How the US Election Could Impact China's Growth: Key Differences Between Trump and Harris

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The US election is fast approaching and each candidate could mean a radically different outcome for China's economic trajectory. Here are the main differences in how Trump or Harris could shape China's growth prospects.

Tariff Strategy and Economic Impact

Trump: Trump's proposed 60% tariff on Chinese goods could directly curb China's GDP growth by 0.5% to 0.7%, increasing near-term pressure on its manufacturing and trade engines.

Harris: A Harris presidency would likely retain existing tariffs, focusing less on aggressive increases. This stability would provide China with more predictable conditions for economic adjustment.

Trade and Technology Controls

Trump: Known for targeting specific firms, Trump may reintroduce restrictive trade measures on key Chinese companies. However, his often unpredictable approach creates room for negotiation, as seen with his Phase One deal during his first term.

Harris: Harris would likely follow Biden's strategy of broad tech controls impacting all Chinese firms. Over time, the consistency of these trade barriers could limit China's tech advancement and R&D development.

Global Partnerships and Multilateral Influence

Trump: With his favoured unilateral approach, Trump might weaken alliances, making it harder to maintain unified pressure against China. This could allow China more room to move economically.

Harris: Harris would likely maintain and strengthen US alliances, enforcing coordinated controls on Chinese exports and tech. This sort of multilateral approach would amplify the economic constraints on China.

Diplomatic Relations and Global Economic Order

Trump: Trump's stance on global institutions could destabilize the current global economic system, affecting China's short-term planning while potentially offering it a chance to increase its influence.

Harris: Harris would support a stable, multilateral system, limiting China's economic options as more nations align with US standards on tech and trade restrictions.

A Trump term could bring immediate challenges but also create opportunities for China to negotiate. Harris's approach would likely see steady, coordinated efforts to constrain China's growth.

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