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U. S. AND CHINA TRADE WARS

Q1. Background: Provide a clear and insightful synopsis of the situation in about 80-100 words The U. S. and China are two important powers in the international markets. The U. S. has been the largest power long years. Recently, China has started producing a large amount of products with a large variety. The most essential point in the China’s large production is the advantage of having the lowest labor costs in the country. Also, China is following the strategy of copying technology without any permission. The Chinese companies are basically stealing technology from the developed countries producers.   
Stealing would not be a big problem if China produces very similar things to the original products produced in the developed countries with very low costs by using the advantage of low labor costs. China is the largest exporter in the world now, and the developed countries are disturbed.   
Q2. Which two governments are involved in the dispute? China and the U. S. governments are involved in the dispute. The U. S. has a large trade deficit in the trade with China. The Chinese companies are producing many things at very low costs. There were no limit for importing products from China; thus, many importers brought many products to the U. S. from China. This situation influenced the national producers in the U. S. Thus, the U. S. economy has become more fragile against the economic and financial crisis.   
Q3. When did the dispute take place (or begin)? The dispute has started after 2000. After 2000, China has started increasing its production level and its exportation to the developed countries. The Chinese products are much cheaper than the products produced in the developed countries. In the beginning, it was claimed that the Chinese products were low quality products; however, especially the poor and the middle class people in the developed countries found the Chinese products attractive. Therefore, the assumption of the low quality Chinese products did not hold.   
Q4. What is the product (or service) involved in the dispute? The products with intellectual property rights were the subject of the dispute between the two countries. The Chinese companies have started copying the products with intellectual property rights. They produced all kind of copies of electronics, cars, car parts, and many other products by violating the intellectual property rights and they have exported them to the other countries. Maybe it was forbidden to sell these products in the U. S.; however, the U. S. producers have faced a harsh competition in the international markets. Especially, poor and middle income class people prefer the cheap Chinese products. Thus, the sales of the American companies have gone down in the export markets.   
Q5. What action is being taken? (Be very specific) The U. S. has filed the issues of the violation of the intellectual property rights in the World Trade Organization. As known, the World Trade Organization is responsible for providing free competition in the international markets. The U. S. has made complaints about the Chinese producers. The U. S. is still aiming to ban the Chinese products violating the intellectual property rights in the other countries and in the U. S.   
Q6. What is the objective of the action (or threatened action)? The U. S. companies are facing the unfair competition against the Chinese producers. The Chinese producers are stealing the technologies and by using the low labor cost advantage they are producing the same or very similar products to the U. S. made products. Consequently, the U. S. companies are losing their market shares to the Chinese producers.

## Q7. What was the final outcome, if it has not yet been resolved?

If it continues like that, the Chinese producers can increase their exports. What happens then? The U. S. companies and the high technology companies in the other developed countries might stop producing and doing research and development works. Consequently, the technological development in the world would slow down. Also, we could face an economic crisis in the developed countries and it might turn to being a global economic crisis. Subsequently, China might not be able to sell its products to the other countries. Consequently, we can say that there might occur disequilibrium in the international economy.

## REFERENCE

Feenstra, R. C. (2010). China's growing role in world trade. Chicago: University of Chicago Press.