

Trade War and its Impact on United States of America and China

M. H. B. Shanika Madhusanki Madana¹

Abstract

There is a trade war between United States of America and China. US and China are both good at their trade sector but few years ago the US administrative realized that there is a trade deficit with their trade and China have benefited from their investments and their technology. Under the US president Donald Trump's administration US started a trade war with their one of biggest trade partners as well as world's top exporter using tariff and non-tariff barriers and quota restrictions to China. And provides substantial to American house hold producers, suppliers and investors. The objectives of this study are to describe the concept of trade war, to explain the reasons that led to this trade war with US and China, and also the main objective of the paper is to examine the consequences of the US–China trade war on both countries. The research methodology comprises utilizing primary and secondary data. Mainly, this research will focus on qualitative approach in social science arena to achieve the main objectives of research. Trade war has influenced not only US and China but also, European and Asian countries. As well as both positive and negative outcomes can appear from trade war. During a period of long-term protectionism, the competition which allows companies to raise the prices of the commodities without fear of ceding the market share decreases. And foreign competitors gain less of incentive for companies to innovate. There should be a political strategy to end the trade war, both countries should coexist with each other peacefully and profitably. If not, the brutal history will repeat again.

Keywords: *Trade, Trade War, Tariffs, Trade Barriers, United States of America, China*

¹ BA Honours in International Studies, University of Kelaniya
shanikamadhusanki@gmail.com