

June 9, 2026

**Making Sense of the Sino-American Trade War:
Why We Can Expect it to Last a Long Time
And Which Sectors Are Most Heavily Affected**

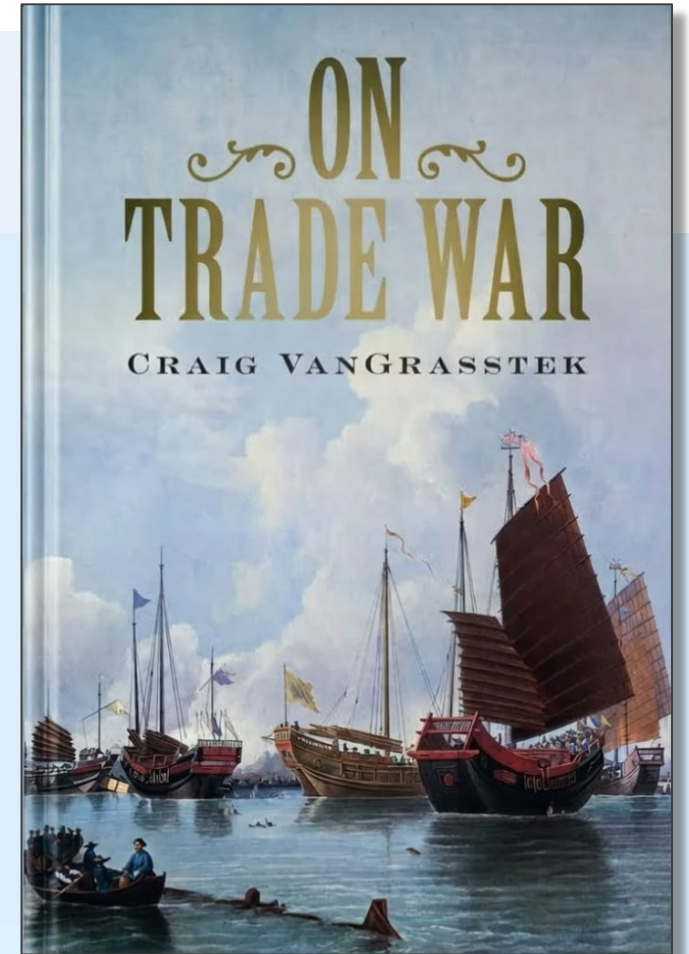
Introductory Comment

These observations are from my book *On Trade War* (Cambridge University Press), coming out this month.

Because the recent summit produced no fundamental changes I will not deal with the very short term, but focus instead on two main points from the book:

1. Strategically (the long term) this trade war was predictable and is likely to last for years, and
2. Tactically (the medium term) what U.S. industries are most affected.

In the interest of time, I will not cover here what the book has to say about economic and political theory, historical cases, diplomatic/security relations, etc.



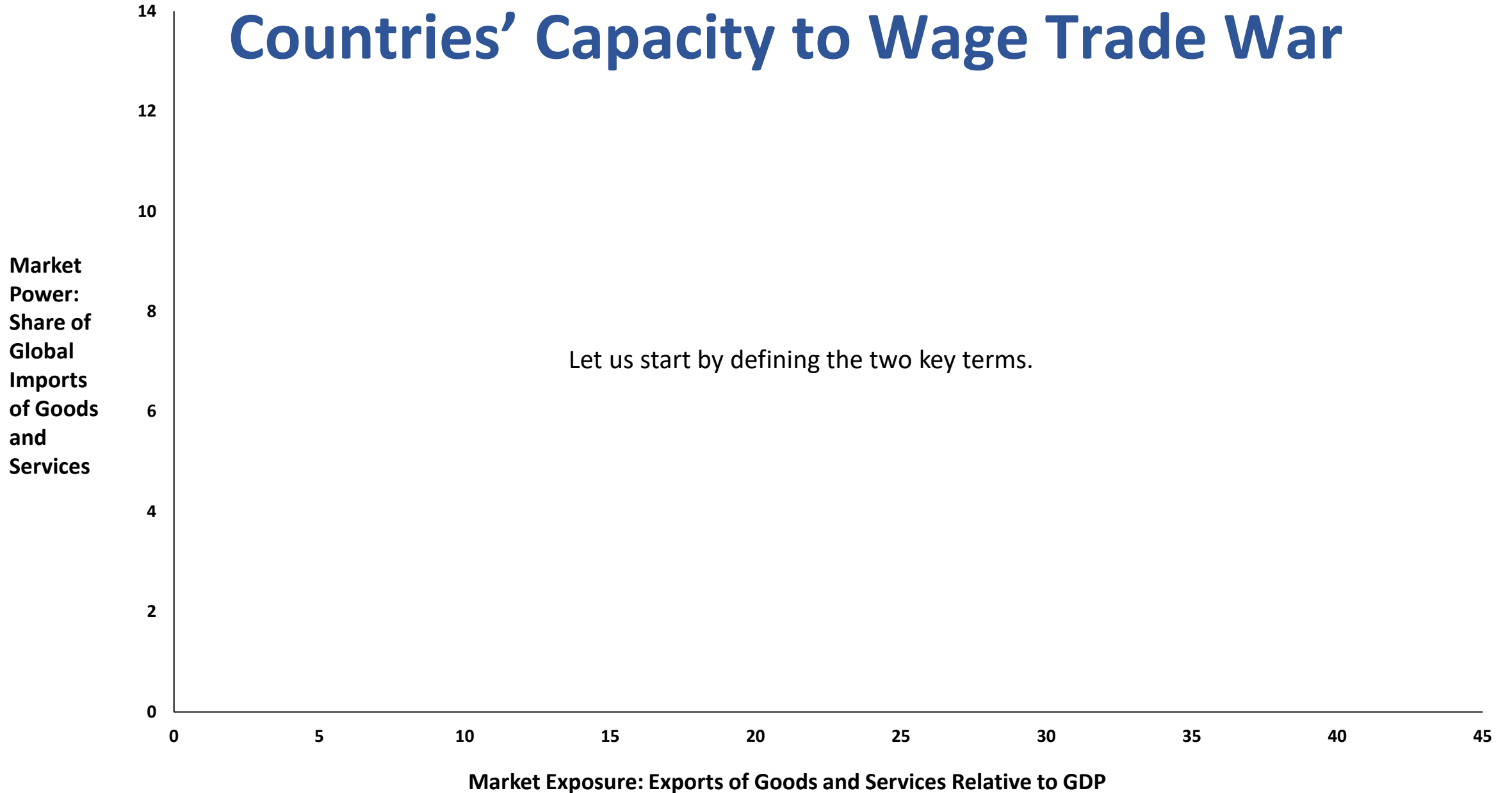
The Main Strategic Point:

The Outbreak of Trade War Can Be Traced to One Shift in Chinese Strategy, and its Conduct to Another Shift

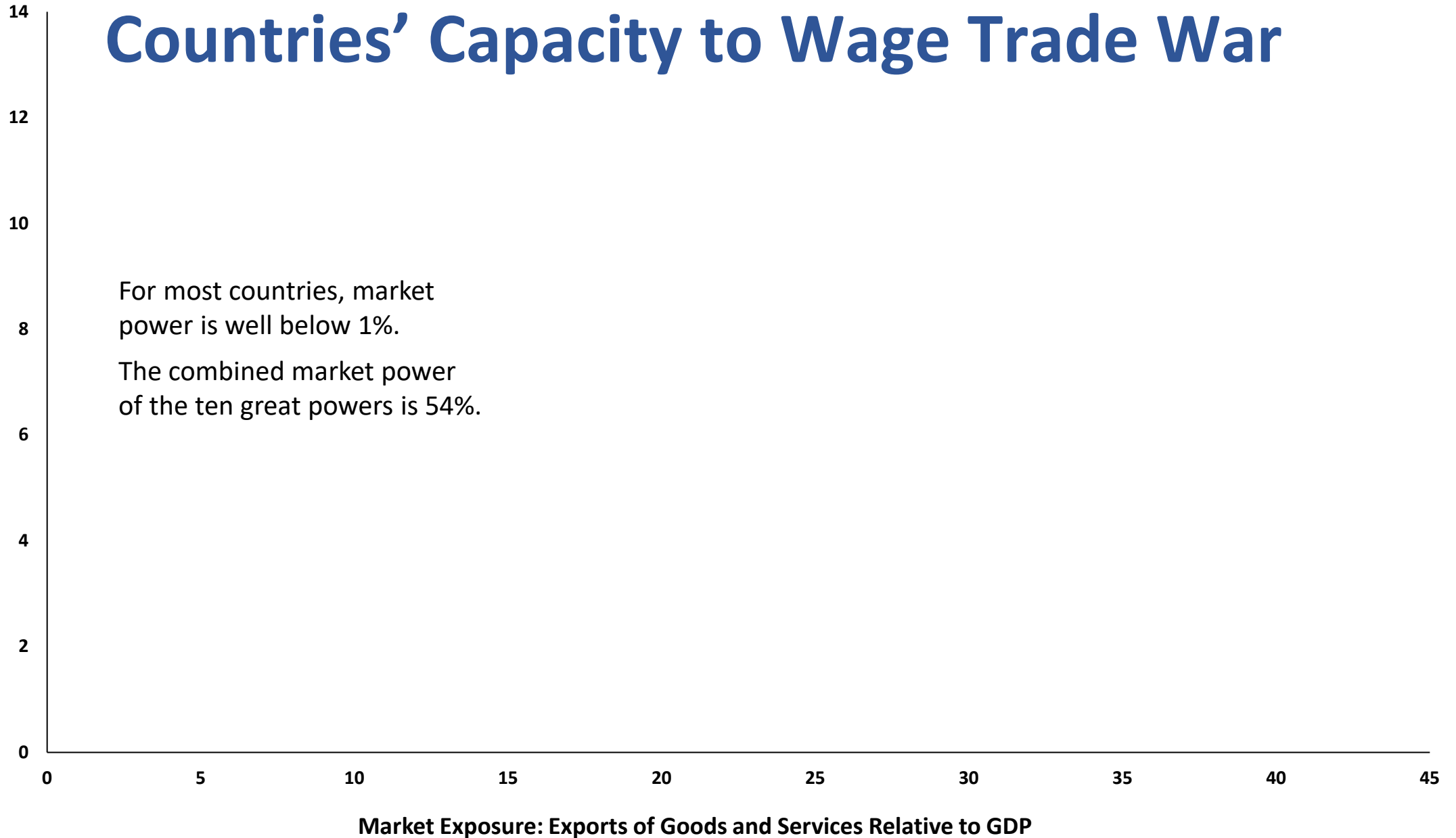
Do not make the common mistake of assuming that China is as dependent on the global market as the global market is dependent on China. That was once true, but China has reduced its exposure both to the world as a whole and to the U.S. market in particular.

Like the United States, China has become a *political* great power. This means that it is increasingly able to leverage other countries' dependence on access to its market at little risk to itself.

