“The impact of the China-US tariff war on China and China’s countermeasures”

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THE IMPACT OF THE CHINA-US TARIFF WAR ON CHINA AND CHINA'S COUNTERMEASURES

Abstract

Since the start of the China-US trade dispute in 2018, the United States has imposed numerous sanctions against China, citing national security concerns and unfair trade practices, including the imposition of tariffs. In April 2025, the US escalated tariffs on Chinese imports to 34% and threatened to raise rates to 245%. These actions came amid increased reciprocal trade measures between the countries. This paper examines the historical origins and evolutionary trajectory of the tariff dispute. Employing literature analysis, data comparison, and qualitative analysis, it evaluates the negative impacts and adaptive changes on China's economic trade, technology manufacturing, and social welfare.

The study found that while China's total trade value initially declined by 0.96% year-on-year in 2019, it achieved a V-shaped rebound, reaching a historical record of USD 6.25 trillion in 2022. The trade surplus with the US decreased by 28.6% by 2024, yet China's overall trade surplus grew to a peak of USD 992.2 billion in 2024, driven by significant expansions with the EU, ASEAN, and Mexico. Furthermore, China's semiconductor self-sufficiency rate increased from 5% in 2018 to nearly 30% by 2024. These shifts underscore China's accelerated economic transformation toward domestic demand and innovation, exemplified by total retail sales exceeding 48 trillion yuan in 2024. The paper also discusses new trends in global order restructuring and analyzes China's strategic responses. By adopting a tripartite model of "precision countermeasures, strategic resilience, and multilateralism", the paper advocates safeguarding China's national interests while maintaining stable development.

Keywords China-US tariff war, global economy, economic order, technology-driven manufacturing

JEL Classification F13, F40, F50

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INTRODUCTION

The global order is experiencing significant restructuring, influenced by geopolitical shifts and the digital technological revolution. The rules-based free trade system is encountering challenges, including those related to unilateralism and protectionism. Central to this transformation is the systemic competition between China and the United States, particularly concerning technological leadership, industrial advantage, and influence over institutional discourse – a rivalry that has transcended traditional trade disputes. Notably, the US has been imposing measures since 2018, including Section 301 tariffs, Entity List sanctions, and the CHIPS and Science Act. This strategic shift, characterized by measures purportedly safeguarding national security, has been perceived as aiming for technological containment. It has challenged the efficiency-driven principles underpinning economic globalization and raised concerns about the instrumentalization of international trade rules. These measures have triggered a cascade of economic and geopolitical consequences, necessitating a critical examination of their multifaceted impacts and China's strategic responses.

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Economically, the tariffs have disrupted China's export-oriented industries, particularly in manufacturing sectors such as electronics, automotive, and textiles, where profit margins have been squeezed due to increased costs and reduced market access. The political implications are equally profound. The tariffs have contributed to deepened Sino-U.S. distrust, escalating into a broader techno-economic rivalry encompassing export controls, investment restrictions, and divergent policy approaches. The US has expanded its "entity list" to include Chinese tech giants, limiting their access to advanced semiconductors and AI technologies. This strategic decoupling has presented challenges to the stability of global trade and the multilateral trading system, as both nations have increasingly utilized measures outside of traditional WTO mechanisms.

China's development history exhibits a dual characteristic in its model of development transformation, involving both reactive adaptation to external pressures and a proactive pursuit of evolving developmental paradigms. Between 2018 and 2022, the US imposed tariffs on approximately USD 550 billion of Chinese goods, while China's digital economy core industries saw their value-added output exceed 9.5% of GDP, with high-tech industrial investment growing by 17.1% year-on-year in 2021. This pressure-response dynamic validates the theoretical insights of New Structural Economics on external shocks catalyzing institutional innovation and underscores the pivotal role of the dual-circulation strategy in reorganizing global production networks.

Against this backdrop, the scientific problem underpinning this study lies in understanding the dynamic interplay between tariff shocks, structural economic adjustments, and strategic policy responses, particularly in the context of China's evolving economic model. The overarching scientific problem centers on how China navigates the complex trade-offs between short-term crisis management and long-term structural transformation in the face of the effects of U.S. tariffs. This involves analyzing not only the direct economic impacts but also the indirect effects on institutional reforms, global governance, and Sino-U.S. power dynamics. By addressing these gaps, this paper contributes to a deeper understanding of the mechanisms driving trade conflict resolution and the strategic resilience of emerging economies in an era of heightened protectionism.

