

Research On Global Economic Trends in The Context of The Sino-US Trade War

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Abstract. It has been almost eight years since the Sino-US trade war started, and since it came out there have been incidents and undulations linked to the change in situations of war, such as rising tariffs and declining economies here and there all around the world. This prompts people and governments that the Sino-US trade war is not only conflicts rising between China and the USA but related to the economic situations of the whole globe. In this paper, the aim of researching and creating passages is to reveal how this war has made an impact in the world, causing different crises and also chances to become brand-new for all, gradually affecting the globe's economic situation and trends. In the research, evidence based on various literatures and data to analyze topics in different angles are used, such as affects in different countries, economic system and international trades. The paper will also make conclusions from this evidence and provide things such as strategies to cope with the trade war and prospects for the future. In the second and third paragraphs, this evidence will be analyzed using the division of developed and developing countries, which experience different changes due to various economic states. Finally, summaries will be made based on former parts and other facts about this paper will also be displayed.

Keywords: Sino-US trade war; economy; developed country; developing country; globe.

1. Introduction

The Sino-US trade war is a continuous conflict which mainly involves in international trade and economy. It happens between China and the United States, the two main powers affecting the world nowadays, when USA declare imposed tariffs on about \$60 billion of Chinese goods back in 2018. The conflict has continued to go on until now, and it is not hard for people to notice that its effect in economy has already spread through the world, taking many other different places under its scope of influence. In this thesis, the main goal is to study and discover how this effect has concretely reflected on these places' economic situation, and furthermore decide their way of coping and developing. Meanwhile, deeper reasons and possibilities hidden under those surface observations, such as how specific qualities of certain countries further affect their positions, are also worth digging in order to see through how the world pattern of economy adjusted and went by itself under Sino-US trade war, which opens a door of brand-new chances and challenges for the whole world.

This paper used strategies such as taking examples, comparing between different situations and quotations from various relative information in order to reach the goal of analyzing the main topic. Also, the structure of research has been chosen to be revealing different impact received by countries or places with different economic situation, such as more or less developed, depending mainly on output or in input.

2. Effects of the Sino-US Trade War to Developed Countries

Developed countries nowadays, such as Japan, South Korea and western European countries, all share a strong bond with the USA. For example, the Five Eyes (An organization containing USA, UK, Canada, Australia and New Zealand) and the NATO are all under control of the USA, who takes dominance in technology, resources and intelligence networks, and other international organizations such as the European Union are also relying on trades with USA. According to the data, the total value of goods trade between the two economies in 2024 have reached a number of 865 billion Euros with a total of 531.6 billion Euros of UN exporting towards USA, which is a growth of

5.5%. Therefore, when the trade war came out, they have all experienced strong impacts, which pushed them to face a new crisis of how to maintain the stability of their own economy system under this unstable global situation [1, 2].

USA has imposed high tariffs on Chinese goods in order to stop them from flowing into the domestic market when the trade war erupted seven years ago, and they covered an astonishing area from daily necessities to industrial parts [3]. Among these goods, one specific type, called semiconductor chips, are also being put on USA's list of restriction. Semiconductor chips are important parts building up electronical devices such as smartphones, and is also being widely used in industrial areas. Nowadays China is becoming more and more conspicuous in researching and developing chips, and since USA has always been a large consumer of them, the ban of US on Chinese semiconductor chips caused demand of China in these chips to experience a serious decrease. Therefore, the country cuts part of its supplies for semiconductor chips, but because it is meanwhile being considered a huge producer for the chips which need semiconductor materials imported from other countries, this cut also means large supplies of semiconductor materials from other countries has been cut off. All of those eventually caused a big cut off of the global chain of supplement in semiconductor materials, and many developed countries which have exporting semiconductor materials as one of their ways of income are now there to be involved. Take Korea, one of the typical developed countries in east Asia for example. In the first quarter of 2025, the amount of Korea's export value of semiconductor materials to China declared to be 137.3 billion dollars, which fell by 23.5% compared to 179.4 billion dollars the same period last year. According to the Korean medias, Korea has become one of the biggest victims in the competition of China among USA due to its great loss in amount of export [4].