Two Key Measures of Countries' Capacity to Wage Trade War

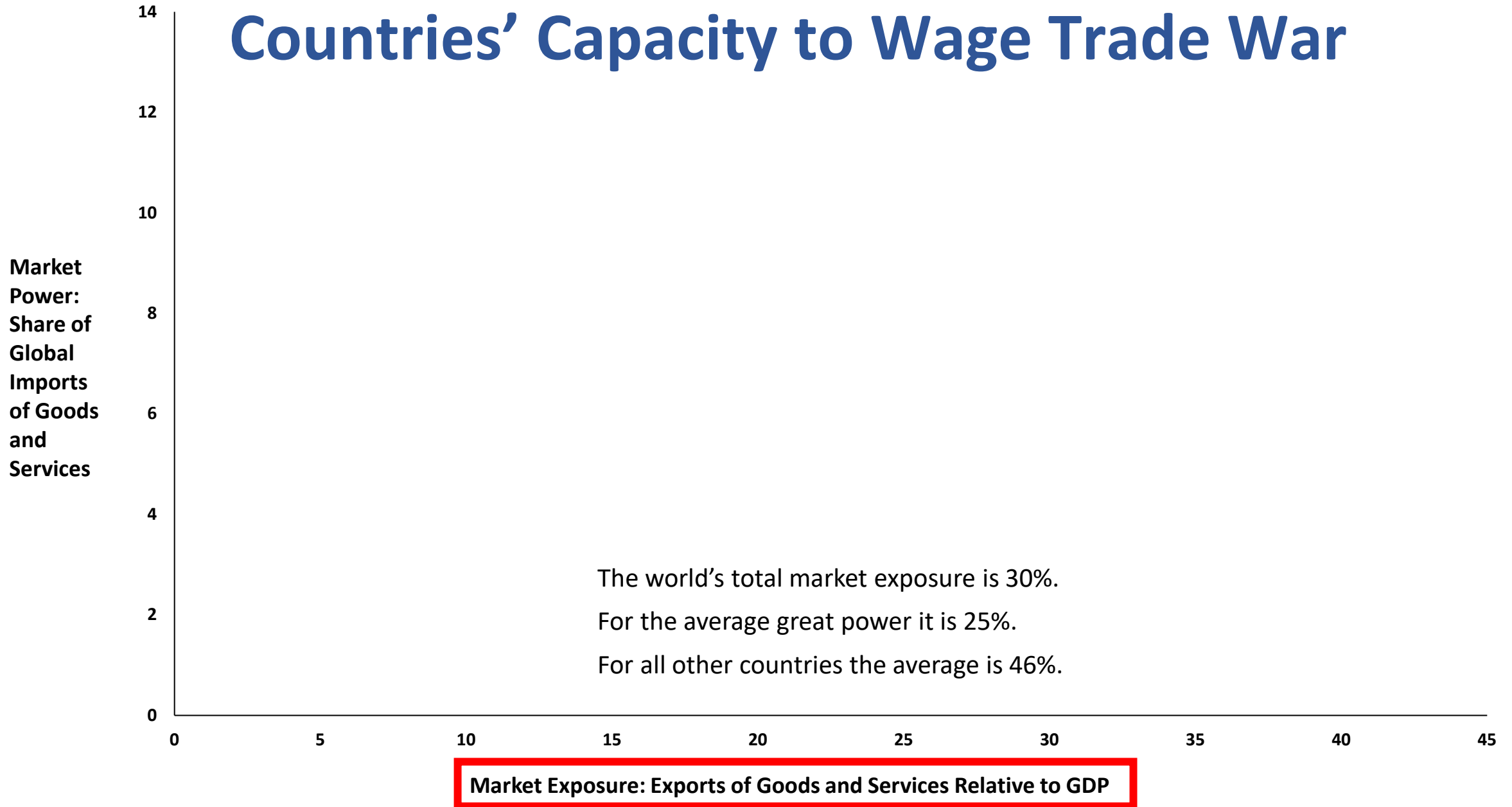


Two Key Measures of Countries' Capacity to Wage Trade War

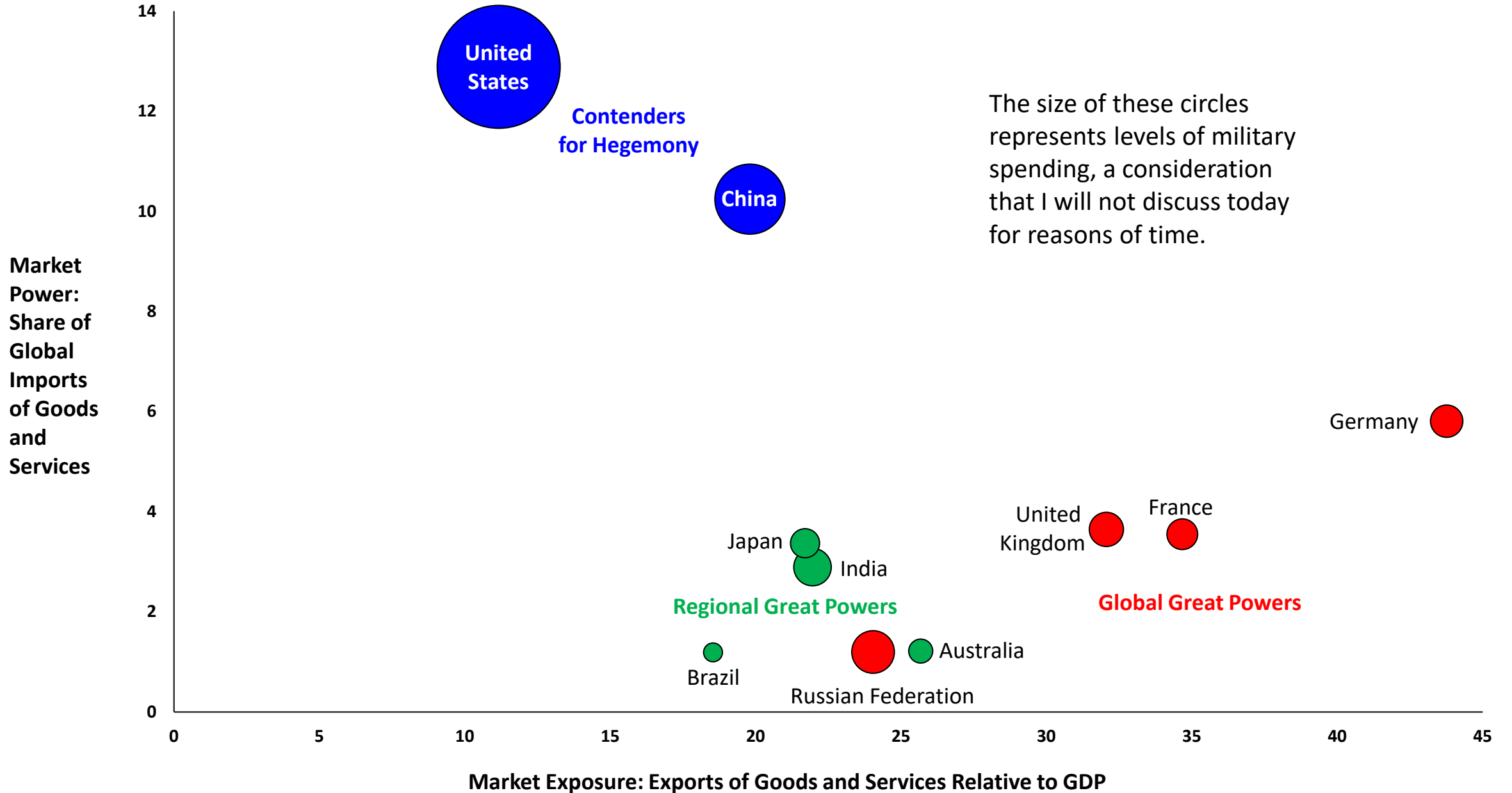


Market Power: Share of Global Imports of Goods and Services

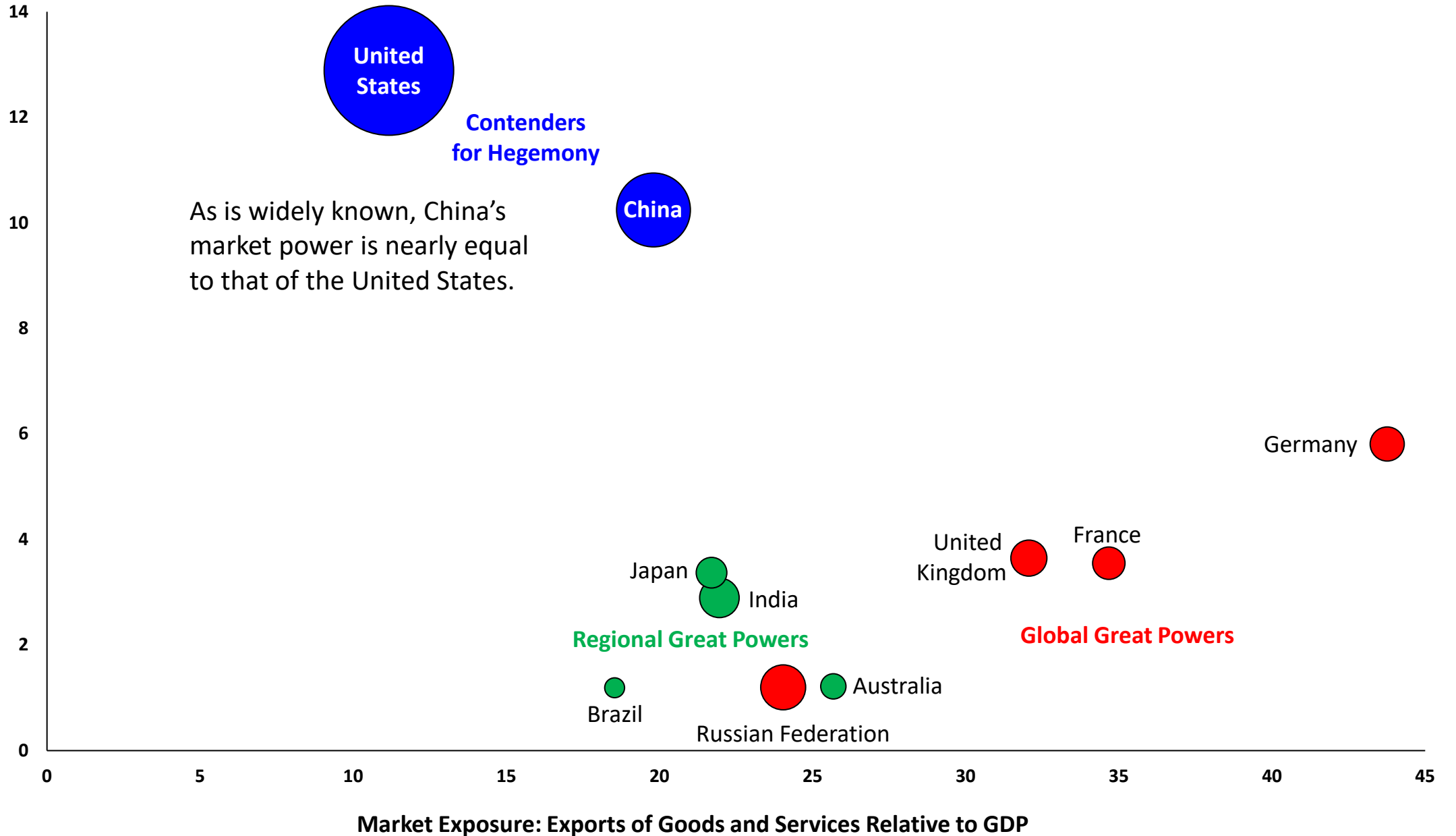
Two Key Measures of Countries' Capacity to Wage Trade War



