

Universiti Teknologi MARA

**Analyzing Intra-Industry Trade
Between United States And China
Before And After United States-China
Trade War**

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**Report submitted in fulfillment of the requirements
for Bachelor of Science (Hons.) Management
Mathematics
Faculty of Computer and Mathematical Sciences**

July 2020

STUDENT'S DECLARATION

I certify that this report and the research to which it refers are the product of my own work and that any ideas or quotation from the work of other people, published or otherwise are fully acknowledged following the standard referring practices of the discipline.



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AUGUST 5, 2020

ABSTRACT

Economic ties between the United States and China had grown significantly since the late 1970s when China began reforming its economy. Today China is America's largest trading partner for commodities, its third-largest export sector, and its most abundant source of imports. The United States-China economic partnership is having problems relating to the number of imports and exports between both countries. Throughout 2018, President Donald Trump started to introduce tariffs and other barriers to China's trade to force it to change what the U.S. sees as 'unfair trade'. This study analyzes the trade pattern between the U.S. and China before and after the United States-China trade war. Using the Trade Box Analysis method, intra-industry trade between the U.S. and China were analyzed. The results showed that the United States was the net importer in 2014, but in 2018 it changed to be a net exporter. Nonetheless, the United States has returned to be a net importer country in the year 2019 after the United States and China trade war begun. Anyway, the resources relating to the trades between the two countries do not show much change during the analyzed period. There are indications that the adjustment pressure which causes changes in the reallocation of resources might exist in the long run.

Keywords: Import, Export, Trade Box, Adjustment Pressure, United States-China Trade War

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