

Zoltán VÖRÖS – Viktor ESZTERHAI: The price of retreat – the lesson of the US-China trade agreement¹

Executive Summary

- Although the tariff competition between the United States and China has escalated, both parties have kept the possibility of an agreement open throughout.
- The parties held their first official negotiations in Geneva on May 12, 2025, where a 90-day tariff reduction agreement was immediately reached.
- According to the agreement, it seems that both parties have equally stepped back. Nevertheless, the agreement signifies an American capitulation.
- Washington certainly anticipated Beijing's resistance; however, China has proven to be more resilient to losses than Washington expected, thanks to its preparedness, strategic responses, and global economic weight.
- The brief trade war highlighted that the United States is no longer able to shape global rules in its former hegemonic role.
- It is important to emphasize, however, that China has not won the great power competition against the United States; it has only achieved a tactical partial success.

The U.S.-China tariff reduction agreement reached in May 2025 is not a compromise but rather a reflection of the victory of the Chinese strategy. The trade war initiated by the United States was forced into a rapid political and economic retreat following the drastic tariff increases in April. The study argues that China consciously prepared for the conflict, and its strategically determined, effective responses made the continuation of the confrontation unsustainable from the American side. Although Washington avoided a dramatic questioning of its economic leadership, the outbreak of the trade war proved to be a strategic mistake with significant international consequences.

1. Introduction

In Donald Trump's second presidential term, neither the increased application of tariffs nor the more vigorous trade stance against China surprised the international community. The uncertainty for a long time lay more in "when" and "to what extent" these measures would be implemented. In February and early March 2025, new tariffs were imposed on Chinese products, but events took a dramatic turn in April. On April 2, the United States announced a new tariff policy package, which fundamentally reshaped the structure of bilateral economic relations with its unilateral actions, within the framework of an event referred to

as "Liberation Day" in American political communication. In response to each other's swift countermeasures, they imposed increasingly higher tariffs on each other's products, causing the economic confrontation to quickly spiral out of control.

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Since the two largest economies in the world are each other's exceptionally important trading partners and often play complementary roles in global value chains, the trade war almost immediately impacted the entire global economy. Although a temporary agreement was reached in Geneva on May 12, just five weeks later, to suspend the tariff measures for 90 days, the lessons from the first phase of the conflict far exceed this short-term compromise.

The aim of this study is to present the main causes and dynamics of the escalation of the trade war between the United States and China; to explore the economic and diplomatic tools through which China has been able to respond relatively effectively to American actions; and to interpret the long-term consequences of the Geneva Agreement on global economic power relations.

2. The outbreak of the trade war – and its peak

The origins of the trade war between the two players – the United States and China – date back to 2018, when the first targeted tariff measures appeared during Donald Trump's first presidential term. These initially affected specific products such as solar panels and washing machines, but gradually extended to steel and aluminum products as well. Although the Chinese economy was significantly dependent on the American market, Beijing responded with decisive and proportionate countermeasures. Its tariff measures particularly affected those American regions that form the backbone of the Republican Party's voter base, primarily targeting agricultural and industrial states. The trade war escalated rapidly and soon affected virtually the entire range of bilateral trade products.² Although the two parties signed a limited-scope "Phase One" trade agreement in January 2020 to reduce the trade deficit and encourage structural reforms, the tariff policy did not cease.³ With minor modifications and enforcement changes, it endured under Joe Biden's presidency, and the essential part of the tariffs remained in effect.⁴

When Donald Trump was took office in January 2025, the United States still imposed an average tariff of 20.8 percent on Chinese products, while China retaliated with an average tariff of 21.1 percent on American goods. At this point, in early 2025, the tariff measures affected 66.6–66.7 percent of Chinese exports and 58.3 percent of American exports – meaning that although they did not cover every product, they already impacted a significant portion of the trade.⁵

In the latest round of tariff games between the two parties, the competition escalated in three steps at the beginning of 2025, and in February, March, and early April, the tariffs increased dramatically and the range of affected products expanded to the maximum extent: tariffs were extended to 100 percentage of imports from China. "On April 5 (10 percentage points), April 9 (74 percentage points), and April 10 (41 percentage points), the United States increased tariffs on imports from China by another 125 percentage points, albeit with some sectoral carveouts."⁶ Currently, due to the exceptions discernible from various presidential decrees, despite the percentages and numbers (such as 145 percent) spread in the press, a 124.1 percent tariff⁷ has been imposed on Chinese exports— which China retaliated with a 147.6 percent

