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The Impact of Industrial Geography on U.S. Trade Policy Toward China

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ABSTRACT
The 2018 U.S. initiation of trade hostilities against China precipitated significant domestic interest cleavages among American states. Divergent state-level alignments materialized with certain states emerging as staunch proponents of the "lose-lose" tariff confrontation, others constituting vigorous dissenters, and a residual cohort maintaining strategic ambivalence. Grounded in industrial geography theory, this study develops a state-level typology of U.S. policy preferences toward China trade through systematic analysis of sectoral trade structure and dependence on trade with China as foundational dimensions. Our analytical framework identifies four archetypal orientations in subnational trade policy dispositions: Economic Engagement, Straddling, Economic Containment and Issue-Linkage. Structural interdependence between sectoral composition and China-specific dependence configurations determines heterogeneous economic interests across states. These aggregated subnational preferences undergo political transduction via electoral mechanisms to federal policymakers in the Executive and Legislative branches, with final U.S. trade policy toward China emerging through contested inter-branch bargaining processes.

KEYWORDS
United States; U.S. trade policy toward China; Industrial geography; Trade structure; Dependence on trade with China

1 Introduction and literature review

Since China's formal accession to the World Trade Organization (WTO) in 2001, Sino-American economic relations have undergone accelerated development, progressively establishing a robust framework of reciprocal interdependence. The bilateral partnership has evolved into one of profound strategic significance within the global trading system. According to official statistics compiled by the U. S. Department of Commerce's International Trade Administration (ITA), China maintained its simultaneous status as the predominant source of American imports and the third-largest overseas market for United States exports as of 2023, underscoring the depth of commercial integration achieved over two decades.

A consequential realignment in U. S. foreign economic policy unfolded following the 2017 presidential transition, characterized by the ascendancy of protectionist measures and unilateral trade actions. Confronting China's unprecedented economic expansion as the world's second-largest economy, the synergistic convergence of American hegemonic positioning and resurgent economic nationalism precipitated the Trump administration's initiation of comprehensive strategic competition across multiple domains. The formal commencement of the U.S.-China trade war was marked on July 6, 2018, by the imposition of 25% ad valorem tariffs targeting approximately $34 billion worth of Chinese industrial and consumer goods. During the pre-agreement phase preceding the U.S.-China Phase One Economic and Trade Accord, mutually implemented punitive tariffs ultimately encompassed an estimated 66.7% of Chinese merchandise exports to American markets and 58.3% of U. S. commodity exports to China. This escalatory dynamic propelled the average applied U.S. tariff rate on Chinese products from a pre-dispute baseline of 3.1% to levels exceeding 20%, while China's retaliatory tariffs surged correspondingly from 8.4% to beyond the 20% threshold.

Despite ongoing scholarly and policy debates regarding optimal China strategy, the subsequent Biden administration maintained substantial continuity in core trade policy instruments, preserving the established tariff architecture while intensifying initiatives to safeguard American technological leadership in advanced industrial sectors such as semiconductors and artificial intelligence. Concurrently, the administration pursued enhanced multilateral coordination with treaty allies concerning critical supply chain resilience and high-technology export controls. With the electoral reinstatement of the Trump administration, competitive and confrontational elements within U. S. economic strategy toward China are projected to intensify significantly throughout the forthcoming political cycle, potentially introducing new dimensions to the bilateral economic relationship.

U.S. foreign policy adjustments remain deeply rooted in domestic politics. America's worsening economic situation, marked by ongoing inflation and widening wealth disparities, highlights how social groups impact foreign policy. Trade results, vital for international relations, mainly stem from political wrangling rather than technical optimization. Global trade inherently reshapes domestic alliances and income structures. Thus, trade policy becomes a realm of constant negotiation where sectoral interest groups hold significant sway.

The unequal distributional impacts of U. S. trade measures, exacerbated by winner-take-all electoral systems, make

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industrial clusters key forces in trade politics. Concentrations of local industries create specific political necessities at the district level. Chinese scholars have mostly overlooked this spatial-policy link, though researchers are increasingly using Sun Zhe and Liu Jianhua's adaptation of Schiller's "industrial geography politics" to analyze U.S.-China policymaking. These studies map stakeholder dynamics and reveal causal connections between geographic economics and policy formulation.

China's retaliatory tariffs during the 2018-2019 trade war crystallized visible policy divisions across U.S. states. Export-dependent coastal economies—California's tech sector being emblematic—organized fierce resistance to punitive tariffs. Simultaneously, Rust Belt manufacturing hubs like Michigan's auto corridor were transformed into protectionist strongholds. Michigan's union halls echoed with tariff support while Silicon Valley boardrooms mobilized against them—this tangible policy divergence directly mirrors underlying differences in regional industrial ecosystems and production specializations.

