EFFECTS OF TRUMP’S IMMIGRATION POLICY ON TRADE IN CHINA AND US

 Implementation of immigration policy by Donald trump has several trade effects to china as a trade nation. These effects have some impacts on trade and economy, either in a positive or a negative manner. Both countries need each other in the trade for importation and exportation of goods and services from both countries. Policies made by Donald triumph will reverse the labor offered by china, starting with the removal from North American free trade agreement where he is labeled china as the currency manipulator as well the imposition of 45% tax on the china imports to the US (Jiemian, 2017). These policies will have the negative impact on the china trade since they are set to call upon the world trade organization to come up with the case about china due rising of the tariffs to the US.

Meanwhile, call by Donald triumph china related proposals about the slap fees on the Chinese may bring about the skepticism on the steep tariffs which may end up hurting both economics and trade activities of both countries. This will create all a bad relations in terms of business trade barriers to china which may end up retaliating and it is not a good idea for trading countries. All the trade products from china to the US may be no more and the vice versa. If there is no mutual understanding between countries in the world trade could never perform well since we could not be having countries to sell to or to buy from. As well the both countries may be involved in a trade which may cause stoppages of the economic activities in both countries (Martin, 2017).

Demographic Transition

The driving force of the recent trend of immigration as made china rapid economic growth to be compounded due to the whole policies that are causing the transition. The growth of the china labor force will be slowing drastically during the moments of the demand for labor. This is making the country’s economic and trade to have more pressure on the wages issue due to the aging population. The change is occurring due to immigration policies will not only cause, many china citizens to be jobless due to over population in their country but will also strain the income of the country.

The Policy of Effects

Moreover, china will be forced to go through an enormous economic and trade demographics that will result from the migration of the immigrants. The trumps policy of migration will have negative effects on china citizens who may have gone in the US to look for the job opportunity. Since china is known for its more traditional internal immigrant's trend which is also occurring in the developing countries. China utilizes the trade and economic opportunities whenever they appear so the US policy by Donald triumph will have slowed their enhanced trade chances. However, this will affect both countries negatively to some situations, for example, if china people have more technical skills in some specific fields the US will suffer the loss of immigrant of china (Jiemian, 2017). Who are specialized in the particular areas and will no longer have a connection to deliver their services sell their services. For example, those skills in civil engineering, electrical engineering, information and technologies among others will not be able to offer the services.

President Trump’s immigration prohibition dispirits people with the interest of commencing their businesses and prosperity in ‘his country’ from emigrating. The prospect of immigration discrimination will deprive USA majority of the small and startup businesses which are sources of job creation that will eventually employ the young Americans people. Thwarting the inflow of intellectual human capital is another practice of a trade combat. Innovation takes place in unrestricted settings, which respects ideas over borders (Ottaviano, Peri, & Wright, 2016). Restriction that controls talent entry into USA will follow a greasy slope into other regions of the economy. Without innovation the development of USA could stagnate or at worse fall behind.

Upcoming researchers, young engineers, academicians, scholars and other professionals will stay away from U.S. once they notice they are not welcomed or might possibly be customarily incarcerated and probed at U.S. airports. This will definitely deprive USA of the most brilliant minds from across the world. Certain leaders from Silicon Valley darned Trump by mentioning how hurting and disappointing it was to detain ten top cream brains and talents behind bars. USA economic strength is based on attracting the best and the brightest to come and help build a better future as a means of the missing gap of skilled and professional human capital. This competitive advantage is baked into the entire economy.

Trump’s immigration policy will cause retaliatory measure from the affected countries. These countries can smack ingress fees on U.S commodities and then decline to admit U.S. citizens into their motherlands. Residents from various far-off countries will refuse commodities made by USA-based companies (Martin, 2017). U.S has large corporation, which are involved in the global marketplace. If these companies are curb from moving people, their productivity will be severely hurt. Consequently the economy of the USA will be negatively affected.

Financial markets have already reacted negatively. The dollar value in relation to other world currencies has also taken a left shift or declining dimension. President Trump’s trade and immigration policies could jeopardize the economic relationship between the U.S and Mexico due to the boarder wall plan (Gostin, & Cathaoir, 2017). This does not consider the symbiotic economies that have developed between U.S cities along the borders with their sister cities in Mexico, with residents of both countries traveling across the border for work, shopping and visiting relatives.

Trump’s policies on immigration are already creating fear and portraying USA to be insecure, therefore, not an appropriate destination for doing business. Consumers will definitely no longer feel safe and happy since sooner or later that market vibrancy will no longer exist. Thiswill ultimately create a dent in the U.S economy.