Today's Great Powers

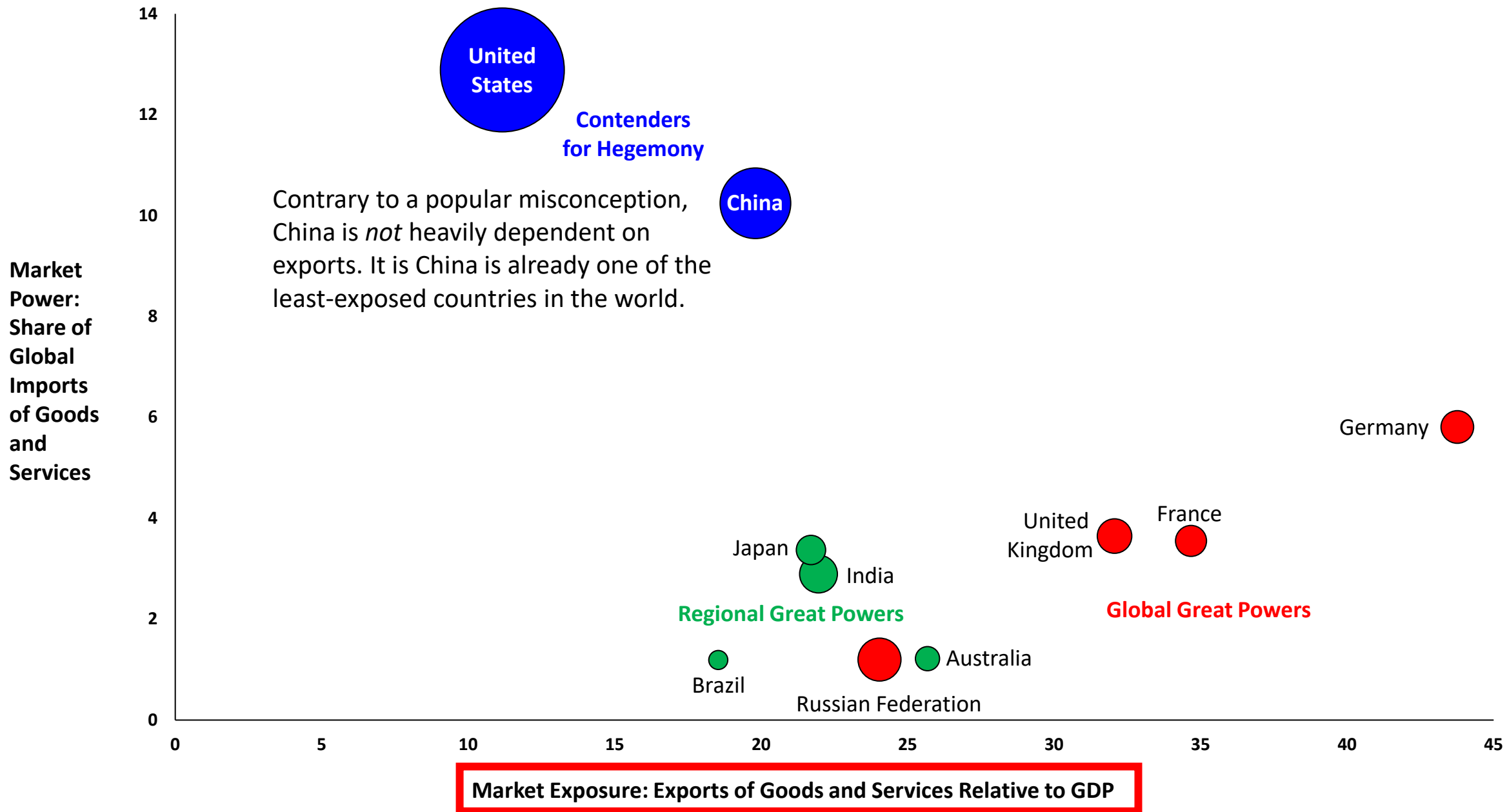


Today's Great Powers

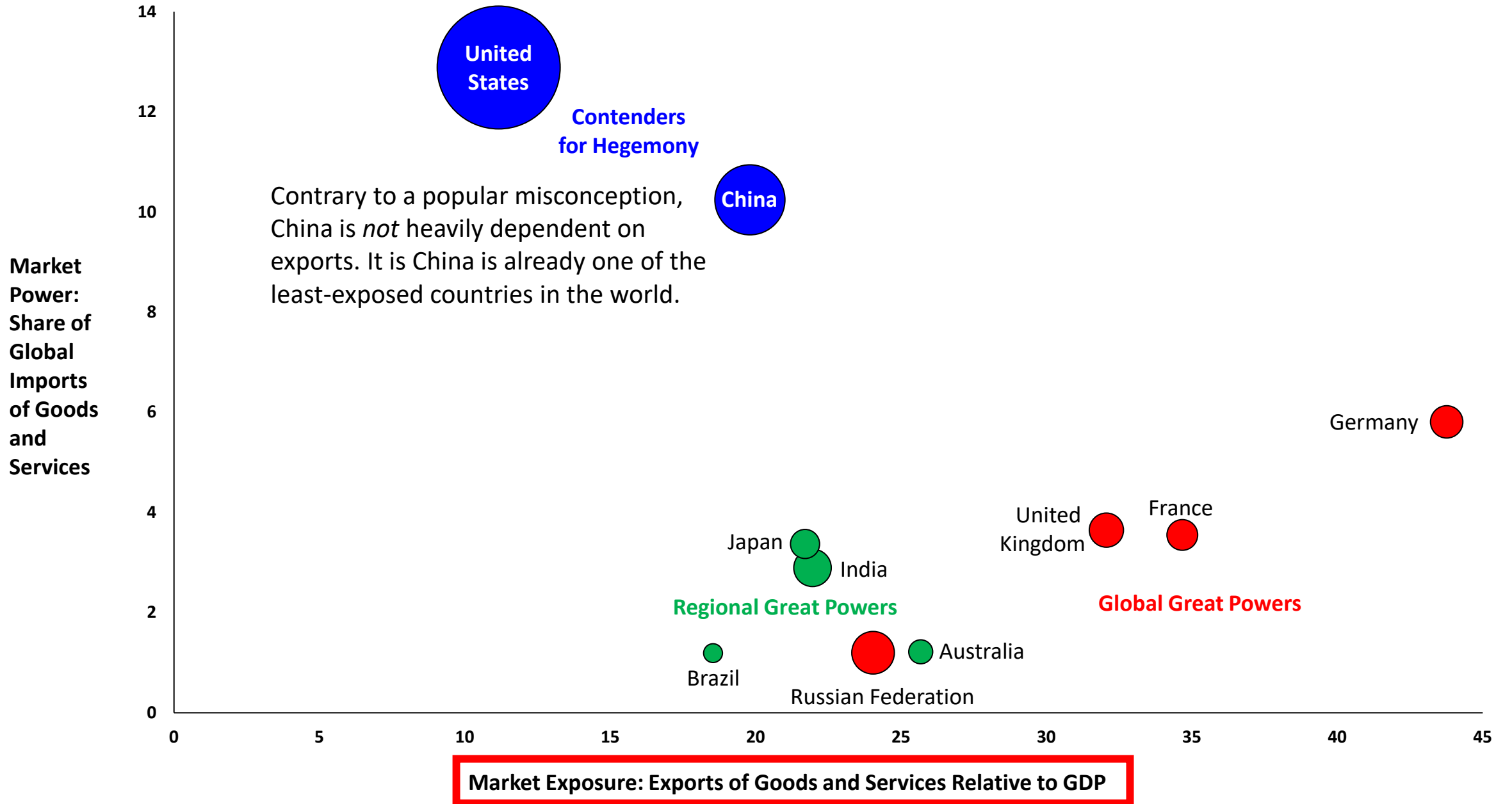


Market Power: Share of Global Imports of Goods and Services

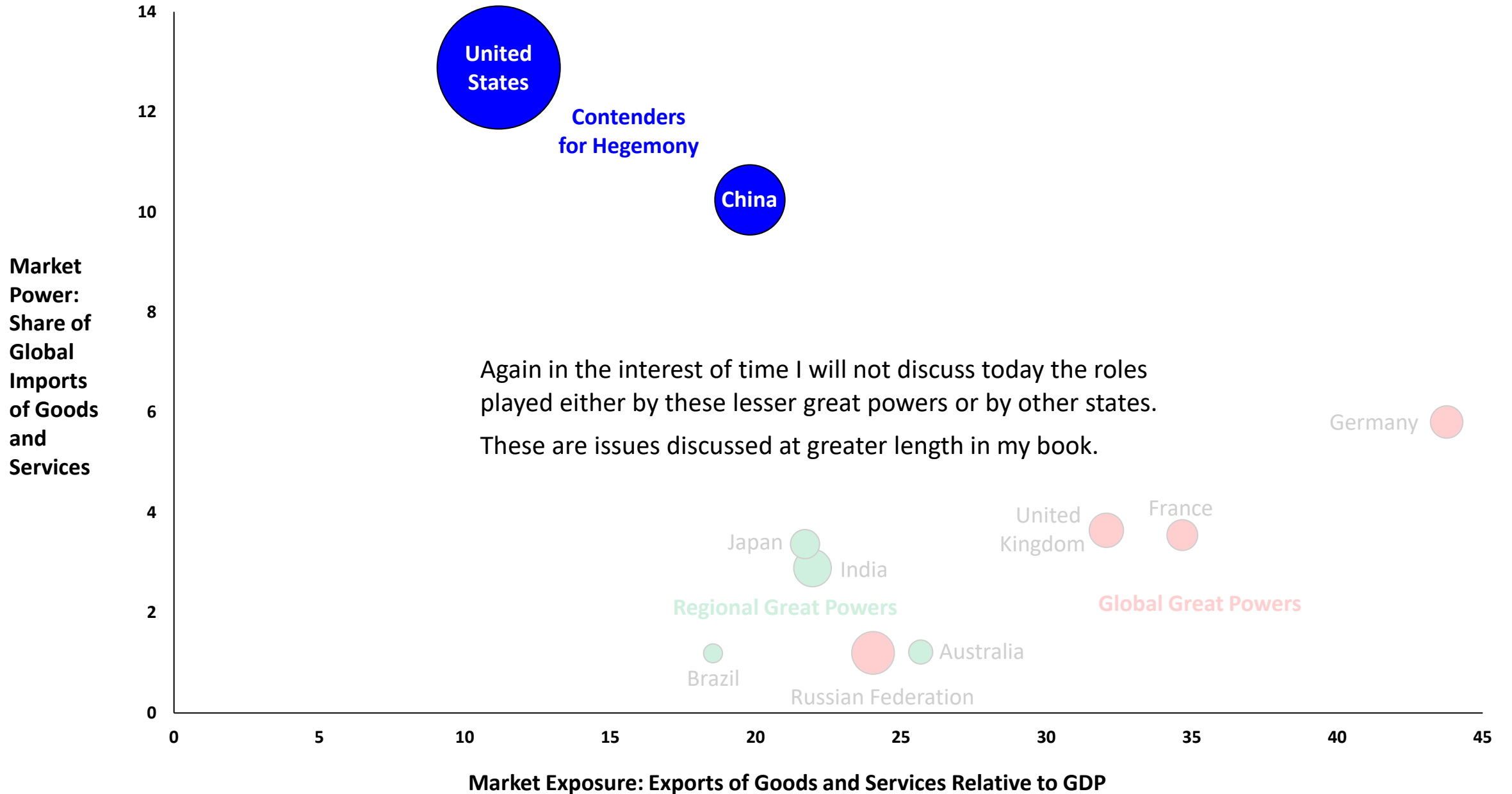
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