

Analysis of the Causes and Countermeasures of the Escalation of Sino-US Trade Friction

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Abstract: Since 2018, the United States has ignored international trade rules on the grounds of trade deficits and other reasons, implemented protectionism and unilateralism, provoked Sino-US trade frictions, and caused widespread international concern. In today's complex and changing world economic landscape, the trend from one super-multi-strong situation to multi-polarization is gradually deepening, and the hegemonic position of the United States is gradually threatened. By studying the U.S. intention to launch a trade war against China, the causes of the escalation of trade frictions, and coping strategies, this article discusses how China will do under the situation that the United States has rashly violated the WTO rules, launched a Sino-US trade war, and forced China to fight back. To protect their own interests and promote mutual benefit and win-win development, the two countries have proposed corresponding countermeasures and countermeasures, with a view to providing a valuable reference for countries seeking to peacefully develop trade exchanges to maximize their benefits.

Keywords: Sino-US trade, Trade friction, Causes, Corresponding countermeasures.

1. Introduction

1.1. Background of Research

Since China's reform and opening up, China has gained a lot of development dividends in the world trade rapidly after its accession to the WTO. By participating in the world's commodity economic division, China has integrated into the whole world pattern more quickly and fully. It is closely linked with the development destiny of the world economy, and China's international competitiveness has also been increasingly enhanced. The development of international trade plays an important and irreplaceable role in China's further reform and opening up, the transformation of economic growth mode, and the realization of effective growth and sustainable development of national economy [1]. In the long-term trade cooperation, the trade between China and the United States is the most frequent. However, with the development of China's foreign trade and the widening of the division of trade between China and the United States, the trade balance between China and the United States is also increasing. In 2018, the outbreak of Sino-US trade friction has pushed the bilateral trade relationship to a tense point; In the past few years, the continuous deterioration of Sino-US trade relations and the complex and changeable trade situation have dealt a huge blow to our foreign trade cause.

1.2. Research purpose and significance

Over the past 40 years since the establishment of diplomatic ties between China and the United States, against the backdrop of the global division of production, China and the United States have become complementary in the global value chain with the strength of the United States in science and technology and in the service industry, laying the foundation for the long-term prosperity and stability of the bilateral relations. However, after the global financial crisis, the United States was Mired in it and was unable to extricate itself from it. The high unemployment rate, financial market turbulence and other factors led to the escalation of domestic conflicts and the rise of populism and trade protectionism.

The causes of Sino-US trade friction should be analyzed, and corresponding countermeasures and suggestions should be put forward in time to actively face the increasingly complex trade friction issues.

2. Frequent Inducement of Sino-US Trade Friction

2.1. The difference of Sino-US trade structure and its theoretical background

2.1.1. Comparative Advantage Theory -- The competitive advantage of China's manufacturing industry

The central idea of this theory is that if the opportunity cost of producing a product in one country/region is lower than the opportunity cost of producing the product in another country/region, then compared with the country with higher production cost, the country/region with lower production cost has a comparative advantage in the production of the product due to its stronger cost advantage. A country should produce and export products with comparative advantage and import products without comparative advantage through international trade and exchange so that both countries can benefit. According to this view, in Sino-US trade, the United States is a country with relatively rich capital and technology and relatively short of labor due to its long development of commodity economy and relatively developed financial system. Its labor cost is relatively high and it is not suitable for the production of labor-intensive products. China's commodity economy has a short development time and is weaker than the United States in terms of technology and capital accumulation. However, China has a large population base and abundant labor force, so its labor cost is lower. It is suitable for importing capital and technology-intensive products and exporting labor-intensive products, so that the two countries can achieve the optimization of economic interests [5].

According to the data of the US Department of Commerce, since the late 1990s, the world economic pattern has undergone major changes, the process of China's reform and development has been accelerated, the rapid development of

its manufacturing industry, combined with the advantages of rich labor resources, it has gradually replaced Japan and Southeast Asia and other countries and regions, and become the world's factory in the upstream position in the division of the world industrial chain. Therefore, the trade deficit of the United States with Japan, South Korea and Southeast Asian countries before the 1990s also gradually shifted to the trade deficit with China. The complete industrial production chain, low labor price and favorable foreign investment policy in China's manufacturing industry encouraged foreign companies to start business investment in China, so as to invest in factories and return products after processing.