1. LITERATURE REVIEW

The China-US tariff war, initiated by the Trump administration in 2018, has reshaped global economic dynamics and posed significant challenges to China's trade and industrial landscape. It has had a significant impact on China's export-oriented industries. Amiti et al. (2019), using a gravity model, found that U.S. tariffs on USD 370 billion worth of Chinese goods led to a 12% decline in China's exports to the U.S. and increased import costs for the United States. Bown (2019) pointed out that exports to the US accounted for 19% of China's total exports, highlighting the issue of trade dependence, which was amplified during the tariff war. Further analysis from the perspective of trade theory by Qiu et al. (2019) argued that the US imposed tariffs, which were perceived as an effort to limit China's "Made in China 2025" strategy, particularly targeting high-tech sectors such as semiconductors and artificial intelligence. These actions led to an acceleration of China's focus on technological self-reliance (Qiu et al., 2019).

China responded to U.S. tariffs by imposing counter-tariffs on American soybeans and energy products while simultaneously expanding trade cooperation with ASEAN and the EU through the Belt and Road Initiative. By 2024, trade with Belt and Road countries accounted for 34% of China's total trade. Regional supply chain integration under the RCEP framework has been significantly enhanced. China has adjusted its position in global value chains by relocating part of its low-value-added production to Southeast Asia while improving the competitiveness of its high-value-added domestic industries (Wang et al., 2021). China's self-sufficiency rate in the semiconductor sector increased from 15% in 2018 to 35% in 2024. The National Integrated Circuit Industry Investment Fund (commonly known as the "Big Fund") has invested over 300 billion yuan to support com-

panies such as SMIC in overcoming technological bottlenecks. Rare earth policies have become a critical strategic lever; China controls 90% of the world's rare earth processing capacity and is set to implement export controls on heavy rare earth such as dysprosium and terbium in 2025, which could significantly impact the U.S. defense and renewable energy industries (Morgan, 2024). He (2025) notes that 80% of the United States' rare earth supplies depend on imports from China, highlighting the difficulty of finding alternative sources in the short term.

China exported 2 million new energy vehicles (EVs) in 2024, accounting for 65% of the global market. However, due to EU tariffs, the growth rate of EV exports slowed to 10.4%, prompting enterprises to shift toward exporting hybrid vehicles (Greenwood, 2024). The photovoltaic (PV) industry maintained an 80% global market share, with companies like LONGi and CATL reducing costs through vertical integration. Liu et al. (2020) found that the tariff war accelerated China's transition toward green technologies, reducing its reliance on traditional manufacturing. Through investments in "new infrastructure" (e.g., 5G, data centers) and consumer subsidies, China stimulated domestic demand, which contributed 65% to GDP growth in 2024 (Liu et al., 2020). According to Jiahao (2025), the dual circulation strategy has effectively mitigated the pressure of weakened external demand, though further efforts are needed to enhance competitiveness in high-end consumption and services.

While the US promotes supply chain restructuring through the Indo-Pacific Economic Framework (IPEF), China has strengthened regional cooperation through RCEP. Charandabi et al. (2021), using a gravity model simulation, found that the tariff war increased global trade costs by 1.2%, reinforcing the irreversible trend toward regionalization. The EU has adopted a balancing strategy between China and the US; by 2025, China-EU trade has grown by 27%, although negotiations on an investment agreement remain stalled. Following the paralysis of the WTO dispute settlement mechanism, China has worked with BRICS countries to promote the New Development Bank and deepen collaboration with the AIIB. Tu et al. (2020) argue that the China-US rivalry is driving global trade rules toward a "dual-track system," compelling developing countries to seek greater voice in areas such as technological standards and digital trade.

The China-US tariff war exposed China's vulnerabilities in core technologies and supply chain security but also accelerated its economic restructuring and global strategic positioning. Through technological self-reliance, trade diversification, and domestic demand-driven growth, China has built greater resilience. However, it still faces long-term challenges, such as technological containment and geopolitical risks.

Import tariffs have long occupied a central role in U.S. economic policy. From the 18th to 19th centuries, tariffs constituted up to 90% of federal revenue before the Civil War (News China, 2025). During the Civil War (1861–1865), soaring military expenditures drove average tariff rates to nearly 50%, aimed at shielding nascent industries like sugar refining from foreign competition (Poltorak, 2025). However, such protectionism often led to increased consumer prices, contributing to public discontent, evidenced by the Republican Party's electoral setback in the 1890 midterms. This outcome highlighted a challenge of tariff policies: their costs can ultimately burden consumers.

The evolution of tariffs reveals distinct phases (Bureau of the Census & Social Science Research Council, 1957). During the Fiscal Pillar Period (18th-19th centuries), as the primary federal revenue source, tariffs accounted for 95% of federal income in 1861. Even after the introduction of income taxes (1913), tariffs remained dominant until the early 20th century (Martorelli, 2019).

During the Industrial Protection Era (Late 19th-20th centuries), following the 16th Amendment (1909), tariffs shifted to nurturing infant industries. The 1890 McKinley Tariff (49% average rate) boosted steel and textiles but triggered inflation and social unrest.