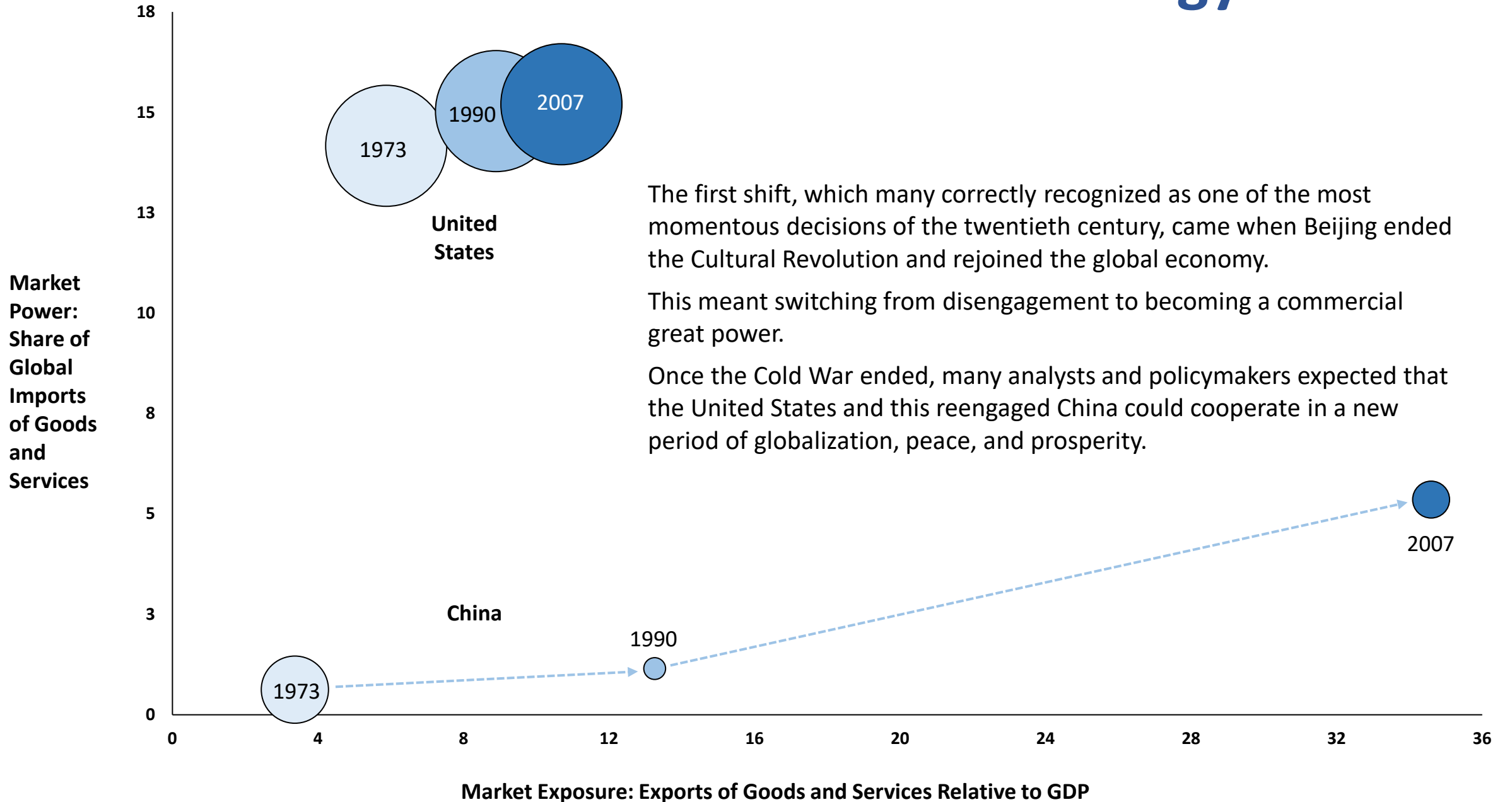
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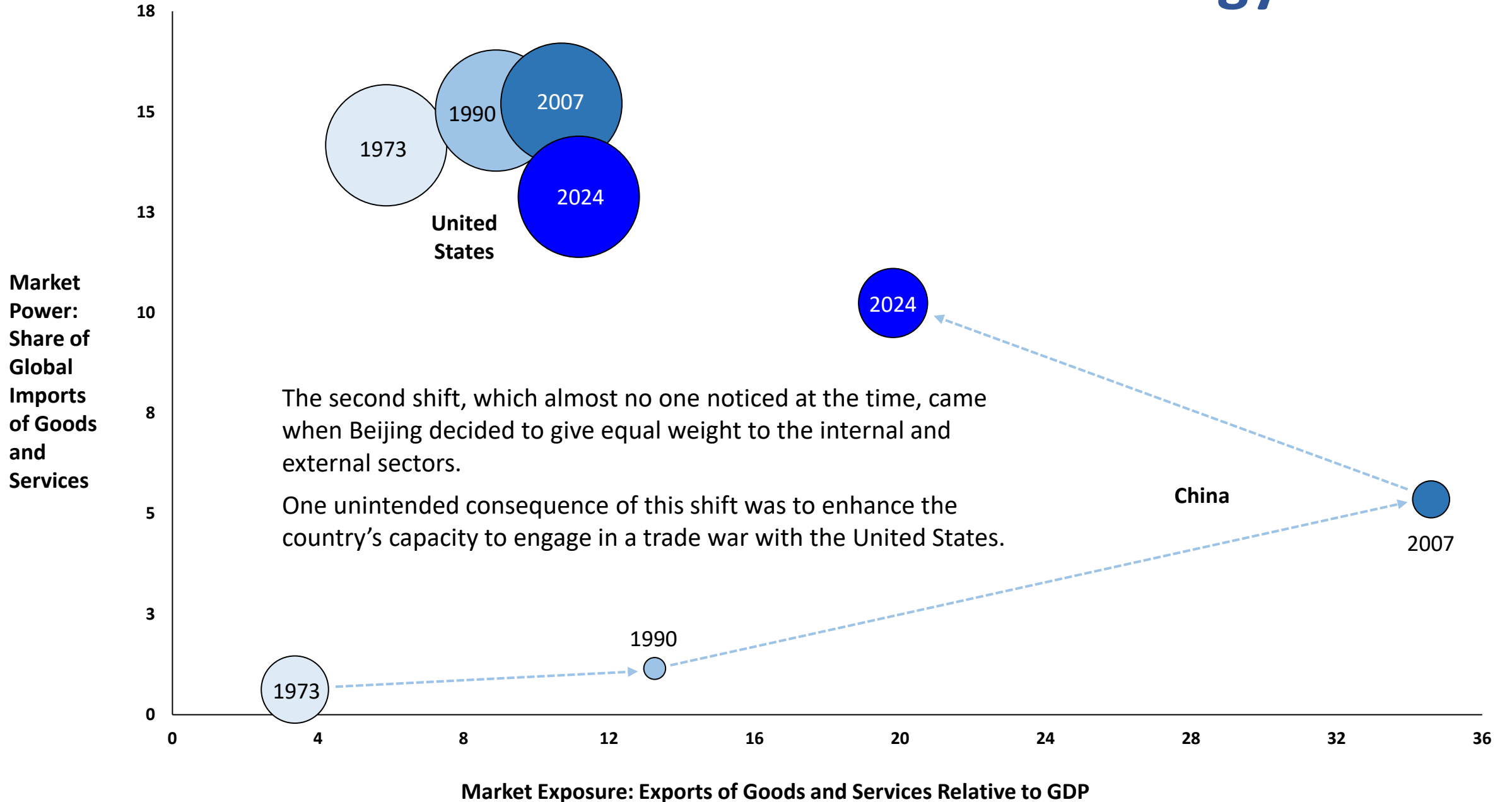
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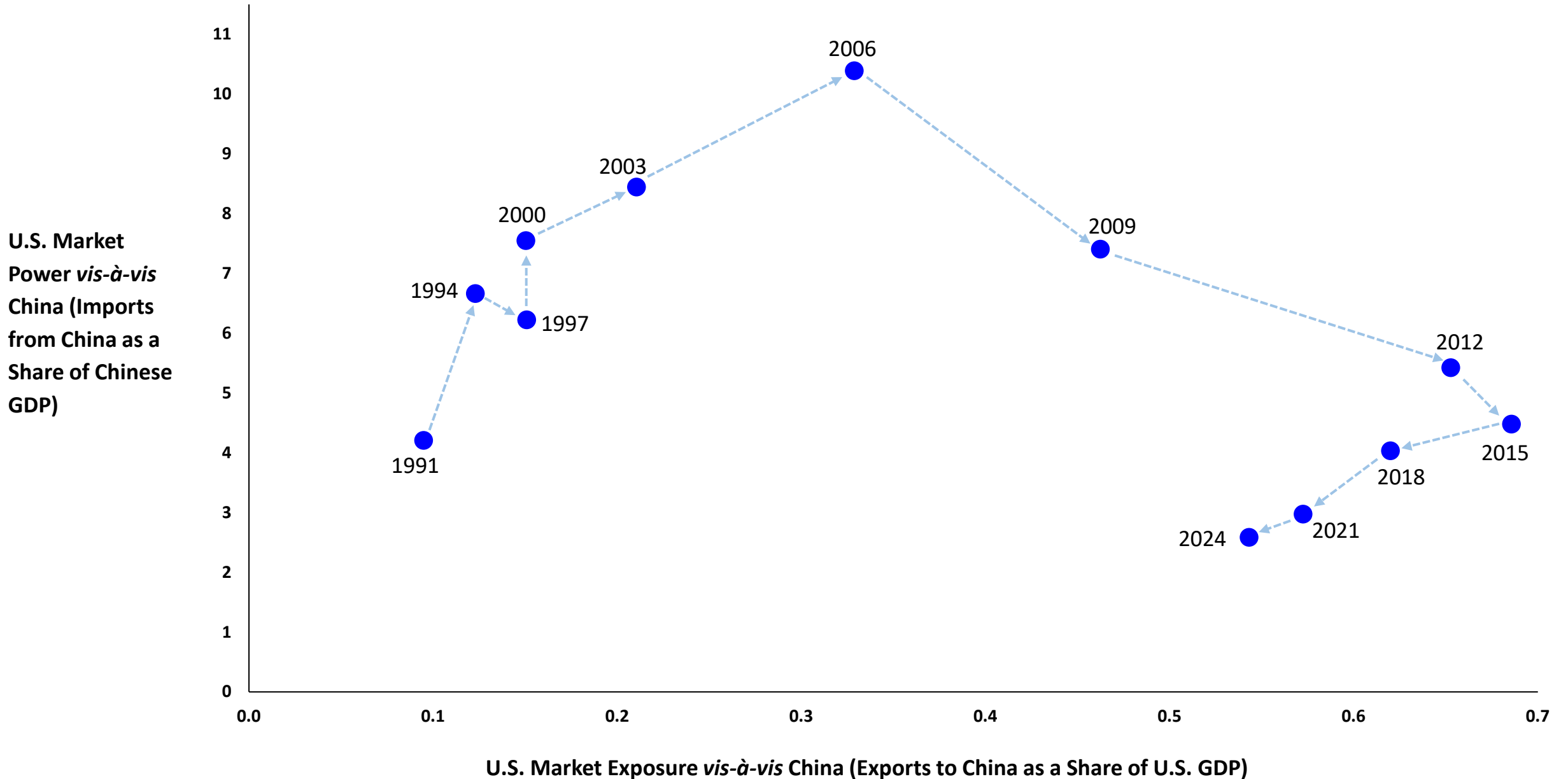
The First Shift in Chinese Strategy