2.1.2. Cultural Dimension Theory -- the Difference between Chinese and American cultural atmosphere

From a certain point of view, trade is also a kind of cultural exchange. The cultural differences between China and the United States bring a lot of inconvenience to the trade between the two sides. The implicit and elegant Chinese culture is in sharp contrast to the unrestrained and enthusiastic American culture. Due to the cultural differences in trade, trade conflicts may arise.

According to Hofstede's cultural dimension theory, from a short-term perspective, a series of measures taken by the Trump administration are getting closer and closer to the trade policies of various countries, believing that trade is a zero-sum game, which only considers the current interests of the United States [6]. Nowadays, with the trade links between countries becoming increasingly close, any trade protection policy will have a negative impact on both sides. From the perspective of uncertainty avoidance index, a series of radical policies of the US government reflect that the US is a social atmosphere that is more willing to take risks and bear risks. It believes that only by using the strong culture and maintaining the strong position can it gain benefits in international competition. According to the power distance index, the working environment and competition in the United States are more intense, employees of American enterprises have greater autonomy, and the interests of blue-collar workers are constantly weakened by Sino-US trade. In order to meet the demands of employees and pay attention to the demands of blue-collar workers, the United States government decided to reduce the import policy.

In addition, the geographical location, climate type, historical background and development course of China and the United States determine many different cultural concepts, ways of thinking and values of the two countries. Since ancient times, China has been influenced by the Confucian culture, with benevolence, justice and temperance as the core, which enables China to develop its economy peacefully. America's pursuit of individual heroism reveals the idea of hegemonism, whose effect is hegemonic behavior. Due to the differences in the historical background and cultural environment of the two countries, there are huge differences in the values and ways of thinking of the two peoples, which will certainly have an adverse impact on the trade between the two countries.

2.1.3. Trade protectionism -- the suppression of American tariffs to protect American jobs

Trade protectionism refers to the theory and policy of using tariff and non-tariff barriers in foreign trade to restrict the import of foreign goods and services from different aspects and perspectives, so as to protect domestic goods from the competition of imported goods. Trade protectionism

measures mainly include two types. Tariff barrier is the most common one, which aims to achieve its goal by introducing high import tariffs. For example, in this Sino-US trade friction, the most obvious one is that the US has stressed in many negotiations that it will impose higher or more conventional tariffs on Chinese imports. Non-tariff barriers are less visible and more insidious. They usually take various forms, including customs clearance, import licenses, technical barriers to trade and intellectual property measures. Such measures seem to pursue higher quality of imported goods and protect consumer demand, but their core purpose is to restrict the flow of imported goods. Or raise the barriers for imported goods to enter the domestic market. In imperfectly competitive markets, scientists working in the field of strategic trade theory believe that the international market for industrial goods is not perfectly competitive and that the production of industrial goods has economies of scale. Therefore, in order to protect the country's important industries, the government will support them through trade protection, tax relief or government subsidies, so as to stimulate these industries to create economies of scale, create comparative advantages and improve competitiveness in the fierce international competition [7].

Trade friction between China and the United States has been escalating, extending from trade to industry and science and technology. Its essence is the economic and technological competition between China and the United States. In recent years, China has paid more and more attention to the development and progress in the field of science and technology, gradually developing into the world's top level in 5G, artificial intelligence and other fields, posing a major threat to the United States' science and technology exports. Therefore, the cause of Sino-US trade friction can be attributed to the expansion and competition of the great power game. On the other hand, due to the deepening of globalization and regional economic integration, the United States imports labor-intensive products from China. China has a great advantage in the production of labor-intensive products and is highly competitive in the domestic market of the United States. This has caused a huge impact on the market of similar products in the United States and affected the employment of labor in the same industries in the United States. So the US blames China for its high domestic debt and manufacturing job losses.

