

# The US-China Trade War

Geopolitics Series — Worksheet 1 of 3 | Reading & Discussion | Intermediate–Upper Intermediate

Name: \_\_\_\_\_

Date: \_\_\_\_\_

Class: \_\_\_\_\_

## PART 1 — Key Vocabulary

Study these words before reading. You will see them in the passages below.

Word	Definition
<b>tariff</b>	a tax placed on goods that are imported from another country
<b>trade deficit</b>	when a country imports more goods than it exports, so more money flows out than in
<b>import</b>	to bring goods or products into a country from abroad to sell
<b>export</b>	to send goods or products to another country to sell
<b>sanction</b>	a penalty or restriction placed on a country to pressure it to change its behavior
<b>supply chain</b>	the entire network of people, companies, and steps involved in making and delivering a product
<b>protectionism</b>	the use of tariffs or other policies to shield a country's industries from foreign competition
<b>bilateral</b>	involving two countries or two groups working together — or in conflict
<b>retaliatory</b>	done in response to a harmful or unfair action by another party, as a form of punishment
<b>inflation</b>	a general rise in prices over time, which reduces what money can buy
<b>decoupling</b>	the process of reducing or separating the economic ties between two countries
<b>escalation</b>	a gradual increase in the intensity or seriousness of a conflict or dispute

## PART 2 — Vocabulary Practice

**A. Matching:** Write the number from Column A next to the correct definition in Column B.

Column A — Words	Column B — Definitions
1. tariff	A. a rise in prices that reduces purchasing power

2. sanction	B. a penalty placed on a country to force behavior change
3. inflation	C. shielding local industries using taxes or restrictions
4. supply chain	D. reducing economic ties between two countries
5. protectionism	E. a tax charged on imported goods
6. decoupling	F. a gradual increase in the intensity of a conflict
7. escalation	G. the network involved in producing and delivering a product

**B. Fill in the Blank:** Complete each sentence with a word from the vocabulary list.

1. The government imposed a \_\_\_\_\_ on imported steel to protect local factories.
2. Because the US buys far more from China than it sells, it has a large trade \_\_\_\_\_ with China.
3. When one country raises tariffs, the other often responds with \_\_\_\_\_ tariffs of its own.
4. Rising tariffs caused \_\_\_\_\_ as the prices of everyday goods climbed higher.
5. Both countries agreed to hold \_\_\_\_\_ trade talks to search for a solution.
6. Some economists fear that \_\_\_\_\_ will permanently damage global trade relationships.

## PART 3 — Reading Passage 1

### "A Trade War Begins"

#### What Is a Tariff?

A tariff is a tax — but unlike an income tax, it is paid on goods that cross international borders. When the United States places a tariff on Chinese steel, American companies that import that steel must pay a percentage of its value as a tax to the US government. In theory, this makes foreign goods more expensive and encourages businesses to buy local products instead. In practice, tariffs are one of the most powerful — and controversial — tools in international trade.



*The Port of Singapore — one of the world's busiest container ports. About 90% of global trade travels by sea.*

### **The US-China Trade Relationship**

For decades, the United States and China were deeply linked by trade. American consumers bought enormous quantities of Chinese-made electronics, clothing, furniture, and machinery — often at prices that American factories could not match. China became the world's largest manufacturer and exporter. By 2017, the US trade deficit with China exceeded \$375 billion a year. This imbalance became a major political issue, with many American workers blaming factory closures and job losses on cheap Chinese imports.

### **When Trade Became a Weapon**

In 2018, the US government began imposing large tariffs on Chinese goods — first targeting solar panels and washing machines, then expanding to hundreds of billions of dollars' worth of products. The stated reason: China engaged in unfair trade practices — stealing intellectual property, subsidizing its own industries, and blocking American companies from the Chinese market. China responded with tariffs on American agricultural products like soybeans and pork, targeting US farmers. A trade war had begun.

**Comprehension Questions:** Answer in complete sentences.

1. What is a tariff? In your own words, explain how it works.

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2. Why did the United States have such a large trade deficit with China? Give at least two reasons.

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3. What did the US accuse China of doing unfairly in trade? List two specific examples.

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4. Why do you think China targeted American farmers with its retaliatory tariffs?

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5. Based on this passage, what do you think the phrase "trade war" means?

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6. Explain the connection between tariffs and inflation using evidence from the passage.

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## PART 4 — Reading Passage 2

### "Tit for Tat: Escalation and Impact"

#### The Tariff Spiral

What began as targeted taxes quickly escalated into a broad economic conflict. By 2019, the US had placed tariffs on over \$360 billion worth of Chinese goods. China responded in kind. A brief "Phase One" deal in 2020 paused the conflict, with China promising to buy more American goods — but the truce was fragile. By 2025, a new wave of tariffs pushed things further: US tariffs on some Chinese goods hit 145%, and China retaliated with 125% on American products.



*US-China trade imbalance, 2024. Despite tariffs exceeding 100%, both countries still trade over \$500 billion per year.*

#### Who Pays the Price?

Politicians often claim that the other country pays tariffs. This is misleading. In reality, it is domestic businesses and consumers who bear most of the cost. When an American company pays a tariff on Chinese imports, that extra cost is passed to the buyer as higher prices. Federal Reserve economists found that US tariffs significantly raised prices for American households — especially on electronics, furniture, and clothing. Lower-income families, who spend a larger share of their income on these goods, were hit hardest.