² USTR: [Economic and Trade Agreement Between the United States of America and the People's Republic of China \(Phase One\)](https://ustr.gov/phase-one). ustr.gov, [online, 2025.05.15.] (<https://ustr.gov/phase-one>)

³ USTR: [Economic and Trade Agreement Between the United States of America and the People's Republic of China \(Phase One\)](https://ustr.gov/phase-one). ustr.gov, [online, 2025.05.15.] (<https://ustr.gov/phase-one>)

⁴ BOWN, Chad P. – IRWIN, Douglas A.: [Biden and Trade: No Trade Policy, No Trade Policy, or Both?](#) *Intereconomics*, Vol. 57, No. 6, 2022. [online, 2025.05.15.]

⁵ BOWN, Chad P.: [US-China Trade War Tariffs: An Up-to-Date Chart](#), *Peterson Institute for International Economics*, 2025.04.12. [online, 2025.04.29.]

⁶ BOWN, Chad P.: [US-China Trade War Tariffs: An Up-to-Date Chart](#), *Peterson Institute for International Economics*, 2025.04.12. [online, 2025.04.29.]

⁷ BOWN, Chad P.: [US-China Trade War Tariffs: An Up-to-Date Chart](#), *Peterson Institute for International Economics*, 2025.04.12. [online, 2025.04.29.]

tariff. Among the American exceptions were smartphones, computers, and other electronic devices,⁸ but these were exempt only from the additional tariffs introduced mostly in April, not from the earlier ones, so we could not speak of tariff exemption for these product categories either.

The customs and trade war has therefore reached its peak – although theoretically there was still the possibility of increasing tariffs (which some statements from the White House had already projected to exceed 200 percent), these measures would hardly have significantly affected bilateral trade. Such an increase in tariffs would practically be equivalent to the elimination of bilateral trade.

3. The agreement and its evaluation

Despite the continuous escalation, both parties kept the possibility of an agreement open throughout. China made it clear during the wave of tariff increases starting in February 2025 that, although it would not shy away from retaliatory measures, it remained committed to maintaining a stable and predictable international trade order.⁹ He Yongqian, a spokesperson for the Ministry of Commerce of China, emphasized: "If the US wants to talk, our door remains open, but dialogue must be conducted on the basis of mutual respect and equality."¹⁰

On the American side, the suspension of economic relations quickly led to significant domestic political and market pressure. Beyond the serious stock market turbulence, on April 21, the CEOs of Walmart, Target, and Home Depot met behind closed doors with President Donald Trump and warned him that excessive tariffs threaten supply chains, spark inflation, and could even lead to empty shelves in American stores.¹¹ Consumer disruptions not only have economic consequences but also directly threaten the social foundation of the president's political legitimacy. Due to the increasing economic pressure, Trump publicly indicated at the beginning of May that he was open to a temporary agreement that could result in tariff reductions.¹² American analyses also highlighted that American businesses, due to their supply chains overly reliant on China, represent the Achilles' heel of the economy, and the Trump administration seems not to overlook their interests.¹³ Scott Bessent, the Treasury Secretary, emphasized that in parallel, it is crucial to maintain global trust in the dollar for the long-term economic stability of the United States – and to achieve this, it is essential to ease trade tensions.¹⁴ The sum of these reactions clearly indicated that the protraction of the trade war threatens the structural foundations of the American economy, posing a risk that government officials have increasingly recognized.

Finally, the parties held their first official negotiations in Geneva on May 12, 2025, where the United States was represented by Secretary of the Treasury Scott Bessent and Jamieson Greer, United States Trade Representative, while China was represented by Vice Premier and State Council's Chief Economic Negotiator He Lifeng. At the meeting, an agreement on tariff reductions was reached immediately: both

⁸ HALPERT, Madeline: [Trump exempts smartphones and computers from new tariffs](#). *BBC.com*, 2025.04.13. [online, 2025.05.04.]

⁹ WANG, Keju: [Beijing vows resolute steps against tariffs](#). *chinadaily.com.cn*, 2025.04.08. [online, 2025.05.15.]

¹⁰ GLOBAL TIMES: [China is open to talks, but response will continue to the end if needed: MOFCOM on whether China engages in tariff talks with US](#). *globaltimes.cn*, 2025.04.10. [online, 2025.05.15.]