2.1.4. The projection of "Thucydides Trap" on Sino-US trade relations

The so-called "Thucydides trap" refers to the threat and challenge posed by the newly rising Great Parliament to the existing hegemonic forces. If a country occupies the first position in the world pattern before, then the power and strength of the later continue to improve, and the power and status of the two countries will slowly change and replace. Therefore, during the period of power transfer, conflicts and even wars will inevitably break out between the strong and the weak in order to protect their own status or maintain the advantages of the strong. Since the recent period, the political and economic policies of the Western countries led by the United States have become more and more conservative, the most important manifestation of which is the all-round containment and control of China and other emerging economies. As an important trading partner of the United States, the growing economic strength of China has posed a serious threat to the economic status of the United States and its position as the global hegemon. Inevitably, trade relations

between the two countries will be seriously affected.

Since Trump took office, his "America first" principle is a reflection of his core global hegemon thinking. He has always believed that reducing trade deficit can effectively contain China's foreign trade development, so as to protect domestic industries and support the development of domestic industries. As the largest trade surplus country and the so-called strategic competitor of China, its containment measures are constantly updated and changing. Under the background of Trump's comprehensive trade protection policy, various forms of trade protection measures and more covert trade protection measures keep emerging, and America's concern about China's rise is transforming into more powerful unilateral trade protection policies and measures. Including the launch of Section 301, Section 232 investigations and dual counter-investigations, and the setting of import quotas, particularly unusually high punitive tariffs on imports from China, and more recently the protection of intellectual property rights under the so-called Section 301, China's restrictions on investment and mergers and acquisitions have severely damaged China's trade interests.

2.2. Economic reasons

2.2.1. China-us trade Imbalance

In recent years, through technological innovation and the layout of the whole industrial chain, China has started to strengthen its research and development strength from the upstream of the industrial chain and the division of labor intensive products of low quality and low level, and continuously promoted the development of domestic products to the direction of high quality and high added value, and gradually realized the development of the whole industrial chain in China. Moving up the global value chain; The main trade products of the United States are capital-intensive and technology-intensive products. Especially after Trump took office, the idea of trade protectionism has been more recognized by domestic politicians and he vigorously advocates "America first". The risk coefficient of Sino-US economic and trade field keeps rising, and the uncertainty of future development keeps increasing.

The main reason for the serious trade imbalance between China and the United States is the internal imbalance of the American economy. The local currency of the United States, the dollar, has a strong fluid property in the world. As the world currency, the dollar constantly harvests the labor surplus of other countries worldwide, and its status as an international currency is constantly improving. And this process has been achieved mainly by the United States maintaining a high level of Treasury and government bonds. In the process of Sino-US trade, China obtains a large amount of US dollar foreign exchange, and the increase of the foreign exchange scale will inevitably lead to the depreciation of the US dollar and the loss of domestic wealth. Therefore, China buys a large number of US Treasury bonds from the US, and a large number of US dollars return to the US. In the bilateral trade between China and the United States, the surplus is in China. Although China gains a large trade deficit, the United States is always in the position of trade deficit in the process of trade, but the benefits of trade lie in both sides. The US has always believed that the trade deficit between China and the US is the cause of the reduction of labor jobs in the US, but this is actually an excuse after the Trump administration took office. The trade deficit between China and the US is caused by the difference in the trade structure between China and the

US, and it is not the root cause of the domestic job loss and economic slowdown. On the contrary, the imbalance of the domestic economic structure, the high concentration of industries and the decline of manufacturing industry in the United States are the root causes of the reduction of labor positions and the loss of employment.

2.2.2. China-us trade Imbalance

The types of trade frictions between China and the United States first occur between two different industrial systems. China is at the downstream of the industrial end in the world economic division of labor. In the early stage, China has gained a prominent position in the production of labor-intensive products through its huge labor productivity advantage and low labor cost. In the process of trade, the United States, with its advanced science and technology and huge demand for labor-intensive products, has become the largest trade importer of China. In the process of deepening Sino-US trade, with the expansion of bilateral trade volume and the continuous improvement of China's export productivity, China's trade expansion has not brought more trade dividends to China, but is at a disadvantage in the process of international trade.