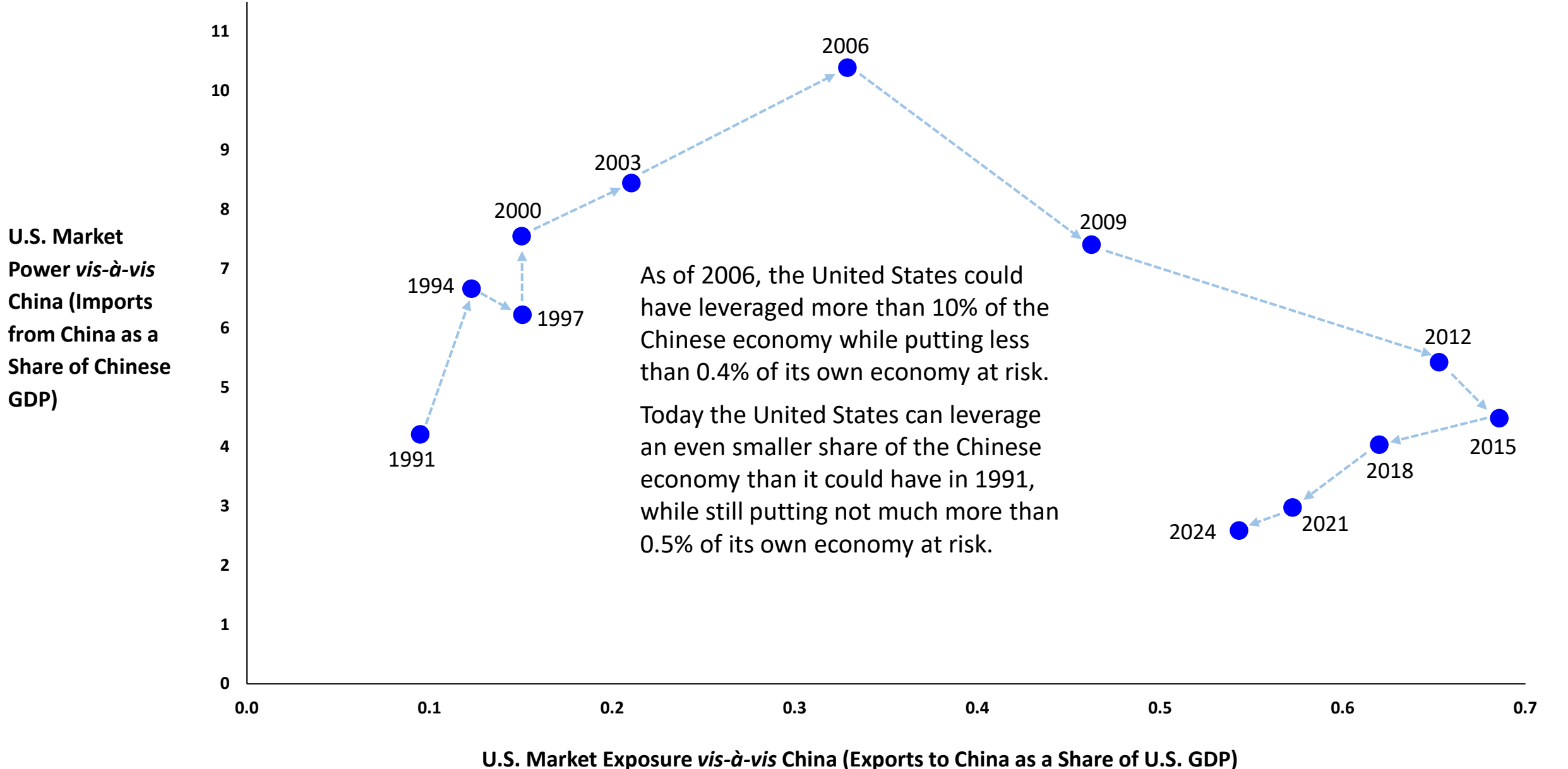
The Second Shift in Chinese Strategy



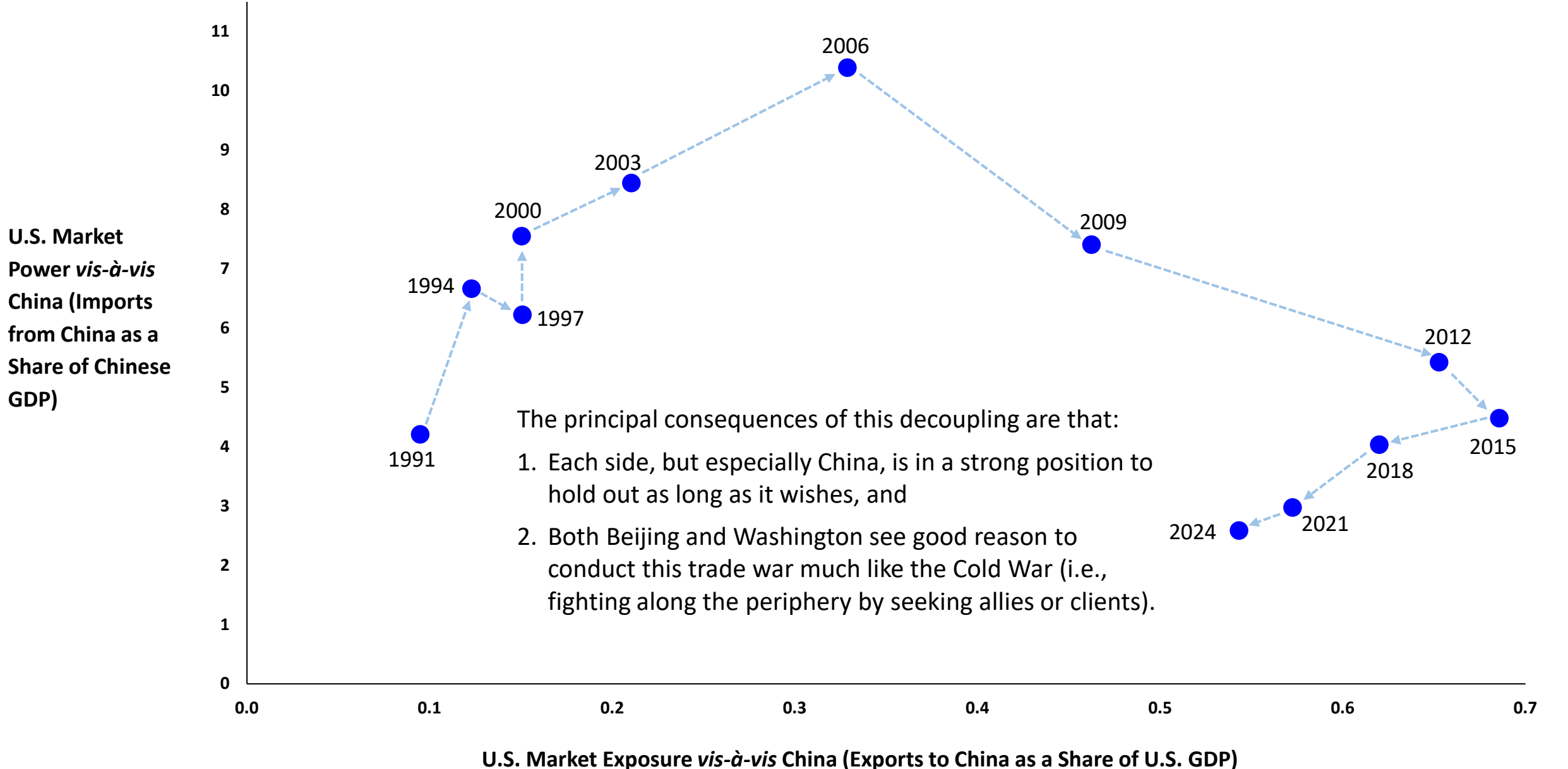
The Strategic Shift Made China Less Vulnerable to Pressure



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The principal consequences of this decoupling are that:

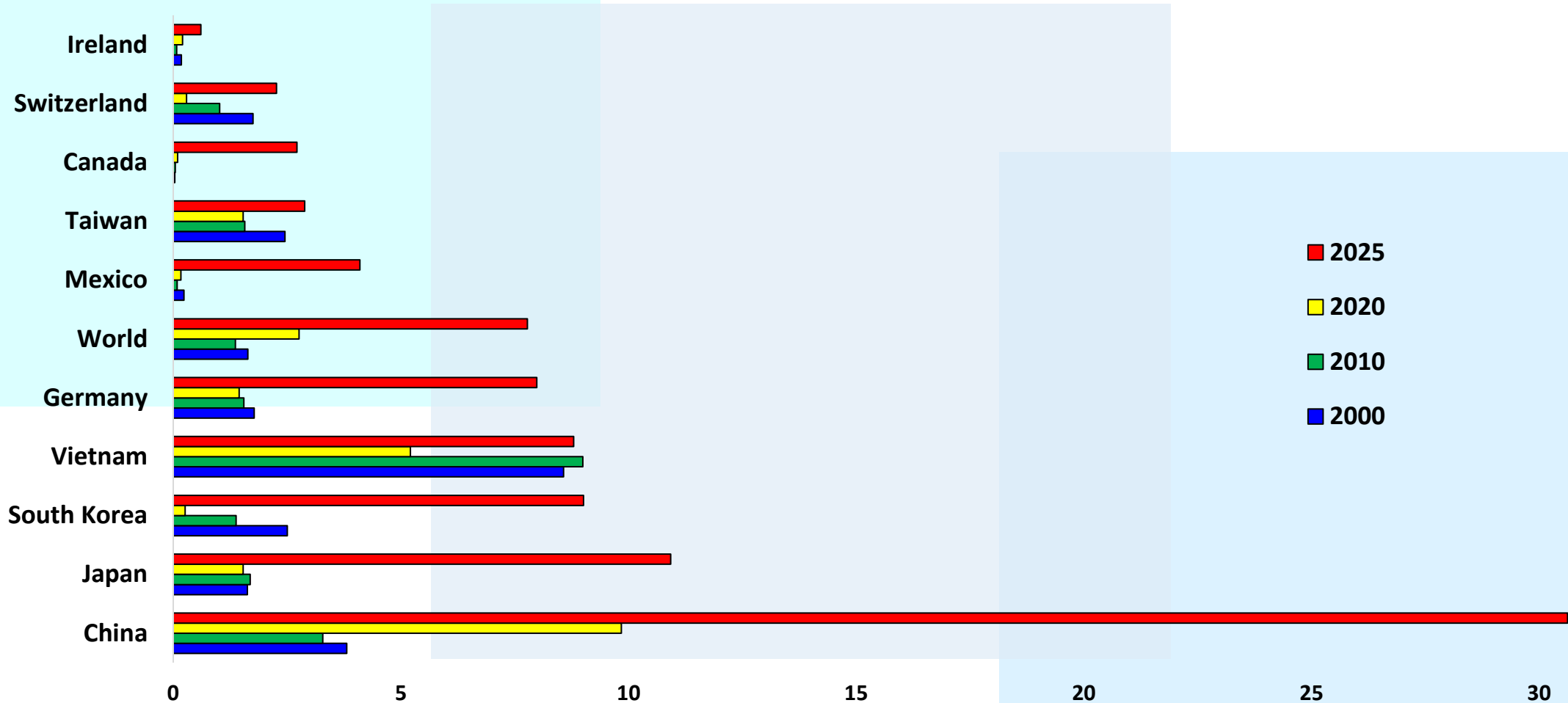
1. Each side, but especially China, is in a strong position to hold out as long as it wishes, and
2. Both Beijing and Washington see good reason to conduct this trade war much like the Cold War (i.e., fighting along the periphery by seeking allies or clients).

