

## Behind the Trade Curtain: How Trade Policies Reflect the US-China Power Struggle

Trade is no longer just about goods and services — it has become a battlefield where nations assert influence and defend their strategic positions. The ongoing tension between the US and China reveals how deeply intertwined trade, technology, and geopolitics have become.

### Historical Roots

The current dynamics echo past episodes, such as the Plaza and Louvre Accords of the 1980s, where the US led efforts to manage global currency imbalances. At that time, US supremacy was unquestioned. Today, China challenges this dominance not just economically, but also politically and technologically.

### The Trade Deficit Misconception

While the US has a consistent **goods trade deficit**, it runs a **massive surplus in services**, particularly in:

- Software and IT services
- Education
- Tourism
- Consultancy

This structural strength in high-value services offsets many concerns about deindustrialization — but the political narrative often overlooks it.

### Why the Focus on Reshoring Manufacturing?

Despite America's edge in services, the national focus has returned to manufacturing. This isn't just economic — it's strategic. Losing control over sectors like **semiconductors** or advanced electronics is seen as a risk to national security.

As a result, we're witnessing:

- Industrial subsidies

- Export restrictions
- Trade barriers aimed at China

### **China's Strategic Expansion**

China is no longer content with being the world's factory. It is moving up the value chain, developing domestic chips, investing in AI (Such as deep seek), and building parallel financial systems through initiatives like:

- The Belt and Road Initiative
- BRICS cooperation
- The Asian Infrastructure Investment Bank

This strategic expansion has forced the US to reassert its position and challenge China more openly.

### **US Corporations: Betting on Long-Term Control**

Large American firms appear to accept short-term pain — higher costs, tighter margins — in exchange for long-term control over strategic industries.

Their calculation is simple: **short-term losses are better than long-term irrelevance.**

### **What Lies Ahead?**

Expect a mix of:

- **Stagflation** (inflation + low growth)
- Widening trade deficits before reshoring takes hold
- **Market volatility** driven by political and economic uncertainty

Global trade may be heading toward fragmentation, with countries prioritizing resilience over pure efficiency.

### **Egypt's Role: A Strategic Window Amid Global Shifts**

Amid the global trade transformation, **Egypt is deepening its cooperation with China**, particularly through:

- Participation in the Belt and Road Initiative
- Bilateral agreements in infrastructure, energy, and logistics
- Limited use of the Chinese yuan in trade settlements

This strategic engagement could offer **long-term benefits for Egypt**, such as:

- Attracting export-oriented industrial investment from China
- Hosting relocated Chinese manufacturing operations
- Positioning Egypt as a regional logistics hub bridging Asia, Africa, and Europe

As global players seek to diversify and secure supply chains, **Egypt could emerge as a key node** – provided that it strengthens its investment climate and economic stability.