

Negotiation Strategies for the China-US Trade War in 2025: A Perspective of Interest Balance and Cross-Cultural Conflict

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Abstract: Since Donald Trump assumed office as U.S. President in 2017, he has enshrined America First as his core governing doctrine, steering U.S. foreign strategy away from globalism toward localism and economic nationalism. Against this backdrop, the U.S. administration launched a series of trade investigations targeting China and unilaterally instigated trade frictions and an all-out trade war, citing the bilateral merchandise trade deficit as its primary justification. Set against the context of the 2025 China-US trade war, this study adopts an analytical framework rooted in international business negotiation theories-including game theory and cultural dimension theory-and incorporates real-world dynamics such as tariff adjustments, technological sanctions, and supply chain reconfiguration. Drawing on historical cases from the 2018-2024 rounds of trade tensions, this paper designs concrete negotiation strategies and conflict resolution solutions. The findings recommend strengthening US trade policy coordination and institutional cooperation, enhancing cross-cultural trade competence for enterprises in both nations, and boosting people-to-people exchanges to foster a constructive trading environment. This research aims to deliver theoretical support and practical guidance for the steady development of US trade relations and advance mutually beneficial outcomes in bilateral economic cooperation.

Keywords: China-US Trade War; Interest Balance; Cross-Cultural Conflict; Game Theory; Cultural Dimension Theory

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1. Introduction

By 2025, the China-US trade war remains intense. Tariff adjustments, intensified technological containment, and accelerated supply chain restructuring have imposed severe strains on bilateral trade relations. Amid deepening global economic integration, the trajectory of US economic ties bears heavily on both national economies and global macroeconomic stability. The successive phases of trade frictions between 2018 and 2024 featured multiple rounds of negotiations and disputes, yielding valuable experience and lessons. These historical episodes provide an empirical foundation for investigating negotiation strategies in the 2025 trade war, enabling a rigorous analysis of the origins, evolution, and countermeasures underlying bilateral trade conflicts.

2. Basic Concepts and Theoretical Foundations

2.1 Basic Concepts

2.1.1 Related Research on the China-US Trade War

Domestic scholarship on the China-US trade war has evolved into a multidisciplinary, multi-perspective body of research

covering core themes: the nature of trade conflict, U.S. motivational drivers, legal and normative foundations, differential regional and industrial impacts, and China's strategic responses. Among these, the merchandise trade imbalance is widely recognized as the immediate catalyst of the dispute, a topic long examined in academic literature.

Notably, Jiang (2020) employs the Eaton-Kortum model to examine bilateral trade structure and identifies the "paradox of anti-comparative advantage" in U.S. exports to China: U.S. sales to China are not concentrated in high-value-added sectors where the U.S. holds strong comparative advantage; moreover, sectors with stronger comparative advantage exhibit lower export shares to China relative to global totals. By contrast, China's exports to the U.S. largely align with conventional comparative advantage principles.

Liu and Zhang (2019) use empirical methods to identify a two-way causal relationship between the Sino-US merchandise trade deficit and U.S. manufacturing FDI in China, concluding that deepened international division of labor and U.S. domestic industrial restructuring constitute the fundamental causes of the deficit. Peng (2019b) further enumerates compound drivers: divergent consumption and investment structures, U.S. high-tech export controls, U.S. direct investment, and China's role as a processing-trade hub in global industrial relocation.

2.1.2 Related Research on Cross-Cultural Conflict

US business negotiations are marked by profound cultural divergence. American negotiators typically favor abstract, logic-driven analytical thinking, while Chinese negotiators lean toward holistic, relation-oriented synthetic thinking. Pre-negotiation preparation should include cultural mapping and style analysis, with remote pre-communication used to align strategies with the counterpart's cognitive patterns.

First impressions strongly shape negotiation dynamics. While Chinese negotiators often prioritize relationship-building through social interaction, this approach may clash with American preferences for directness and efficiency. Chinese hosts should therefore adapt by streamlining ceremonial protocols and moving promptly to substantive agenda items.

