



By: Tomorrow's Affairs Staff

Trade war between China and the US: end or just a new phase?



In the world of international trade, where the messages are often as significant as the moves, the latest developments in the trade war between the United States and China do not signify the beginning of peace but the entry into a new, more complex phase of economic conflict.

Despite President Trump's claims that **negotiations** with Beijing are ongoing and that the 145% tariff will be "significantly lowered," official Beijing has dismissed such claims as "groundless"—a word that aptly describes the state of relations.

The crucial difference here is not in the tariffs but in the interpretation of reality. While Washington is trying to keep the initiative via media and market signals, Beijing consistently insists that there are no formal negotiations, no concessions have been made, and no de-escalation mechanism has been agreed upon or implemented. In other words, Trump is selling the illusion of an agreement, but only to the domestic public.

What makes this phase of the trade conflict particularly dangerous is the strategic substitution of form over substance. The US administration is using statements about "informal talks" and "meetings" as a tool to stabilise the market and increase investor optimism; in reality, there is no political framework within which a concrete compromise could take shape.

Beijing, on the other hand, opts for total transparency over the lack of dialogue — which, in contrast to the previous phases of the conflict, represents a paradigm shift.

This brings us to the crucial question: what does Beijing really want?

Cancellation, not just tariff reduction

It is no longer just about reciprocal tariffs. The Chinese Ministry of Commerce and Ministry of Foreign Affairs recently stated that they insist

on the cancellation of all unilaterally imposed US tariffs as a condition for entering into serious negotiations.

The Chinese position no longer comes from a position of reciprocity but from a position of principle. If the US is the one that "tied the bell," as Chinese Ministry of Commerce spokesperson He Yadong said, then it is also responsible for untying it.

At this point, the trade war has become an instrument for redefining the international order

At this point, the trade war has ceased to be a purely economic problem. It has become an instrument for redefining the international order, with tariff policy serving as an extension of power.

The Trump administration is using tariffs as an instrument of pressure, not only on China but also on South Korea, EU countries, and other traditional allies, such as Canada and Japan. China is the only country in this system that refuses to play this game and obey the given rules.

China is asking for predictability

It is also worth paying attention to Beijing's rhetoric. Appeals to the "rational voices of the international community" and openness towards foreign investors in special consultation rounds with more than 80 foreign companies show that China wants to assume the role of responsibility, reason and predictability.

While Trump is playing the role of an unpredictable actor, Beijing is trying to portray itself as a pillar of stability.

In view of all this, there are three possible directions in which the situation could develop:

False de-escalation—Trump could symbolically

lower tariffs on certain categories of goods (such as car parts or medical devices) to suggest progress, even if it would not fundamentally change anything. It would be a measure aimed at the domestic market and would have no real effect in Beijing.

Controlled escalation—China could respond with new packages of reciprocal tariffs or quantitative restrictions (for example, on exports of rare earth metals), but only to a limited extent to avoid a complete breakdown in trade relations.

New dialogue structure—in response to pressure from the global business community and financial markets, efforts may be made to establish a new negotiating mechanism, potentially with assistance from a third party (like the G20 or the WTO), but this would happen without first removing tariffs, which would definitely help reduce tensions.

Trump's words are losing credibility

Whichever scenario is realised, one thing is clear: President Trump's rhetoric is increasingly losing credibility. The question is no longer whether he is telling the truth but whether anyone is still responding to his messages as realistic indicators of policy.

In this respect, China is capitalising on this credibility gap to occupy a narrative space that once belonged to the US.

However, this does not mean that Beijing has an absolutely advantageous position. China's economy is suffering, particularly in the technology and financial sectors, where dependence on American components and markets remains high.

Any further tightening of relations carries the risk of destabilising regional and global supply chains

Moreover, any further tightening of relations

carries the risk of destabilising regional and global supply chains—a risk that no major economy can ignore.

Data shows that the US trade **deficit** with China rose to a record \$295.4 billion last year, a 5.8% increase from the 2023 figure of \$279.1 billion.

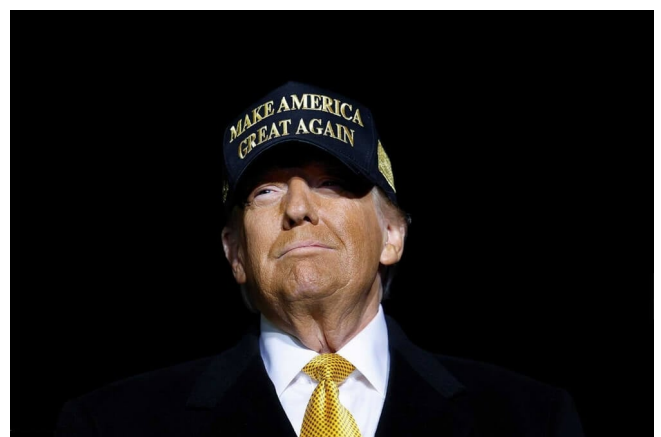
At the same time, US imports from China fell to \$439 billion, while exports totalled \$143.6 billion—a 2.5% decline on an annual basis.

On 22 April 2025, the International Monetary Fund **lowered** its estimate of global GDP growth for 2025 to 2.8%, from 3.3% in 2024, citing the introduction of tariffs as one of the main factors slowing the economic recovery.

Conflict over power relations

Trump's "reciprocal" tariff of 145% affected around 4,800 tariff lines, while China's **countermeasure** of 125% affected more than 3,300 categories of American goods.

Beijing is currently considering exemptions for 131 product categories worth around \$45 billion of imports in 2024, including pharmaceutical components and aircraft engine parts.



If the US abandons the tariffs without getting concessions, it will lose credibility – Donald Trump

Additional pressure is coming from China's **restrictions** on the export of strategic materials. At the beginning of April, China placed seven rare earth elements, which

account for around 90% of global production, under control. The process for issuing export licences can take up to six weeks, while some shipments are stuck at customs for more than a month.

Global investors and analysts point out that this policy increases costs in the automotive, electronics and renewable energy sectors, where dependence on Chinese materials is greatest. S&P Global estimates point to a decline in profit margins for US electronics manufacturers of around 1.8% in the first quarter of 2025.

And there lies the true dimension of this conflict. It is no longer about goods but about a role. The compromise is not a question of technique but a question of the balance of power. If the US abandons the tariffs without getting concessions, it will lose credibility, and if China gives in, it will send a signal of weakness.