Which Other States Are Most Exposed to the U.S. & Chinese Markets?

		Market Exposure to the United States: Goods Exports Relative to GDP					
		Low (<1%)		Medium (1.0-5.0%)		High (5.1-10.0%)	Very High (>10%)
Market Exposure to China: Goods Exports Relative to GDP	Very High (>10%)	Angola Brunei Daru. Congo, D. Rep. Congo, Rep.	Gabon Lao PDR Mongolia Turkmenistan	Cambodia Chile	Iraq	Malaysia Singapore	Hong Kong Viet Nam
	High (5.1-10.0%)	Myanmar Papua New G.	Qatar Zambia	Libya Peru	Saudi Arabia United Arab Ems.	Korea Thailand	—
	Medium (1.0-5.0%)	Argentina Armenia Belarus Bolivia Botswana Cameroon Georgia Guinea	Iran Kazakhstan Mozambique Norway Serbia Ukraine Uruguay Zimbabwe	Indonesia Madagascar	New Zealand Philippines South Africa	Ecuador Switzerland	Canada
	Low (<1%)	Afghanistan Azerbaijan Benin Bosnia and H. Burkina Faso Egypt Ethiopia Kenya Kuwait Lebanon Mali	Moldova Morocco Nepal Niger Nigeria Paraguay Sudan Syrian Arab R. Tanzania Uganda	Algeria Bahamas Bahrain Bangladesh Belarus Colombia Ghana Guatemala Haiti Iceland	Israel Jordan Mauritius Oman Pakistan Panama Serbia Tunisia Türkiye Uzbekistan	Costa Rica Dominican Republic El Salvador Guatemala Guyana Honduras Jamaica	Mexico Nicaragua Trinidad and Tobago

All Partners Are Subject to Extraordinary Tariffs

Average U.S. Tariffs on Imports from the Top-Ten Suppliers, 2000-2025



Source: Calculated from U.S. International Trade Commission DataWeb.

The Main Tactical Point: Why the Distinction between “Strategic” and Other Industries Has Become only a Difference in Degree

One recurring theme in *On Trade War* is that commercial conflicts have evolved in the same way as “ordinary” war, with the erosion of distinctions between strategic and non-strategic sectors.

Just as there used to be (in theory if not in practice) the expectation that civilians would not be targeted in war, which then changed with the rise of air power, so too have trade warriors increasingly come to consider all economic sectors to be “fair game” and subject to tariffs or other restrictive measures.

Point #2:

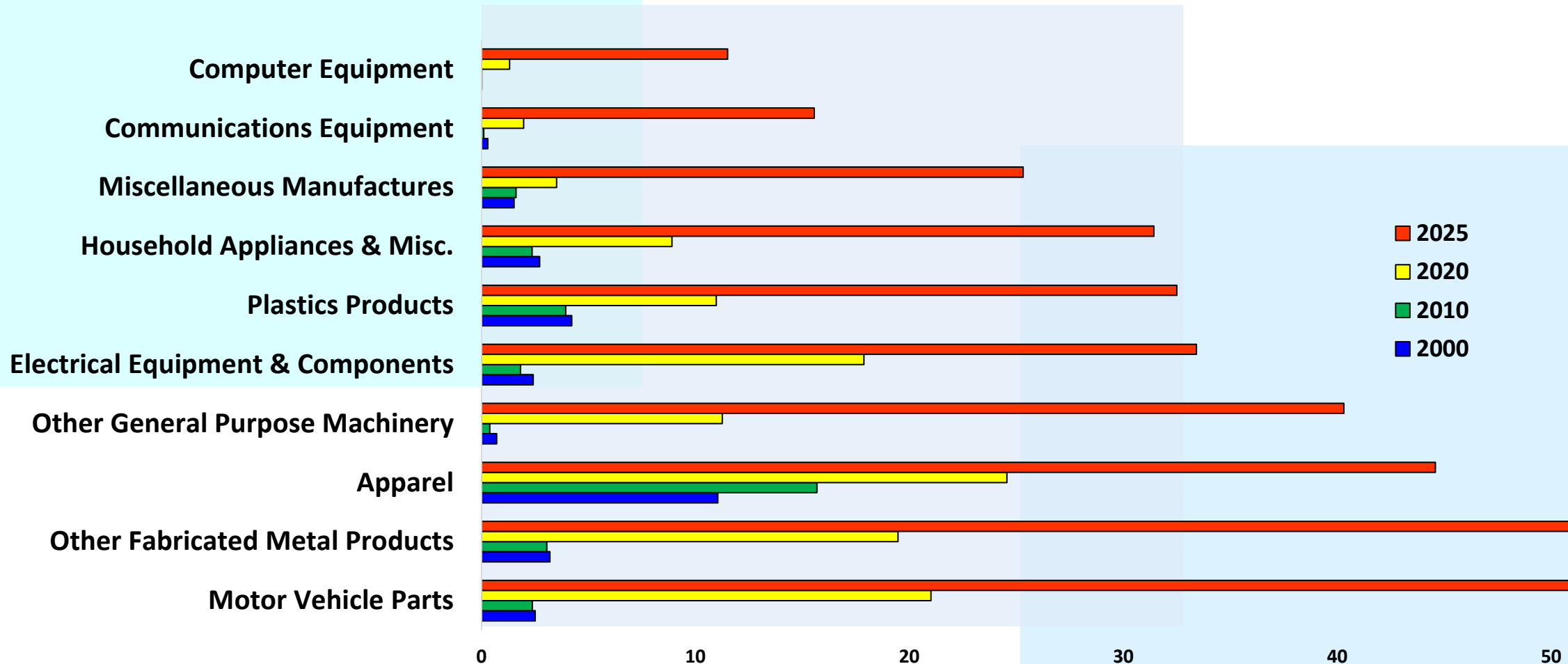
That Said, Some Sectors that Are Especially Liable to Be Caught up in Modern Trade War

I will not address the special considerations for these sectors, as I understand that they are not prominent in your group. I list them in declining order of indirect effect on other industries:

- Ports and related services
- Iron, steel, and aluminum
- Computer chips and other high-technology goods
- Rare earths
- Agricultural exports (especially soybeans)
- Arms and ammunition

All Sectors Are Subject to Extraordinary Tariffs

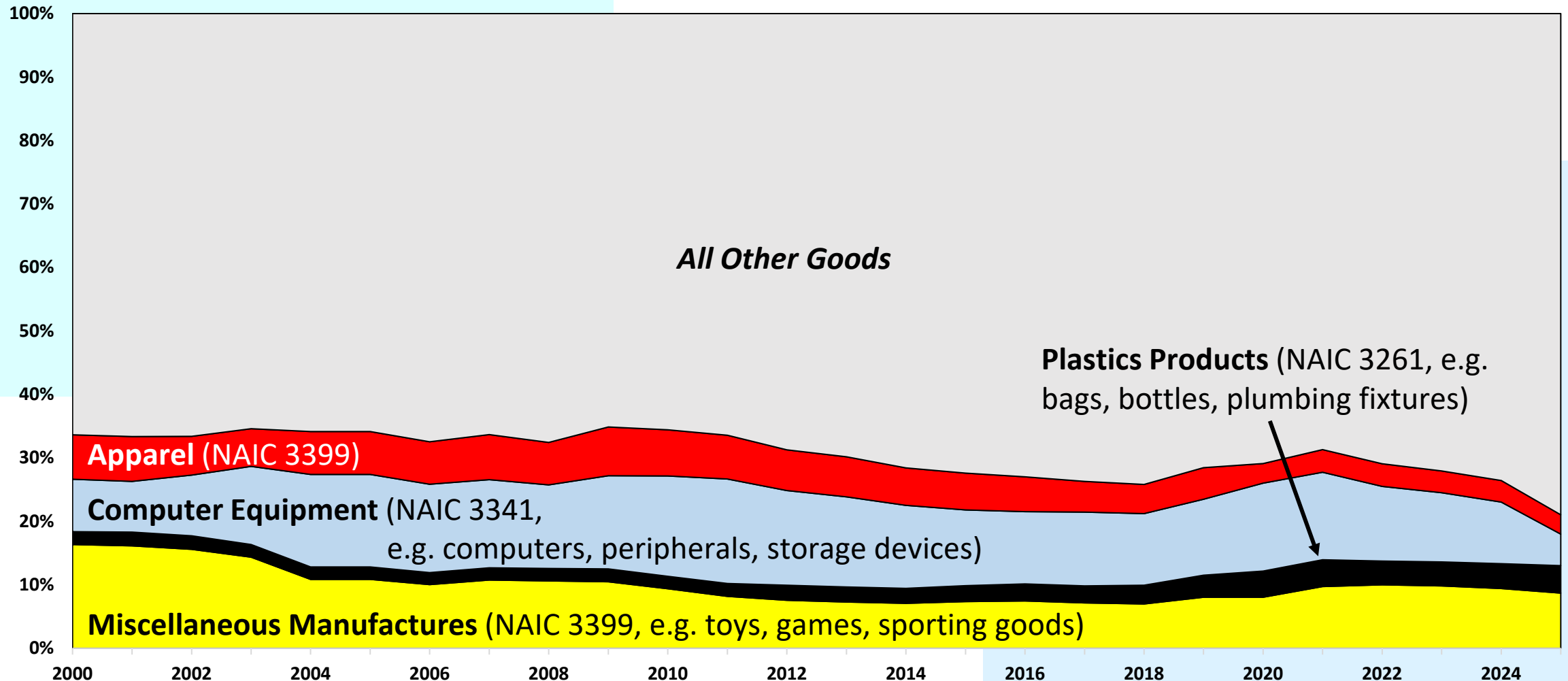
Average U.S. Tariffs on Imports from China for the Top-Ten Sectors, 2000-2025



Source: Calculated from U.S. International Trade Commission DataWeb.