Cultural differences also shape contractual preferences: American negotiators often favor detailed, rule-based agreements, whereas Chinese counterparts may prefer framework-style, principle-based documents. Negotiators must maintain flexibility on contractual form while upholding fairness and enforceability to bridge such gaps.

2.2 Theoretical Foundations

In the context of the trade war, China and the U.S. function as two strategic players with distinct objectives and choice sets. Game-theoretic models, including the Prisoner's Dilemma and Nash Equilibrium, enable systematic analysis of strategic interactions over tariffs, tech sanctions, and supply chain restructuring, supporting behavioral forecasting and outcome evaluation^[1]. In tariff games, both nations face a binary choice: to impose additional duties or refrain. Mutual tariff escalation raises trade costs and damages welfare on both sides, whereas mutual restraint preserves normal trade flows and generates shared gains. Game-theoretic analysis thus clarifies payoff structures under alternative strategies, furnishing a theoretical basis for balanced negotiation design and incentivizing cooperation over confrontation to achieve joint welfare maximization^[2].

Cross-cultural conflict represents a critical, often under emphasized, variable in US trade negotiations. Cultural dimension theory highlights systematic divergences in values, communication norms, and decision-making patterns that can trigger misunderstanding, deadlock, or negotiation failure. Representing contrasting Eastern and Western systems, the U.S. emphasizes individualism, competition, and direct communication, while China prioritizes collectivism, harmony, and indirect relational dialogue^[3]. Successful negotiation therefore requires deep cultural awareness and adaptive governance. Both sides should strengthen cross-cultural training and exchanges to improve mutual understanding and communicative competence. During formal talks, negotiators should employ culturally congruent rhetoric and tactics to minimize friction, sustain a constructive atmosphere, and improve the likelihood of agreement.

3. Case Analysis

3.1 Review of the China-US Trade War (2018-2024)

In March 2018, the United States launched the China-US trade war by imposing high tariffs on imported steel and aluminum products on the grounds of "national security."^[4] Subsequently, the two sides engaged in a series of games and negotiations

in the trade field. The United States continuously raised tariffs on a wide range of Chinese products, including washing machines, solar products, steel, and aluminum. In response, China took corresponding countermeasures by imposing tariffs on selected US products such as soybeans, pork, and automobiles.

During this period, the two sides held multiple rounds of economic and trade consultations in an attempt to resolve trade disputes through negotiations. In December 2019, China and the United States reached the Phase-One Economic and Trade Agreement, which played a certain role in easing trade tensions. Nevertheless, since 2020, affected by factors such as the COVID-19 pandemic, China-US trade relations have fluctuated again. The United States imposed a series of sanctions on Chinese enterprises in the technology sector, including restricting high-tech firms such as Huawei from accessing US technologies and components, further exacerbating bilateral trade frictions.

From 2021 to 2024, China and the United States maintained a complex game in the trade arena. On the one hand, the two sides adjusted their tariff policies to some extent, reducing tariffs on certain products, yet differences remained in key areas. On the other hand, technology sanctions became increasingly prominent: the United States expanded its crackdown on Chinese high-tech enterprises, while China strengthened the protection of its core technologies and capacity for independent innovation, featuring coexistence of competition and cooperation in the technology sector between the two countries.

3.2 Negotiation Strategies and Lessons from Conflict Resolution in Historical Cases

In the China-US trade war from 2018 to 2024, both sides adopted certain negotiation strategies. China adhered to the principles of equality, mutual benefit, and good faith in negotiations, emphasizing the resolution of trade disputes through dialogue and consultation, while demonstrating firmness in tariff countermeasures to safeguard its legitimate rights and interests. The United States adopted a tough stance in negotiations, attempting to force China into concessions via tariff hikes, yet gradually recognized the negative economic impacts of the trade war on itself and began to seek dialogue and cooperation with China.

This indicates that in China-US trade war negotiations, both sides need to further strengthen communication and cooperation, explore more effective conflict resolution mechanisms, and promote the steady development of trade relations. Lessons from historical cases show that China-US trade war negotiations are a complex process requiring both parties to fully consider respective interests and cultural differences, apply flexible and diverse negotiation strategies, and strike a balance between cooperation and competition. Meanwhile, both sides should enhance dialogue and consultation, establish a long-term and stable communication mechanism, adapt to the evolving trade situation, and prevent the escalation of trade conflicts.