During the Strategic Tool Phase (Contemporary times), modern tariffs serve as geopolitical levers. Russia's 2014 agricultural import ban in response to Western sanctions initially disrupted supply chains but, with USD 12 billion in subsidies (2015–2017) and logistical reforms, propelled grain exports by

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47%, making Russia the top wheat exporter by 2017. However, domestic food prices surged 33% during 2014–2016 (Poltorak, 2025).

Since 2016, the Trump administration has fundamentally reoriented U.S. economic strategy, abandoning decades of "open economy" principles deemed detrimental to domestic manufacturing, a key component of its voter base. This shift manifested in a multidimensional trade offensive against China (Dolgova, 2025).

Phase 1 comprises reconfiguring multilateral frameworks:

1) Withdrawal from the Trans-Pacific Partnership (TPP): Relinquished U.S. influence over next-generation trade rules in Asia-Pacific.

2) Renegotiation of NAFTA: Asserted that the 26-year-old pact caused a 20% decline in manufacturing jobs and USD 163 billion trade deficits with Mexico/Canada (2017).

Phase 2 encompasses precision industrial protection. In 2018, the US accused global steel producers of dumping (12-25% below production costs). Responses varied:

1) EU: 25% steel tariffs triggered $3.2 billion in retaliatory duties.

2) South Korea: Quota systems replaced tariffs, requiring 70% of Korean steel exports to supply U.S. production.

This "selective confrontation-conditional cooperation" strategy created a novel trade deterrence framework: weakening multilateral constraints (via TPP withdrawal), upgrading trade remedies (Section 232 tariffs), and establishing rules favoring domestic production (e.g., USMCA's 62.5% auto origin rule). While U.S. steel output rose 9.2% (2018–2020), manufacturing costs surged, a development that highlighted certain challenges inherent in protectionist measures.

On April 2, 2025, Trump announced a global tariff policy targeting nations with significant trade surpluses or perceived unfair practices. This escalation pursues three objectives:

1) Industrial Protection: Raising import costs to incentivize reshoring.

2) Domestic Mobilization: Fulfilling "America First" pledges to Rust Belt voters.

3) Geostrategic Containment: Integrating trade measures with tech embargoes to impede China's advances in AI, semiconductors, and critical technologies.

This strategy transcends mere protectionism, weaponizing economic tools to reshape globalization – an "economic geopolitics" paradigm likely to intensify, particularly in tech and strategic industries.

Trade wars represent political-economic confrontations where states deploy legal and economic measures to secure international advantage. Rooted in conflicting national interests, modern trade wars employ hybrid instruments categorized as defensive measures (tariffs, quotas, anti-dumping duties; see Table 1) and offensive tools (export subsidies, currency manipulation, supply chain decoupling; see Table 2) (Shahrokh, 2025).

Economically, the United States adopted a strategy characterized by increased tariffs, which some have described as a unilateral approach to trade policy. It significantly raised tariffs to shield domestic manufacturing from foreign competition. Through increased tariffs and assertive trade negotiations, the US sought to renegotiate trade rules and achieve structural concessions from China, reflecting the Trump administration's "America First" doctrine.

In the industrial sphere, particularly targeting high-tech sectors, the US escalated to an offensive trade war, imposing export controls to block advanced technology products from reaching China. Building on the previous administration's "small yard, high fence" approach, which aimed to limit China's technological advancement, the US intensified and expanded restrictions on core technologies within the "small yard", implementing stricter and more comprehensive measures.

Following the literature review, the purpose of this paper is to analyze the impact of the tariff

Table 1. Defensive trade policies

Tool	Impact
Raise import tariffs	Raises import prices, reduces foreign competition, thereby stimulating domestic production
Reduce import quotas	Limits import volume, supports the development of domestic manufacturing
Implement non-tariff restrictions	Uses administrative measures (such as permits, standards, etc.) to raise import barriers and increase import costs
Set technical barriers	Raises technical standards and requirements, increases the compliance cost of imports

Table 2. Offensive trade policies

Tool	Impact
Lower export tariffs	Lowers export prices, expands export scale
Offer export subsidies	Further reduces export prices, expands export scale, may trigger retaliatory measures from other countries
Implement export controls or bans	Restricts or completely prohibits exports, potentially causing serious negative impacts on both sides

war on China and China's transformation strategies, ultimately proposing corresponding strategic responses for China under the new trends in the reshaping of the global order.

2. METHODOLOGY

This study employs the literature review method, qualitative analysis, and data comparison method. Therefore, official trade statistics from the National Bureau of Statistics are used to assess the economic and trade impacts, as reflected in the effects on China. The analysis is based on a combination of statistical data analysis, policy document review, and comparative case study methods. The specific steps are outlined as follows.

Economic and trade data from authoritative sources such as the National Bureau of Statistics of China and the General Administration of Customs of China are collected, covering the period from 2013 to 2024 to capture both pre- and post-trade war conditions.

