

# Research on Rebalance of Economic Globalization and Sino-US Trade Friction

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## ***Abstract***

With the development of science and technology, informationization and economic globalization are developing faster and faster, and their impact on the world's economy and trade is also growing. The United States started the rebalancing strategy with tax reform as the starting point, and had large-scale trade frictions with China. How to avoid economic and trade frictions and promote sustainable economic development has become an important issue facing all countries. Although the economic and trade relations between the two countries are generally in a stable state, the friction in the trade field between the two countries exists in every stage of their economic and trade cooperation from beginning to end. The occurrence of trade friction not only affects the development of bilateral trade and regional economic development, but also may lead to a worldwide economic crisis. This paper analyzes the new forms of trade friction faced by the two countries under economic globalization through the friction between China and the United States in trade. With a view to promoting the sound development of trade between the two countries.

***Keywords:*** *Economic Globalization; Sino-US Trade; Trade Friction*

## **1. INTRODUCTION**

Economic globalization is developing at a faster and faster speed, and it has a greater impact on the world's economy and trade. The world economy is expected to continue to recover, but there are many uncertainties and uncertainties. Policy adjustment and spillover effects of major economies bring about variables [1]. The United States is now the largest developed country in the world, while China is the largest developing country and transition economy in the world. China and the United States are also the second largest trading partners of each other [2]. With the increasing degree of international economy, China inevitably has more intense competition with foreign countries in many fields. Although the economic and trade relations between the two countries are generally in a stable state, the frictions in the trade fields between the two countries have existed at every stage of economic and trade cooperation between the two countries [3]. The growing Sino-US trade friction has not only affected the smooth development of Sino-US relations, but also affected the stability of the global economic structure [4]. The occurrence of trade friction not only affects the development of bilateral trade and regional economic development, but also may lead to a worldwide economic crisis [5].

With the deepening of economic globalization, the economic and trade frictions between countries have entered the stage of white-hot. Due to the comparative advantages of labor and raw materials, Chinese products are in a favorable position in the competition, which determines that local industries often regard Chinese products as targets [6]. It analyzes the changes and development of Sino-US trade friction in the new era, pays attention to the new trend of Sino-US trade friction development, and explores the potential of the development of bilateral trade relations between China and the United States, which has positive significance for promoting the development of economic and trade between the two countries [7]. With the changes in the international economic and trade situation, the impact assessment and response strategies for dealing with trade frictions between China and the United States should be closely integrated with the current era environment [8]. From a new perspective of globalization and economic frictions, this paper explores the causes, characteristics and solutions of Sino-US trade frictions. It is not only helpful to solve the trade frictions between China and the United States, but also of great value to solve the trade frictions between developed and developing countries. This paper attempts to analyze the new forms of trade friction between China and the United States under the background of economic globalization through trade friction

between China and the United States [9]. With a view to putting forward more favorable countermeasures for the development of economic and trade between the two countries, and contributing to the sound development of trade between the two countries.

## 2. NEW CHARACTERISTICS OF SINO-US TRADE FRICTION

Promoted by the wave of Global trade liberalization, with the rapid development of international trade, international trade frictions are constantly emerging. In order to achieve better development, China must strengthen regional economic cooperation within the framework of the international multilateral trading system. Free trade can maximize national welfare has become a consensus, but governments often run counter to each other when implementing specific trade policies. The huge trade imbalance between China and the United States is the result of the free economic development of China and the United States. It is a normal phenomenon that conforms to the laws of economic development of the two countries. The analysis of the economic effects of Sino-US trade friction is insufficiently integrated with the current global value chain background, and the basis of quantitative simulation is mostly based on hypothetical scenarios. In the trade friction between China and the United States, the United States claims that the United States has a large trade deficit with China, and Sino-US trade friction is caused by trade imbalance. China has strategically implemented an export-oriented economic development model, and with the deepening of economic globalization and the rapid growth of export scale, China's economy has also developed rapidly.

Due to the deepening development of the global value chain, all aspects involved are not limited to the two countries, but also need to be considered from a macro perspective. As far as Sino-US trade friction is concerned, Sino-US trade friction is a trade friction between developing and developed countries. The rapid development of China's economy has not only enabled the development of the domestic economy, but also promoted the development of the world economy. Throughout the history of Sino-US trade development, both China and the United States have gained a lot of benefits from trade. This is a win-win situation. Trade frictions among major trading partners originally occurred in primary products, followed by labour-intensive manufactured goods. American companies' direct investment in China has relieved China's huge employment pressure and promoted China's economic development and industrial restructuring and upgrading. In the new era, China's economic development is a mode of trade growth shared with other countries, and most countries in the world have indeed benefited from the rise of China's economy [10].

As the fastest growing developing country and the most developed country in the world, the imbalance of trade development between China and the United States is inevitable. Innovation-driven economies scored higher on entrepreneurship policies than investment-driven economies. This is mainly due to the higher level of economic development driven by innovation, the more perfect policy system and the higher allocation efficiency of entrepreneurial resources. Figure 1 is a conceptual model of the impact mechanism of entrepreneurship policy on entrepreneurship behavior.