Actually, this crisis has already shown in other places rather than this single industry of semiconductor. Took the trades between China and South Korea these years for example. When China joined the World Trade Organization (the WTO) back in 2001, the Chinese-Korean relationship has welcomed a new turning point as the two countries can now enjoy the preferential tariff provided by the WTO, also Korea can use the agreements China has signed when joining the WTO as a way of cooperating with problems between it and China, which formed earlier. The relationship in trade has becoming deeper and tighter among the two countries ever since, and in 2003 China became Korea's largest export market; Four years later, in 2007, it has furthermore become Korea's biggest country of origin for imports. But after relationship between China and USA has become tense, this bond found itself facing a new challenge. First, the multilateral order, especially the order created by the WTO, has been weakened, as the 'reciprocal tariffs' implemented by the USA violate the principle of most-favored-nation treatment, which paralyzed the system of how WTO has operated. This situation might lead to more unstable relationship between the trade against China and Korea. Also, policies of USA leaders had shown that the country has already lost its interest in WTO of maintaining its system, but turned to another side which protectionism and isolationism are being more encouraged. These two main reasons had made future of the Chinese-Korean relationship becoming unpredictable, not only in the semiconductor industry, and it's the same problem most developed countries have been facing under the Sino-US trade war [4].

3. Effects of the Sino-US Trade War to Developing Countries

It is not only developed countries whose economy are being influenced. Developing countries, such as Thailand, Indonesia and India, are also becoming participants in this trade war [5-7]. Even those places where the influence seems hard to reach have experienced different degrees of impact. As for the huge economy that take up about half of the global gross domestic production, developing countries have been finding and evolving their own ways of dealing with problems appearing, also providing their opinions while trying to maintain their development.

As China's export towards USA has atrophied, part of the developing countries, such as Vietnam and Mexico, took over and transferred the production of capacity since they are at closer relationship

with USA than China, which make it more convenient to produce goods internationally for USA. However, labor-intensive industries face more intense international market competition, due to their characteristics of using more people when producing, which may face the disadvantage of relatively low efficiency and numerous in number of similar economies. Meanwhile, USA has pulled out the so called “friendly-shore outsourcing” policy, demand for diversified supply chain and also forcing developing countries choosing different factions to join. In order to cater to this policy, a part of developing countries choose to give up their original layout of the industrial chain. Aimed at this phenomenon, certain countries have formed their own opinions for the whole trade war. For example, Papers and medias in Indonesia has considered why Sino-US trade war would happen as the result of rose of economy in China and the decrease in differences between China and USA. The country is now mainly focused on the increasing tension between the two countries, as it is starting to influence the Asia-Pacific region more and more obviously. Scholars in Indonesia are considering West-East Asia as one of the regions which endured most of the impact made by nowadays’ internal relationship, especially as the competition between China and USA continues. As for the influence the trade war might do to Indonesia, local opinions commonly thought that it was both crisis and opportunities [5]. As important trade partners of both China and USA, it is hard for Indonesia to choose who to support, but meanwhile government has spotted new opportunities of developing domestic economy such as gaining chances of trading diversion and attract foreign investment.

At the same time, more and more countries in West-East Asia choose to join a specific organization called Regional Comprehensive Economic Partnership (RCEP), in order to gain more opportunities of exporting towards China, and in 2025, the trade between ASEAN and China has exceeded 6.4 trillion yuan. However, certain countries declared concerns of whether these economies will be relying too much on trading with China. Thailand, for example, acknowledges China as contributors to development of ASEAN, but meanwhile more reports showed worries more than positive moods. Thai papers argued about that if China is trying to control thoughts and development of ASEAN countries, like USA did in the past, which will become negative factors which stops the economies from further developments [8-10].

4. Conclusion

To sum up, the Sino-US trade war has caused various effects on different places of the world, making a huge global impact on economy, policies and relationships. According to different situations of certain places, the effects can vary from shifts in international trade such as South Korea’s requirement for China importing materials used for chips to deciding which side to stand, such as developing countries having a hard time making choices to choose whom to support in order to gain advantages. As the globe seems to struggle a bit from the war, one of the ways to prevent it getting too tiring is by reducing effects of the war towards small nations through a set of regulations and consensus. Also, impacts can be reduced by strengthening bonds between different international organizations such as ASEAN and WTO.

During this research, some limitations were also been found. One thing that caused great efforts is that the information found online turned out to not being extremely accurate sometimes, such as giving data of export about Chinese chips in 2010, which is too far away from now for research proposes. Also, there are information that are very hard to gain, such as finding evidences supporting South-East Asian countries’ opinions towards the war since attentions paid to these areas are relatively low.

As for future prospects of the project, the biggest wish is to gain a deeper understanding and sight into relationships of different nations and how they cooperate with different chances and crisis. It is always engaging to discover how countries react and how this can sometimes affect the whole world.

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