This analytical investigation employs an industrial geography lens to systematically examine subnational policy divergence in U.S.-China commercial relations, addressing two core research questions: Why did individual states adopt substantively heterogeneous positions regarding economically detrimental tariffs during the bilateral trade conflict? Through what institutional mechanisms did certain jurisdictions achieve enhanced policy responsiveness to articulated economic interests while others experienced systematic marginalization within federal decision-making processes?

2 A Typology of industrial-political geography in the united states

Industrial-political geography fundamentally denotes "the dynamic interaction between economic geography (specifically, the spatial organization of wealth-generating activities) and the structural architecture of political institutions governing such productive processes." The axiomatic foundation for industrial geography's influence on U.S. trade decision-making resides intrinsically in the domestic distributional consequences arising from international commercial exchanges. From an economic geography perspective, heterogeneous natural endowments and historically contingent path-dependent trajectories have catalyzed distinctive patterns of industrial agglomeration across the American landscape, manifested through regional specializations such as the agricultural heartlands of the Midwest or technological innovation clusters along coastal corridors. Complementarily, through a political-electoral geography prism, the constitutionally embedded system of geographically demarcated congressional districts establishes institutional foundations for state-level "organic geographical coalitions" wherein territorially concentrated industries acquire structural political representation. The interaction between economic clustering and electoral representation lays the theoretical groundwork for grasping how spatial economic patterns systematically mold American trade policy via established political institutions.

Two factors are crucial in determining state-level preferences regarding China trade: sectoral trade structure and reliance on trade with China. The first determinant, trade structure, causes fundamental divisions among states. Classical trade theory states that open markets favor abundant factors while disadvantaging scarce ones. This is clearly evident across America. For instance, the Great Plains states, being rich in land, vigorously safeguard agricultural exports. New York, which is capital-intensive, advocates for market access. Tech-intensive regions, concentrated in knowledge, push for intellectual property protection. On the contrary, manufacturing zones lacking in labor face continuous pressures. Michigan's auto workers and Carolina's textile workers have directly witnessed production decline and wage reduction. These differences lead to sharp divisions in China policy. Iowa's soybean growers and Washington's aerospace clusters demand market access, while Ohio's steel towns and Pennsylvania's furniture makers support protectionist barriers.

The second variable, dependence on trade with China, functions through two vulnerability channels: sensitivity (impact of market fluctuations) and vulnerability (adjustment costs). States closely linked to Chinese markets, such as Nebraska's farm belt or Oregon's semiconductor corridor, consistently elect advocates for China trade. Their political need is obvious: avoid trade wars, maintain tariff stability, protect local jobs. In contrast, states with little exposure like Texas' oil fields or Florida's tourism economy consider China trade as adjustable leverage. Even here, concerns about market substitutability create a cautious ambivalence.

When cross-tabulated, these aspects show four distinct state archetypes:

(1) Export-Oriented & High Dependence on Trade with China: "Economic Engagement"

(2) Export-Oriented & Low Dependence on Trade with China: "Straddling"

(3) Import-Competing & High Dependence on Trade with China: "Economic Containment"

(4) Import-Competing & Low Dependence on Trade with China: "Issue-Linkage"

"Economic Engagement" hubs like California's Central Valley and Midwest grain belts took on legal and legislative battles against Trump-era tariffs. Meanwhile, "Economic Containment" centers such as Michigan's auto corridor became the epicenter of protectionist moves, with industry-labor alliances leading the 2018 tariff push.

The low-dependence groups face more intricate situations. "Straddling" regions (e.g., Mountain West economies) keep a strategic vagueness—their congressional representatives usually back trade more than "Economic Containment" groups but less than "Economic Engagement" proponents. America's spread-out tech sector illustrates this duality: Silicon Valley both woos Chinese consumers and lobbies for tougher IP enforcement.

"Issue-Linkage" states use calculated bargaining—Tennessee's auto suppliers might ask for agricultural concessions before backing tech sanctions. Their conditional free-trade position surpasses "Economic Containment" protectionism but is less than "Straddling"'s engagement.

Crucially, "Straddling" and "Issue-Linkage" differ in practice. The former adopts a harmless pragmatism—valuing the small gains from China trade within diverse export portfolios. The latter gets involved in transactional diplomacy, as shown by Missouri's 2019 ploy: offering support for Huawei restrictions in exchange for poultry market access.

