

## ECONOMICS

## China's layered response to Trump's tariffs

On 4 March 2025, the Trump administration imposed additional tariffs against China, with a rate of 20% set on all imports.<sup>1 2</sup> The measures were part of the President's broader initiative that also includes significant tariffs on Canada and Mexico; however, whereas the tariffs against Canada and Mexico had been subject to a 30-day pause, the original 10% tariffs on Chinese goods have been in force since 1 February 2025.<sup>3</sup>

In its response to the tariffs, China has lodged a formal complaint against the United States with the World Trade Organisation (WTO).<sup>4 5</sup> Meanwhile, China's Ministry of Commerce (MOFCOM) announced that, starting from the 10th March, it would impose additional tariffs of 15% on chicken, wheat, corn, and cotton imports from the U.S., as well as a surcharge of 10% on other agricultural products like soybeans, pork, and beef.<sup>6 7</sup> Furthermore, Beijing announced it would add 10 U.S. companies to the list of "unreliable entities", a move which could lead to restrictions or even bans on their business activities in China.<sup>8 9 10 11</sup>

In terms of official rhetoric, a message from the Chinese Embassy stated, "If the US wants war, whether it be a tariff war, a trade war, or any other type of war, we are ready to fight to the end".<sup>12</sup> Meanwhile, Guo Jiakun, a spokesperson for the Chinese Ministry of Foreign Affairs, was similarly firm: "We cannot be intimidated. Pressure, coercion, or threats are the wrong way to deal with China. Whoever applies maximum pressure on China is miscalculating and choosing the wrong guy."<sup>13</sup> This staunch resolve was echoed across Chinese state media outlets, with articles accusing the U.S. of 'bullying', 'coercion', 'extortion' and 'blackmail', while simultaneously emphasising China's resilience and capacity to respond with countermeasures to "protect its national interests".<sup>14 15 16 17 18</sup>

Chinese domestic outlets also quoted international commentary and analysis which described China's countermeasures as 'restrained' or 'targeted', or as 'aiming to avoid escalating the conflict', along with critiques that suggested the tariffs imposed by the U.S. are too broad and/or implemented hastily.<sup>19 20 21</sup> For example, in its coverage, as well as criticising the U.S. for its punitive measures against China, Guancha highlighted a recent article from Al Jazeera titled 'Why is China no longer worried about the 'trade war' like in 2018?'. Correspondingly, it also repeated their analysis that, unlike in his first term, Trump is now confronting a China that is stronger and better prepared economically, having diminished its dependence on U.S. trade and enhanced its economic resilience. Throughout multiple articles on the measures, Guancha cited American commentators and institutions that described their potential negative impacts for the U.S. itself.<sup>22 23</sup>

**Adarga Analysis:**

The latest tariffs imposed on China have provoked an assertive and layered response from Beijing, which has employed a synchronised response mechanism incorporating legal challenge, reciprocal trade countermeasures, regulatory restrictions, and strategic communication.

China's first move was to impose counter-tariffs on key U.S. exports, specifically on a sector with high economic and political sensitivity. On the one hand, the imposition of additional tariffs on agricultural products mirrors the US' escalation, thereby reinforcing Beijing's commitment to direct reciprocity. In this sense, the measure is almost certainly designed to signal to both domestic and international audiences that China will not tolerate unilateral economic coercion without response.

At the same time, beyond simple retaliation, by increasing tariffs on US agricultural exports, Beijing is applying pressure on sectors that form a critical part of the US economic and electoral landscape, and which have strong lobbying presence in Washington. It highly likely that in doing so, China is deliberately seeking to exert additional political pressure on the Trump administration through U.S. domestic economic actors.

Meanwhile, additional scrutiny on major U.S. corporations operating within its borders, as well as the summoning of Walmart executives, reported by the Financial Times on 12 March, is emblematic of Beijing's broader strategy to impose non-tariff barriers, ensuring that the pressure exerted extends beyond headline tariffs into operational and compliance challenges for American firms.<sup>24</sup>

Across its official channels, China's response was particularly sharp in this instance. It is highly likely that this language was selected to serve a dual purpose: appealing to domestic nationalist sentiment while positioning China as the responsible actor in the global economic system. In addition to emphasising China's resilience and willingness to 'fight back' against attempts at 'coercion', by repeatedly framing US actions as a violation of the rules-based order, Beijing is aiming to undermine Washington's legitimacy in multilateral institutions, such as the World Trade Organisation (WTO), and build solidarity with other countries that have been subject to U.S. economic pressure.

This rhetorical strategy is therefore designed not just to rebuke the U.S. but also to court European and Global South allies, many of whom share concerns over Washington's unilateral economic policies. This rhetoric was reinforced by the decision to lodge a complaint at the WTO, deliberately seeking to position China in contrast to the U.S. as a champion of multilateralism and defender of global trade norms.

The Chinese state media apparatus has been deployed to reinforce this message and has been actively engaged in shaping both domestic perceptions and international discourse. Outlets have consistently emphasised China's resilience, the strength of its domestic market, and its capacity to withstand external economic pressure. This narrative focuses on China's ability to "turn crises into opportunities," and therefore positions the trade dispute as a catalyst for self-reliance, technological advancement, and deepened partnerships with alternative economic partners, and is almost certainly aimed to reassure domestic audiences.

From an international perspective, China's state media has simultaneously selectively amplified Western critiques of U.S. trade policies, highlighting concerns from American economists, business leaders, and European policymakers. By leveraging discontent from within the West, Beijing seeks to portray Washington's actions as reckless and destabilising. In so doing, this serves to delegitimise U.S. economic coercion while reinforcing China's self-image as a 'defender' of global trade stability.

Therefore, while on the surface the pattern of tit-for-tat tariffs follows a familiar script, the nuances of China's countermeasures reveal a deliberate effort to shape both economic and geopolitical narratives. In our assessment, China's swift and layered response collectively signals Beijing's readiness for sustained economic confrontation with the U.S. while allowing room for future adjustments. This situates the latest measures within the broader U.S.-China geopolitical contest over economic dominance and global influence, and raises questions for the shape of future multilateralism.

## ABOUT

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