Four Large Sectors Illustrate the Range of Outcomes

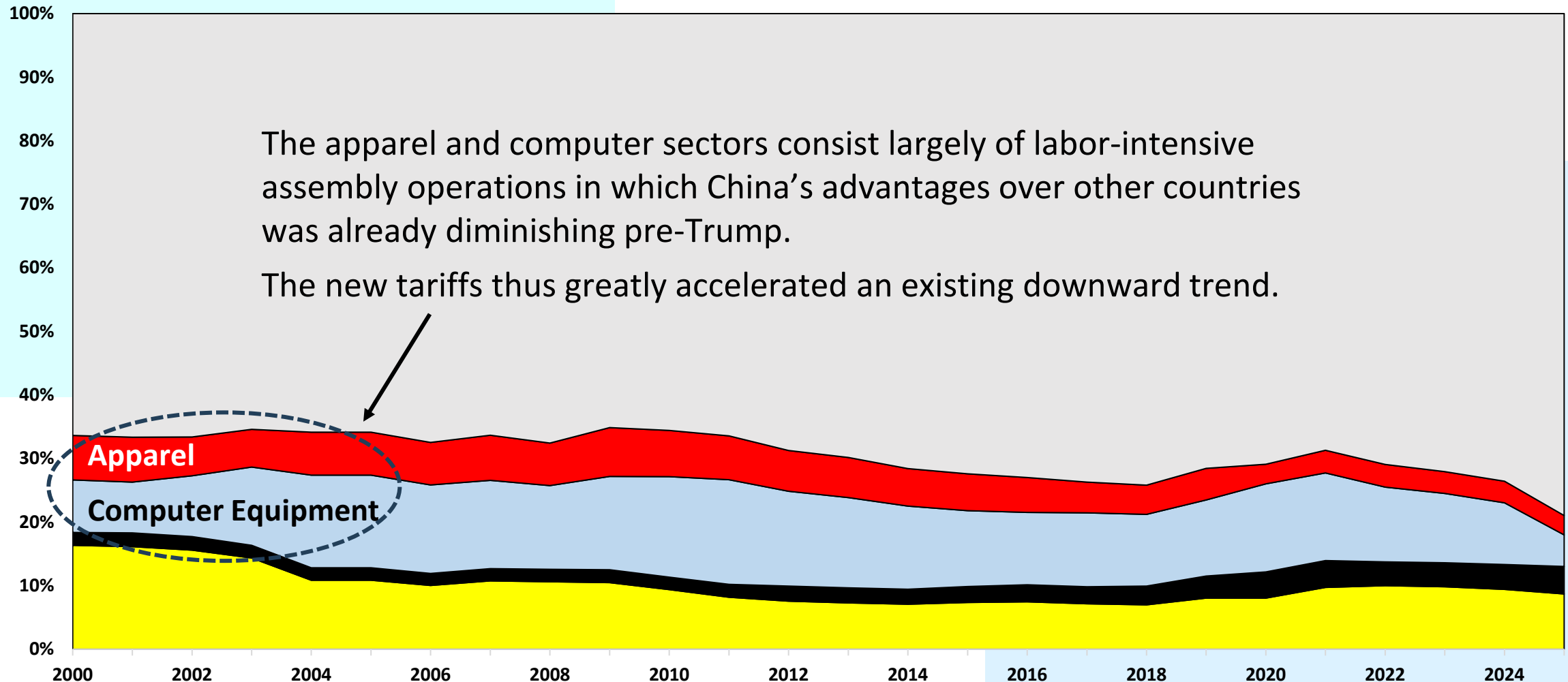
Shares of Total U.S. Goods Imports from China, 2000-2025



Source: Calculated from U.S. International Trade Commission DataWeb.

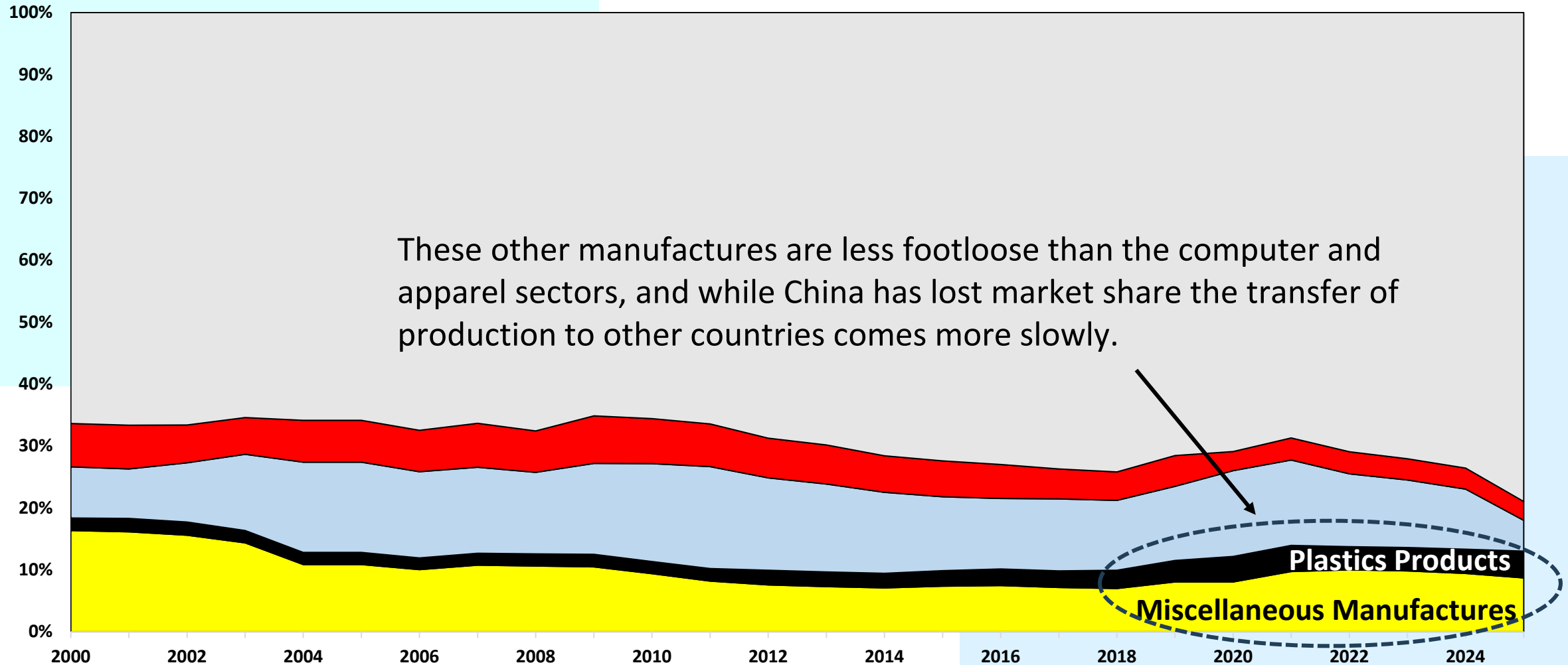
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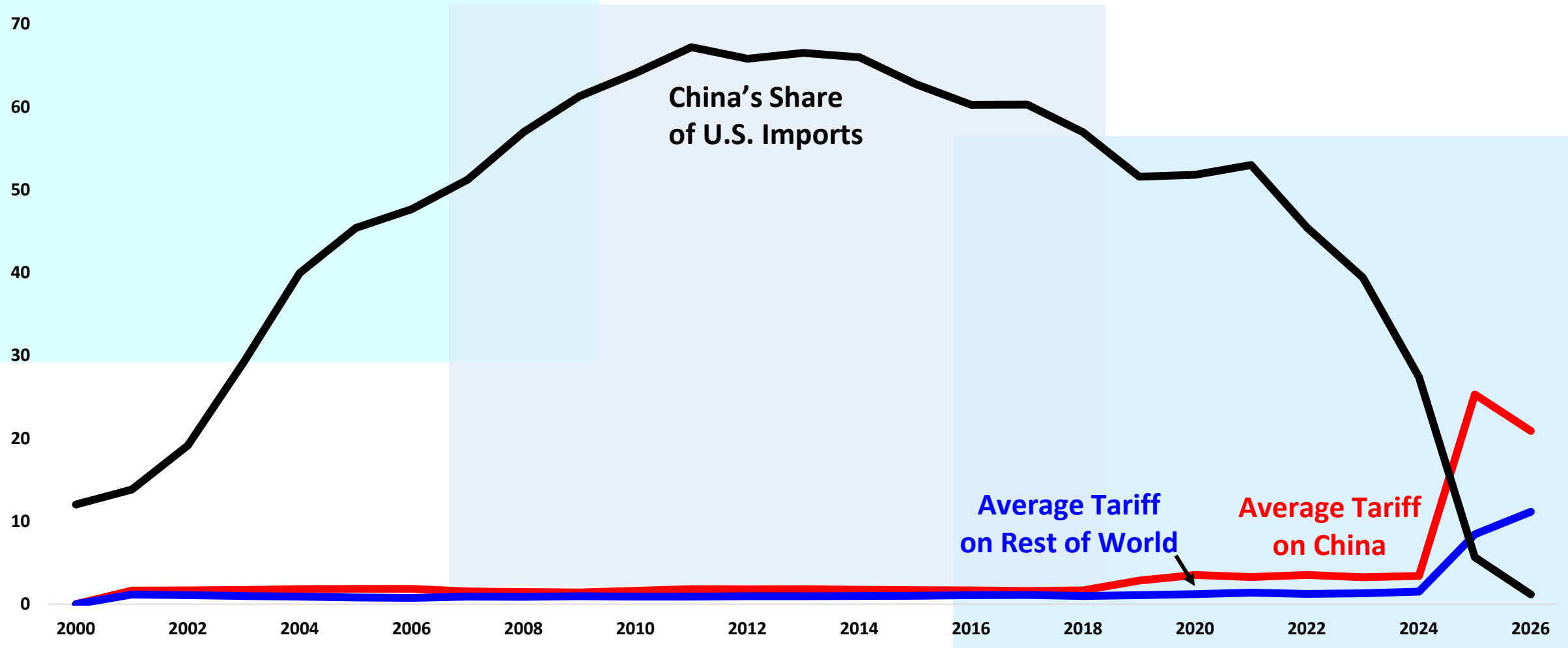
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The Rapid Rise and Fall of Computer Equipment Imports

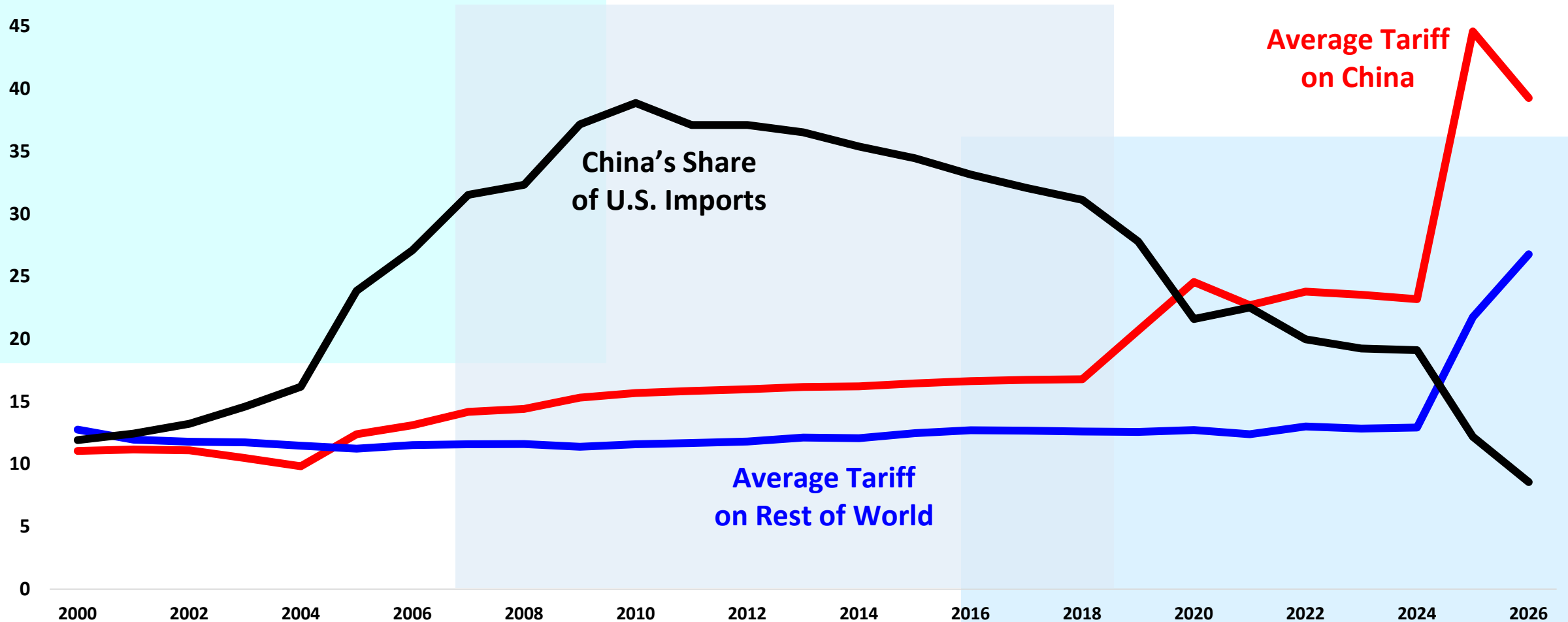
U.S. Imports of NAIC 3341, 2000-2026



Source: Calculated from U.S. International Trade Commission DataWeb.

