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How the rivalry between the US and China began, fueled by Trump's trade war



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| Meeting between Donald Trump and Xi Jiping in 2017, in China

Alessandra Correa

From Washington to BBC News Brazil

2 hours ago

The escalation of the trade war between the United States and China in recent weeks is the latest demonstration of the growing rivalry between the two countries.

The announcement in early April by US President Donald Trump that 34% tariffs would be applied to Chinese products prompted retaliation in equal measure from Beijing.

This has triggered new blows and counter-blows from both sides that have so far resulted in US tariffs totaling 145% against China and 125% tariffs on US goods imported into China.

The announcements generated instability on the stock markets and fears of recession and negative impacts on the global economy.

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A few days later, Trump announced a 90-day pause on additional tariffs on several other countries. China, however, was not spared.

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How the rivalry between the US and China began, fueled by Trump's trade war

The Chinese government has described Washington's actions as "economic *bullying* ." In a statement, China's State Council said that "if the US insists on substantially harming China's interests, China will retaliate firmly and fight to the end."

The world's two largest economies have a complex relationship and rivalry that encompasses not only economic competition, but also geopolitical tensions and ideological differences.

Over the decades, this relationship has been marked by periods of both cooperation and strategic competition.

communist victory

The origin of this dynamic dates back to 1949, with the founding of the People's Republic of China by Mao Zedong, following the communist victory over Chiang Kai-shek's nationalist forces in the Chinese civil war.

"China and the United States were allies in the [Second] [World] War, which ended in 1945 with the defeat of imperial Japan," political scientist Mary Gallagher, an expert on Chinese politics and professor at the University of Notre Dame, told BBC News Brasil.

"However, China itself was very divided internally between the ruling party at the time [the Nationalists, or Kuomintang] and the Communists. Almost immediately after World War II, there was a civil war that lasted until 1949, which the Communists won," Gallagher notes.

The US refused to recognize the new communist government in Beijing. Instead, it continued to support the Nationalist government, which had lost the civil war and fled to the island of Taiwan.

Political scientist Ann Chih Lin, an expert on Chinese politics and a professor at the University of Michigan, notes that if we consider the long relationship between the two countries before the civil war, the US position in 1949 was not only to reject communism, but to maintain support for the Nationalist government, with which it already had a relationship.

"If we understand that the US [was] already oriented towards the current government, it becomes easy to understand what happened in 1949 not so much as a refusal to recognize the People's Republic of China, but rather that the US already had ties with the nationalist government of Chiang Kai-shek," Lin tells BBC News Brasil.

According to Lin, furthermore, the US rejection was not specifically motivated by fear of Chinese communism, but was primarily directed at the Soviet Union, with the understanding that China was a minor partner that could potentially support Soviet ambitions (in the context of the Cold War).

Korean War

The US refusal to recognize the communist government in Beijing ushered in a period of more



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than 20 years of limited interaction with mainland China, without diplomatic ties.

The Korean War (1950–1953) deepened the antagonism between the two countries. The Chinese supported the North (which had Soviet support), while the US and the UN defended the forces of the South.

"As the Cold War intensified, it became increasingly difficult for the US to maintain a relationship with the People's Republic of China," Gallagher points out.

"From the end of the Korean War in 1953 until 1979, the US and the People's Republic of China did not have diplomatic relations, did not have much economic exchange, did not have much people-to-people exchange. For a long period of time, it was a very poor relationship," Gallagher points out.

The 1950s were also marked by crises in the Taiwan Strait. Faced with China's military actions in the region and the US's commitment to defending Taiwan, the two nations came to the brink of conflict, in the midst of the Cold War.

In 1959, after China's suppression of an uprising in Tibet that left thousands dead and led to the Dalai Lama's flight to India, the United States condemned human rights abuses and supported the Tibetan resistance.

Five years later, in October 1964, amid tensions between the US and China during the Vietnam War, the Chinese conducted their first test of an atomic bomb.



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Ping-pong diplomacy

By the late 1960s, however, there was a growing divide between China and the Soviet Union, with differences over ideology and security. In 1969, this culminated in border clashes.

This scenario offered an opportunity for a strategic realignment in relations between Beijing and Washington, to counterbalance Soviet influence.

The first sign of rapprochement occurred in 1971, when a delegation of US table tennis players was invited to visit China, a country that until then had been closed to Americans.

The episode became known as "ping-pong diplomacy" and paved the way for high-level diplomatic contacts. In July of that year, then-US National Security Advisor Henry Kissinger made a secret trip to China.