The United States has a first-mover advantage in high-tech fields and marketing, and it occupies a mid - to high-end position in the global value chain. From the perspective of consumption structure, the Chinese market's demand for American high-tech products and service cultural products is growing rapidly, while the low price and high level of labor-intensive goods in China just meet the demand of the vast majority of American consumers for bulk consumer products and make up for the defects of economic structure caused by immigration. The traditional American manufacturing industry is also declining in the competition. The labor force of traditional manufacturing is also increasingly specialized in finance and services; The highly complementary trade relationship between the two countries, on the one hand, provides an important cooperation basis for the development of Sino-US trade, through which both sides can gain development benefits, but also to better meet the needs of both sides.

2.2.3. America's domestic industrial structure is unbalanced

The "hollowing out" of the domestic manufacturing industry in the United States is serious. With the high concentration of the American industry, the rise of the financial industry, service industry and other industries has attracted a large number of manufacturing jobs. The cost of manufacturing in the United States has risen rapidly, and the increase of labor costs has also caused certain obstacles to the improvement of the competitiveness of the American manufacturing industry. However, after the Trump administration took office, it tried to bring manufacturing back to the United States regardless of the basic laws and trends of economic development and the actual situation in the United States. However, it did not realize that this was the result of the natural development of the American economy, and it should not be controlled and dared to distort and control it only through the power of politics. The financial industry is the largest industry in the United States, and the development of the financial industry promotes the prosperity of the American economy. However, the high degree of financialization and monopoly of the American economy will lead to the decrease of the profit rate of the real economy and many industries in the United States. Meanwhile, its

economic financialization is an important reason for the financial crisis and "deindustrialization". In addition to retaining some high-end products or high-value production links in the United States, other labor-intensive links and low-level processing links are gradually "deindustrializing", accelerating the shift of workers to other industries. Judging from the US tariff list, most of the tariff measures are aimed at China's mid - and high-end manufacturing industries. By cracking down on Chinese manufacturing, the US is making American manufacturing more competitive.

3. Strategies to Deal with The Trade Friction Between China and the United States

3.1. The political response

3.1.1. Establish an early warning mechanism for the trade war between China and the United States

Taking the steel industry as an example, the "early warning mechanism" in the steel industry can help steel enterprises adopt a series of scientific methods to deal with trade frictions after they appear. Market product price summary analysis, reasonable adjustment of steel export prices, industry and market unity. In addition, other companies can also play their own role in observing market trends according to their different business models and export volumes. If it is found that the export trade of steel products is hindered by the trade war or there is trade risk, the information should be immediately sent to the warning platform and the trade direction should be changed for the first time depending on the export status of the steel company.

3.1.2. Combining consultations, counter, using the WTO mechanism

In the face of a "trade war", China can first choose to negotiate with the United States to exchange views on areas of dispute and avoid direct countermeasures to bring about losses. At the same time, China should make reasonable use of its rights as a WTO member. When the United States makes false accusations against China in the WTO, China should fully collect effective evidence to challenge it. On the issue of the Trump administration's attempts to go beyond the WTO's protectionist actions, China should immediately ask the WTO to stop it and safeguard its credibility, as well as its own rights and interests. In addition, China should set up commodity - and entity-level consideration lists and prepare a more comprehensive policy toolbox to deal with recurring "trade wars" in a timely manner. [18]

3.2. The economic response

3.2.1. To speed up the upgrading of industrial structure, strengthen independent innovation

At this stage, China faces many challenges, such as economic growth transformation, overcapacity in traditional manufacturing and loss of labor cost advantage, making it more vulnerable to a "trade war". As the so-called "ironing needs its own strength", China should continue to focus on supply-side structural reform, actively change the development model, optimize the economic structure and shift the growth drivers.