4. Design of Negotiation Strategies for the China-US Trade War in 2025

4.1 Negotiation Strategies Based on Interest Balance

4.1.1 Tariff Policy Negotiation Strategy

In tariff policy negotiations, China and the United States should uphold the principle of mutual benefit and win-win results, and fully recognize the positive impacts of trade liberalization on both economies. China may propose reducing tariffs on selected US products in exchange for corresponding tariff cuts by the United States on Chinese goods, so as to facilitate the normal development of bilateral trade.

In light of different product and industrial characteristics, both sides should adopt flexible tariff adjustment strategies. For high-tech products, manufactured goods, and other sectors, the two sides may negotiate phased and step-by-step tariff adjustment plans to mitigate shocks from tariff policies on their industries. Tariff policies should be adjusted timely in accordance with trade conditions and industrial development to ensure the balance of interests between the two countries.

4.1.2 Technology Sanction Negotiation Strategy

China and the United States should take strengthening intellectual property rights (IPR) protection as an important foundation for technology sanction negotiations. The two sides may reach consensus on IPR protection cooperation through negotiations, establish a joint IPR protection mechanism, and enhance protection for enterprises and innovation achievements of both countries.

On this basis, China may commit to further improving domestic laws and regulations on IPR protection and raising IPR

enforcement standards in exchange for the easing of US technology sanctions against China. In technology sanction negotiations, China may propose enhancing cooperation projects with the United States in high-tech fields, promoting technological progress through joint R&D and technology transfer. The United States may relax partial technology restrictions on Chinese high-tech enterprises, allowing normal technological cooperation and exchanges between enterprises of the two countries to advance the development of the global technology industry.

4.2 Negotiation Strategies Based on Cross-Cultural Conflict Resolution

4.2.1 Cultural Communication and Exchange Strategy

Before negotiations, both sides should organize cross-cultural training and education for relevant personnel to improve the negotiation team's understanding of each others culture. Such training enables negotiators to grasp differences in values, communication styles, and decision-making models between China and the United States, master cross-cultural communication skills, and avoid misunderstandings and conflicts caused by cultural gaps .

During negotiations, both sides may hold cultural exchange activities to enhance mutual cultural understanding and recognition. In a relaxed atmosphere, negotiators can learn about each others cultural customs and values, eliminate cultural barriers, and create a favorable cultural environment for negotiations.

4.2.2 Negotiation Style and Skill Adaptation Strategy

During negotiations, both sides should adjust their communication styles in response to each others communication characteristics. US negotiators tend to be direct and forthright, explicitly stating views and demands at the negotiation table. In contrast, Chinese negotiators prefer indirect communication, expressing opinions through hints and euphemisms.

Therefore, US negotiators should appropriately slow down their speech pace when communicating with Chinese counterparts, pay attention to non-verbal cues, and understand implied meanings. Chinese negotiators may increase directness to clearly state positions and demands, improving communication efficiency and avoiding misunderstandings.

5. Countermeasures and Suggestions

5.1 Strengthening the Construction of China-US Trade Policy Coordination and Cooperation Mechanisms

China and the United States should hold regular high-level economic and trade dialogues to conduct candid communication on trade policy adjustments, tariff measures, technology trade, and other issues, resolve trade disputes in a timely manner, and prevent the escalation of trade conflicts. Through regular communication mechanisms, both sides can enhance mutual understanding and trust in each others trade policies, laying a foundation for the steady development of trade relations.

China and the United States should jointly promote the establishment of a multilateral trade cooperation framework to provide a more stable and predictable institutional environment for bilateral trade cooperation. Within the multilateral framework, the two sides may conduct in-depth consultations on market access, trade rules, IPR protection, and other issues, formulate fair and reasonable trade rules, and facilitate the long-term and stable development of China-US trade.