The study compares the effects of the first and second phases of the tariff war, identifying similarities and differences in the scope, intensity, and impact of US-imposed tariffs. The analysis considers both short-term and long-term economic consequences and measures. Chinese government policy responses, including fiscal stimulus, industrial upgrading initiatives, trade diversification strategies, and domestic economic reforms, are analyzed as well to evaluate China's strategic adaptations.

This study interprets the collected data and research findings from the perspectives of international trade theory, macroeconomic changes, industrial economics, and the framework of economic resilience. This theoretical grounding supports a deeper understanding of how and why China responded as it did.

3. RESULTS AND DISCUSSION

The direct economic impact was felt in import-export trade, with a contraction in the trade surplus. Partial shifts in domestic industrial chains occurred as multinational companies (e.g., Foxconn, partial relocation of Apple's supply chain) moved production to Southeast Asia or Mexico to mitigate tariff risks, eroding China's status as the "world's factory." Rising business costs and supply chain pressures emerged. Imported goods such as chips and soybeans saw price hikes due to tariffs or supply chain disruptions, driving up manufacturing costs. Logistics expenses surged, with container shipping rates on China-US routes temporarily spiking by 300%, squeezing profit margins for small and medium-sized enterprises. Exchange rate and financial market volatility intensified, with the RMB facing periodic depreciation pressure (e.g., breaching the seven thresholds against the USD in 2019) and heightened capital outflow risks. The central bank employed countercyclical measures to maintain relative exchange rate stability.

The impact of the China-US trade war on China's foreign trade has shown clear phased characteristics. As shown in Figure 1, in 2019, due to the full implementation of tariff measures from the trade

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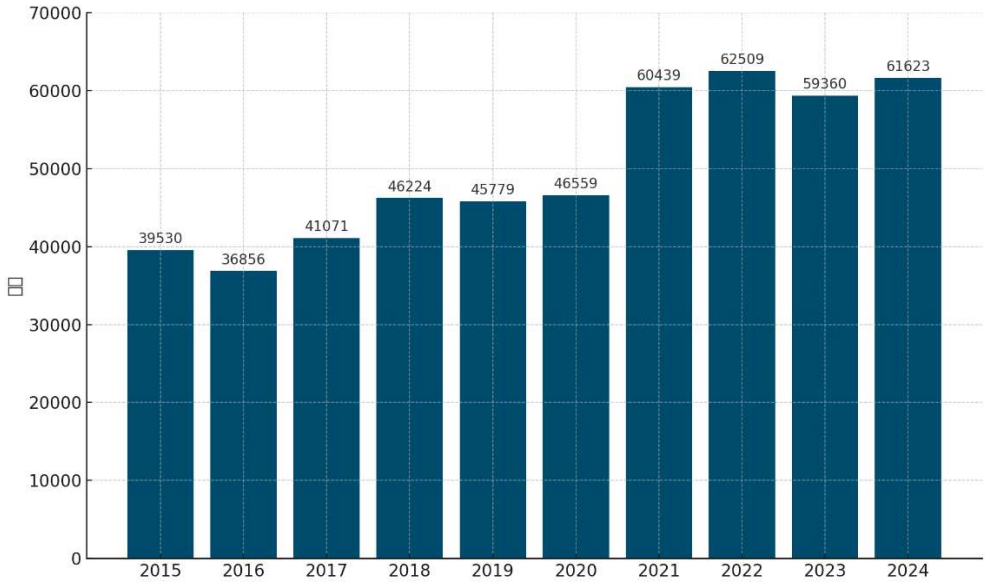

Figure 1. China's total trade value from 2015 to 2024 (Unit: USD 100 million)

war, China's annual total trade value declined by 0.96% year-on-year. However, after a short-term adjustment, it achieved a V-shaped rebound in 2020, with trade volume recovering to above the 2018 level. It is worth noting that between 2020 and 2022, China's annual total trade value remained steadily around the USD 5.5 trillion mark, with 2022 setting a new historical record at USD 6.25 trillion, demonstrating the strong resilience and recovery capability of China's foreign trade system.

The trade surplus with the United States has narrowed. China's trade surplus with the US declined from USD 323.3 billion in 2018 to USD 317.0 billion in 2020, with some goods shifting to European and ASEAN markets. Analyzing the trend of trade balance over the past decade (as shown in Figure 2), China's overall trade surplus has shown a "U-shaped" recovery. In 2018, impacted by the early stages of the trade war, the surplus dropped to a cyclical low. However, by 2019, it had rebounded with a year-on-year increase of 20%, returning to the 2017 baseline level. Since then, it has continued to grow, reaching a historic peak of USD 992.2 billion in 2024.

It is noteworthy that the China-US bilateral trade balance has shown a reversed trend. At its peak in 2018, the surplus reached USD 420.0 billion, but by 2024 it had fallen to below USD 300.0 billion, a decline of 28.6%. This structural adjustment was accompanied by a significant expansion in China's trade surpluses with the EU, ASEAN, and Mexico: the EU surplus rose from USD 104.5 billion in 2018 to USD 246.6 billion in 2024; ASEAN from USD 52.4 billion to USD 191.1 billion; and Mexico from USD 30.1 billion to USD 71.1 billion.