To further strengthen the protection of intellectual property rights, foreign intellectual property rights used must pay for the use of intellectual property rights; Independent intellectual property rights should be strictly supervised, and

unauthorized use of domestic and foreign entities should be prohibited. By strengthening independent innovation and changing the mode of economic development, China's exports to the United States will gradually no longer rely on cost advantage and form a value-added advantage, so that the American market will further form irreplaceable and transferable demand for Chinese products. [19]

3.2.2. Raise the international status of RMB and break the dollar-dominated monetary system

After World War II, when the currency system centered on the pound was thrown into chaos, the United States relied on scalping weapons to flood it with gold. With unprecedented economic development, it became the hegemon of the capitalist world, thus establishing the international monetary system dominated by the US dollar. Since then, international transactions have mostly been settled in dollars. Countries around the world have increased their foreign exchange reserves by buying US bonds, while the US has often used the devaluation of its currency to reduce the pressure on its foreign debt, which has led to a decrease in foreign exchange reserves. In order to gain an advantage in the trade war between China and the United States, China should actively promote the internationalization of the renminbi on the basis of its inclusion in the global currency basket. To weaken the role of the US dollar in the international monetary system, prevent the US from "absorbing" the wealth created by many countries, including China, weaken the advantage of the US in Sino-US trade and world trade, combat trade protectionism, and jointly uphold the open and equal, reciprocal WTO rules. [20]

3.3. Countermeasures for enterprises

3.3.1. Adhere to independent research and development of core technology, promoting the transformation and upgrading of the industry

First, we will increase research and development efforts of universities and enterprises. Schools have a large number of talents and can be regarded as talent training places, while enterprises have sufficient capital advantages. The two are integrated and learn from each other, funded by enterprises, funded by schools and increased the cultivation of science and technology.

Second, we will raise awareness of intellectual property rights. Some of the products on the US government's proposed tariff list are due to intellectual property restrictions. The China Council for the Promotion of International Trade formulated the IPR Work Plan in 2017 in response to Chinese enterprises' participation in international IPR trade frictions, in order to raise the IPR awareness of Chinese enterprises. Intellectual property service project. International trade Intellectual property protection policy [21].

3.3.2. Improve the initiative of enterprises and take the initiative to deal with trade frictions

One is to improve the environmental protection and green nature of the product itself. With the continuous improvement of countries' current economic strength, there are more and more green trade barriers in international trade. Only companies willing to improve the environmental, safety and health requirements of their products can better integrate into international trade and weaken their competition. Force. Second, actively participate in various activities organized by CCPIT. Enterprises should actively understand and familiarize themselves with trade knowledge in relevant fields. Third, export production enterprises should implement

the concept of sustainable development and win by quality. Enterprises should improve the overall technical level, ensure product quality, do not pursue profits too much, ensure that the market stability can be maintained, avoid the occurrence of sub-good phenomenon. At the same time, attention should also be paid to environmental protection and employees' working conditions to ensure that employees' work enthusiasm is fully mobilized, and improve the overall management of the enterprise and product pipeline.

4. Conclusion

The trade war between China and the United States is in the context of the "great changes not seen in a century" and the period of major historical convergence. Due to the long-term trade deficit, the trade friction between China and the United States has been for a long time. In this trade friction, the changing international economic pattern and the changeable attitude of the United States towards the trade friction have brought great uncertainties to this dispute. In this context, it is of great practical significance to study the causes of the escalating trade friction between China and the United States and explore China's countermeasures in this trade friction. In this paper, the current situation of Sino-US trade friction is the main research content, combined with the relevant theoretical basis of Sino-US trade friction, respectively from the differences in Sino-US trade structure, economic and political reasons and other aspects of the analysis, to find out the corresponding countermeasures to Sino-US trade friction, from the political, economic and enterprise main body, to explore in the new era of deepening globalization, China has

taken effective measures to deal with the trade friction between China and the United States in order to seek the normalization of trade and maximize the interests of the two countries. As long as China and the United States do not make any major strategic miscalculation, do not get hijacked by extreme political forces, and coordinate their positions in the ever-converging economic interests, the prospect of peaceful bilateral relations is still promising.

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