¹¹ LIPTAK, Kevin – ZELENY, Jeff – GOLDMAN, David: [Stock market whipsawed as Powell, Trump and tariffs rattle investors](#). *cnn.com*, 2025.04.24. [online, 2025.05.15.]

¹² SEVASTOPULO, Demetri – WILLIAMS, Aime – WHEATLEY, Jonathan: [Donald Trump says 80% tariff on China 'seems right' ahead of trade talks](#). *ft.com*, 2025.05.09. [online, 2025.05.15.]

¹³ LIU, Zonggyuan Zoe: [Trump's China Truce on Tariffs Comes at Cost to U.S. Credibility](#). *cfr.org*, 2025.04.12. [online, 2025.05.15.]

¹⁴ FLATLEY, Daniel: [Speaking to investors, Treasury Secretary touts US strength in push to calm markets](#). *spokesman.com*, 2025.05.05. [online, 2025.05.15.]



the USA and China reduced the tariffs introduced in April to 10 percent for a 90-day period, while maintaining the tariff regulations established before April.¹⁵ Although the agreement is only temporary, both parties indicated that they are open to developing a long-term, structural solution. The next round of negotiations has been scheduled for June, where the remaining tariffs and other trade dispute points will be on the agenda.

According to the agreement, it seems that both parties have equally stepped back. Nevertheless, the agreement signifies an American capitulation, as the American leadership had to acknowledge that due to the capabilities, preparedness, and effective strategic responses of the Chinese economy, if they did not retreat, they could face a much more humiliating outcome, making it evident to everyone that the USA has lost its leading role in the global economy.

4. China's readiness

China developed a multi-faceted adaptation strategy in response to the reevaluation of American China policy that began during the Obama administration and intensified under the Trump administration. The aim was to counter American initiatives seeking to curb China's rise and to strengthen the country's global position. The Chinese government recognized that the previous extensive, export-driven growth model could not be sustained in the changed global environment. Accordingly, the new economic model has tried to emphasize innovation, technological self-sufficiency, and the stimulation of internal consumption.¹⁶ This effort was complemented by the dual circulation strategy, which aims to create an autonomous, internally-driven economic structure while simultaneously reducing external dependencies.¹⁷ The strategy also aimed to strengthen technological sovereignty, particularly in high-tech sectors (such as the semiconductor industry, artificial intelligence, or the space industry), which was intended to be a response to the United States' technology export restrictions – such as being placed on the Entity List (Huawei, SMIC, etc.).¹⁸ The demand for technological independence – at least in certain key areas – is not new either; it was already part of the "Made in China 2025" objectives.¹⁹

To ensure self-sufficiency, China has accumulated significant strategic reserves – primarily of food and raw materials. The China National Food and Strategic Reserves Administration (CNGOIC) reportedly owned 50-65% of the world's corn, wheat, and rice stocks by the end of 2022.²⁰

The redesign of the external environment was closely linked to the Belt and Road Initiative (BRI), which was launched by Xi Jinping in 2013. The initiative was originally aimed at developing connections with neighboring countries; however, due to the impact of the Trump-era trade war (2018–2019), the BRI increasingly focused on the Global South. As a result, China began to define itself as the champion of the Global South, not only in economic but also in political and ideological terms – this is supported by the strengthening of closer multilateral cooperation with developing countries (BRICS+, G77, SCO).

¹⁵ CHINA DAILY: [Full text: Joint Statement on China-US Economic and Trade Meeting in Geneva](#). *chinadaily.com.cn*, 2025.05.12. [online, 2025.05.15.]; HULD, Arendse: [US and China Cut Reciprocal Tariffs to 10% in 90-Day Reprieve – Highlights from US-China Trade Talks](#). *china-briefing.com*, 2025.05.14. [online, 2025.05.15.]

¹⁶ XINHUA: [Economic Watch: A new epic -- Chinese economy in 2020s](#). *xinhuanet.com*, 2020.01.19. [online, 2025.05.15.]

¹⁷ GARCIA HERRERO, Alicia: [What is behind China's dual circulation strategy](#). *bruegel.org*, 2021. [online, 2025.05.15.]

¹⁸ The Entity List is a list from the United States Department of Commerce, on which companies, organizations, or individuals are placed if they threaten the country's foreign policy or national security interests. Huawei, for example, is on this list, and trading with these entities requires special permission.