3 Conditioning factors of industrial political influence

Industrial geography essentially molds how nations formulate their international economic strategies. Yet, three crucial limitations curtail the political clout of specific sectors:

Firstly, an industry's spatial layout - its geographic concentration and expanse - dictates its political sway. When industries group regionally (like aerospace firms in Washington state or tech hubs in California), affected parties - management and workers - possess stronger mobilization capabilities within congressional districts. Close proximity cuts coordination costs and solidifies advocacy networks. This spatial rooting ties district priorities to industrial aims, forming potent electoral feedback loops. In terms of expanse, industries covering more congressional districts and states can likely get support from a larger group of legislators, thus enhancing their influence in Congress. Industries with both wide expanse and notable concentration usually hold greater political leverage.

Second, the degree of congruence between industry interests and national interests critically constrains an industry's political influence. The inherently holistic and abstract nature of national interests, combined with the dynamic prioritization of competing objectives, ensures that industry interests and national interests are frequently misaligned and often exist in direct opposition. Divergences manifest between the state and industries in their respective perceptions and pursuits of interests across multiple dimensions. A continuous interplay exists between the state's strategic imperatives and firms' commercial objectives. The profound asymmetry in political influence and resources possessed by the state relative to industries frequently compels industries to comply when confronted with overriding national strategic imperatives. The inherent conflict between the industry logic of short-term, absolute profit maximization and the state's pursuit of relative gains and strategic advantage through the maximization of political power represents a persistent tension. This dynamic was particularly pronounced during the Trump administration. Periods of perceived national decline further incentivize the state to securitize disparities in gains relative to corporations, invoking national security prerogatives to counteract market-driven profit logic.

Third, within the context of supply chain globalization, internal differentiation within industries significantly shapes their policy preferences, internal cohesion, and consequently, their capacity for agenda-setting and political lobbying. Intra-industry comparative advantage differentials exist across nations: within the United States, the distinction between "sunset industries" (traditional manufacturing) concentrated in Rust Belt states—driving these regions toward trade protectionism and de-globalization—and "sunrise industries" (such as aerospace, semiconductors and components, and biomedical manufacturing) predominantly located in Pacific coastal and Southern states—which seek to leverage competitive advantages for international market expansion—exemplifies this divergence. Furthermore, transnational production over recent decades has exhibited increasing dispersion and fragmentation. The resultant transformation of global supply chains, particularly in manufacturing, has exacerbated the fragmentation of interests within industries. U.S.-based multinational corporations heavily reliant on imported intermediate goods typically oppose protectionist measures and actively lobby for reductions in tariffs on these inputs. Such reductions lower production costs for highly fragmented goods and mitigate associated non-tariff barriers, including anti-dumping and countervailing duties. Consequently, a firm's specific position within the supply chain hierarchy and its exposure to import/export costs fundamentally determine its interest articulation. This dynamic critically impacts the internal cohesion necessary for effective congressional lobbying and constrains the industry's collective capacity to influence governmental decision-making.

4 The impact of industrial geography on U.S. trade policy toward China

The causal analysis of how industrial geography influences the formulation of U.S. trade policy toward China proceeds from two key aspects: preferences and institutions.

First, as discussed previously, at the preference level, trade structure and the degree of dependence on trade with China jointly shape regional economic interests, thereby generating differentiated preferences for China trade policy among the various states of the United States.

Second, these divergent preferences coalesce into distinct interest demands, which are then aggregated and transmitted to the primary trade decision-making bodies—Congress and the President—through the U. S. domestic electoral system. The politics of U.S. industrial geography manifests primarily as the interaction between the economic geography of industries and trade decision-making. Industries exert influence on policy formulation, while trade policies, in turn, exert a reciprocal influence on industrial development. Typically, both direct legislation and indirect decision-making on trade by Congress and the President significantly impact the production and investment activities of relevant industries. Initially, the U. S. Constitution granted Congress the supreme authority to regulate commerce; legally, the President could only execute trade laws enacted by Congress under its authorization. However, as substantial trade policy powers were delegated to the executive branch in subsequent decades, the President's voice in trade policy decision-making has steadily increased. Trade policy is, in essence, also a tool for economic redistribution. Prioritizing the interest demands of certain industries and formulating trade protection policies with specific emphases and biases has become a conventional agenda for successive Presidents upon taking office.

In practice, Congress and the President exhibit distinct and often divergent stances on China trade policy, engaging in continuous mutual constraint and influence. This dynamic is fundamentally determined by their differing constituent bases and electoral cycles. Members of the U.S. House of Representatives stand for re-election every two years, a relatively short electoral cycle. Regarding their constituent base, representatives elected directly from their districts are primarily accountable to voters within those specific districts. Consequently, the interest demands of the dominant industries within their respective states receive exceptional attention. From the perspective of political funding, interest groups formed by industries that contribute significantly to regional income and employ large numbers possess greater financial resources to raise campaign funds for representatives advocating their interests. This, naturally, influences the representatives' stances and voting behavior on relevant proposals at both the state and federal levels.