Fig 1; Trump’s immigration policy against trade: pre and during Trump’s Presidency

Effect on Prices and Loss

This is because both countries benefit from each other in the trade line most will be corrupted. More product imported from china will hike in price, and high tariffs will be charged to the services and goods imported from china. It will be a benefit to china only to the points where the situation seems to be favorable for them to make more profit, but a loss where they are forced to pay more for the benefits they get from the US. The political relations between the US and china countries will be ruined instead of where they can focus towards benefiting from each other through trade. This may arise into currency wars in the case where one of the two countries may be making more profit than the other. In conclusion it clear that china although being a powerful country in terms of trade may not be able to perform so well due to the new set immigration policies. The immigrants from china population have been declining in 2010 they 1.2% in the US according to the census and the population was 3.8million. In 2016, 2017 they decreasing numbers are declining due to the policy.

Fig 2; China immigrant’s number declining from the US

The influences to international students

The immigration problem is mainly related to the illegal immigrants. Although the legal immigrants do not need to worry about deportation. The people who are waiting to be legalized had less chance to be the legal immigrants. For example, the international students will have higher requirements to get the H1B Visa after they are employed. The higher skilled labors are more acceptable in America. As a result, people from other countries who want to choose H1B Visa to have a legal identity is harder (CNN Money). In the current statistic, there are 304,000 Chinese students in 2015 years (“International Students in the United States.”). As the difficulty of getting H1B Visa, there will be less Chinese high skilled labors immigrates to U.S.

Trade barriers

Let’s consider other country Mexico where also had big influence due to Trump’s policy. There were 11.7 million immigrants from Mexico living in the U.S. in 2014, but about half of them were in the country illegally. According to the estimation from Pew Research Center, Mexico is the largest source of immigrants and made up about 28% of all U.S. immigrants.

In McAllen, Tex., 37% of the city’s taxes were coming from Mexico. There are about 1500 factory managers live in McAllen but work in Mexico, the city’s maquiladoras industry helped to generate millions of dollars in bridge revenue for itself and also help to boost it’s the economy of its neighboring towns. When the U.S. Mexico relationship became worse, its effect is beyond the losses of jobs in the U.S. plants. Stores would lose their business, which leads tolay off workers or even exist the market. Mexican investors would likely sell off their U.S. properties, leading to a sharply decrease in real estate values.

Regardless of the economy losses from the worsen relationship with Mexico, Trump decided to build a southern border wall between the U.S. and Mexico to prevent illegal crossings from Mexico into the United States. Trump has repeated his intent for Mexico to pay for the wall, and previously threatened to impose a 35% tariff on goods imported from Mexico to pay for wall, later Trump’s press secretary announced that Trump could impose a 20% tariffs on all imports from Mexico.[[1]](#footnote-3)

Imposing tariffs by the U.S. will increase the terms of trade for the U.S. economy. According to the models from Chapter 6. Let Pe= the price for exported goods, Pi= the price for imported goods, Pe/Pi= the relative price of exported goods, Qe= the quantities of exported goods, Qi= the quantities of imported goods, Qe/Qi= the relative quantities of exported goods, Qe\*= the quantities of exported goods in Mexico, Qi\*= the quantities of imported goods inMexico, (Qe+Qe\*)/(Qi+Qi\*)= the relative quantities of exported goods in Mexico and U.S. RS= the relative supply curve, and RD= the relative demand curve.

As the graph shown, tariffs are taxes levied on imports, so the price of imported goods will become higher in the U.S., thus it provided more incentives for American producers to produce more exported goods and less imported goods, and thus the RS curve will shift inward. American consumer would switch to buy more exported goods because the price for imported goods is higher, which causes the RD curve to shift outward. The result is higher Pe/Pi, which implies U.S.’s terms of trade became better. With the 20% tariffs impose on Mexico’s goods, U.S. terms of trade will increase a lot but it will worsen the relationship between the U.S. and Mexico, and the losses of economy due to the worsen relationship might be even greater than the gains from the imposition of tariffs.

Trump’s plan of building a wall at the Mexico-U.S. border and the imposition of high tariffs on all Mexico imported goods will worsen the relationship between U.S. and Mexico. Even though the tariffs generates profits for U.S. by improving U.S.’s terms of trade, but the worsen relationship will bring further serious damage to the U.S. economy, which might exceed the benefits brought by the improvement of terms of trade.

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