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The Impact of US -China Trade War on The Global Economy

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Abstract: The Present paper is a modest attempt of showing the changes that have occurred in the world economy through the trade war between the US & China .The effects of this trade war are not temporary but it is affecting the global economy of other countries also. China and United States both the strong economies of th world so smoothness in their economies directly means smoothness in the economies of rest of the world .The objectives of this paper is to critically evaluate the dynamic elements of World Economy which means is the system of trade & commerce across the world. It also shows how Global Economy is influenced by super power and region power's actions the world largest economies are US, China, Japan, Germany, UK, India, France, Italy, Brazil & Canada. Jim O Neil has predicted that by the End of 2050, China will surpass the US economy. It means that China will be the number one economy of the world in future. China is very ambitious country .It wants economic Integration of whole world under its control. China has enunciated many policies to control the economies of different countries such as String of pearls, deep pocket policies & One Belt One Road Initiative -OBOR is chinese version of new Marshall plan of US .If we look at the policies of US we come to know that in past US too had adopted many policies to control the world politics and economy like - Marshal plan, truman doctrine etc. these were the political cum tactics to control the countries of the world. Today again the world economy facing serious threats due to the trade war of US- China. Thus present paper is trying to find alternatives for the safety of global economy. It also trying to explore the other remedies for bringing the global economy on right tract away from the threat of trade war.

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Key words: OBOR, String of pearls, Marshal plan, Trade war, Truman doctrine & Global economy

The World Economy means it is the system of trade & commerce across the world .International Economy is also known as Global Economy. The world largest economies are US, China, Japan, Germany, UK, India, France, Italy, Brazil & Canada. Jim O Neil has predicted that by the End of 2050, China will surpass the US economy. It means that China will be the number one economy of the world in future. China is very ambitious country .It wants economic Integration of whole world under its control. China has enunciated many policies to control the economies of different countries such as One Belt One Road Initiative -OBOR is Chinese version of new Marshall plan .It has two principles: i) Silk Road Economic Belt - to connect Central Asia to South Asia & to connect China to Europe by land roads. So SREB is an integrated network of sea ports ,Airports,railways and roads .ii) Maritime Silk Road - To integrate the maritime states of South East Asia & south asia. String of Pearls policy, Debt Trap Policy, Deep Pocket Policy and Sugarcandyman policy etc are china'spolicies to capture world economy So far India is concerned ,India could benefit from a protracted US -China trade war as washington is in search of New economic partner in Asia region.(As US knows very well that India is a robust economy)"[1] Secretary of Commerce of US Wilbur Ross has said India has the opportunity to take an advantage of the trade tension between the US & China . Ross was quoted as saying by the Business Standard at the session titled ' Trading Against the tide at the World Economic Forum"[1].The trade war between US & China disturbs the global economy.but it is also true that many countries like Vietnam ,Indonesia & India can pluck the benefits from this trade competition between the United States & China . Generally trade war starts when

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any country imposes tariffs or quotas on imports & foreign countries retaliate wth similar forms of trade protectionism.As it increases, a trade war reduces International trade . This is done by any state as an attempt to protect its domestic industries.

But in long run , [2]a trade war surpresses the economic growth for all countries. It raises inflation when tariffs increase the prices of imports".[2]

Timeline of US-China trade Tussle -

06/7/19 ----------US put 25 percent duties on around US$34 billion of imports from china. china too reacted staunchly by imposing a 25 percent tariff on 545 goods of US.

23/8/19----------US put again tariffs on another chinese goods.

15/5/19----------US banned telecommunications company Huawei .

31/5/19----------China declared that it would establish its own unreliable entities list.

23/8/19----------China continuously extended tariff from5 to 10 percent on US goods.

This US China trade conflict started by President of the United States Donald Trump, has been started by increasing tariffs and taxes on Chinesse Products. Most of the thinkers predict that this Trade dispute could affect the 2020 United States Presidential election. on the other hand, due to this trade conflict, the European Economy especially German economy is hurt. Its bad effects can be seen on UK ,Japan and South Korea's economy .Their manufacturing performance has been slowed down.whereas some countries got profit out of this war,Vietnam technological companies got benefited. Malaysia's semi conductor exports companies got benefited.

[3]"According to a Bloomberg Economics report, uncertainity over trade could lower world

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gross domestic product by 0.6 percent in 2021 compared to a no-trade- war scenario, which translates to $585 billion shaved off the IMF's estimated world GDP of $97 trillion for that year".[3]

if we look at the percentage then we can predict that this trade war between china & US will hurt China more as US economic results is expected to dip by 0.6 per cent, while China's GDP will be lower by 1 per cent.[4] "Almost All the European countries believe that China is a bad actor."[4]As far as the impact of US-China trade war is concerned [5] It is predicted by Economists that this war could slow global manufacturing activity into start of 2020. WTO also slashed its global trade growth forecast for 2019 to 1.2 percent , which is more than half of its projection of 2.6 per cent earlier in April."[5]

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