In contrast, presidential elections operate on a four-year cycle, resulting in relatively more consistent trade policy positions. The trade policy preferences reflected by the President tend to align more closely with the interests of two key groups or regions: swing states and safe states (or "base states"). In the past ten years, the electoral map of the United States has been fairly steady. The Republican and Democratic parties have held onto their own strongholds, known as "safe states". The result of presidential elections is mostly decided by a few "swing states". So, the interest needs of swing states have a certain "amplifying effect." This influence turns into actual benefits: winning candidates always give customized concessions to these key regions. For instance, Ohio's auto workers got steel tariffs, and Florida's retirees got Medicare protections. Such calculated give-and-take has two aims: rewarding important voter groups and securing future electoral gains.

"Safe states", which are the foundation of presidential coalitions, also have a huge impact on trade agendas. Although they're firmly partisan, these areas have industries that finance campaigns and get voters involved. With America's growing political unrest, keeping base loyalty demands more policy flexibility. As a result, administrations regularly adjust trade positions to meet the needs of safe states. The Trump administration's concessions on the ethanol mandate to Iowa corn growers shows this, highlighting clear policy changes in response to key supporters.

All in all, the interaction between the trade structure and reliance on Chinese markets breaks the national agreement into competing regional plans. These local economic necessities are sent through electoral systems to Washington's centers of power. Lawmakers and executives then work out compromises among competing demands, shaping U. S.-China trade policy through tough political negotiations.

5 Conclusion

Economic globalization and China's industrial ascent have profoundly reshaped U. S. domestic politics. These shifts subsequently triggered international ripple effects, escalating geopolitical friction and conflict frequency. Crucially, U.S. foreign economic strategy emerges from interactions among systemic, national, and societal variables. Since the inception of the U. S.-initiated trade war against China, the income distribution effects of international trade have catalyzed a realignment of domestic societal coalitions within the United States. Some states strongly support imposing extra tariffs on China, others firmly oppose them, while still others exhibit a wavering stance.

This article contends that trade structure and the degree of dependence on trade with China constitute the core determinants explaining interstate variation in China trade preferences. We innovatively categorize the industrial political geography shaping U.S. China policy along these dimensions, revealing four principal state orientations:

(1) Export-Oriented & High Dependence on Trade with China: "Economic engagement"

(2) Export-Oriented & Low Dependence on Trade with China: "Straddling"

(3) Import-Competing & High Dependence on Trade with China: "Economic containment"

(4) Import-Competing & Low Dependence on Trade with China: "Issue-linkage"

Furthermore, examining how congressional voting patterns (reflecting constituent demands) interact with pivotal industries' interests in swing states and safe states clarifies executive-legislative dynamics in China trade decisions. Our framework thus provides integrated theoretical explanations for these core questions.

A critical observation underscores this analysis: the conflict between the commercial interests of U.S. corporations and the strategic imperatives pursued by the U.S. state has intensified markedly since the onset of the U.S.-China trade war. The U.S. government strategically frames bilateral relations through a competitive lens, actively constraining Chinese technological progress and industrial advancement. Washington employs tactical pressure through three channels: demanding an end to "compelled" technology transfers, strengthening IP enforcement, and tightening sensitive tech export controls. This strategic preference for relative gains over absolute profits directly conflicts with corporate imperatives. The resulting friction has eroded operational viability and market positions for U.S. firms with major Chinese investments.

Business surveys validate this state-market rift. A May 2020 USCBC study showed 54% of firms found Phase One Agreement benefits failed to offset tariff-driven costs and disruptions. Post-2020 election polling by AmCham Shanghai confirmed these concerns, identifying these top-five business challenges: the U.S.-China bilateral relations, the impacts of the COVID-19 pandemic, competition with Chinese domestic firms, the burden of ongoing tariffs, and business licensing and regulatory hurdles. Notably, intellectual property protection and technology transfer issues ranked lower among immediate corporate priorities. This clear misalignment between the primary concerns of the U.S. business community operating in China and the U.S. government's focus on technology restrictions and strategic advantage underscores a fundamental disconnect. Given the context of increasingly normalized, protracted, and comprehensive U. S. -China strategic competition, this trend of diverging interests between the U.S. government and its corporate sector appears structurally embedded and unlikely to reverse in the foreseeable future.

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