The Similar Yet Less Dramatic Arc in Apparel Imports

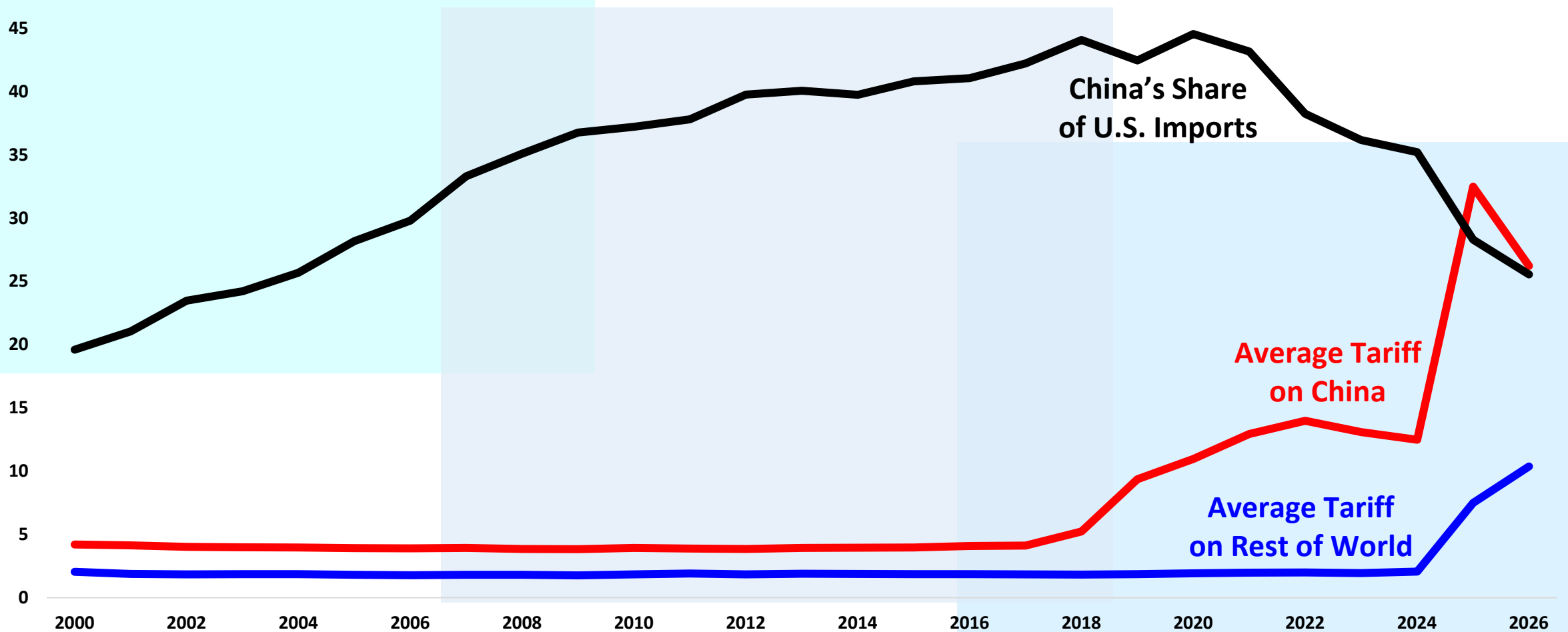
U.S. Imports of NAIC 3152, 2000-2026



Source: Calculated from U.S. International Trade Commission DataWeb.

Tariff-Induced Changes in Plastics Imports

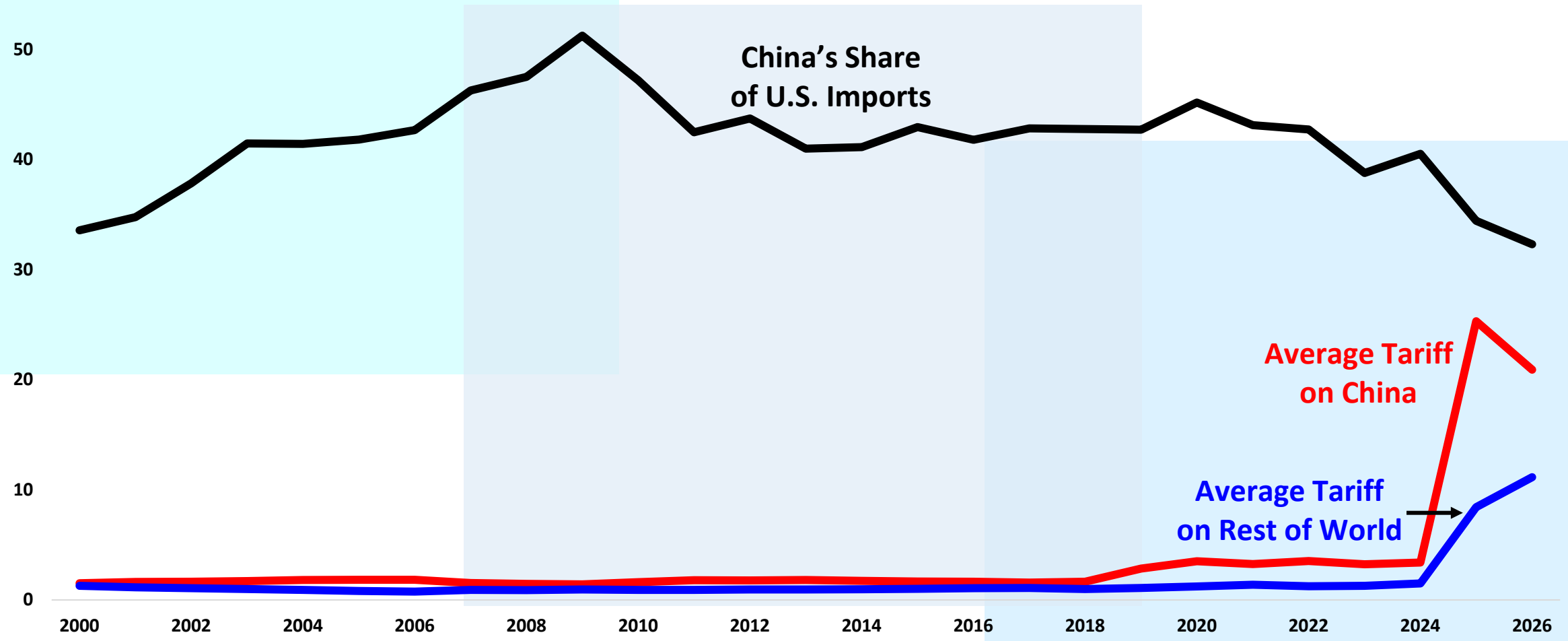
U.S. Imports of NAIC 3261, 2000-2026



Source: Calculated from U.S. International Trade Commission DataWeb.

More Resilient Imports of Miscellaneous Manufactures

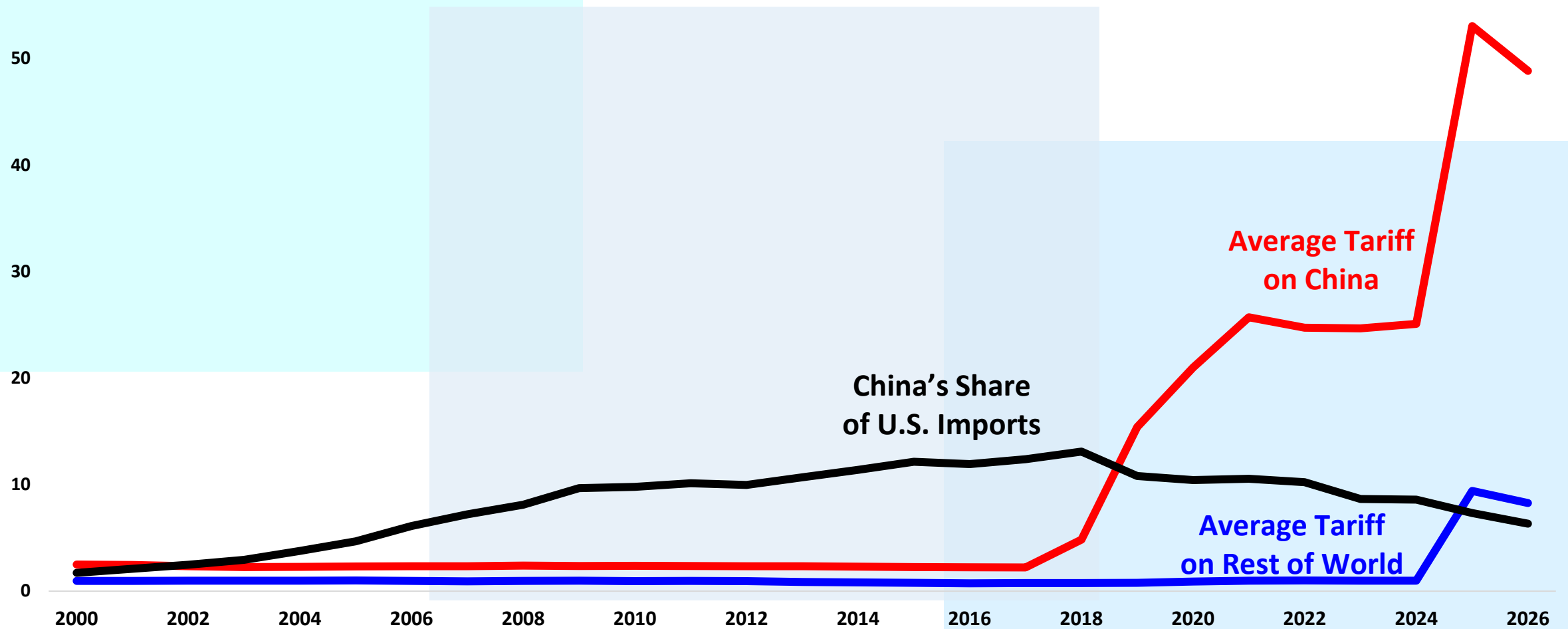
U.S. Imports of NAIC 3399, 2000-2026



Source: Calculated from U.S. International Trade Commission DataWeb.

The Special Case of Automotive Parts

U.S. Imports of NAIC 3363, 2000-2026



Source: Calculated from U.S. International Trade Commission DataWeb.

Thank You