistical calculations, a 3% increase in world trade has been recorded as a result of the trade wars. If we take into account that the countries which China has increased its trade relations are developing countries, we can see that the trade war has brought serious benefits to these countries in the form of increased statistics and positive trade. As a result, although the two countries that "joined the war" in the first period were affected by this war, in the following period, serious opportunities have emerged for other countries, especially in the face of China's strong diversification policy, and they have achieved economic growth.

Conclusions

One of the fundamental economic war tools of the modern age, "trade wars", has recently been implemented by the US against China. China has become a rival of America since the beginning of the 21st century and has become a global power by showing high economic growth. China, which has significantly increased its exports due to increasing economic growth, has created a significant trade surplus with the US, which has led to an increase in America's overall trade deficit. In the face of China's increasing economic and political development rate, China has already become a "global power" in the context of the initiatives and organizations it has carried out and is carrying out with developing countries (BRICS and One Belt One Road). Shortly after Donald Trump came to power in 2018, he seriously increased customs duties on imports from China in order to reduce America's trade deficit with China and to weaken China's political and economic power in general. He imposed customs duties of $80 billion on $380 billion worth of goods and services trade. The fact that China's share in America's total trade deficit is over 60 percent shows the seriousness of China's role in creating the deficit. The US, which has accused China of stealing intellectual property (worth over $100 billion), has emphasized that this leads to unfair competition. Against the background of ongoing processes, in 2019, compared to 2018, US imports from China, exports to China and total trade turnover decreased by 16.6 percent ($89.4 billion), 11.5 percent ($13.8 billion) and 15.7 percent ($103.2 billion), respectively. This reduced the US trade deficit with China by 18.1 percent ($75.6 billion). This trend continued in 2020, and the US trade deficit with China decreased again by 26.7 percent. In 2021-22, due to the change of government in the United States and the implementation of tariffs at a relatively moderate pace, there was a new increase in trade statistics, and in 2022, America's exports and especially imports to and from China increased significantly, and as a result, the China-US trade volume reached a record high in 10 years ($690.4 billion). Thus, both the US trade deficit with China and the total trade deficit increased again, but China's share in the total trade deficit decreased from 60% to 40.4%. In the following period, due to geopolitical conflicts and economic and political polarization in the world, the sectors where tariffs were applied were expanded and relations between countries deteriorated, and trade turnover decreased by 16.8% in 2023. Thus, the US trade deficit with China decreased by 26.9% ($100.3 billion) and the total trade deficit decreased by 18.2% ($171.9 billion), while China's share in the deficit decreased to 36%. The downward trend continues in 2024 and is expected to continue depending on the geopolitical and geoeconomic processes taking place in the world.

On the other hand, the conflict between these two major economic powers has also "leaked" into other regions. In the early days, both countries had to face economic losses due to rising unemployment in the United States, uncertainty in China's production, etc. This situation has caused some losses due to the disruption of the supply chain in regions that trade with these 2 countries and whose production is somehow dependent on these countries. In the face of the decline in real incomes (up to $1.4 billion per month), the decrease in tax payments, the decrease in consumption, and the increase in unemployment (about 300 thousand job losses), there was a 0.3% decrease in GDP in the United States in the first years when tariffs were imposed. Due to the disruption of the supply chain in China, manufacturers were soon forced to look for alternative markets, which led to additional costs and losses. In the face of rising import costs, products became less efficient in terms of consumption due to the remaining production prices.

A number of regional and union countries (especially the ASEAN region and the "Belt and Road" initiative countries) faced uncertainty in the short term, but later gained significant economic benefits by increasing trade relations with China and the United States, mainly their exports. According to estimates, the US-China war caused a 3 percent revival in world trade indicators. With the "bystander" effect, countries increased trade relations with both the United States and China. Compared to 2018, the trade volume of China and the United States with ASEAN countries increased by 90.5% ($433.16 billion) and 64.6% ($196.6 billion) respectively in 2023. This has made ASEAN countries a kind of "winner" who are not participants in this war. China's trade volume with the "Belt and Road" countries that the US does not approve has also increased significantly in 2023 compared to 2018 (130.8%, $1.53 trillion), reached to $2.7 trillion. After the US imposed quotas on agricultural imports in the 1990s, China became its main economic and political ally in the following years. Its trade volume with EU countries increased significantly after the trade war and the Russia-Ukraine war. In 2023, China's trade turnover with EU countries increased by 39.1% compared to 2018. In addition, the US's trade volume with EU countries increased by 14.6% in the same period. However, the main difference here is that China has a significant trade surplus with EU countries, while the US has a significant trade deficit with EU countries, making the US a more economically "efficient" ally for EU countries. Both China and the United States' trade relations with African countries increased in 2023 compared to 2018, reached to $282 billion and $67.5 billion respectively.

As a result, as can be seen from statistical indicators, the trade conflict has harmed many countries in the short term, but developing countries have benefited from this conflict, especially thanks to China's expansion of its diversification policy. These countries, which have expanded their exports to both the US and China, have also achieved growth rates in their GDP. In addition, the amount of investment made to these countries has also increased. However, geopolitically polarized countries may face potential losses due to the increasing tension between China and the US. The re-election of Donald Trump, who calls himself the "tariff man" and laid the foundation for a trade war, is expected to lead to new tariffs against China. This situation could lead to losses, especially for countries that have increased their economic ties with China, and the potential for harsher trade policies to turn into sanctions could harm both these countries and the world economy.

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