**US-China Trade Relations in Strain**

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April 27, 2024

[Newspaper](https://www.nation.com.pk/newspaper), [Opinions](https://www.nation.com.pk/opinions), [Columns](https://www.nation.com.pk/columns)

In the face of ongoing bilateral tensions between the two economic powerhouses of the world, the US and China, the US. Treasury Secretary, Janet Yellen made her second trip to China on April 4. This visit follows a recent phone conversation between U.S. President Joe Biden and Chinese leader Xi Jinping as both Washington and Beijing are trying to enhance their communication channels amid Washington’s increased restrictions on high-tech exports to China and overcapacity issues.

During her initial day of meetings in Guangzhou on April 5th, Janet Yellen focused on discussing the surplus of Chinese goods in critical sectors like electric vehicles (EVs) and solar panels. This topic has swiftly become a significant point of disagreement both on the global stage and in the lead-up to the upcoming US presidential election in November.

Yellen’s visit to China underscores the Biden administration’s commitment to engaging with Beijing on economic and trade matters. She plans to discuss what the administration views as “unfair” trade practices from China, particularly regarding industrial overcapacity. She has also conveyed openness to contemplating additional measures to protect American clean energy sectors from Chinese competition, marking a pivotal agenda in her week-long discussions aimed at fortifying financial and economic ties between the world’s leading economies.

[China unveils first Hangor-class submarine builit for Pakistan](https://www.nation.com.pk/27-Apr-2024/china-unveils-first-hangor-class-submarine-builit-for-pakistan)

The International Monetary Fund’s latest projections indicate a 4.6 percent growth in China’s real gross domestic product (GDP) for 2024, expected to decrease to 4.1 percent in 2025. In addressing potential trade barriers with China, Yellen alluded to exploring diverse strategies, including tax subsidies, to shield these sectors, refraining from explicitly mentioning tariffs. Her discourse resonated with previous assertions underscoring China’s subsidies in clean energy and industrial capacities, that has led to undercutting effects on the competitiveness of workers and businesses in the United States, Mexico, and India.

According to Treasury officials in Washington Secretary Yellen aimed to prioritize stabilizing the global economy and addressing China’s backing of Russia during the Ukraine invasion. The recent tension escalated following President Joe Biden’s labeling of Xi as a dictator, which led to protests from the Chinese government. Relations were strained after a Chinese surveillance balloon crossed into US airspace in February and was subsequently downed.

[Rawalpindi BISE chief visits exam centres in Pindigheb](https://www.nation.com.pk/27-Apr-2024/rawalpindi-bise-chief-visits-exam-centres-in-pindigheb)

The recent efforts of improving bilateral relations indicate that Washington is aiming for “healthy” relations with Beijing and is not inclined towards economic decoupling, instead focusing on collaboration regarding pressing issues like climate change and debt distress, according to the US official.

Recently, Xi introduced the concept of “new productive forces”, underlining the necessity for a novel economic growth paradigm driven by technological innovation. These “forces” encompass burgeoning sectors like electric vehicles (EVs), advanced materials, and artificial intelligence (AI). However, while promoting these new productive forces can lead to economic expansion and technological advancement, it is anticipated that it could exacerbate the situation without accompanying measures to stimulate domestic consumption. The focus on high-tech sectors may lead to increased investment and development in these areas, which can create jobs and boost productivity. However, if the benefits of this growth primarily accrue to certain segments of the population or if consumer demand does not keep pace with production, it could exacerbate income inequality and limit the overall economic impact.

[CDA organises E-Katcheri to facilitate residents](https://www.nation.com.pk/27-Apr-2024/cda-organises-e-katcheri-to-facilitate-residents)

To ensure that the concept of new productive forces translates into sustainable economic growth, it is crucial to implement policies that encourage domestic consumption, support inclusive growth, and address potential disparities. This might include measures such as income support for lower-income households, investment in education and skills training, and fostering an environment conducive to entrepreneurship and innovation across various sectors. By striking a balance between promoting new productive forces and supporting domestic consumption, countries can harness the full potential of technological innovation for broader economic development and societal well-being.

On the other hand, Biden administration officials are contemplating the idea of imposing higher tariffs on Chinese imports to address trade imbalances. With the upcoming presidential race, candidates from both political parties are striving to demonstrate a firm stance against Beijing. Former President Donald Trump has even threatened to impose tariffs as high as 60% on imports from China if he returns to office.

[REO visits Rescue offices in Rawalpindi region](https://www.nation.com.pk/27-Apr-2024/reo-visits-rescue-offices-in-rawalpindi-region)

Nonetheless, trade tensions continue to escalate due to China’s strategy of ramping up manufacturing for export, compensating for sluggish domestic demand amid an economic slowdown. Beijing has invested heavily in emerging sectors like electric vehicles (EVs) and batteries to diversify its economic growth beyond the property sector, which has faced challenges. Experts believe that the imbalance between China’s production capacity and consumption, stating that this situation poses a risk to the global trading system.

The recent phone call between Chinese President Xi Jinping and US President Joe Biden on April 2nd addressing various topics such as artificial intelligence, counternarcotics, climate issues, and regional security concerns such as Taiwan and the South China Sea along with the current visit of Treasury Secretary Janet Yellen to China, indicates ongoing efforts to manage and improve US-China relations and willingness of both countries to engage on various bilateral, regional, and global issues. However, these developments do not necessarily signal a significant ease in tensions between the two countries.

[UN official says it could take 14 years to clear rubble from Gaza](https://www.nation.com.pk/27-Apr-2024/un-official-says-it-could-take-14-years-to-clear-rubble-from-gaza)

Despite recent diplomatic efforts, significant challenges persist in the relationship between the United States and China. One major issue is the ongoing conflict in Ukraine, where China’s support for Russia has raised concerns and strained relations with the US. This support, along with regional security issues such as Taiwan’s status, further exacerbates tensions between the two nations. Additionally, both countries harbour apprehensions about each other’s actions and policies across various domains, including trade practices, military activities, and technological competition. These apprehensions contribute to a sense of mutual distrust and competition, creating a complex and multifaceted dynamic in their bilateral relationship. Despite efforts to engage diplomatically, these challenges underscore the need for ongoing dialogue, cooperation, and effective management of differences to navigate the complexities and uncertainties in US-China relations.

Conclusively, while Janet’s visit stands as a critical step in the broader strategy aimed at strengthening diplomatic and economic ties between the United States and China to engage and address issues, it does not necessarily indicate a significant easing of tensions or a resolution to longstanding disputes. The path to improving US-China relations will likely require continued dialogue, cooperation on shared challenges, and efforts to manage differences effectively.

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