5.2 Enhancing Cross-Cultural Trade Cooperation Capacity of Chinese and US Enterprises

Chinese and US enterprises should strengthen cross-cultural training and exchanges to improve employees' cross-cultural awareness and communication skills. Through internal training, external expert lectures, cultural exchange activities, and other means, employees can understand China-US cultural differences, master cross-cultural communication skills, and strengthen corporate competitiveness in cross-cultural trade environments.

Regular cross-cultural training courses should be organized, with Chinese and US cultural experts invited to deliver lectures and share successful cases of cross-cultural trade, so as to improve employees' cross-cultural literacy. Chinese and US enterprises should actively explore cross-cultural cooperation models, such as joint ventures and strategic alliances, to achieve complementary advantages and jointly explore international markets. In cross-cultural cooperation, enterprises should focus on cultural integration and management innovation, establish effective cross-cultural management mechanisms, reconcile differences in corporate culture, management models, and business philosophies, and ensure smooth cooperation.

5.3 Strengthening China-US People-to-People Exchanges and Cooperation to Foster a Sound Trade Atmosphere

China and the United States should encourage and support extensive exchanges and cooperation among non-governmental cultural groups, academic institutions, social organizations, and other sectors. By holding cultural and art exhibitions, academic seminars, people-to-people friendship activities, and other events, mutual understanding and friendship between the two peoples can be enhanced, fostering a favorable social atmosphere for the development of China-US trade relations.

China and the United States should encourage and support economic cooperation and exchanges among non-governmental enterprises, chambers of commerce, and other entities. Through trade and investment fairs, enterprise matchmaking events, entrepreneurship competitions, and other activities, cooperation opportunities for non-governmental enterprises can be provided, promoting bilateral cooperation and development in trade, investment, innovation, and other fields.

6. Conclusions and Prospects

6.1 Research Conclusions

Based on the China-US trade war in 2025, this paper analyzes negotiation strategies from the perspectives of interest balance and cross-cultural conflict. By applying international business negotiation theories such as game theory and cultural dimension theory, combined with practical issues including tariff policies, technology sanctions, and supply chain restructuring, this study provides strong theoretical support for China-US trade negotiations.

Meanwhile, drawing on lessons from the 2018-2024 China-US trade war, the optimized negotiation strategies help promote the steady development of China-US trade relations. In terms of interest balance, China and the United States should seek win-win solutions on key issues such as tariff policies, technology sanctions, and supply chain restructuring, and maximize mutual interests through flexible negotiation strategies and effective communication and coordination mechanisms.

In terms of cross-cultural conflict resolution, both sides should strengthen cultural communication and exchanges, adapt to each others negotiation styles and skills, create a favorable negotiation cultural atmosphere, and reduce the negative impacts of cultural differences on negotiations. Furthermore, countermeasures are proposed to strengthen China-US trade policy coordination and cooperation mechanisms, cross-cultural trade cooperation capacity of enterprises, and people-to-people exchanges and cooperation. Implementation of these measures will enhance mutual trust and cooperation in the trade field, laying a solid foundation for the long-term and stable development of China-US trade.

6.2 Future Prospects

With the continuous evolution of the global economic landscape and the sustained development of the Chinese and US economies, China-US trade relations will face new opportunities and challenges. In the future, China and the United States should continue to strengthen dialogue and consultation, deepen trade cooperation, jointly address new issues such as global trade protectionism, climate change, and the digital economy, and push China-US trade relations to a higher level.

In terms of trade negotiation strategies, both sides should continuously innovate and improve strategies, fully consider the impacts of emerging technologies and global industrial chain restructuring on trade negotiations, and enhance the scientificity and effectiveness of negotiations. Meanwhile, the two sides should strengthen cooperation and coordination in formulating international economic rules, jointly promote the establishment of a more fair, reasonable, and inclusive global economic governance system, and create a favorable international environment for the steady development of China-US trade relations.

In the long run, as the world's two largest economies, China and the United States should commit to building a new type of major-country relationship, transcend the traditional zero-sum game mindset, and seek cooperation and win-win results in multiple fields including trade, investment, science and technology, and the environment.

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