



No one wins: on the US-China trade war

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The U.S.-China trade war is on; unless saner counsel prevails, it will affect others too

- China dubs as “the biggest trade war in economic history”. While this trade war is far from the biggest the world has seen, it has the potential to cause some significant damage to the world economy.
- Mr. Trump’s tariffs against China will likely resonate with voters who believe in his “America First” campaign and perceive the trade deficit with China as a loss to the U.S. economy.
- China, not surprisingly, has responded by targeting American exports like soybean and automobiles, a move that could cause job losses in American states that accommodate Mr. Trump’s voter base.

Effects of trade war

- In a globalised world, no country can hope to impose tariffs without affecting its own economic interests. Apart from disadvantaging its consumers, who will have to pay higher prices for certain goods, tariffs will also disrupt the supply chain of producers who rely on foreign imports.
- The ongoing trade war also threatens the rules-based global trade order which has managed to amicably handle trade disputes between countries for decades.
- It may not be too long before countries resort to other destructive measures such as devaluing their currencies to support domestic exporters. The world economy, which is on a slow path to recovery, can do without such unnecessary shocks.

Source: [The Hindu](#)

