

Geopolitical Impact of the US-China Trade War

By Gilberto Salinas, Kerrville Economic Development Corp., Texas

Historical perspective on significant trade wars

Boston Tea Party (1773)

Taxation without representation

340-plus chests of tea dumped into harbor

Valued at \$1 million today

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RESULT: Beginning of The Revolutionary War 1775

Chicken Tariff War (1960s)

Mass produced factory chicken in U.S.

So cheap, purchases soared in Europe

France, W. Germany impose tariffs on birds

LBJ fights back with 25 percent tax on trucks,
light vehicles, including Volkswagen buses

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RESULT: Toyota, Isuzu build assembly plants on U.S.
territories to circumvent tariffs.

The Steel Tariff (2002)

U.S. imposes temporary tariff on steel

Effort to boost U.S. steel industry

NAFTA exempts Canada, Mexico

European Union retaliates with tariffs on cars
from U.S. and oranges from Florida

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RESULT: Some experts say 26,000 jobs lost in steel industry. Others, that jobs were added, uptick in industry.

Boston Tea Party 1775

Agricultural Trade War 1930s

Chicken Trade War 1960s

Japan Imports 1980s

Battle of Bananas 1990s

Steel Trade War 2002

Canadian Lumber 2017

Each trade war ended with
some kind of a change,
significant economic impact.

Now, we get to Mexico.

Mexico Trading Partner(s)

Strongly linked to both U.S. and China economies

Balancing act trading with 1st and 2nd largest economies in world

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- Border wall

- Security

- Immigration

Timeline with China

2016 Campaign: China is greatest theft in history of the world.

2017 US-China agree to 100 Day Action Plan to resolve trade differences

US-China agree to a trade deal

February, after a 'state visit' to China, US implements tariffs, wants to file case with WTO against China, discriminatory license practices.

China imposes tariffs on US products, up to 25%

2018 China Ministry of Commerce lodges formal case at WTO against US for its tariffs, spec. solar panels, because have damaged China's trade interests.

Dec. 2, both countries agree to a temporary truce to de-escalate trade tensions, following G20 summit.

China temporary lowers tariffs on US auto, resumes buying soybeans.

3-day talk in Beijing, agree to March 1 deadline.

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China takes retaliatory measures by imposing 25 percent tariff on 545 goods from U.S.

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Chinese media already labeling dispute as
World's Largest Trade War in Economic History.

What does it all mean?

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One thing is certain.

What happens here today, will
have an effect on how we
conduct business, globally.

Trade will be disrupted.

Global trading system will be
challenged.

Economic impact will be felt,
both sides.

Relations will be strained
between U.S. and China,

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Possibly Mexico and Canada.

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