¹⁹ WÜBBEKE, Jost – MEISSNER, Mirjam – ZENGLEIN, Max J. – IVES, Jaqueline – CONRAD, Björn: *Made in China 2025*. *Mercator Institute for China Studies, Papers on China*, No. 2, 2016, p. 4. [online, 2025.05.15.]

²⁰ THE WATCHERS: [China is stockpiling food at historically high levels](#). *watchers.news*, 2022.01.14. [online, 2025.05.15.]

Based on the lessons learned from the trade war initiated during the first term of the Trump administration, China also undertook economic adjustments to reduce its dependence on the American market.²¹ As part of this, it sought new markets among developing countries and involved trade proxy states in the value chains – such as Mexico, Vietnam, and Canada – in the hope of avoiding direct American tariff measures.²² Chinese foreign direct investments (FDI), for example in Mexico, increased by more than 50 percent annually between 2018 and 2022, significantly with the aim of accessing North American markets.²³

Strengthening social resilience has also received significant emphasis. In the communication of the Chinese government, the narrative of preparing for “a great change that occurs once in a century” has become increasingly prominent.²⁴ In this spirit, it encouraged society to persevere and make sacrifices by referencing the collective historical memory (such as the Opium Wars), while emphasizing that China is now capable of firmly resisting external pressure. Finally, certain specific characteristics of the social structure also helped China in this process. One such factor is the household registration system (*hukou*), which played a stabilizing role: the return of poorer urban layers to the countryside helped mitigate social tensions.²⁵ The other factor is the high savings rate of the population. In the United States, domestic consumption accounts for nearly 70 percent of GDP, and households save less than 10 cents from every dollar earned, while in China, households save a third of their income completely.²⁶ Under normal circumstances, a decline in consumer spending negatively impacts the economy; however, during a trade or geopolitical conflict, it provides significant reserves and adaptability, allowing the government to resist American pressure more firmly.

5. Chinese response strategies to tariffs

China responded to recent American economic measures with a white paper on Chinese-American economic relations²⁷, retaliatory tariffs directly addressing reciprocal tariffs, and seeking multilateral solutions. As the spokesperson for the Chinese Ministry of Foreign Affairs, Lin Jian, stated, “If the US disregards the interests of both countries and the international community and insists on waging a tariff war and trade war, China will fight to the end.”²⁸ Following the principles outlined in the document, China’s response measures were organized along three main strategic directions:

- One of China’s primary goals was to increase domestic demand, which could offset the decline in export markets. Increasing domestic consumption, as mentioned above, has long been a key goal, but it is also a structural challenge that has been further complicated by the COVID-19 pandemic and the crisis in the real estate sector.²⁹ After the escalation of the trade war, Premier Li Qiang

²¹ GOLDMAN, David P.: [China continues to shift exports to Global South](#). *asiatimes.com*, 2025.01.14. [online, 2025.05.15.]

²² GOLDMAN, David P.: [How China could strike back at Trump’s tariffs](#). *asiatimes.com*, 2024.11.25. [online, 2025.05.15.]

²³ ESTEFAN, Brenda – RODRÍGUEZ PUEBLITA, José Carlos: [China Ties Could Be a Liability for Mexico Under Trump 2.0](#). *americasquarterly.org*, 2025.01.13. [online, 2025.05.15.]

²⁴ 习近平: [习近平出席二十国集团领导人第十七次峰会并发表重要讲话](#). *gov.cn*, 2022.11.15. [online, 2025.05.15.]

²⁵ Xu, Xuelu – Jin, Zeyang: *Impact of Return Migration on Employment Structure: Evidence from Rural China*. *Journal of Asian Economics*, Vol. 91, 2024.04., 101697. [online, 2025.05.15.] <https://doi.org/10.1016/j.asieco.2023.101697>

²⁶ CAVEY, Paul: [China’s Consumption Challenge](#). *CLM*, Issue 82, 2024.11.29. [online, 2025.05.04.]

²⁷ White Paper: [China’s Position on Some Issues Concerning China-US Economic and Trade Relations](#). *xinhua*, 2025.04.09. [online, 2025.05.06.]

²⁸ GAN, Nectar: [China vows ‘resolute and effective measures’ after Trump’s 104% tariffs take effect](#). *CNN.com*, 2025.04.09. [online, 2025.05.04.]

