

# Trade War: Analysis

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China Study Circle

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- EU is significant for both US and China and play a ‘strategic card’ as Europe had the power to balance out the commercial power play between Washington and Beijing.
- Trade war or the retaliatory policies are posing immediate level threats with medium and long term impacts which can hinder;
  1. business investment
  2. disrupt global supply chains
  3. slow the spread of productivity-boosting technologies
  4. and raise the price of consumer goods

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- There is risk that the Federal Reserve can raise interest rates to attract the investors.
- Retaliation and negative measure will lead to put a negative impact on the US economy.
- Such retaliatory measure will take other regions to continue trading amongst themselves.
- China is currently facing a 'new normal' development.

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- Economic historians agree that the infamous Smoot-Hawley Act of 1930, which sharply raised tariffs on more than twenty thousand goods produced overseas and exported to the United States, didn't cause the Great Depression, but it did accentuate it as other countries retaliated with import duties of their own that lessen the trade.