In 1972, then-US President Richard Nixon made his historic visit to China, where he met with Mao and Chinese Premier Zhou Enlai. The Shanghai Communiqué, signed during the visit, laid the foundation for the normalization of relations between the two countries.

Mutual diplomatic recognition came in 1979. The US, under the leadership of Jimmy Carter, began to recognize Beijing's position that there is a single Chinese state, the "one China" principle.

At the same time, the US has maintained unofficial, commercial and cultural relations with Taiwan and strategic ambiguity regarding its defense.

Shortly afterward, Deng Xiaoping, who was leading economic reforms in China, traveled to the United States in a visit that symbolized a new era in relations between the two countries.

Engagement policy

"From 1979, when relations were formally reestablished, until, I would say, 2014, the US pursued a so-called policy of engagement with the People's Republic of China, to help China become a more open and globalized society and economy. And that worked very well for many years," Gallagher notes.

During these decades, there were some periods of tension. In 1989, the Chinese government's violent crackdown on demonstrations for democratic reform, in what became known as the Tiananmen Square Massacre, led to international condemnation, including U.S. sanctions and a suspension of military sales.

In 1999, bombs dropped by a US plane hit the Chinese embassy in Belgrade, killing three journalists. Although the US apologized for what it said was an accident, there were protests across China and against the US embassy in Beijing.

In 2001, a US reconnaissance aircraft collided with a Chinese fighter jet and made an emergency landing on Hainan Island in the disputed South China Sea. The 24 US crew members were detained, leading to a days-long diplomatic standoff.

The post-Cold War era witnessed a complex mix of economic integration and increasing strategic competition. The policy of "constructive engagement" under US President Bill Clinton aimed to foster economic ties while addressing human rights concerns.

China's entry into the World Trade Organization in 2001 boosted trade between the two countries. Five years later, China was the US's second-largest trading partner, behind only Canada.

Security

However, tensions persisted over issues such as human rights, trade imbalances and Taiwan. China's growing military spending and assertiveness in the South China Sea have also raised concerns in the US.

In 2007, on a trip to Asia, then-US Vice President Dick Cheney said that China's increased military power was "not consistent" with its stated goal of a "peaceful rise".

According to China, the purpose of the spending was to provide better training and salaries for its soldiers, to protect its national security and territorial integrity.

"Since the resumption of relations between the People's Republic and the US, both Republican and Democratic administrations have been very interested in China's economic success and have actually seen China's economic success as a contribution to US economic success," Lin says.

According to Lin, however, while both countries were enthusiastic about finding ways to collaborate on the economic front, there was more concern and a more cautious relationship when it came to security.

"The main concern for the US has always been Taiwan and maintaining the separate status of Taiwan. As for China, I think there has always been concern about US military bases and relations with other countries in Asia and how they could be used against China in the event of hostilities," Lin noted.



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China's growing military spending and assertiveness in the South China Sea raise concerns in the US

Economic competition

The global financial crisis highlighted the growing interdependence between the two economies. In 2008, China overtook Japan to become the largest foreign creditor of the United States, holding about \$600 billion in Treasury securities. In the years that followed, China and Japan alternated in this position.

In 2010, China became the world's second-largest economy, behind only the United States. The following year, amid China's growing influence, the Obama administration began seeking increased U.S. diplomatic, economic, and military engagement in Asia and the Pacific region.

"When the Obama administration came into office, I think they understood that as the Chinese economy improved, as China began to look outward, through policies like the New Silk Road, China was taking on a bigger role on the world stage," Lin says.

"And the Obama administration was concerned about whether this role on the global stage would be complementary to the relationship with the United States or competitive," Lin said. "China interpreted this [U.S.] pivot to Asia as, if not hostile, then at least suspicious of China."

Lin points out that during this period, the US was trying to create a trade bloc that would exclude China. In response, Beijing sought security agreements that would bring Asia closer to China and remove it from the US orbit.

The U.S. strategic shift included the Trans-Pacific Partnership, a free trade agreement between 12 countries in the region, signed in 2015. In 2017, President Donald Trump withdrew the U.S. from the agreement.

Gallagher cites two main reasons for the worsening relationship between the two countries.

"One is that the kind of economic development and transformation in China has not meant a political transformation. In a way, as China has become stronger and richer, the Chinese Communist Party has also become stronger and richer," he says.

"And secondly, the two economies have become much more competitive, rather than complementary," Gallagher points out. "China has become increasingly sophisticated in its economy and has begun to compete more directly with the US."