#### Supply Chains in Chaos

Modern manufacturing depends on complex global supply chains. A smartphone assembled in Vietnam might contain chips from Taiwan, displays from South Korea, and minerals from China. When tariffs disrupt the flow of components, entire production lines can stall. Many companies relocated factories from China to Vietnam, Mexico, and India to avoid US tariffs — a process economists call "decoupling."

But decoupling is slow, expensive, and often incomplete.

### Where Are We Now?

As of 2025, the US-China trade war shows no signs of ending. Some economists believe the tariffs have permanently reshaped global supply chains. Others note that trade between the two countries still exceeds \$500 billion per year — suggesting that full decoupling may be more political slogan than economic reality. What is clear is that ordinary people on both sides of the Pacific are paying the price.

#### A. True or False: Write T or F on the line.

1. \_\_\_ Tariffs are paid directly by the foreign country that exports the goods.

2. \_\_\_ The US trade deficit with China exceeded \$375 billion by 2017.

3. \_\_\_ China responded to US tariffs by targeting American technology companies.

4. \_\_\_ By 2025, US tariffs on some Chinese goods reached as high as 145%.

5. \_\_\_ Lower-income families are more affected by tariff-driven price rises than wealthy families.

6. \_\_\_ Decoupling means increasing the economic ties between two countries.

7. \_\_\_ Vietnam and Mexico received factories relocated away from China.

8. \_\_\_ US-China trade still exceeded \$500 billion per year as of 2025.

#### B. Comprehension Questions: Answer in complete sentences.

1. Describe the "tariff spiral" in your own words. Why does it keep growing?

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2. Why is it misleading when politicians say "the other country pays the tariffs"?

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3. How did tariffs affect global supply chains? Give a specific example from the passage.

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4. What is "decoupling," and why is it difficult to achieve quickly?

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5. Using evidence from both passages, explain why trade wars can be described as harmful to both sides.

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6. The Phase One trade deal was described as "fragile." What does this suggest about US-China relations?

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## PART 5 — Fill in the Blank

Use the word bank to complete each sentence below.

**Word Bank:** *tariff | retaliatory | decoupling | inflation | escalation | bilateral | supply chain*

1. When the US placed high \_\_\_\_\_ on Chinese goods, American consumers paid more for everyday items.
2. China's decision to target US farmers with higher prices is an example of \_\_\_\_\_ action.
3. Moving factories from China to Vietnam to avoid tariffs is part of a process called \_\_\_\_\_.
4. The rise in everyday prices caused by tariffs contributed to higher \_\_\_\_\_ for American households.
5. The growing tension between the US and China is a clear example of trade \_\_\_\_\_.
6. The \_\_\_\_\_ trade relationship between the US and China — worth hundreds of billions — shows how connected the two economies remain.
7. Some economists warn that \_\_\_\_\_ could permanently damage global trade relationships.

## PART 6 — Discussion Questions

Discuss with a partner or small group. There are no wrong answers — explain your reasoning.

1. Why do you think countries use tariffs to protect their industries? Can you think of another way to protect local businesses without raising prices for consumers?
2. When prices rise because of tariffs, who suffers most — wealthy people or working-class families? Use evidence from the passage to explain.
3. The US argues that China uses "unfair trade practices." Try to argue from China's point of view — what might China say in response?
4. If you owned a factory that imported materials from China, how would a 145% tariff affect your business decisions?



## ANSWER KEY — The US-China Trade War — For Teacher Use Only

### PART 2A — Matching

- 1 – E (tariff: a tax charged on imported goods)
- 2 – B (sanction: penalty to force behavior change)
- 3 – A (inflation: rise in prices)
- 4 – G (supply chain: network for producing/delivering)
- 5 – C (protectionism: shielding local industries)
- 6 – D (decoupling: reducing economic ties)
- 7 – F (escalation: increase in conflict intensity)

### PART 2B — Fill in the Blank

- 1. tariff
- 2. deficit
- 3. retaliatory
- 4. inflation
- 5. bilateral
- 6. escalation

### PART 3 — Passage 1 Comprehension

- 1. A tariff is a tax on imported goods that makes foreign products more expensive.
- 2. China manufactured goods cheaply; US consumers preferred lower prices; China subsidized industries.
- 3. Stealing intellectual property; subsidizing Chinese companies; blocking US competition.
- 4. To target politically important farming states and pressure the US government.
- 5. Accept: a conflict where two countries keep raising tariffs on each other's goods.
- 6. Tariffs raise import costs → importers pass costs to buyers → prices rise (inflation).

### PART 4A — True or False

- 1. F — tariffs are paid by the importing country's businesses/consumers.
- 2. T
- 3. F — China targeted agricultural products, not tech companies.
- 4. T
- 5. T
- 6. F — decoupling means reducing, not increasing, economic ties.
- 7. T
- 8. T

### PART 4B — Passage 2 Comprehension

- 1. Each country keeps raising tariffs in response to the other's — no end point.
- 2. Domestic importers and consumers — not the foreign country — pay the tariff costs.
- 3. Supply chains span many countries; tariffs disrupt component flows (e.g., smartphone parts).

- 4. Moving factories out of China; slow because infrastructure and workers must be relocated.
- 5. US consumers paid higher prices AND Chinese exporters lost business — both sides suffered.
- 6. The relationship is unstable; deals are built on political pressure rather than trust.

**PART 5 — Fill in the Blank**

- 1. tariff
- 2. retaliatory
- 3. decoupling
- 4. inflation
- 5. escalation
- 6. bilateral
- 7. supply chain