²⁹ By the early 2020s, the Chinese real estate sector had become an acute challenge for the Chinese economy, with significant real estate companies going bankrupt en masse due to excessive debt accumulation and speculative investments, leading to the collapse of the borrow-to-grow business model. All of this has shaken investor and citizen trust as well.

emphasized the need to increase domestic demand and expand internal circulation. To this end, the Chinese government launched coupon programs that helped households, for example, in replacing vehicles and electronic devices.³⁰ The People's Bank of China has also decided on interest rate cuts to increase liquidity, thereby supporting the economy's adaptability.³¹ It is important to highlight, however, that these measures cannot fully compensate for the lost external demand in the short term.

- Another strategy was to reciprocate the American tariffs – similar to the steps seen during the first Trump administration – against targeted industries, sectors, and states. The escalation of the war, however, prompted Beijing to take more serious measures, such as banning the export of seven medium and heavy rare earth metals³² that are essential for the automotive, defense, and aerospace industries. Considering that 90 percent of the production within the rare earth metals market is linked to China, Washington faced significant challenges. Although there is no comprehensive data yet on the exact decline in trade volume, the disruption of supply chains and the difficulty of finding alternative sourcing options have caused significant challenges in several segments of the American economy.³³
- With the expansion of domestic consumption and the creation of tariffs in response, China has also become interested in multilateral solutions that can both diversify its export markets, potentially protect the country from the use of tariffs as a weapon, and simultaneously guarantee that Chinese products, primarily those affected by export bans, do not reach the United States through other means. The opportunity for diversification could allow for the rerouting of export activities, enabling products intended for the U.S. market to reach other markets, thus preventing the closure of Chinese factories. According to calculations, the complete loss of the American market would endanger three percent of GDP and approximately 10-20 million jobs.³⁴ The fear that the United States might expect other countries to take action against China and impose tariffs in exchange for reducing reciprocal tariffs is not unfounded. As we will see, a fundamental element of China's diplomatic steps is the protection of the existing norms of the market economy. Finally, for example in the case of rare earth metals, China is also interested in preventing Washington from circumventing the export ban through other countries. The Chinese steps towards their subregion and the European Union are also noteworthy:³⁵ on one hand, the trilateral East Asian consultations between China, Japan, and South Korea continued at the end of March 2025, after five years, focusing once again on economic issues. The step was clearly justified by the tariffs imposed by the United States, and the parties repeatedly emphasized that they are continuing to work together towards a free trade zone within the Regional Comprehensive Economic Partnership (RCEP), and that they are interested in a predictable trade and investment environment.³⁶ Chinese President Xi Jinping then

³⁰ Xinhua: [Chinese premier stresses greater efforts to boost consumption](#), *Xinhua*, 2025.04.15. [online, 2025.05.04.]

³¹ FENG, Rebecca: [China Lowers Rates and Makes Bank Lending Easier in Response to Tariffs](#). *wsj.com*, 2025.05.07. [online, 2025.05.07.]

³² Reuters: [China hits back at US tariffs with export controls on key rare earths](#). *Reuters.com*, 2025.04.04. [online, 2025.05.04.]

³³ CNBC: [How China's exporters are scrambling to mitigate the impact of punishing U.S. tariffs](#). *cnbc.com*, 2025.04.11. [online, 2025.05.04.]

³⁴ CNBC: [How China's exporters are scrambling to mitigate the impact of punishing U.S. tariffs](#). *cnbc.com*, 2025.04.11. [online, 2025.05.04.]

³⁵ For the analysis by the John Lukacs Institute on the EU-China rapprochement, see: ESZTERHAI, Viktor – VÖRÖS, Zoltán: [EU-China détente: A strategic shift or just a return to pragmatism?](#) *Analyses on Global Affairs*, 2025/4. [online, 2025.05.12.]

³⁶ DW: [China, Japan and South Korea to strengthen free trade](#). *dw.com*, 2025.03.30. [online, 2025.05.04.]

visited Vietnam, Cambodia, and Malaysia as part of his Southeast Asian tour, aiming to strengthen the image of responsible China and present a predictable partnership in contrast to Washington's unpredictable and uncertain policies, alongside numerous bilateral agreements.³⁷ The goal in every case is to ensure that China can secure its main export markets, while also being able to expand trade relations. In Southeast Asia, Xi's visit resulted in "bilateral agreements – 45 with Vietnam, 31 with Malaysia, and 37 with Cambodia – covering trade, supply chains, infrastructure, digital technology, agriculture, green growth, and artificial intelligence." At the same time, China has sought to project an image of being a stable and reliable partner, in contrast to Washington's erratic and confrontational approach.³⁸