These data reveal a dual transmission mechanism of the trade war: on the one hand, it directly reduced the scale of China-US bilateral trade; on the other, it accelerated the diversification of China's external trade network. This structural shift not only reflects the broader reconstruction of global value chains but also underscores China's strategic response to trade protectionism through deeper regional economic cooperation and expansion into emerging markets.

The US imposed chip export bans on Huawei, SMIC, and others and enforced export controls on core technologies in semiconductors, advanced computing, and artificial intelligence – severely hampering China's access to high-end chips. Sino-US scientific collaboration has been curtailed, academic exchanges reduced, and some Chinese universities barred from using research tools such as MATLAB. Several Chinese tech firms have been placed on the U.S. Entity List, with U.S. restrictions preventing domestic partners from cooperating, an effort to achieve "technology decoupling."

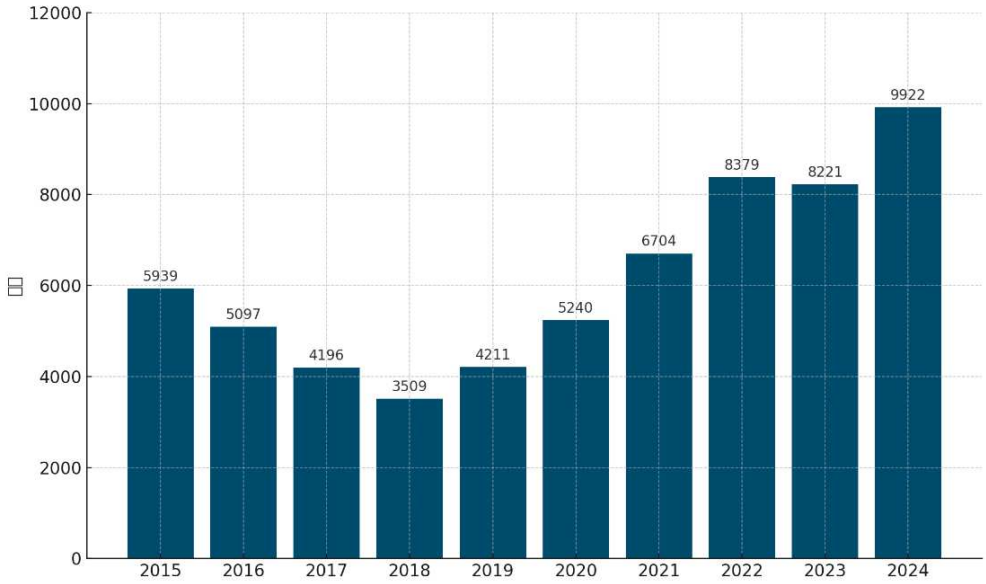

Figure 2. China's trade surplus from 2015 to 2024 (Unit: USD 100 million)

Beyond unilateral measures, Washington has coordinated with allies in the EU, Japan, and South Korea to tighten high-tech export controls, with the stated aim of constructing a multilateral technology framework to manage perceived risks or to limit China's advancements in key future sectors.

This technology blockade has, in turn, prompted China to increase investment, accelerate independent research and development, and pursue a domestically driven development strategy. Under "Made in China 2025" and its subsequent upgrades, Beijing has heavily supported strategic high-tech industries (semiconductors, AI, new energy vehicles, and 5G) to achieve self-reliance in core technologies. Some firms have already developed 28 nm and higher-node chip products that meet application requirements (Cheng, 2019). While still trailing the global frontier at the most advanced nodes, these achievements provide a viable path for industrial upgrading. AI and internet companies such as DeepSeek have, under constrained conditions, trained models on par with international peers by optimizing algorithms and co-designing hardware – both boosting domestic competitiveness and showcasing China's capacity for technological breakthroughs under pressure.

Despite intensified tech confrontation, China remains committed to openness via the Belt and Road Initiative and regional economic partnerships – attracting high-end global technologies and capital for collaborative development. Moreover, China is increasingly taking a standard-setting role in critical tech fields, enhancing its voice in global value chains and winning greater autonomy and market access for domestic industries.

U.S. tariffs on selected Chinese products reduced international orders for traditional export-oriented sectors (textiles, apparel, and some labor-intensive electronics assembly), necessitating capacity adjustments, leading to order declines and, in certain cases, temporary layoffs or wage cuts. These impacts were most pronounced in export-intensive coastal regions, leading to a short-term reduction in low-skill manufacturing jobs. Concurrently, service and high-tech industries have absorbed much of the displaced labor. As firms ramp up R&D and introduce automation and smart manufacturing, low-skill positions have declined while high-skill roles have grown. Although this transition may induce short-term structural unemployment and re-employment challenges, it ultimately optimizes the labor market by cultivating more mid- to high-end jobs aligned with future industry needs.