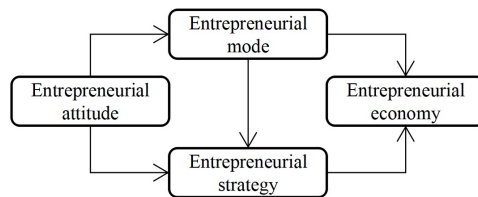


FIG. 1 CONCEPTUAL MODEL OF THE IMPACT MECHANISM OF ENTREPRENEURIAL POLICY ON ENTREPRENEURIAL ENTREPRENEURIAL BEHAVIOR

Trade frictions are increasingly frequent, but they are less likely to confront each other. The closer the economic and trade relationship is, the greater the dependence on foreign trade and the greater the possibility of trade friction. The trade volume between China and the United States has continued to increase and the trade sector has continued to expand. Sino-US economic and trade relations have not only achieved significant development, but also have broader development prospects. Countries and regions with strong service trade competitiveness try to open up the

service market of other countries or regions, resulting in constant friction in service trade. Based on the analysis and evaluation results, the corresponding countermeasures are put forward, not only focusing on the surface demand of the United States for trade imbalance. Moreover, it focuses more on the long-term interests of the Chinese and American economies in the process of rebalancing. In order to safeguard the interests of these traditional industries, the United States must implement trade protectionism at the expense of other industries. The protectionist policies imposed by the United States on China's products will not change the status quo of its traditional industries. At the same time, it will also cause disputes among different interest groups in China.

### 3. SOLUTIONS TO SINO-US TRADE FRICTION

From the industrial layout of developed countries, although the global division of labor makes production more efficient, the cost of transnational corporations gradually reduces. The trade relations between the United States and China are relatively close, and China is an important trading partner of the United States, which inevitably determines the increasing conflicts of economic and trade interests between them. The dominant products of the United States are mainly technology and knowledge-intensive products, while the products exported by China to the United States are mainly labor-intensive products. China has formally become a member of the World Trade Organization, which should have a positive impact on Sino-US trade. However, the fact that the number and amount of trade frictions between China and the United States are increasing rapidly shows that the trade frictions between China and the United States have entered a new historical stage due to the existence of WTO mechanism. Trade frictions compromise each other and mutual understanding, and ultimately the possibility of concessions is greater. Politicizing trade issues will seriously affect the development of bilateral trade and political relations. The quality of bilateral political relations has a major impact on the resolution of economic and trade frictions.

Although Sino-US trade frictions will become more and more fierce, it is unlikely to form a trade confrontation between China and the United States. Entrepreneurs effectively lead and unite employees, and drive the enthusiasm of employees to work, which is conducive to the improvement of corporate performance. Sensitivity analysis can be performed for each influencing factor of a single project, and the risk management of the project can be performed from the results of the analysis. Table 1 shows the results of the financial situation risk comparison data.

TABLE 1 FINANCIAL SITUATION RISK COMPARISON DATA RESULTS

	Marginal cost rate	Return on Assets	Operating cash flow
Marginal cost rate	1	0.62	0.78
Return on Assets	0.46	1	0.55
Operating cash flow	0.59	0.74	1

In the process of deepening the global value chain expansion, the transfer of a large number of industries to overseas may lead to problems such as hollowing out of the home country's industry and insufficient employment. With the development of globalization and informatization, the trade friction between China and the United States will expand from raw materials and processing and assembly to high-tech industries. The barriers to the formation of trade in services are different from trade in goods, not tariffs and quantitative restrictions. It is the legal system, economic practices and certification of a country. The trade friction between China and the United States has also shifted from macroeconomic friction to institutional friction. The rapid growth of China's economy worries some people in the United States. While enjoying the benefits of Sino-US trade, they believe that China poses an economic threat to the United States. Compared with safeguards, there are essential differences in special safeguards. With the development of globalization and the deepening of production internationalization, the service trade between China and the United States has expanded, and the trade frictions between the two countries have shifted from trade in goods to trade in services. China's accelerated pace of reform and continuous improvement of its overall national strength is something the United States does not want to see. Therefore, the United States will continue to create trade conflicts and trigger trade frictions.

### 4. CONCLUSIONS

With the development of economic globalization, trade frictions between countries have shown new forms in many aspects. The United States is an important trade partner of our country, and it is of great significance to promote the

economic development of our country. With the further rise of China's economy, trade disputes are inevitable. The U.S. government tends to adopt a flexible attitude in dealing with Sino-U.S. relations from the macro-perspective and political interests. The scope and intensity of the Sino-foreign trade war will also be suppressed. Trade frictions will always bring various unstable factors to the international market, which will have a negative impact on the trading countries. This hinders the sustained and healthy development of the economy and is not conducive to the current sluggish world economic recovery. In practice, with the replacement of the US president, the drama of the Sino-US relationship from flexible to tough, from tough to flexible. On the basis of learning the advanced concepts and practices of multinational corporations, enterprises can improve their international marketing capabilities by developing transnational operations. It is conducive to firmly control the sales terminal and enhance the brand image. It can effectively avoid low-price competition and avoid trade barriers. China deserves a high degree of attention and actively seeks countermeasures to properly handle trade friction between the two countries.

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