The complexity of China's response strategies clearly shows that Beijing felt prepared for a prolonged trade conflict. China was aware that due to its role in global trade and its critical importance within global value chains, it was capable of resisting Washington. The American government was not surprised by the Chinese resistance itself; it could have been expected based on previous tariff decisions. Rather, it was the intensity, the determination to continue the trade war, and the decisiveness with which Beijing essentially prepared for a prolonged conflict that were the factors that could have caught the administration off guard. The American president stated, "We don't have to sign deals, they have to sign deals with us. They want a piece of our market. We don't want a piece of their market."³⁹ Despite this expectation, Beijing not only did not bend to the will of the American government, but its actions may have contributed to strengthening the negotiating positions of other economic powers – such as the EU, Japan, and India – against the United States.

6. Summary

As part of "American Liberation Day", the United States administration has set the goal of unilaterally altering international trade rules. China, however, rejected the notion that the United States intends to enforce these new rules from a position of strength. Although Washington certainly anticipated Beijing's resistance, due to China's significant dependence on exports, it hoped that the irrationally high tariffs would prompt a dramatic retreat from the Chinese political leadership. China, however, thanks to its preparedness, strategic responses, and global economic weight, proved to be more resilient to losses than Washington had assumed. The political consequences of the rapidly deepening trade war – such as the prospect of empty stores – and the fact that American actions undermined international trust in the dollar ultimately forced the United States to step back from further escalation.

If the U.S. government had failed to act in time, the economic problems could have escalated into a severe domestic political crisis, and the United States' leadership role in the global economy – including its financial stability and international trust in U.S. Treasury bonds – would have come under open scrutiny. The Trump administration was left with virtually no choice but to demonstrate a willingness to compromise. However, due to the underestimated resilience of China, this move ultimately proved to be a strategic miscalculation.

The visible shift in the balance of power suggests that even if a comprehensive trade agreement – similar to the Phase One trade deal signed in January 2020 – is eventually reached between the U.S. and

³⁷ DUNG, Phan Xuan - GIANG, Nguyen Khac: [Xi's Southeast Asia Tour: China Needs More Than a Charm Offensive](#). *Fulcrum*, 2025.04.23. [online, 2025.05.04.]

³⁸ DUNG, Phan Xuan - GIANG, Nguyen Khac: [Xi's Southeast Asia Tour: China Needs More Than a Charm Offensive](#). *Fulcrum*, 2025.04.23. [online, 2025.05.04.]

³⁹ DOHERTY, Erin: [Politics Trump downplays tariff talks: 'We don't have to sign deals'](#). *cnn.com*, 2025.05.06. [online, 2025.05.06.]



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China, its terms will likely be defined primarily by Beijing. This is especially true given that China faces no electoral time constraints: unlike the U.S. government, the Chinese leadership is not subject to midterm election pressures.

The brief trade war thus clearly illustrated that the United States' former hegemonic position has been shaken; it is no longer capable of unilaterally shaping global rules. Washington's decisions not only generated uncertainty in the global economy, but also eroded confidence in the very financial systems it once dominated. Consequently, international actors are increasingly open to considering alternatives. As a result, the financial and institutional role of the United States may erode more rapidly than previously assumed.

It is important to emphasize, however, that China has not won the great power competition against the United States – it has merely achieved a tactical, partial success. While Beijing's political and economic stability may at times appear more convincing than that of the U.S., its international credibility remains limited by numerous foreign policy disputes and the structural weaknesses of its financial system.

Nonetheless, if China is able to capitalize on the coercive circumstances created by the trade war – particularly by stimulating domestic consumption and implementing deep structural reforms, such as in pensions, healthcare, and the *hukou* system – it could indeed emerge as the gravitational center of the global economy. At present, however, the Chinese government remains focused on mitigating export-related losses, while it still lacks sufficient institutional capacity or political will to pursue more comprehensive social reforms.

From the current phase of the trade war, the United States can draw two key lessons. One is the realization that, for the sake of its own internal revitalization, a new type of framework agreement with China is necessary – since prolonged conflict with China undermines its capacity for domestic renewal. The alternative path is for Washington to pursue a more coherent and strategically grounded approach aimed at slowing China's rise and curbing its global influence. However, this latter strategy carries significantly greater risks and, as the outcome of the trade war demonstrates, offers no guarantee of success.



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