Trade tensions have prompted an internal economic reorganization: export-heavy coastal areas face urgent transformation, while central and western regions, supported by the national "dual

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circulation" strategy, are absorbing relocated labor. Government-led retraining programs, employment subsidies, and skill-enhancement initiatives have been critical in mitigating structural unemployment and guiding workers into emerging industries. In the short term, the China-US trade war has exerted downward pressure on employment, potentially causing temporary structural unemployment in certain regions. Over the long term, however, this external shock has accelerated corporate technological upgrades, driven industrial transformation, and encouraged labor migration into higher-skill roles, all supported by expanded retraining and social security measures. These adaptive changes, though painful initially, provide endogenous momentum for China's high-quality economic development and optimized labor market structure (Ye & Ouyang, 2025).

In the 2018 China-US trade frictions (Trump 1.0), the US imposed tariffs on traditional allies, such as the EU, Mexico, Canada, Japan, and South Korea, targeting specific industrial goods, including steel, aluminum, and auto parts. At that time, Chinese exporters could still effectively circumvent U.S. tariff barriers through re-export routes (e.g., transshipment via Vietnam or Malaysia). Meanwhile, China's manufacturing sector accelerated capacity shifts to Mexico and ASEAN regions, leveraging local free-trade agreements with the US (such as USMCA and CPTPP) to secure tariff exemptions.

By contrast, the 2025 Trump administration's tariff policies (Trump 2.0) represent a systemic escalation: the scope of measures expanded from individual countries to a global framework. In addition to a blanket 25% base tariff on traditional partners like Canada and Mexico, it introduced an "equivalent tariff mechanism" – automatically imposing compensatory duties (up to 60% of product value) on any economy (e.g., Vietnam, India, Thailand) whose current tariff rates differ by more than 10 percentage points from those of the US.

This multidimensional tariff network has undermined Chinese firms' previous avoidance strategies on two fronts: re-export trade has become far more difficult due to stricter "rules of origin" enforcement (e.g., requiring Vietnamese exports to the US to prove 60% local value-added), and overseas production investments risk inclusion on the "equivalent tariff" list in host countries, eroding cost advantages. Data show that in 2024, the clearance rate of Chinese goods re-exported via third countries to the US fell by 47% year-on-year, demonstrating the policy's suppressive effect (Wang, 2025).

The Trump 2.0 era trade policy represents an escalation from the 1.0 phase, being broader in reach (a global tariff network), more stringent in its application, and intensifying technological competition. Its underlying dynamic continues to be the structural competition between U.S. policy approaches and China's economic development. Looking ahead, US-China competition will likely feature a "tech cold war" alongside "economic coexistence," and the risk of fragmentation in the global economic governance system will continue to rise.

To address the Trump administration's escalated "Trade War 2.0" policies, China must adopt a multitiered, multidimensional strategy that integrates shifts in the global economic landscape with domestic industrial strengths to formulate precise and sustainable countermeasures.

Compared to the initial phase of the US-China trade war in 2018, China's economic resilience and global strategic standing have significantly improved. In navigating the complex dynamics of bilateral trade relations, China adheres to a "two-pronged approach": expanding cooperation through dialogue to prevent the escalation of disputes, and safeguarding sovereignty and developmental interests in response to U.S. measures, such as those related to "decoupling" and "supply chain disruptions."

Historical precedents suggest that maintaining strategic resolve and balancing openness to dialogue with preparedness for counteraction may influence the US to engage in further negotiations. Specific measures include targeted tariffs on semiconductors, pharmaceuticals, and agricultural goods, potentially disrupting USD 240 billion of U.S. exports and exacerbating domestic U.S. tensions (Ye & Ouyang, 2025).

Concerning asymmetric countermeasures in critical sectors, China's control over 90% of global gallium and rare earth supplies presents a potential leverage point, which could significantly impact the U.S. defense and semiconductor industries.

Capitalizing on its status as the world's most comprehensive industrial ecosystem, China is intensifying investments in high-tech sectors, encouraging indigenous innovation, and reducing its reliance on external technologies to elevate its position in global value chains and fundamentally strengthen its economic resilience. While U.S. technological measures (e.g., the Entity List, semiconductor export controls) have created short-term pressures, they have also spurred China to accelerate indigenous innovation. By 2024, China's semiconductor self-sufficiency rate had risen to nearly 30% (a significant leap from 5% in 2018), with domestically produced semiconductor equipment accounting for 23% of total usage (Chen, 2025). Moving forward, China must further amplify R&D investments, focusing on strategic frontiers such as quantum computing, AI, new energy, and communication technologies. Proactive investment in emerging sectors will help prevent a repeat of the semiconductor stranglehold scenario.