Rise of Xi Jinping

In 2012, China underwent its biggest leadership transition in decades with the rise of Xi Jinping. The following year, the Chinese leader was welcomed to the United States by Obama, and both men promised a new model for relations between the two powers and greater cooperation on bilateral and global issues.

In 2015, the US made clear its opposition to the militarization of the chain of artificial islands and reefs in the South China Sea, a territory disputed by China and several other countries in the region and an important route for global maritime trade.

During his first term, starting in 2017, Donald Trump launched a trade war, with tariffs on Chinese goods and accusing Beijing of intellectual property theft. China retaliated with tariffs on American goods.

In 2018, signaling a tougher line on China, Vice President Mike Pence spoke of prioritizing competition over cooperation and using tariffs to combat "economic aggression."

Pence also condemned military actions in the South China Sea and accused Beijing of interfering in US elections. China denied the accusations and warned of the risk of damaging bilateral relations.

The following year, the US accused China of manipulating its currency. That same year, US support for pro-democracy protesters in Hong Kong drew condemnation from Beijing.

Pandemic

The COVID-19 pandemic, which began in 2020, has exacerbated tensions, with both sides initially exchanging accusations over the origins of the virus, before changing their tune.

Gallagher points out that the pandemic has caused a major shift in American public opinion towards China.

"I think Americans have become more negative about China over the last 10 or 15 years because of economic competition. But the pandemic has really focused people's attention on the supply chain dependence on China," Gallagher says.

By the end of Trump's first term, the US's tougher stance was clear, with different officials condemning China's alleged unfair trade practices, intellectual property theft, military actions in the South China Sea, human rights abuses in Xinjiang and repression of Hong Kong's autonomy.

Then-Director of National Intelligence John Ratcliffe even called China "the greatest threat to America."

Joe Biden, who took office in 2021, has expanded several of his predecessor's measures, including trade tariffs, sanctions against some Chinese officials and an extension of a ban on US investment in Chinese companies with military ties. He has also maintained the designation of abuses against Uighurs in Xinjiang as genocide, a claim rejected by Beijing.

Biden has stressed the importance of investing more in technology and infrastructure to compete with China. Amid U.S. efforts for a collective response, NATO has declared China a security challenge.

In a virtual meeting between Biden and Xi in 2021, the Chinese leader warned that the US was "playing with fire" by supporting Taiwan, which China considers a rogue province and part of its territory.

Since the 2000s, there has also been a gradual strengthening of relations between China and Russia, with a strategic alignment. Following Russia's invasion of Ukraine in 2022, the Chinese

government refused to condemn Russian President Vladimir Putin for the war and criticized US-coordinated sanctions.



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| The Covid-19 pandemic has exacerbated tensions between the US and China

Growing rivalry

While there has been cooperation in some areas, such as climate change, the overall trajectory of the US-China relationship remains one of increasing rivalry.

For Gallagher, the status of Taiwan and American support for the island remain the most important issue in bilateral relations, which could even lead to a military conflict.

"[Taiwan] functions as an independent country, it is now a very vibrant democracy. But the People's Republic of China still claims that Taiwan is part of China and should be returned."

However, Gallagher points out that economic competition has become increasingly important and is also related to military competition.

"As China has become more economically sophisticated, it has also allowed its military to become much more sophisticated and competitive with the US."

Lin finds it somewhat surprising that the current difficulties in bilateral relations are mainly economic, not security-related.

"[In the Biden administration, there was] a concern about both China militarily and the Chinese economy, and a real attempt to say that, basically, economic security issues in the United States are also national security issues," Lin points out.

"But that has not been the language of the Trump administration," he notes, noting that the current administration has focused not on China's military might but on the idea that China has treated the U.S. unfairly economically.

"I'm not sure whether the connection between national security and economic security will prevent the US from making a deal with China. On the other hand, the negotiation environment between China and the US is quite bad at the moment," Lin said.

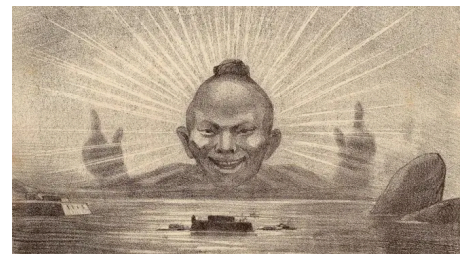
Lin points out that despite different approaches, there are many similarities between the two countries, and both China and the US view themselves with a sense of exceptionalism.

"In many ways, of course, they are very different. But in this sense, in understanding themselves as exceptional, I think China and the US are absolutely aligned."

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