In 2024, China's total retail sales of consumer goods exceeded 48 trillion yuan (Yi & Chen, 2025). The number of inbound foreign visitors to five international consumption hub cities – Shanghai, Beijing, Guangzhou, Tianjin, and Chongqing – approximately doubled compared to the previous year. The phrase "Fly to China after Friday work" has gained traction, suggesting growing interest in China's domestic market. Through policy incentives to drive consumption upgrades (e.g., subsidies for electronics, new energy vehicles, and green appliance promotion programs in rural areas), China aims to reduce reliance on foreign trade. Leveraging its comprehensive industrial chain advantages, the country is advancing its "dual circulation" strategy. For instance, by developing cross-border e-commerce and overseas warehouse networks, China navigates around U.S. tariff barriers to sustain export competitiveness.

China's share of exports to the United States declined from 19.18% in 2018 to 14.7% in 2024, while exports to ASEAN rose to 16% during the same period (Jiang, 2025a), making it China's largest export market. As one of the most dynamic regions of global economic growth, ASEAN maintains close economic and trade ties with China, with both sides being each other's largest trading partner. In recent years, bilateral trade between China and ASEAN has expanded rapidly, with countries such as Singapore, Indonesia, Vietnam, and Thailand becoming key destinations for Chinese overseas investment.

With the full implementation of the Regional Comprehensive Economic Partnership (RCEP) and the successful conclusion of the China-ASEAN Free Trade Area 3.0 upgrade negotiations, the institutional framework for economic and trade cooperation between the two sides has been continuously improved, creating greater space for deeper industrial and supply chain integration. Under the RCEP framework, China is also strengthening semiconductor cooperation with ASEAN, Japan, and South Korea.

Going forward, China needs to continue expanding into emerging markets such as the Middle East and Africa, and strengthen land-based trade with Europe through the China-Europe Railway Express to offset the impact of U.S. tariffs. As part of its European strategy, China has broad prospects for cooperation in green development fields such as clean energy, green finance, and electric vehicles. There are also substantial opportunities in information technology, biotechnology, aerospace, and high-end equipment manufacturing (Jiang, 2025b). At the same time, China is promoting the joint development of technical standards with countries along the Belt and Road in an effort to weaken U.S. technological hegemony.

Taking 2013 as the base period (index = 100), China's trade scale index with Belt and Road partner countries reached 197.0 in 2023, nearly doubling over the decade and reflecting a continuous expansion of its international trade network. As shown in Figure 3, China's imports, exports, and total trade volume with these countries maintained an upward trajectory from 2014 to 2024. By 2024, bilateral trade volume surged to USD 3.132 trillion, accounting for 50.3% of China's total foreign trade, with both the absolute value and proportion reaching record highs since the inception of Belt and Road initiative.

In 2024, China's imports and exports with Africa and Latin America increased by 6.1% and 7.2% year-on-year, respectively. Trade with the European Union also showed gradual recovery. Total trade with the remaining members of the

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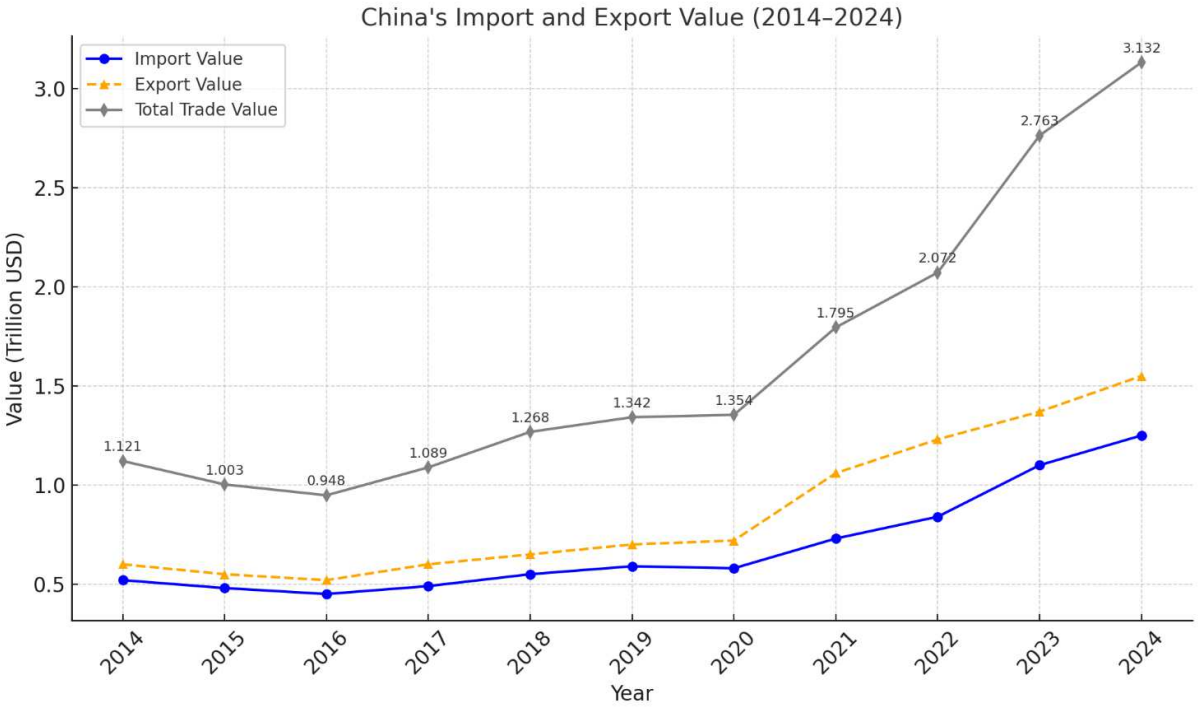

Figure 3. Goods trade between China and the countries participating in the Belt and Road Initiative from 2014 to 2024

Regional Comprehensive Economic Partnership (RCEP) reached 12.6 trillion yuan, with bilateral trade between China and its largest trading partner, ASEAN, surging to 6.41 trillion yuan, marking a significant expansion. These trends underscore how the Belt and Road Initiative has diversified China's international trade markets and provided robust support for the sustained growth of its foreign trade volume.

As of 2023, China has established trade partnerships with over 150 countries and regions worldwide. The trade complementarity index and trade promotion index with Belt and Road partner countries have reached 1.7 times and 2.2 times their 2013 levels respectively (The State Council of the People's Republic of China, 2024), indicating increasingly frequent trade exchanges and a mutually beneficial cooperation pattern between China and participating countries (Table 3).

Firstly, cross-border logistics channels have become more efficient. The China-Laos Railway and China-Europe Railway Express achieved cargo volume growth of 10% (China News Service, 2025, March 31) and 8.4% (Xinhua News, 2025) respectively in 2024. These new transportation systems have significantly reduced logistics costs between China and Eurasian countries while improving trade facilitation. Secondly, by December 2024, China had signed Authorized Economic Operator (AEO) mutual recognition agreements with 31

Table 3. Trade index between China and countries joining the Belt and Road Initiative from 2013 to 2023

Index	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total Trade Index	100.0	103.0	101.3	105.0	114.3	122.6	129.1	138.6	154.3	165.4	181.2
Trade Scale Index	100.0	106.0	103.0	104.5	113.3	122.5	130.0	134.0	149.0	161.3	197.0
Trade Structure Index	100.0	100.6	101.7	101.9	108.6	112.1	114.9	115.9	119.3	118.9	128.1
Trade Mutual Benefit Index	100.0	105.1	103.9	112.6	124.3	133.9	140.8	154.6	172.0	164.0	174.8
Trade Facilitation Index	100.0	100.2	96.8	101.0	111.2	121.9	130.5	149.8	176.9	217.3	224.8

economies, the highest number globally (JD-Link International Logistics Co., 2024). This enables enterprises from China and partner countries to enjoy continuous policy dividends, substantially enhancing trade efficiency and liberalization. Thirdly, as of 2023, Chinese companies had established 17,000 overseas enterprises in Belt and Road partner countries and regions. The corresponding outbound investment drove a 6.4% growth in goods imports and exports that year, demonstrating the deepening investment cooperation under the Belt and Road framework (Zhou & Lu, 2025).

CONCLUSION

This paper focuses on the changes that have taken place in China against the backdrop of the trade war and tariff war between China and the United States, particularly the negative impacts of these measures on China and the country's resulting resilience and adaptability. It analyzes the similarities and differences between the two trade wars, examines macroeconomic statistics, and explores the changes in China as well as the strategies the country has adopted in response.

The trade war launched globally by the Trump administration not only intensified international economic and trade conflicts but also undermined multilateralism and disrupted the global economic order. This has injected significant uncertainty into what was a relatively stable international trade landscape. The accelerating implementation of U.S. tariff policies against China has gone beyond the scope of traditional trade frictions, evolving into a systematic tool of suppression involving economic, strategic, political, and technological dimensions (Chen, 2025). China's response to "Trade War 2.0" hinges on precision countermeasures, strategic resilience, and multilateralism. Short-term asymmetric tactics must align with the long-term goals of building an "unsanctionable" economy through tech autonomy and domestic demand. History confirms that trade wars accelerate China's industrial ascent. By upholding the "protracted-war" resolve against U.S. containment, China advocates true multilateralism, safeguards global supply chains, and champions an open world economy.

AUTHOR CONTRIBUTIONS

Conceptualization: Yun Lou.
Data curation: Yun Lou.
Formal analysis: Yun Lou.
Investigation: Yun Lou.
Methodology: Yun Lou.
Project administration: Yun Lou.
Supervision: Yun Lou.
Validation: Yun Lou.
Visualization: Yun Lou.
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